

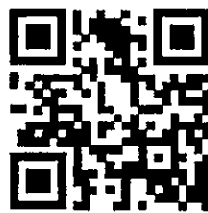


GFC, LTD.

2022 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.



崇友ESG

Website of the Company: <http://www.gfc.com.tw>

Printed on May 19, 2023

Taiwan Stock Exchange Market Observation Post System:

<http://mops.twse.com.tw/>

I. Name, job title, contact telephone, and e-mail address of the spokesman and deputy spokesman of the Company:

Spokesperson	Deputy Spokesperson
Name: Chi-Wen Kuo	Name: Ying-Chen Lu
Position: Manager	Position: Manager
Telephone: (02) 2551-1166#535	Telephone: (02) 2551-1166#225
E-mail address: david.kuo@gfc.com.tw	E-mail address: ying-chen.lu@gfc.com.tw

II. Address and telephone number of the head office, branch, and factory:

Company	Address	Telephone
Headquarters	13F., No. 88, Sec. 2, Nanjing E. Rd., Taipei City, Taiwan	(02)2551-1166
Taipei Branch	No. 21-B1, Ln. 69, Sec. 5, Minsheng E. Rd., Songshan Dist., Taipei City, Taiwan	(02)2551-1166
Taoyuan Branch	No. 164, Sec. 2, Longan St., Lujhu Dist., Taoyuan City, Taiwan	(03) 370-5537
Hsinchu Branch	No. 6, Lane 182, Linsen Rd., Hsinchu City, Taiwan	(03) 523-5800
Taichung Branch	9F., No. 540, Sec. 1, Wenxin Rd., Taichung City, Taiwan	(04) 2321-4530
Tainan Branch	8F., No. 615, Sec. 2, Datong Rd., Tainan City, Taiwan	(06) 269-2622
Kaohsiung Branch	4F., No. 588, Jiuru 1st Rd., Sanmin Dist., Kaohsiung City, Taiwan	(07) 382-9011
Chiayi Branch	2F., No. 210, Bade Re., Chiayi City, Taiwan	(05) 232-4288
Yang Mei Factory	No. 688, Sec. 2, Meishi Rd., Yangmei Dist., Taoyuan City, Taiwan	(03) 481-0000

III. Name, Address, Website and Telephone of Institution for stock transfer:

Institution for stock transfer: Yuanta Securities, Registrar and Transfer Department
Address: B1F., No.210, Sec. 3, Chengde Rd., Taipei City
Telephone: (02)2586-5859
Website: <http://www.yuanta.com.tw>

IV. Name of the certified public accountant (hereinafter referred to as "CPA") who audited the latest annual financial report and name, address, website, and telephone number of this CPA firm:

Name of the CPA: Wen-Fun Fuh and Chun-Ting Ma
Name of the CPA firm: Ernst & Young, Taiwan
Address: 9F No. 333, Sec. 1, Keelung Road Taipei City, Taiwan R.O.C.
Telephone: (02)2757-8888
Website: <http://www.ey.com>

V. Name of the overseas stock exchange where the Company's overseas securities are listed and the inquiry method for information regarding such overseas securities: N/A

VI. Website of the Company: <http://www.gfc.com.tw>

Table of Contents

I. Report to Shareholders	1
II. Company Profile	
I. Establishment date	5
II. Company History	5
III. Corporate Governance Report	
I. Organizational Structure	11
II. Information on Directors, Supervisors, Presidents, Vice Presidents, Senior Managers and Heads of Main Branches	14
III. Corporate Governance Status	23
IV. Independent Auditor Fee Information	72
V. Change of Independent Auditor	73
VI. Whether or not the chairman, president or manager in charge of financial or accounting affairs of the company has worked in the firm of the independent auditor or its affiliated enterprises in the past year	74
VII. Equity transfer and equity pledge by directors, supervisors, managers and shareholders with a shareholding ratio of more than 10% in the most recent year and up to the date of printing of the annual report	74
VIII. Information on the relationship among the top ten shareholders in terms of shareholding ratio	75
IX. The number of shares held by the Company, its directors, supervisors, managers and the Company's indirectly controlled enterprises in the same re-invested enterprise, and the consolidated shareholding ratio	75
IV. Fund Raising Status	
I. Capital and shares	76
II. The company's handling of corporate bonds	81
III. The company's handling of special shares	81
IV. The company's handling of overseas depository receipts	81
V. The company's handling of employee stock option certificates and new shares with restricted employee rights	81
VI. The company's issuing of new shares for mergers and acquisitions or assignment of shares of other companies	81
VII. Implementation of the fund utilization plan	81
V. Operations Overview	
I. Business Content	82
II. Market, Production and Sales Overview	86
III. Employees	93
IV. Information on Environmental Protection Expenditure	93
V. Labor-management Relations	95
VI. Data security management	99
VII. Important Contracts	100

VI. Financial Status Overview

I.	Concise Financial Information for the Past Five Years	101
II.	Financial analysis for the most recent 5 years	104
III.	The Audit Committee's report on the financial statements of the most recent year	107
IV.	Financial Report of the Most Recent Year	108
V.	Individual Financial Report of the Company for the Most Recent Year Audited and Certified by the Independent Auditor	191
VI.	For the most recent year and up to the date of publication of the annual report, the financial turnover difficulties of the company and its affiliated enterprises	271

VII. Financial Status and Results Review and Analysis and Risk Items

I.	Review and analysis of financial status	271
II.	Review and analysis of financial results	272
III.	Cash flow review and analysis	273
IV.	Impact of recent major capital expenditures on financial status	274
V.	Most recent annual re-investment policy and the main reason for the profit or loss of the re-investment business and improvement measures	274
VI.	Risk items	274
VII.	Other significant matters	276

VIII. Specially recorded matters

I.	Information on Affiliated Enterprises	277
II.	Handling of private-placement securities in the most recent year and as of the date of printing of the annual report	279
III.	Subsidiaries' holding or disposal of the company's shares in the most recent year and as of the date of printing of the annual report	279
IV.	Other necessary supplementary explanations	279
V.	Matters that have a significant impact on shareholders' equity or the price of securities as specified in sub-paragraph 2, paragraph 3, Article 36 of the Securities and Exchange Act in the most recent year and as of the date of printing of the annual report	279

I. Report to Shareholders

Dear ladies and gentlemen,

Thanks to all your support and care. Despite the pandemic and the crises of rising raw material prices on 2022, we managed to deliver dual growths from new installation and renewal businesses through the efforts of all employees and effective cost controls.

Both revenue and profit have increased. The actual consolidated operating revenue in 2022 was NT\$4,739.51 million, an increase of 2.92% from the NT\$4,605.02 million in 2021. Net income from was NT\$1,033.01 million, a 6.64% increase from 2021.

By upholding the business philosophy of "integrity" and "innovation" since its inception, other than building solid strength in many large-scale projects, we continued to devote ourselves to the development of new technologies and green products that are energy-saving and environmentally friendly. For ultra-high-speed elevators, we have used innovative perspectives to provide customers with better quality products and perfect after-sales service.

In terms of corporate governance, the Company has also continued to make progress and improve its four major aspects: "protection of shareholders' rights and interests with equal treatments," "better structure and operation of the Board of Directors," "information transparency," and "implementation of corporate social responsibilities." We were ranked top 5% for excellent corporate governance among the all TPEX-listed companies in the 2018, 2020, and 2021s, and was also awarded the Taipei City Public Works Excellence Award.

The real estate and construction industries in 2023 are expected to be optimistic. Looking to the future, all of the Company's employees will continue to operate professionally, prudently, and sustainably, through the support from our Shanghai plant, in order to deliver safe facilities and the best quality service for the greatest profits to our shareholders. We would like to ask for your continued support and encouragement. Thank you.

We wish you good health and best of luck

I. 2022 Business Report

(I) 2022 operation results:

The actual consolidated operating revenue in 2022 was NT\$4,739.51 million an increase of 2.92% from the NT\$4,605.02 million in 2021. The net income before tax was Net income from was NT\$1,033.01 million, a 6.64% increase from 2021.

(II) Financial and profitability analysis:

1. Financial revenues and expenses

Item	Unit: NTD thousand	
	Consolidated Financial Statements	
	2022	2021
Operating profit	857,455	888,134
Non-operating income	176,001	81,352
Non-operating expenses	449	755
Net income before tax	1,033,007	968,731

2. Profitability

Item		Consolidated Financial Statements	
		2022	2021
Return on assets (%)		9.73	9.66
Return on equity (%)		17.52	16.93
As a percentage of paid-in capital (%)	Operating profit	48.44	50.17
	Net income before tax	58.36	54.73
Net profit margin (%)		17.89	16.89
Earnings per share (\$)		4.79	4.39

(III) Research and development status:

Master the market and customer needs, and develop intelligent elevator products. The research and development for the following design items:

1. High-speed machine roomless elevators: Overcoming the speed, noise, and vibration limitations for roomless elevators in buildings without extra roof space and middle and low floor riding to improve the product competitiveness.
2. Wireless EMCS system for elevator monitoring and control: The development of wireless bridging method for signal transmission can greatly reduce the cost of wire and labor, and improve the safety and speed of installation.
3. Development and verification of AI group management system: AI technology and applications are on the rise, and the launch of ChatGPT has broadened people's imagination for future AI technology developments. Developed dispatch-optimized elevators for shorter waiting time and better efficiency in a group consisting of multiple elevators through the self-adjust feature via AI self-learning transportation of elevators to shorten the waiting time and improve the efficiency of group transportation. It is suitable for buildings with various traffic flow patterns with the possibilities to achieve the best suitability, speed, and overall riding experience.
4. Ultra-high-speed elevators: Looking forward to the need for new large-scale high-rise buildings and elevator upgrades for old high-rise buildings, we will continue to develop ultra-high-speed elevators, master the domestic self-developed technologies, and cater to market needs in order to gain competitive advantages.
5. New generation of residential elevators: The capacity of the original residential elevators will be increased to meet the broader needs from residential elevators in the market and to increase product competitiveness.
6. Development of the DDS destination building assignment system: improve the operating efficiency of multiple elevators in the existing building, where the user waits for the elevator number assigned by the elevator after the facial recognition. This improves the elevator transportation efficiency and shortens the waiting time for the passengers.
7. Absolute position detection system for the carriage: We will eliminate the traditional method of detecting the relative position of the governor PG and the bed plate of each floor. Instead, the entire hoisting path will be digital and absolute to obtain more accurate position data with improved accuracy of the control circuit.
8. Double-deck elevators: Start studying double-deck cars with single-deck elevators, as

well as single-deck and the dispatching model for both single-deck and double-deck elevators.

II. Summary of the 2023 business plan:

(I) Business guidelines for 2023:

1. Strengthen the integration and application of new elevators and smart green buildings, precisely manage the supply and demand of labor and materials for large-scale projects, and accelerate the overseas deployments.
2. As the market of elevator renewal continues to grow, we strive to win the renewal projects of our own brands and escalator projects of MRT.
3. Maintenance service: continue to expand the scale of the IoT cloud monitoring system, implement preventive maintenance, and provide better after-sales service.
4. Strengthen the integration of software and hardware to create competitive products, and develop 360m and 150m high-speed elevator without machine room.
5. Replacement of production equipment in order to increase the number of self-made items, reduce costs, and stabilize the supply and quality of goods.
6. Expand talent recruitment channels and technical and job training, and continue to cultivate and increase technical manpower.

(II) Business goals:

Expected sales completed in 2023 and basis thereof: Please refer to page 87

(III) Important production and distribution policies:

1. Explore the export market and strengthen the promotional program for Kennedy Express Elevator and overseas achievements.
2. Through global adjustment and division of production, the production period is shortened and inventory management and supply chain risk management are strengthened, in order to strive to deliver to customers the products they need in the shortest time to meet the demand of customers' short orders.
3. Immediately after the Construction and Planning Agency has released the new standards for elevators in Taiwan such as CNS 15827-20/31/50 and CNS 15930-1/2 equivalent to the European standards, the Company started to integrate the design and implementation on both sides of the Taiwan Strait by providing training to the design, development and sales personnel for relevant products.
4. Grasp the development technology for R&D and design, shorten the development time, actively introduce innovative technology applications and the elevator epidemic prevention concept and diversify to improve the safety and comfort experience of users.
5. As the inventory of old and tired elevators has exceeded 50,000 in the market, the Company has been witnessing a significant increase of the replacement demand over the recent years. Both production and engineering departments have been stepping up efforts to meet the short lead times of replacement orders.
6. Optimize product structure and strengthen the response to cater the needs from social housing and large-scale construction projects.

III. Future Development Strategy of the Company

1. Development of a technical talent training mechanism to prepare for the retirement wave and long-term human resource requirements.
2. In response to the demand of the construction market, we will continue to develop high-speed elevators, large load and high-speed non-machine room elevators, high-level intelligent control systems and the integrated design of core components of high-speed elevators and deepen IoT applications and innovative industrial design to improve our market competitiveness with high-quality differentiated products.
3. Adopt a multi approach to implement the social goals under the sustainable development and comply with greenhouse gas inventory and counseling.

IV. Impact of External Competitive Environment, Regulatory Environment and Overall Economic Environment

1. Impacts of the external competitive environment: Due to the fierce price competition and cost fluctuations in the new installation and renewal markets, we will adopt a strategy of advantage consolidation with continuous cost cut and superior after-sales service while keeping innovation and market development to strive for new sources of revenue, and to increase revenue and reduce expenditure to maintain high-quality after-sales service,
2. Impact of regulatory environment: the Bureau of Standards, Metrology and Inspection of the Ministry of Economic Affairs has announced the new elevator standards CNS 15827-20/31/50 and CNS 15930-1/2 in 2015 and 2016, respectively, which are scheduled to be implemented in 2021. The Company is actively engaged in the design and development of related products to complete the correspondence and verification of related products before implementation.
3. Impact of Overall Business Environment:

In 2022, various real estate indexes continued to show robust signs. With the volume of new projects exceeding NT\$1.9 trillion, a record high issuance of residential building license, 180,000, and real estate demands from returning Taiwanese businessmen, we hold an optimistic view to the real estate market.

The government is expanding investment in public infrastructure. The track construction portion of the Special Act for Forward-Looking Infrastructure has been approved by the Executive Yuan to gradually push for a total of 38 track projects over an 8-year period (2017-2024). The investment amount totals NT\$424.133 billion. The large number of elevator needed is a positive contribution to the revenue of the elevator industry.

Overall, due to the pandemic and geopolitical impacts, global economic growth remains uncertain. However, Taiwan has entered the stage of relaxing pandemic protection policy under the backdrop of relatively stable economy. It is estimated that the economic growth in 2023 is 2.12%, slower than that in 2022 (2.45%). Continuing the upbeat real estate market in 2022, we believe the number of proposed projects will increase, and the elevator industry will be benefited from the railroad construction in the Forward-looking infrastructure Development Program. The overall elevator industry is expected to continue to grow throughout the year.

II. Company Profile

I. Establishment date: May 30, 1974

II. Company History:

May 1974	After the establishment, in addition to the trade business, the Company undertook the crane installation project of Ishikawa China Shipbuilding Company.
March 1975	The Company took over the joint operations of Fujun Property Co., Ltd., Liben Co., Ltd. and Yiyou Industrial Co., Ltd.
May 1975	The Company signed an agreement with Tokyo Shibaura Electric Co., Ltd. as its general agent for elevators, escalators, car elevators and other businesses and at the same time served as an agent of Ishikawa's construction machinery.
June 1975	The Company started to sell elevators and escalators.
April 1977	The Company and Japan's Toshiba Co., Ltd. formally signed a Sino-Japanese elevator technical cooperation contract and submitted it to the Investment Commission of the Ministry of Economic Affairs for approval.
June 1977	The construction of the head office building at No. 30 Park Road, Taipei was completed and the Company officially moved into it on the 6th of the same month.
August 1978	For the third-phase expansion of the Taoyuan plant, the Company's capital was increased by NT\$20 million and the total capital was increased to NT\$60 million.
June 1979	For the fourth-phase expansion of the Taoyuan plant, the Company's capital was increased by NT\$40 million and the total capital was increased to NT\$100 million.
December 1979	In line with the business development, the Company's capital was increased by NT\$50 million and the total capital was increased to NT\$150 million.
August 1981	In line with the business development, the Company's capital was increased by NT\$30 million and the total capital was increased to NT\$180 million.
September 1982	Taoyuan No. 2 plant will be added and planned as an automatic precision plant.
September 1985	The Company's capital was increased by NT\$10.8 million and the total capital increased to NT\$190.8 million.
January 1987	The head office moved to the 13th floor, No. 88, Section 2, Nanking East Road, Taipei.
November 1990	In line with the business development, the capital was increased by NT\$89.58 million from cash injection and NT\$28.62 million from retained earnings; the total capital increased to NT\$309 million.
August 1991	In order to improve the manufacturing technology of elevator products and add automatic machinery and equipment, the capital was increased by NT\$61.8 million from retained earnings; the total capital increased to NT\$370.8 million.
October 1992	In order to build and expand the plants and replace the old plant and equipment, the capital was increased by NT\$130.87 million from cash injection and NT\$111.24 million from retained earnings; the total capital increased to NT\$612.91 million.
September 1993	An overseas subsidiary in the Cayman Islands was established as the holding company of the Company's future overseas investment; the company name is GFC Cayman Islands Limited.

July 1994	In order to expand the Yangmei plant and increase the purchase of automatic production equipment, the capital was increased by NT\$398,391,500 from retained earnings; the total capital increased to NT\$1,011,301,500.
August 1994	Based on the approval letter of the Investment Commission of the Ministry of Economic Affairs referenced (83) Mi No. 06960, US\$5 million was remitted to GFC Cayman Islands Limited of the British Cayman Islands for its capital increase, as well as for the reinvestment for the establishment of "Shanghai GFC Elevator Co., Ltd." in mainland China.
February 1995	In order to expand the overseas market, an overseas subsidiary was established in Hong Kong with the company name of GFC Hong Kong Limited.
September 1995	In order to continue the plan of increasing capital for the construction of the Yangmei plant and to expand the working capital, the capital was increased by NT\$657,345,980 from retained earnings; the total capital increased to NT\$1,668,647,480.
December 1995	Based on the approval letter of the Ministry of Economic Affairs referenced (84) Tou-Shen-II No. 84023238, US\$3 million was remitted to GFC Cayman Islands Limited of the British Cayman Islands for its capital increase, as well as for the re-investment in the Shanghai subsidiary for its capital increase; the name of the mainland investee was also changed to "GFC Toshiba Elevators Shanghai Co., Ltd." with a joint operation with Toshiba, Japan and an equal shareholding of 50%.
September 1996	In order to expand the working capital, the capital was increased by NT\$333,729,498 from retained earnings, and NT\$6,348,722 from employee bonus transfer to capital; the total capital after the increase was NT\$2,008,725,700.
August 1997	In order to expand the working capital, the capital was increased by NT\$401,745,140 from retained earnings and NT\$4,060,860 from employee bonus transfer to capital; the total capital after the increase was NT\$2,414,531,700.
December 1997	The Company's shares were listed on the OTC market on December 6, and the number of shares issued on the OTC market was 241,453,170, with an issue amount of NT\$2,414,531,700.
December 1997	Based on the approval letter of the Ministry of Economic Affairs referenced (86) Tou-Shen-II No. 86740632, US\$2 million was remitted to GFC Cayman Islands Limited for its capital increase, as well as for the reinvestment in "GFC Generator Equipment Shanghai Co., Ltd."
February 1998	Zhaofeng Venture Capital Co., Ltd. was established for the Company's future transformation into the high-tech industry. The capital of the company was NT\$600 million, and the Company's re-investment was NT\$599,940,000.
February 1998	Established "Zhaohong Investment Co., Ltd." with a capital of NT\$125 million and the Company's capital contribution was NT\$124.996 million.
March 1998	Established "Zhaoyu Investment Co., Ltd." with a capital of NT\$125 million, and the Company's capital contribution was NT\$124.996 million.
June 1998	In order to expand the working capital, the capital was increased by NT\$241,453,170 from retained earnings and NT\$5,115,130 from employee bonus transfer to capital; the total capital after the increase was NT\$2,661,100,000.
October 1998	Established Genesis Diesel Pte. Ltd. in Singapore with a paid-in capital of SGD\$2.

December 1998	Based on the approval letter of the Ministry of Economic Affairs referenced (87) Tou-Shen-II No. 87732394, "GFC Generator Equipment Shanghai Co., Ltd." changed its name to "Shanghai Jifuxi Mechanical and Electrical Equipment Co., Ltd." and US\$4 million was remitted to GFC Cayman Islands Limited for its capital increase, as well as for the reinvestment in Shanghai Jifuxi Mechanical and Electrical Equipment Co., Ltd.
June 1999	In order to expand the working capital, the capital was increased by NT\$162,456,000 from retained earnings, and NT\$106,443,000 from legal reserve; the total capital after the increase was NT\$2,930,000,000.
October 1999	Genesis Diesel Pte. Ltd. was changed to GFC Power Genset Pte. Ltd.
June 2000	Established "Howtobe Technology Co., Ltd." to invest in the Internet information technology industry, with a capital of NT\$80 million.
June 2000	Zhaofeng Venture Capital Co., Ltd., a subsidiary of the Company's reinvestment company had a capital increase from cash injection and retained earnings. After the capital increase, its total capital was NT\$750 million. The re-investment amount of the Company is increased by NT\$149,985,000. The total reinvestment amount was NT\$749,925,000.
September 2000	In order to expand the working capital, the capital was increased by NT\$177 million from retained earnings; the total capital after the increase was NT\$3,107 million.
March 2001	Processed capital reduction by buying back the Company's shares; after the capital reduction, the total capital was NT\$3,045,720,000 and the number of shares outstanding was 304,572,000.
August 2001	Disposed of "GFC Toshiba Elevators Shanghai Co., Ltd." a re-invested subsidiary of GFC Cayman Islands Limited with a total disposal price of US\$14.4 million.
November 2001	Processed capital reduction by buying back the Company's shares; after the capital reduction, the total capital was NT\$2,994,950,000 and the number of shares outstanding was 299,495,000.
March 2002	Processed capital reduction by buying back the Company's shares; after the capital reduction, the total capital was NT\$2,970 million, and the number of shares outstanding was 297 million.
April 2002	Based on the approval letter of the Ministry of Economic Affairs referenced (91) Tou-Shen-II No. 091011366, "Shanghai Jifuxi Mechanical and Electrical Equipment Co., Ltd." changed its name to "Shanghai GFC Elevator Co., Ltd." and US\$2 million was remitted to GFC Cayman Islands Limited for its capital increase, as well as for the re-investment in Shanghai GFC Elevator Co., Ltd.
August 2002	GFC Cayman Islands Limited, a re-invested subsidiary of the Company, reduced its capital by US\$12 million. The total capital of the company after the reduction was US\$2.01 million.
August 2002	The dissolution and liquidation of GFC Power Genset Pte. Ltd. was completed.
December 2002	The dissolution and liquidation of the re-invested subsidiary Zhaohong Investment Co., Ltd. was completed.
February 2003	Processed capital reduction of Howtobe Technology Co., Ltd., a reinvested subsidiary of the Company; after the capital reduction, its total capital was NT\$32 million.
September 2003	Processed capital reduction by buying back the Company's shares; after the capital reduction, the total capital was NT\$2,950 million and the number of shares outstanding was 295 million.
January 2004	Processed capital reduction by buying back the Company's shares; after the capital reduction, the total capital was NT\$2,930 million and the number of shares outstanding was 293 million.

April 2004	The dissolution and liquidation of the re-invested subsidiary Zhaoyu Investment Co., Ltd.
July 2004	Howtobe Technology Co., Ltd., a reinvested subsidiary, applied for capital reduction. After the capital reduction, the total capital of the company was NT\$20 million.
August 2004	Processed buyback of the Company's shares, and due to the dissolution and liquidation of Zhaoyu Investment Co., Ltd., a re-invested subsidiary of the Company, in accordance with the provisions of paragraph 2, Article 167 of the Company Act, capital reduction was processed for the cancellation of the share of the remaining property distributed. After the capital reduction, the paid-in capital was NT\$2,865,969,950, and the number of shares was 286,596,995.
November 2004	Processed capital reduction by buying back the Company's shares; after the capital reduction, the total capital was NT\$2,850 million, and the number of shares outstanding was 285 million.
May 2005	Zhaofeng Venture Capital Co., Ltd. a re-invested subsidiary of the Company processed capital reduction. After the capital reduction, the total capital of the company was NT\$345 million.
January 2006	Zhaofeng Venture Capital Co., Ltd., a re-invested subsidiary of the Company, processed capital reduction. After the capital reduction, the total capital of the company was NT\$138 million.
January 2007	Zhaofeng Venture Capital Co., Ltd., a re-invested subsidiary of the Company, processed capital reduction. After the capital reduction, the total capital of the company was NT\$75 million.
January 2007	Howtobe Technology Co., Ltd. a re-invested subsidiary of the Company processed capital increase. After the capital increase, the total capital of the company was NT\$26 million.
November 2007	In order to promote the integration of enterprises, save operating costs, improve the flexibility of capital utilization, and jointly create the interests of the Company and shareholders, the Company merged with Zhaofeng Venture Capital Co., Ltd. and the Company was the surviving company after the merger.
January 2008	Processed capital reduction by buying back the Company's shares; after the capital reduction, the total capital was NT\$1,995 million and the number of shares outstanding was 199.5 million.
March 2008	Subscribed to the cash capital increase of V.T. Systems of Japan for JPY58.3 million; after the capital increase, the shareholding was 1,433 shares, accounting for 67.44%.
August 2008	Established Chongyou Power System Technology Co., Ltd.; the paid-in capital was NT\$60 million, and the total share outstanding was 6 million. It is a 100% reinvested subsidiary of the Company.
January 2009	Subscribed to the cash capital increase of V.T. Systems of Japan for JPY32 million; after the capital increase, the shareholding was 2,073 shares, accounting for 74.43%.
March 2009	Processed capital reduction by buying back the Company's shares; after the capital reduction, the total capital was NT\$1,966.8 million, and the number of shares outstanding was 196.68 million.
April 2009	GFC Cayman Islands Limited, a reinvested subsidiary of the Company, increased its capital by US\$800,000 in cash and its capital after the increase was US\$2.81 million.
August 2010	Based on the approval letter of the Ministry of Economic Affairs referenced (99) Tou-Shen-II No. 09900273410, US\$8 million was remitted to GFC Cayman Islands Limited for its capital increase, as well as for the re-investment in Shanghai GFC Elevator Co., Ltd.

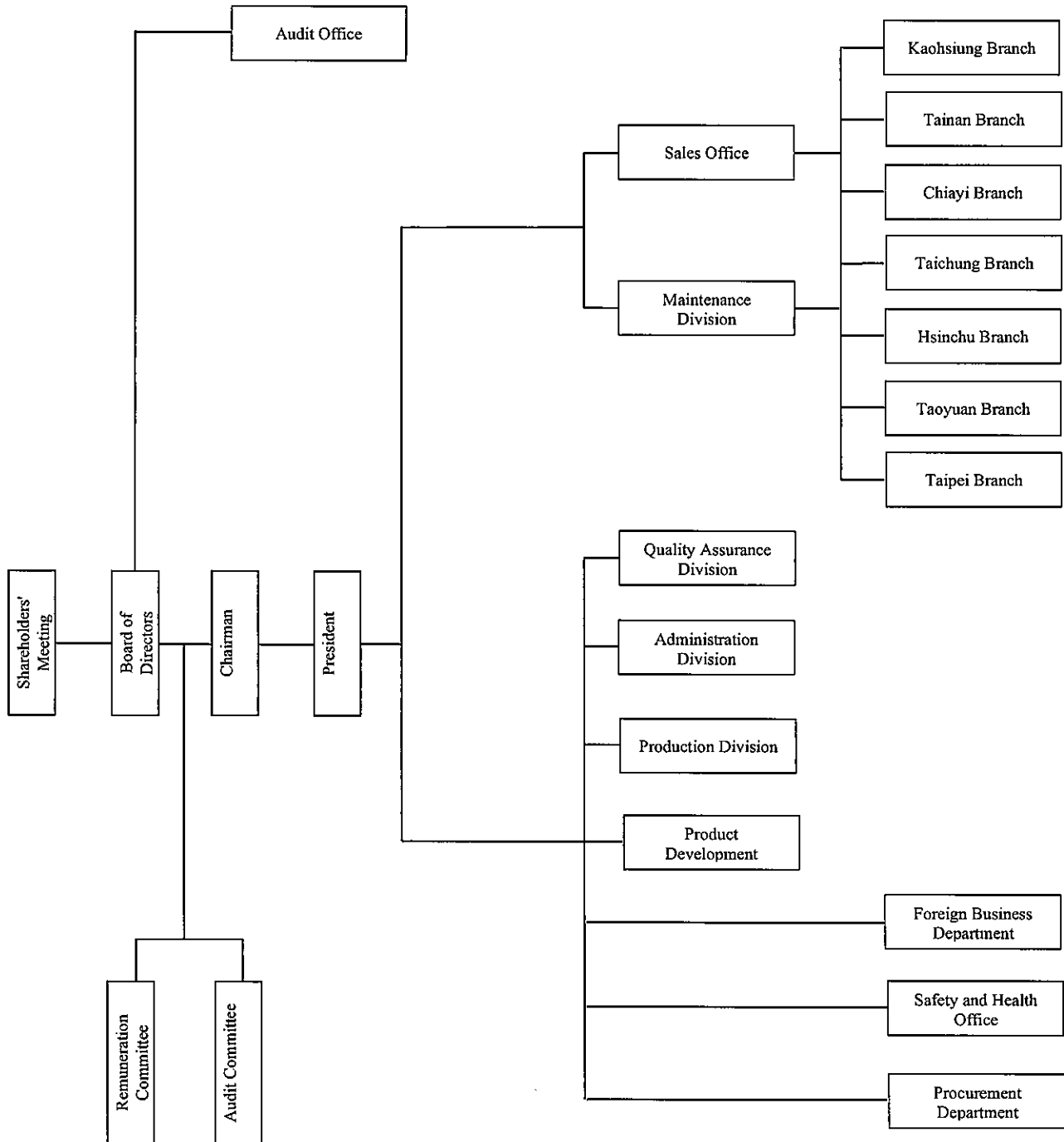
December 2010	In order to strengthen the organizational function, improve the efficiency of operation and management, reduce the operating cost, create value together and improve the shareholders' rights and interests, the Company merged with the subsidiary Chongyou Power System Technology Co., Ltd. and the Company was the surviving company after the merger.
May 2011	Shanghai GFC Elevator Co., Ltd. re-invested in GFC Elevators Qingdao Co., Ltd. which had a paid-in capital of RMB 4 million and the shareholding ratio was 99%.
November 2011	V.T. Systems of Japan increased its capital by JPY20 million in cash. The Company did not subscribe according to the shareholding ratio; after the capital increase, the Company's shareholding ratio was 65.11%.
February 2013	In order to meet the needs of operation and management, the Company bought back 603,500 shares of the subsidiary Howtobe Technology owned by other shareholders. After the change, the company's shareholding ratio was 100%.
April 2013	In order to reduce operating costs, Shanghai GFC Elevator Co., Ltd. completed the liquidation and de-registration of its subsidiary GFC Elevators Qingdao Co., Ltd.
April 2016	In the second 2015 Corporate Governance Evaluation, GFC Corporation was ranked among the top 6% ~ 20% of all OTC companies after being reviewed by the evaluation group of the competent authority.
April 2017	In the third 2016 Corporate Governance Evaluation, GFC Corporation was ranked among the top 6% ~ 20% of all OTC companies for two consecutive years after being reviewed by the evaluation group of the competent authority.
August 2017	The Department of Commerce of the Ministry of Economic Affairs approved the Company's change registration of cash capital reduction. Before the capital reduction, the Company issued 196,680,000 shares with the paid-in capital of NT\$1,966,800,000; after the capital reduction, the number of issued shares was changed to 177,012,000, with the paid-in capital of NT\$1,770,120,000.
April 2018	In the fourth 2017 Corporate Governance Evaluation, GFC Corporation was ranked among the top 6% ~ 20% of all OTC companies for three consecutive years after being reviewed by the evaluation group of the competent authority.
August 2018	The subsidiary GFC Hong Kong Limited completed its phased tasks and completed the liquidation and dissolution procedures.
September 2018	In September, GFC Corporation's full-series passenger elevators adopted permanent-magnet synchronous motors (PMSMs) and received second-category environmental protection mark issued by the Environmental Protection Administration, Executive Yuan. This new type of motors is known significantly lower energy consumption.
April 2019	In the fifth Corporate Governance Evaluation for 2018, GFC Corporation was promoted to the top 5% of all OTC companies by the evaluation group of the competent authority.
October 2019	The GF Smart Elevators won the 2020 Taiwan Excellence Award with its combination of multiple innovative features (including IoT and facial recognition).
April 2020	In the sixth 2019 Corporate Governance Evaluation, GFC Corporation was ranked among the top 6% ~ 20% of all OTC companies after being reviewed by the evaluation group of the competent authority.
April 2021	In the seventh Corporate Governance Evaluation for 2020, GFC Corporation was ranked the top 5% of all OCT companies after the review by the evaluation group of the competent authority.

- November 2021 The Genesis High Speed Elevator series from GFC corporate received Silver Award from the 30th Taiwan Excellence Award. Golden Award among the manufacturing sector and Special Award for 2021 Happiest Employee Enterprise were rewarded from 1111 Job Bank.
- December 2021 21th Golden Quality Award for Public Construction was won for the recognition of the work completed for “mid-term escalator improvement contract for MRT station entrance/exit, Project IYZX01.”
- April 2022 For the eighth corporate governance evaluations in 2021, GFC corporate was listed as the top 5% of the among all TPEx Listed companies by the review of competent authority.
- October 2022 GFC Ltd.won the 2022 Taipei City Government Award of Excellence in Public Works - Facility Engineering for its work in "IYZX01 Standard MRT Initial Station Entrance and Escalator Improvement Project."
- April 2023 GFC Ltd. was ranked among the top 6% ~ 20% of all TPEX-listed companies for the 9th Corporate Governance Evaluation in 2022 after review by the competent authority.

III. Corporate Governance Report

I. Organizational Structure

(I) Organizational structure:



(II) Businesses of Main Departments:

Department	Business in Charge
Maintenance Division	Responsible for regular maintenance and troubleshooting, fee charging, signing of maintenance contracts, parts replacement, repair, routine service, annual security inspection, customer contact, elevator failure and maintenance loss statistical analysis and other related after-sales service business management of all kinds of elevators (escalators). Promotion and planning of province-wide function renewal business (excluding new elevators), support of integrated operation, supply coordination, cost analysis and control, and installation schedule management. Formulation of province-wide maintenance and replacement policies. Integration of the fault call repair service and customer service response mechanism in the maintenance area of each service station, and provision of statistical analysis of relevant records; integration of the corresponding platform of the construction and maintenance coordination system and work plan promotion and implementation of progress effect and other real-time information display platform mechanisms. Responsible for the sale of power generator products, promotion of firefighting and hydropower business in buildings, contract-period payments, customer contact, site survey, installation and test run, maintenance and repair, technical support and other related operations. Management, analysis and statistics of material preparation, allocation and supply of maintenance parts of all models.
Sales Engineering Division	Responsible for the management of elevator (escalator) projects, product sales, contract-period payments, customer contact, production and marketing operation arrangement, project closure and other related operations. Construction planning, plan drawing, strength calculation and traffic flow calculation. Integration and production of sales technical specification, pre-sales technical specification planning for major engineering contracts and technical assistance for projects and contracts at home and abroad; technical development at home and abroad, overseas market research and analysis, marketing planning, order receiving for foreign sales, implementation and management of import and export operations, sharing contracts with Toshiba elevator's general agent, etc. Project exploration, installation outsourcing, adjustment, work completion inspection, vehicle delivery, warehouse management and routine service. Engineering technology improvement, exception handling, project engineering management, technical document revision, province-wide public works and coordination of engineering and factory related work.
Administration Division	Responsible for accounting, taxation, finance, budget planning and implementation, fund scheduling, cashier operation and cost accounting operation. Implementation and management of operations related to assets, public relations, documents, files, general affairs, environment, legal issues and stock affairs. Responsible for MIS development and maintenance, and information security system related operations. Human resources policy planning, system implementation and training development,

	compensation and welfare and planning, management and Implementation review of recruitment and appointment.
Production Division	Responsible for the elevator (escalator) production contract, design change and improvement of original products, and production, manufacturing, processing, assembly, production planning and control, materials receiving and dispatching, outsourced processing and inventory management of parts and components.
Product development division	Responsible for the R&D, trial production, stabilization and verification of new products, mechanical and electrical system integration, whole-machine test tower test and other related operations.
Quality Assurance Division	Responsible for engineering and quality abnormality management analysis and countermeasure discussion; customer complaint case handling, tracking and management; rationalization of working hours; ISO quality certification. Instrument verification management, supervision and control of the establishment of the factory production quality control system; quality inspection of the production system, statistical analysis of results, research and discussion of countermeasures, etc.
Foreign Business Department	Responsible for the operations planning, target management, budget control, financial control and administrative management of mainland subsidiaries.
Safety and Health Office	Responsible for the establishment, maintenance, planning, supervision and management of the Company's safety and health system.
Purchasing Department	Domestic and foreign parts arrival, raw materials procurement and other related operations.
Audit Office	Responsible for the supervision and tracking of the internal control system of the Company and its subsidiaries, assessment and management of violations of the Company's operation regulations and audit of various administrative operations.

II. Information on Directors, Supervisors, Presidents, Vice Presidents, Senior Managers and Heads of Main Branches:

1. Information of Directors and Supervisors: April 21, 2023

Position	Name	Gender Age	Nationality or place of registration	Date elected (appointed)	Term of office	Date initially elected	Shareholdings when elected (note 1)		Present when elected (note 1)		Present shareholdings of spouse and minor children (note 1)		Shareholdings in other people's names (note 1)		Academic background/experience	Concurrent position at the company and other companies at the moment	Other directors, directors or supervisors with a spouse or second-tier relative relationship			Remarks
							No. of shares	Shareholdings %	No. of shares	Shareholdings %	No. of shares	Shareholdings %	No. of shares	% of shareholding			Position	Name	Relationship	
Chairman	Dawei Co., Ltd. Representative: Po- Loung Tang	Male Age 61-70	Republic of China Republic of China	2022.06.27	3 years	2019.06.21	3,564,000 0	2.01% 0.00%	3,564,000 0	2.01% 0.00%	0 5,263	0.00% 0.003%	None None	None	Hsing Wu Business College, Chairman, Director, President and Vice President of the Company	Hua Hsing Management Consulting Co., Ltd.	Director Director	Chiu-Lin Tang David Tang	Siblings Father and son	
Director	Changjiang Property Co., Ltd. Representative: Chiu- Lin Tang	Female Age 61-70	Republic of China	2022.06.27	3 years	1995.04.25	99,868,498 258,299	56.42% 0.15%	99,878,498 248,299	56.42% 0.14%	0 0	0.00% 0.00%	None None	None	EMBA of Chengchi University, Department of Fashion Design of Institute of Advanced Fashion Design of Paris Society of France, Public Relations Department of Shih Hsin University, Vice Chairman of Chienhsing Co., Ltd., Manager of Celine, Assistant Manager of Chung Hsing Department Store, Designer of Textile Development Association, 12th President of ROC Elevator Association	Executive Director of GFC Culture and Education Foundation; Cantor of Tang Sadie	Chairman	Po-Loung Tang	Siblings	
Director	Hua Rong Investment Co., Ltd. Representative: David Tang	Male Age 41-50	Republic of China United States	2022.06.27	3 years	2019.06.21	3,524,185 0	1.99% 0.00%	3,524,185 0	1.99% 0.00%	0 0	0.00% 0.00%	None None	None	BS in Computer Science, Electrical Engineering Department, University of California, Berkeley; MBA, Graduate School of Asia Pacific Studies, Waseda University; Senior Engineer, QLogic Corporation; Analyst, Huihong Venture Capital Group; Marketing Manager, Hsinshai Technology Co., Ltd.; Managing Director, VT Systems Inc.; Assistant Vice President/Consultant, GFC Corporation	President of Napier Technology Co., Ltd., Chairman of Japan VT Systems	Chairman	Po-Loung Tang	Father and son	
Director	Hsui-Yi Zeng	Male Age 41-50	Republic of China	2022.06.27	3 years	2016.06.24	20,197	0.01%	20,197	0.01%	0	0.00%	None	None	BS, Civil and Environmental Engineering, UCLA; MBA, Industrial and Business Management, Tsinghua University and MIT Sloan School of Management; Business and Marketing Specialist, Changshing Company; Investment Assistant, Huihong Venture Capital Co., Ltd.; Vice President, Deutsche Bank; Director of Investor Relations, International Finance and M&A and Chief Financial Officer, Baidu Company; Chief Financial Officer of Anjuke Group; Vice President, C-Trip Group	Global CFO, KKDay	None	None	None	
Independent Director	Tung-Hsu Lin	Male Age 61-70	Republic of China	2022.06.27	3 years	2016.06.24	0	0.00%	0	0.00%	0	0.00%	None	None	Banking Focus, Business School, National Taiwan University; Master of Accounting, San Diego State University; Accounting Instructor, Ming Chuan College and Taipei College of Business; Chief Accountant, U.S. Region, Chong Wei Hotel Group; Chief Accountant, Chief Accountant, Chief Financial Officer, U.S. Region, Chinatrust Executive House; Chief Financial Officer, Bladez Corp.; Senior Financial Analyst/Capital Project Manager, British Petroleum; CFO of Asia, Chief Accounting Officer, President of China, Japan, Customer Service Officer of Asia, Flow International Corp. Chief Financial Officer, Promus Technology	Chief Financial Officer of NextGen Corporation	None	None	None	
Independent Director	Hsu-Hui Wu	Female Aged 51-60	Republic of China	2022.06.27	3 years	2016.06.24	0	0.00%	0	0.00%	0	0.00%	None	None	BA, Department of Finance and Economics, National Taipei Institute of Business and Technology; MBA, National Chengchi University, Ph.D. in Business Management, University of Leeds, U.K.; Director of Trade and Import Purchasing Department, B&Q Trading Co., Ltd.; Director of Public Service Department, Carrefour and Executive Director of Carrefour Culture and Education Foundation; Director, Brand Strategy and Spokesperson of Tony Enterprise; President, New Business Development Chongyue Technology, consultant of Taipei municipal government; President, Taiyen Biotech Co., Ltd.; Director, Taiyen Green Co., Ltd.; Director and CEO, Taiyen (Xiamen) Export and Import Co., Ltd.	General Manager of Taiyan Industry Co., Ltd.; director of Taiyan Green Energy Co., Ltd.; Director, Shalina Co. Ltd.; Part-Time Assistant Professor, EMBA Program, Soochow University	None	None	None	
Independent Director	Ming-Sung Cheng	Male Aged 51-60	Republic of China	2022.06.27	3 years	2022.06.27	0	0.00%	0	0.00%	0	0.00%	None	None	Control Engineering, National Chiao Tung University; Master's Degree in Business Administration, National Sun Yat-Sen University; Investment Assistant Manager/Manager/Vice Manager, Direct Investment Department, Zhong Ying Investment Co., Ltd. (Chi Yang Management Consulting Co., Ltd.), President, Chief Investment Officer, and Vice President, Hua Hong Venture Capital Group Co., Ltd.; Chief Investment Officer, Fuhou Investment Group Co., Ltd.; Supervisor, Lotes Co. Ltd.	Chairman, Systek Investments Co., Ltd.; Independent Director, Jin Wan Lin Enterprise Co., Ltd.; Supervisor, Neutron Inc.	None	None	None	

Note 1: Shareholding ratio is based on 177,012 thousand shares.

2. Major shareholders of corporate shareholders:

April 21, 2023

Name of institutional shareholder	Major shareholders of corporate shareholders	Shareholding ratio
Daweili Co., Ltd.	Po-Loung Tang	77.93%
	Shu-Ching Li	9.46%
	David Tang	8.76%
	Bai-Li Tang	3.85%
Changjiang Property Co., Ltd.	Jiahsiang Investment Co., Ltd	19.08%
	Dayouli Investment Co., Ltd.	18.84%
	Fujia Investment Co., Ltd	17.94%
	Machile Enterprise Co., Ltd	13.63%
	De-Jin Tang Culture and Education Foundation	13.25%
	Daweili Co., Ltd.	11.19%
	Daohe Investment Co., Ltd.	4.22%
	Sung-Chang Tang	1.85%
Hua Rong Investment Co., Ltd.	Pei-Gen Huang	61.82%
	Yao Huang	9.82%
	Xiang Huang	9.72%
	Li-Ting Huang	9.57%
	Rui-Ying Lo	9.07%
De-Jin Tang Culture and Education Foundation (Note 1)	Changjiang Investment Co., Ltd. (Renamed "Changjiang Property Co., Ltd. in 1991)	50%
	Sung-Chou Tang	50%

Note 1: If the Tang De-Chin Foundation is not a corporate organizer, the names of shareholders and shareholding ratios to be disclosed are the names of the donors and the respective donation ratios.

3. If the major shareholder of the corporate shareholder is a corporate entity, the major shareholder of the corporate entity: April 21, 2023

Name of institutional shareholder	Major shareholders of the corporate shareholders	Shareholding ratio
Jiahsiang Investment Co., Ltd	Ren-Hao Tang	49.95%
	Ren-Jie Tang	49.95%
	Daohe Investment Co., Ltd.	0.10%
Dayouli Investment Co., Ltd.	Chiu-Lin Tang	97.29%
	Chung-Yi Feng	2.32%
	Shao-Heng Feng	0.39%
Fujia Investment Co., Ltd	Ru-Yan Tang	98.22%
	Yi-Hui Liu	0.89%
	Yan-Chen Liu	0.89%
Machile Enterprise Co., Ltd	Po-Loung Tang	100.00%
Daweili Co., Ltd.	Po-Loung Tang	77.93%
	Shu-Ching Li	9.46%
	David Tang	8.76%
	Bai-Li Tang	3.85%
Daohe Investment Co., Ltd.	Ren-Hao Tang	50.00%
	Ren-Jie Tang	50.00%
Yangtze River Investment (Renamed "Changjiang Property Co., Ltd. in 1991)	Lien-Mei Wu Tang (deceased)	0.50%
	Ru-Yan Tang	1.00%
	Po-Hou Tang	12.00%
	Po-Loung Tang	14.39%
	Chiu-Lin Tang	1.00%
	Yen-Fang Ni	2.39%
	Da Cheng Investment (Merged by Changjiang Property)	66.50%
	De-Jin Tang Culture and Education Foundation	2.22%

4. Professional knowledge and independence of directors or supervisors and independent directors:

(I) Professional knowledge and experience

The composition of the board of directors shall be determined by taking diversity into consideration. It shall be formulated and included, without being limited to, the following two general standards:

1. Basic requirements and values: gender, age, nationality and culture.
2. Professional knowledge and skills: a professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills and industry experience.

Board members shall have the knowledge, skill, and competency, as follows, necessary to perform their duties:

1. Ability to make operation judgments
2. Ability to operate and manage
3. Ability to perform accounting and financial analysis.
4. Industry knowledge.
5. Ability to manage crisis
6. Knowledge of international markets
7. Ability to lead and make decision

Implementation of Director Diversification Policy:

Position	Diversification Item	Basic Requirements							Professional ability						Security Act Article #30 Violation	
		Nationality	Gender	Company Employee	Age Group				Term of Independent Director	Accounting and financial analysis	Leadership and decision making	Industry knowledge	Global perspective	Operation management		Branding
					41-50	51-60	61-70	71-80								
Institutional director representative	Po-Loung Tang	ROC	Male	None			v	—		v	v	v	v	v	None	
Institutional director representative	Chiu-Lin Tang	ROC	Female	None			v	—			v		v	v	None	
Institutional director representative	David Tang	US	Male	None	v			—	v		v		v		None	
Director	Huai-Yi Zeng	ROC	Male	None	v			—	v			v	v		None	
Independent Director	Tung-Hsu Lin	ROC	Male	None			v	3~9 Years	v	v		v	v		None	
Independent Director	Hsu-Hui Wu	ROC	Female	None		v		3~9 Years		v		v	v	v	None	
Independent Director	Ming-Sung Cheng	ROC	Male	None		v		1~3 Years	v	v			v		None	

According to the age distribution of the Company's board members, there are 2 directors aged 41-50, 1 independent director aged 61-70, 2 independent directors aged 51-60, and 2 directors aged 61-70. There are 2 female directors (including 1 independent director), accounting for 28.57% of the board member composition.

II. Independence of the Board of Directors

All directors of the Company are elected by the shareholders through votes without gender difference or limitation. None of the directors of the Company is also an employee. Except for Independent Director Ming-Sung Cheng who is also an independent director of a public company, the other board members do not concurrently serve as independent directors of other public companies. There are a total of 3 Independent Directors, accounting for 42.85% of the board member composition.

Directors information:

Position	Name	Shareholding when elected (Note 1)		Present Shareholding (Note 1)		Shareholding underspouse or minors (Note 1)		Shareholding under others' names (Note 1)		Current positions at the Company or other companies	Directors whose spouses or second- degree relatives are manager, director or supervisor of the Company			Number of independent board seats held concurrently at other public companies
		Shares	%	Shares	%	Shares	%	Shares	%		Position	Name	Relation	
Chairman	Dawelli Co., Ltd. Representative : Po-Loung Tang	3,564,000 0	2.01% 0.00%	3,564,000 0	2.01% 0.00%	0 5,263	0.00% 0.003%	None None	None None	Director, Hua Hong Management Consulting Co., Ltd.	Director Director	Chiu- Lin Tang David Tang	Siblings Father and son	0
Director	Changjiang Property Co., Ltd. Representative : Chiu-Lin Tang	99,868,498 258,299	56.42% 0.15%	99,878,498 248,299	56.42% 0.14%	0 0	0.00% 0.00%	None None	None None	CEO of GFC Foundation; Director, Studio Tang	Chairman	Po- Loung Tang	Siblings	0
Director	Hua Rong Investment Co., Ltd. Representative : David Tang	3,524,185 0	1.99% 0.00%	3,524,185 0	1.99% 0.00%	0 0	0.00% 0.00%	None	None	President, Napier Technology Co., Ltd.; Chairman, Japan VT Systems	Chairman	Po- Loung Tang	Father and son	0
Director	Huai-Yi Zeng	20,197	0.01%	20,197	0.01%	0	0.00%	None	None	Global Chief Financial Officer, KKDay International Travel Service	None	None	None	0
Independent Director	Tung-Hsu Lin	0	0.00%	0	0.00%	0	0.00%	None	None	Chief Financial Officer, NextGen Corporation	None	None	None	0
Independent Director	Hsu-Hui Wu	0	0.00%	0	0.00%	0	0.00%	None	None	Director, Salina International Co., Ltd.; Assistant Professor, EMBA, Soochow University Business School	None	None	None	0
Independent Director	Ming-Sung Cheng	0	0.00%	0	0.00%	0	0.00%	None	None	Chairman, Systek Investments Co., Ltd.; Independent Director, Jin Wan Lin Enterprise Co., Ltd.; Supervisor, Neutron Inc.	None	None	None	1

Other than the two directors who are second-degree relatives to each other (please refer to the table above), no other directors are related, which satisfies the requirements under Corporate Governance Evaluation. Qualifications from the three independent directors, both affirmative and negative criterion such as shareholding of the Company and part-time position in the Company, are compliant with "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."

5. Main managers' information:

April 21, 2023

Position	Name	Gender	Nationality	Date elected (appointed)	Shareholdings		Present shareholdings of spouse and minor children		Shareholdings in other people's names		Academic background/experience	Concurrent positions at other companies	Other managers, directors or supervisors with a spouse or second degree relative relationship			Remarks
					No. of shares	Shareholdings %	No. of shares	Shareholdings %	No. of shares	Shareholdings %			Title	Name	Relationship	
President	Pen-Li Yu	Male	Republic of China	August 13, 2015	0	0.00%	0	0.00%	None	None	Mechanical Engineering Department of Taipei Technology College	Chairman of Shanghai GFC Elevator Co., Ltd., Director of GFC Cayman Islands Limited	None	None	None	
Manager	Chuan-Hsing Kuo	Male	Republic of China	April 1, 2009	45,164	0.03%	0	0.00%	None	None	Oriental Technical College	Director of Howtobe Co., Ltd.	None	None	None	
Manager	Hung-Mou Cheng	Male	Republic of China	August 13, 2015	0	0.00%	0	0.00%	None	None	Electrical Engineering Department of Guan Wu Technical College	None	None	None	None	
Head of Finance/Accounting	Ying-Chen Lu	Female	Republic of China	March 26, 2014	56	0.00003%	0	0.00%	None	None	Accounting Department, Takming Technical College	Director of Huaqi Venture Capital Co., Ltd.	None	None	None	
Corporate Governance Officer	Hung-Peng Lin (Note 1)	Male	Republic of China	2020.06.19	557	0.0003%	1,036	0.0006%	None	None	Department of Law, Chinese Culture University	None	None	None	None	
Corporate Governance Officer	Pei-Lin Chang (Note 1)	Female	Republic of China	2023.04.01	720	0.0004%	104	0.00006%	None	None	Department of Asset Management, Tamsui Vocational College	None	None	None	None	

Note 1: Corporate Governance Officer, Hung-Peng Lin, resigned from April 1, 2023, and was succeeded by Pei-Lin Chang.

6. Remuneration to directors, supervisors, President, and Vice Presidents:

(1) Remuneration to directors and independent directors, As of December 31, 2022 in NT\$ thousand

(F) Remuneration to directors and independent directors, As of December 31, 2022 in NT\$ thousand																						
Position	Name	Remuneration of Directors								Percentage of total number of items A, B, C and D to net profit after tax	Part time employees' receipt of relevant remuneration								Percentage of total number of items A, B, C, D, E, F and G to net profit after tax (%)		Remuneration received from a non-subsidiary re-invested enterprise or parent company	
		Remuneration (A)		Retirement pension (B)		Directors' remuneration (C) (note 1)		Business execution fee (D)			Salary, bonus and special fee (E)		Retirement pension (F)		Employee remuneration (G)							
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company		All companies included in the financial statements
Chairman	Po-Loung Tang	2,970	2,970	0	0	2,285	2,285	130	130	0.64%	0.64%	7,580	7,580	0	0	0	0	0	0	1.53%	1.53%	None
Director	Representative of Changjiang Property Co., Ltd.: Chiu-Lin Tang																					
Director	Hua Rong Investment Co., Ltd.																					
Director	Cheng-Lzen Lo (Note 1)																					
Director	Huai-Yi Zeng																					
Independent Director	Tung-Hsu Lin	1,650	1,650	0	0	997	997	144	144	0.33%	0.33%	0	0	0	0	0	0	0	0	0.33%	0.33%	None
	Hsu-Hui Wu																					
	Ming-Sung Cheng (Note 2)																					

Note 1: Office term of Director Cheng-Lzen Lo: 2022/01/01 to 2022/06/26.

Note 2: Office term of Independent Director Ming-Sung Cheng: 2022/06/27 to the present.

Note 3: 2022 remuneration to directors is a proposed amount.

(2) Remuneration Tier Table:

Tiers of Remuneration of Directors of the Company	Name of Director			
	Total remuneration in the first four items (A + B + C + D)		Total remuneration in the first seven items (A + B + C + D + E + F + G)	
	The Company	All companies in the financial report (H)	The Company	All companies in the financial report (I)
Below NT\$1,000,000	Cheng-Lzen Lo, Ming-Sung Cheng	Cheng-Lzen Lo, Ming-Sung Cheng	Cheng-Lzen Lo, Ming-Sung Cheng	Cheng-Lzen Lo, Ming-Sung Cheng
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	Po-Loung Tang, Representative of Changjiang Property Co., Ltd.: Chiu-Lin Tang, Hua Rong Investment Co., Ltd., Huai-Yi Zeng, Tung-Hsu Lin, Hsu-Hui Wu	Po-Loung Tang, Representative of Changjiang Property Co., Ltd.: Chiu-Lin Tang, Hua Rong Investment Co., Ltd., Huai-Yi Zeng, Tung-Hsu Lin, Hsu-Hui Wu	Representative of Changjiang Property Co., Ltd.: Chiu-Lin Tang, Hua Rong Investment Co., Ltd., Huai-Yi Zeng, Tung-Hsu Lin, Hsu-Hui Wu	Representative of Changjiang Property Co., Ltd.: Chiu-Lin Tang, Hua Rong Investment Co., Ltd., Huai-Yi Zeng, Tung-Hsu Lin, Hsu-Hui Wu
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	0	0	0	0
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	0	0	0	0
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	0	0	Po-Loung Tang	Po-Loung Tang
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	0	0	0	0
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	0	0	0	0
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	0	0	0	0
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	0	0	0	0
Above NT\$100,000,000	0	0	0	0
Total	8	8	8	8

(3) Remuneration of Supervisors (amount consolidated and names disclosed):

As of December 31, 2022 in NT\$ thousand

Position	Name	Remuneration of Supervisors						Percentage of the total of A, B and C to net income after tax (%)		Remuneration received from a non-subsidiary re-invested enterprise or parent company
		Remuneration (A)		Remuneration (B) (Note 1)		Business execution expenses (C)		The Company	All companies in the financial report	
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report			
Supervisor	Chang-I Wang (Note 1)	660	660	345	345	20	20	0.12%	0.12%	None
Supervisor	De-Jin Tang Culture and Education Foundation Representative: Yun-Peng Chen (Note 1)									

Note 1: Office term of Supervisors Chang-I Wang and Yun-peng Chen: 2022/01/01 to 2022/06/26.

Note 2: Starting from 2022/07/05, the Company has established an Audit Committee to replace the previous supervisor system.

Note 3: The remuneration to supervisors in 2022 is a proposed amount.

(4) Remuneration Tier Table:

Tiers of Remuneration of Supervisors of the Company	Name of Supervisor	
	Total remuneration in the first three items (A + B + C)	
	The Company	All companies in the financial report (D)
Below NT\$1,000,000	Chang-I Wang Representative of De-Jin Tang Culture and Education Foundation: Yun-Peng Chen	Chang-I Wang Representative of De-Jin Tang Culture and Education Foundation: Yun-Peng Chen
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	0	0
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	0	0
NT\$3,500,000 (inclusive)~ NT\$5,000,000 (exclusive)	0	0
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	0	0
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	0	0
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	0	0
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	0	0
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	0	0
Above NT\$100,000,000	0	0
Total	2	2

(5) Remuneration of Presidents and Vice Presidents (consolidated and name disclosure by tier):

As of December 31, 2022 in NT\$ thousand

As of December 31, 2022 in NTD thousand														
Position	Name	Salary (A)		Retirement pension (B)(note 1)		Bonus and special subsidy (C)		Employee remuneration (D)				Percentage of the total of A, B, C and D to net income after tax (%)		Remuneration received from a non-subsidiary re-invested enterprise or parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash bonus amount	Stock bonus amount	Cash bonus amount	Stock bonus amount			
President	Pen-Li Yu	13,563	14,339	324	324	0	0	398	0	398	0	1.68%	1.78%	None
Manager	Chuan-Hsing Kuo													
Manager	Hung-Mou Cheng													

Note 1: The amount of expenses recognized in 2022 was NT\$324,000.

(6) Remuneration Tier Table:

Tiers of Remuneration of Presidents and Vice Presidents of the Company	Name of President and Vice Presidents	
	The Company	All companies in the financial statements (E)
Less than NTD 1,000,000	0	0
NTD 1,000,000 (inclusive) - NTD 2,000,000 (exclusive)	0	0
NTD 2,000,000 (inclusive) - NTD 3,500,000 (exclusive)	0	0
NTD 3,500,000 (inclusive) - NTD 5,000,000 (exclusive)	Hung-Mou Cheng, Chuan-xing Kuo	Hung-Mou Cheng, Chuan-xing Kuo
NTD 5,000,000 (inclusive) - NTD 10,000,000 (exclusive)	Pen-Li Yu	Pen-Li Yu
NTD 10,000,000 (inclusive) - NTD 15,000,000 (exclusive)	0	0
NTD 15,000,000 (inclusive) - NTD 30,000,000 (exclusive)	0	0
NTD 30,000,000 (inclusive) - NTD 50,000,000 (exclusive)	0	0
NTD 50,000,000 (inclusive) - NTD 100,000,000 (exclusive)	0	0
Over NTD 100,000,000	0	0
Total	3	3

(7) The name of the manager who assigns employee compensation and the distribution situation:

As of December 31, 2022 in NT\$ thousand

	Position	Name	Number of shares	Cash amount	Total	Percentage of net profit after tax (%)
Manager	President	Pen-Li Yu	0	505	505	0.06%
	Manager	Chuan-Hsing Kuo				
	Manager	Hung-Mou Cheng				
	Manager	Ying-Chen Lu				
	Manager	Hung-Peng Lin				

(8) An analysis of the proportion of the total remuneration paid to the Directors, Supervisors, Presidents and Vice Presidents of the Company and all the companies in the consolidated statements to the net profit after tax in the last two years and an explanation of the policy, standard and combination of the remuneration, the procedures for setting the remuneration and the relevance to the business performance and future risks:

① The proportion of the total remuneration paid by the Company and all the companies in the consolidated statements to the Directors, Supervisors, Presidents and Vice Presidents of the Company to the net profit after tax in the last two years:

Unit: NTD thousand

Year Item Position		2022				2021			
		The Company		All companies included in the financial statements		The Company		All companies included in the financial statements	
		Total remuneration	Percentage of the net profit after tax (%)	Total remuneration	Percentage of the net profit after tax (%)	Total remuneration	Percentage of the net profit after tax (%)	Total remuneration	Percentage of the net profit after tax (%)
Director		15,756	1.86%	15,756	1.86%	14,286	1.84%	14,286	1.84%
Supervisor		1,025	0.12%	1,025	0.12%	1,931	0.25%	1,931	0.25%
President and Vice Presidents		14,285	1.68%	15,061	1.78%	13,693	1.76%	14,477	1.86%

② The policy, standard and combination of the remuneration, the procedures for setting the remuneration, and the relevance to the business performance and future risks:

The remuneration of the Company's directors and supervisors shall be paid, in accordance with Article 17-1 of the Articles of Association, from not more than 0.5% of the profit of the current year. Reasonable remuneration shall be provided to directors and supervisors based on performance review criteria and contributions of the board, such as mastery of the Company's objectives and tasks and degree of participation in the Company's operation. Reasonable salaries shall be provided to appointed managers e.g., President and vice presidents based on the Company's salary system and in reference to the prevalent industry standards and the employment market for comparable positions. In addition, according to Article 17-1 of the Company's Articles of Association, no less than 0.5% of profits during the current year shall be distributed as employees' remunerations. Among this, appropriate remuneration to individual appointed managers shall be paid in line with performance indicators such as contribution to the Company's operations, revenue growth, expense control ratio, profit margin, growth in book value per share. The performance evaluation criteria, remuneration and reward standard for directors, supervisors and appointed managers shall be submitted to the Compensation Committee for discussion and review and to the board for decision and approval in accordance with relevant procedures. In sum, there are no issues that can cause risks to the Company going forward.

III. Corporate Governance Status:

(I) Operation of the board of directors:

In the most recent year (2022), the board of directors held 6 meetings (A). The attendance of Directors and Supervisors is as follows:

Position	Name	Number of actual (voting and non-voting) attendance (B)	Number of attendance by proxy	Actual attendance rate (%) [B/A]	Remarks
Chairman	Daweili Co., Ltd. Representative: Po-Loung Tang	6	0	100%	Re-elected
Director	Changjiang Property Co., Ltd. Representative: Chiu-Lin Tang	6	0	100%	Re-elected
Director	Hua Rong Investment Co., Ltd. Representative: David Tang	6	0	100%	Re-elected
Director	Huai-Yi Zeng	6	0	100%	Re-elected
Independent Director	Tung-Hsu Lin	6	0	100%	Re-elected
Independent Director	Hsu-Hui Wu	6	0	100%	Re-elected
Independent Director	Ming-Sung Cheng	4	0	100%	Newly assumed office on June 27, 2022; required attendance was 4.
Director	Cheng-Lzen Lo	2	0	100%	Resigned on June 27, 2022; required attendance was 2.
Supervisor	De-Jin Tang Culture and Education Foundation Representative: Yun-Peng Chen	2	0	100%	Resigned on June 27, 2022; required attendance was 2.
Supervisor	Chang-I Wang	2	0	100%	Resigned on June 27, 2022; required attendance was 2.

Other matters to be recorded:

- I. For the matters listed in Article 14-3 of the Securities and Exchange Act and other matters which the independent directors are opposed to or have reserved opinions over and are recorded or have a written statement of board of directors in place, the date, meeting session number, proposal content, opinions of all the independent directors and the company's handling of the opinions of the independent directors shall be stated: See Schedule 1 for details.
- II. Directors' recusal from issues with conflict of interest: The names of the director concerned, proposal contents, reason for recusal, participation in discussion and voting results should be provided.
Director Po-Loung Tang had interests on the proposal for the 2021 remunerations to directors, supervisors and employees (Agenda 1) in the 18th session under the 16th term Board meeting and was excused from the discussion and voting. The discussion was led by Independent Director Tung-Hsu Lin, appointed as the deputy chairperson. The proposal was passed without demur after inquiries made by the deputy chairperson to the six other attending directors.
- III. A listed or OTC company shall disclose information such as the evaluation cycle, period, scope, method and content of the board of directors' self (or peer) evaluation and fill in Schedule 2 (2) Implementation of the Board of Directors' Evaluation.
- IV. Objectives for strengthening the functions of the board of directors in the current and most recent year (e.g., establishment of an audit committee, improvement of information transparency, etc.) and performance assessment:
 1. Regular promotion of courses for directors' continuing education: When a regular board of directors meeting is convened, designated unit will provide information on relevant training courses and help to sign up on their behalf. A total of 54.5 learning hours in 2022 were accumulated, and a total of 20 directors and supervisors participated in the training courses.
 2. Create a new section dedicating to the operation of the Board of Directors on the Company's website: The content covers the continuing education, the attendance status, the board member profiles, and major resolutions, etc.
 3. Emphasis on corporate governance evaluation: The dedicated (or concurrently) corporate governance task force delivered special reports during the Board of Directors meeting on May 11, 2022 and December 23, 2022. All directors and supervisors have had an in-depth understanding of the corporate governance indicators and requested formulation of working plans for further improvements from the relevant business units. During the 5th, 7th and 8th corporate governance evaluations, the Company was reviewed by the competent authority (corporate governance evaluation team) and was ranked in the top 5% among the companies evaluated.
- V. The Board of Directors held 6 meetings in the most recent year (2022). The attendance of independent directors is as follows:

Name	2022/03/25	2022/05/11	2022/07/05	2022/08/10	2022/11/09	2022/12/23
Tung-Hsu Lin	◎	◎	◎	◎	◎	◎
Hsu-Hui Wu	◎	◎	◎	◎	◎	◎
Ming-Sung Cheng	x	x	◎	◎	◎	◎

◎: Attended in person; ☆: Attended by proxy; *: Absent

Table 1: For the matters listed in Article 14-3 of the Securities and Exchange Act and other matters which the independent directors are opposed to or have reserved opinions over and are recorded or have a written statement of board of directors in place, the date, meeting session number, proposal content, opinions of all the independent directors and the company's handling of the opinions of the independent directors shall be stated:

Board of Directors	Motion content and subsequent processing	Matters listed in Article 14-3 of the Securities and Exchange Act	Matters which the independent directors are opposed to or have reserved opinions over
The 16th BOD The 18th meeting 2022/03/25	1.Approved the proposal for 2021 remuneration to directors and supervisors and employees.	v	
	2.Approved the 2021 financial statements of the Company.	v	
	3.Approved the 2021 earnings appropriation.	v	
	4.Passed acceptance of proposals for the 2022 AGM.	v	
	5.Approved the election of the 17th board of directors (including independent directors).	v	
	6.Passed the director nomination (including independent directors) for the 2022 AGM.	v	
	7.Passed amendments to the "Ethical Corporate Management Best Practice Principles."	v	
	8.Approved the amendments to the "Corporate Governance Best-Practice Principles."	v	
	9.Approved the amendments to the "Corporate Social Responsibility Best Practice Principles" and correcting the title as the "Sustainable Development Best Practice Principles."	v	
	10. Approved the amendments to the "Articles of Incorporation."	v	
	11. Approved the amendments to the "Rules of Procedure for Shareholders' Meetings."	v	
	12. Approved the amendments to the "Regulations Governing the Election of Directors and Supervisors" and correcting the title as the "Procedures for Election of Directors."	v	
	13. Approved the amendments to the "Guidelines for Handling Acquisition and Disposal of Assets".	v	
	14. Approved the amendments to the "Guidelines for Loaning of Funds and Endorsements and Guarantees."	v	
	15. Passed the convening of the 2022 Shareholders' Meeting.	v	
	16. Passed the Company's 2021 "Internal Control Statement."	v	
	Independent director's opinion: None.		
	The Company's response to the opinions of independent directors: None.		
	Resolution: Unanimously approved by all directors present at the meeting.		
The 16th BOD The 19th meeting 2022/05/11	1.Approved the proposal to adjust manager salaries.	v	
	2.Approved the Charter of the Audit Committee.	v	
	3.Passed the review of auditor independence requirements for Ernst & Young, Taiwan.	v	
	4.Approved the amendments to the "endorsement/guarantee operation" for Howtobe Technology Co., Ltd., a subsidiary.	v	
	5.Approved the nomination for the 17th board of directors (including independent directors) and the review of the nominated candidates.	v	
	6.Approved the disposal of the Company's fixed assets.	v	
	Independent director's opinion: None.		
	The Company's response to the opinions of independent directors: None.		
	Resolution: Unanimously approved by all directors present at the meeting.		
The 17th BOD	1.Election of the 17th Chairman.	v	
	2.Approved the appointment of President.	v	

Board of Directors	Motion content and subsequent processing	Matters listed in Article 14-3 of the Securities and Exchange Act	Matters which the independent directors are opposed to or have reserved opinions over
1st session 2022/07/05	3.Approved the appointment of the 5th Compensation Committee.	v	
	4.Approved the appointment of the first Audit Committee members.	v	
	5.Set the ex-dividend date for the cash dividend for 2021.	v	
	Independent director's opinion: None.		
	The Company's response to the opinions of independent directors: None.		
	Resolution: Unanimously approved by all directors present at the meeting.		
The 17th BOD 2nd session 2022/08/10	1.Approved the amendments to the "Self-Evaluation of the Board of Director Performance".	v	
	Independent director's opinion: None.		
	The Company's response to the opinions of independent directors: None.		
	Resolution: Unanimously approved by all directors present at the meeting.		
The 17th BOD The 3rd session 2022/11/09	1.Approved 2022 third quarter financial statements.	v	
	2.Approved 2023 business plan and budget.	v	
	3.Approved the 2023 internal audit schedule.	v	
	4.Passed the review of auditor independence requirements for Ernst & Young, Taiwan.	v	
	5.Approved the amendments to the internal control system.	v	
	Independent director's opinion: None.		
	The Company's response to the opinions of independent directors: None.		
	Resolution: Unanimously approved by all directors present at the meeting.		
The 17th BOD The 4th session 2022/12/23	1.Approved the disposal of the Company's fixed assets.	v	
	2.Approved the change of person-in-charge of the branch office.	v	
	Independent director's opinion: None.		
	The Company's response to the opinions of independent directors: None.		
	Resolution: Unanimously approved by all directors present at the meeting.		

(II) Status of Evaluation of the Board of Directors

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Assessment Scope (Note 3)	Evaluation Method (Note 4)	Content of the Assessment (Note 5)
Once a year	2022/01/01 ~ 2022/12/31	Board of Directors	Based on each quantitative indicator for the BOD designated responsible unit	1. Compliance with relevant laws and regulations (7 quantitative indicators). 2. Participation in the Company operation (4 quantitative indicators).
	2022/01/01 ~ 2022/12/31	Board members	Directors Self-Evaluation	1. Mastery of Company's goals and missions. 2. Understanding of Directors' Responsibilities. 3. Participation in the Company operation. 4. Internal relationship management and communication. 5. Director professionalism and continuing education 6. Internal control.
	2022/01/01 ~	Remuneration Committee	Self-Evaluation of Remuneration	1. Participation in the Company operation. 2. Awareness of the duties of the Remuneration

	2022/12/31		Committee Members	Committee. 3. The quality of the Remuneration Committee's decision-making. 4. Composition of the Remuneration Committee and election of its members.
	2022/07/05 ~ 2022/12/31	Audit Committee	Self-Evaluation of Audit Committee Members	1. Participation in the Company operation. 2. Awareness of the duties of the Audit Committee. 3. Quality of Audit Committee's decision-making. 4. Composition of the Audit Committee and election of its members. 5. Internal control.
	2022/01/01 ~ 2022/12/31	External assessment (external assessment agency: Cheng Yi Management Consulting Co., Ltd.)	Overall Board of Directors Individual board members Functional committees	I. Board of Directors: 1. Degree of participation in the Company's operations. 2. Improve the quality of the Board's decision-making. 3. Composition and structure of the Board of Directors. 4. Election and continuing education of directors. 5. Internal control. II. Members of the Board of Directors: 1. Mastery of the Company's goals and missions. 2. Understanding of the duties of directors. 3. Participation in the Company's operations. 4. Professionalism and continuing education from the directors. 5. Internal control. III. Members of the functional committee 1. Degree of participation in the Company's operations. 2. Awareness of the duties of the functional committee. 3. Improve the quality of decision-making by functional committees. 4. Composition of the functional committee and election of its members. 5. Internal control.

Note 1: Fill in the cycle of the evaluation of the board of directors, for example: once a year.

Note 2: Fill in the period covered by the evaluation of the board of directors. For example, the performance of the board of directors from January 1, 2019 to December 31, 2019 shall be evaluated.

Note 3: The scope of evaluation includes the performance evaluation of the board of directors, individual directors and functional committees.

Note 4: The evaluation methods include internal self-evaluation of the board of directors, self-evaluation of the board members, peer evaluation, appointment of external professional institutions and experts or other appropriate methods for performance evaluation.

Note 5: According to the evaluation scope, the evaluation contents shall at least include the following items:

- (1) Performance evaluation of the board of directors: at least including degree of participation in the operation of the Company, decision-making quality of the board of directors, composition and structure of the board of directors, selection and continuous learning of directors, internal control, etc.
- (2) Performance evaluation of individual directors: at least including mastery of the Company's objectives and tasks, cognition of directors' responsibilities, degree of participation in the Company's operation, internal relationship management and communication, directors' professional and continuous learning, internal control, etc.
- (3) Performance evaluation of functional committees: degree of participation in the operation of the Company, cognition of the responsibilities of the functional Committee, decision-making quality of the functional Committee, composition and selection of members of the functional Committee, internal control, etc.

(III) Operation of the Audit Committee:

The Audit Committee held 2 meetings (A) in the most recent year (2022). The attendance of independent directors is as follows:

Position	Name	Actual attendance rate (B)	Number of proxy attendances	Actual attendance rate (%) [B/A]	Remarks
Convener and Chairman	Tung-Hsu Lin	2	0	100%	Newly assumed office on July 05, 2022; required attendance was 2.
Committee members	Hsu-Hui Wu	2	0	100%	Newly assumed office on July 05, 2022; required attendance was 2.
Committee members	Ming-Sung Cheng	2	0	100%	Newly assumed office on July 05, 2022; required attendance was 2.

Other matters to be recorded:

- I. If any of the following occurs in the operation of the Audit Committee, state the date and session of the Audit Committee meeting, details of the agenda, dissenting opinions, qualified opinions, or major recommendations of the independent directors, the Audit Committee's resolutions, and the company's response to the Audit Committee's opinions. Processing.
 (I) Conditions described in Article 14-5 of the Securities and Exchange Act: Please refer to Table 1 for details.
 (II) Other than the matters above, other matters that have not been approved by the Audit Committee but approved by more than two-thirds of all directors: None.
- II. Avoidance of conflicts of interest among independent directors; state the name of the independent director, the agenda, the reason for the avoidance of conflicts of interest, and the voting process: None.
- III. Communication between independent directors and the internal audit head and accountants (including material matters, methods, and results of communication on the Company's financial and business status).
1. There are direct channels available among the Company's independent directors, the internal audit officer and CPAs, which allows regular reviews on the Company's financial and business status and direct discussion with the management and governance units, in accordance with the regulations of the competent authority.
- (1) The head of internal audit of the Company regularly reports on the internal audit during quarterly Audit Committee meetings, including full communication on the implementation of audit activities, the improvement and follow-up of audited defects. In addition to providing independent directors with monthly writing audit reports, special reports are made, according to the independent directors' suggestions from on individual. Under special circumstances, timely reports will be made to the members of the Audit Committee.
- (2) The Company's CPAs will report the results of the audit or review of the financial statements of each quarter and other communication matters required by relevant laws and regulations at the quarterly Audit Committee meeting. Under special circumstances, timely reports will be made to the members of the Audit Committee.
2. Communication between independent directors and CPAs and internal audit supervisors have been conducted, without the presence of ordinary directors and the Company's management. Communication summary:

(1) Discussion with CPAs

Time	Summary of Communication Highlights	Participants	Suggestions	Company Handling
2022/05/10	1. Understanding the Audit Committee, including supervision, characteristics, and benefits. 2. Renewal of laws and regulations.	Tung-Hsu Lin, Independent Director Hsu-Hui Wu, Independent Director Chun-Ting Ma, CPA	None	None
2022/08/10 Audit Committee Pre-meeting	1. Conclusions for the review of financial statements for the first two quarters of 2022. 2. Renewal of laws and regulations.	Tung-Hsu Lin, Independent Director Hsu-Hui Wu, Independent Director Ming-Sung Cheng, Independent Director Chun-Ting Ma, CPA	None	None
2022/11/09 Audit Committee	1. Conclusions for the review of financial statements for the first of 2022. 2. Renewal of laws and regulations.	Tung-Hsu Lin, Independent Director	None	None

Pre-meeting		Hsu-Hui Wu, Independent Director Ming-Sung Cheng, Independent Director Chun-Ting Ma, CPA			
(2) Communication and discussion with the internal audit supervisor					
Time	Summary of Communication Highlights	Participants	Suggestions	Company Handling	
2022/05/10	Statistical analysis of the number of maintenance units.	Tung-Hsu Lin, Independent Director Hsu-Hui Wu, Independent Director Shun-Cheng Hsu, Chief Auditor	None	None	
2022/08/10 Audit Committee Pre-meeting	1. Audit Office's work plan in 2022. 2. Analysis of routine audit results for the first half of the year. 3. Audit reports of branches and subsidiaries. 4. Filing work, according to laws and regulations. 5. Number of price negotiation meetings in the first half of 2022.	Tung-Hsu Lin, Independent Director Hsu-Hui Wu, Independent Director Ming-Sung Cheng, Independent Director Shun-Cheng Hsu, Chief Auditor	None	None	
2022/11/09 Audit Committee Pre-meeting	1. Analysis of routine audit results. 2. Description of the audit report of Howtobe Technology Co., Ltd. 3. Audit reports of branches and subsidiaries. 4. Add analysis, statistics and tracking of recordings in the central control room.	Tung-Hsu Lin, Independent Director Hsu-Hui Wu, Independent Director Ming-Sung Cheng, Independent Director Shun-Cheng Hsu, Chief Auditor	None	None	

Table 1: Matters listed in Article 14-5 of the Securities and Exchange Act and other resolutions unapproved by the Audit Committee but approved by more than two-thirds of all directors with the description on the date and session of the Audit Committee meeting, details of the agenda, dissenting opinions, qualified opinions, or major recommendations of the independent directors, the Audit Committee's resolutions, and the company's response to the Audit Committee's opinions.:

Audit Committee	Motions discussed and follow-up actions	Items listed in § 14-5 of the Securities and Exchange Act	Resolutions that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors
1st Committee 1st session 2022/08/10	1. Review 2022 2nd quarter financial statements	v	
	2. Convener election.	x	
	Audit Committee Resolution: Unanimously approved by all members of the Audit Committee.		
	The Company's response to the Audit Committee's opinions: The opinion was unanimously approved by all directors present at the meeting.		
1st Committee 2nd session 2022/11/09	1. Review the financial statements of the third quarter, 2022.	v	
	2. Review of the audit plan for the Internal Audit work in 2023.	v	
	3. Review of auditor independence requirements for Ernst & Young, Taiwan.	v	
	4. Appointment of CPAs and the associated fee review.	v	
	5. Amendments to the Company's internal control system.	v	
	Audit Committee Resolution: Unanimously approved by all members of the Audit Committee.		
	The Company's handling to the Audit Committee's opinions: The opinion was unanimously approved by all directors present at the meeting.		

(IV) Supervisors' participation in the operation of the board of directors:

The board of directors held 6 meetings (A) in the most recent year (2022) and the attendance status is as follows:

Position	Name	Actual number of attendance (B)	Actual attendance rate (%) (B/A)	Remarks
Supervisor	Representative of De-Jin Tang Culture and Education Foundation: Yun-Peng Chen	2	100%	Resigned on June 27, 2022; required attendance was 2.
Supervisor	Chang-I Wang	2	100%	Resigned on June 27, 2022; required attendance was 2.

Other items to be recorded:

I. Composition and responsibilities of supervisors:

- (I) Communication between supervisors and employees and shareholders of the Company:
Through the audit report, special audit report and other information submitted by the Audit Office, the supervisors can know the status of the Company's compliance with corporate governance and the performance of each unit. Therefore, the supervisors can play the role of supervision.
- (II) Supervisors' communication with internal audit managers and independent auditors:
1. The Audit Office shall submit the audit report and special audit report for review. If the supervisors have any doubts, they shall ask the auditor for a detailed explanation.
2. The audit director shall attend the regular board of directors' meeting of the Company to report on the audit business, and the Supervisors may consult and communicate the audit business in person.

- II. If the supervisor attending the board meeting as a non-voting delegate has any opinion, it is necessary to state the board meeting date, the session number, the motion content, the resolution of the board meeting and the company's handling of the supervisor's opinion: None.

(V) The operation of corporate governance and the difference from the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons:

Evaluation items	Operation status (note 1)			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
I. Has the company been in compliance with the "Corporate	✓		The Company has established the "Corporate Governance Best-Practice Principles" in	No significant difference.

Evaluation items	Operation status (note 1)			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
Governance Best Practice Principles for TWSE/TPEX-Listed Companies" and disclosed the company's own corporate governance best practice principles?			accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies." The 5th version was completed on March 24, 2023, and the latest version has been disclosed on MOPS and the Company's website.	
II. Equity structure and shareholders' equity of the company	✓		(I) In accordance with articles 55 and 56 of the Company's "Corporate Governance Best Practice Principles," the Company has a spokesperson, an acting spokesperson and a dedicated person in charge of stock affairs. Legal issues will be transferred to the legal unit for handling. If the shareholders have doubts about stock affairs or the service needs, they will be transferred to an independent professional stock affairs agency company (Yuanta Securities) to provide professional answers, and the Company will also follow up at any time to learn about the progress of replies. The Company's official website has an "Investor Contact" area, where investors can exchange views with the spokesperson, acting spokespersons and stock agency (Yuanta Securities) by telephone or e-mail to provide multiple connection channels.	No significant difference.
(I) Has the company established internal operation procedures to deal with shareholders' suggestions, doubts, disputes and lawsuits and implemented them in accordance with the procedures?				
(II) Does the Company have a list of the Company's major shareholders and the ultimate controllers of such major shareholders available?	✓		(II) Through the register of shareholders provided by the stock agency and the quarterly access to more than 5% of the major shareholders' information, the Company can keep track of the change of major shareholders and the list of ultimate controllers of major shareholders at any time. At the same time, the stock affairs unit of the company regularly reports the stock rights of directors, supervisors, managers, major shareholders holding more than 10% of shares and other insiders every month, so as to grasp the stock rights changes at any time.	No significant difference.
(III) Has the company established and implemented the risk control and firewall mechanism with related enterprises?	✓		(III) The Company has formulated the "Regulations Governing the Operation and Management of Subsidiaries" and "Operating Procedures for Transactions with Related Parties, Specific Companies and Group Enterprises," which have been implemented in accordance with the regulations. The Company's internal audit unit conducts internal control audits on affiliated companies according to the annual audit plan. The audit results are submitted to the independent directors for review. If there are suggestions for improvement, the audit unit	No significant difference.

Evaluation items	Operation status (note 1)			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
(IV) Does the company have internal regulations that prohibit insiders of the company from buying and selling securities using non-public information?	✓		<p>is also responsible for tracking the improvement from the affiliated companies.</p> <p>(IV) The Company has established the "Handling of Material Internal Information and Management of Insider Trading Prevention" in its internal control system in accordance with the "Regulations Governing the Establishment of Internal Control Systems by Public Companies", which prohibits the insiders from exploiting undisclosed information to trade. In addition, in accordance with the Company's "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies", the Company has strengthened the control measures for insider trading during the closure period, 15 days before the release of quarterly financial statements. On December 23, 2022, the Corporate Governance Officer conducted an educational training on the topic of "Precautions for Inside Share Transactions and Insider Trading" at the 5th meeting of the 17th BOD, reminding associated insiders to comply with laws and regulations and pay attention to related non-compliance cases. On March 24, 2023, Corporate Governance Officer conducted an educational training on the lock-up period of insiders trading during the 6th meeting of the 17th BOD.</p>	No significant difference.
<p>III. Composition and responsibilities of the board of directors</p> <p>(I) Has the board of directors formulated and implemented diversified policies and tangible management targets on the composition of its members?</p>	✓		<p>(I) The composition of the Board of Directors shall be diversified, and the diversity policy shall be formulated according to the standards including but not limited to the following two aspects:</p> <ol style="list-style-type: none"> 1. Basic requirements and values: gender, age, nationality, and culture. 2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industrial experience. <p>All board members shall possess the necessary knowledge, skills, and competencies to perform duties. The abilities that shall be possessed by the board as a whole are as follows:</p> <ol style="list-style-type: none"> 1. Operational judgment; 2. Operational management; 3. Accounting and financial analysis skills, 4. Industry knowledge, 5. Crisis management ability 6. International market outlook, 7. Leadership and decision-making skills. <p>All directors of the Company are elected by the shareholders through votes. There is no different treatment or restriction on the basis</p>	No significant difference.

Evaluation items	Operation status (note 1)			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
(II) In addition to setting up a compensation committee and an audit committee according to law, has the company voluntarily set up other functional committees?		✓	<p>of gender. No directors are concurrently an employee in the Company. The number of seats of independent directors shall not be less than 3 and shall not be less than one-fifth of the total seats of directors. Female members shall not take less than 25% of the total seats of board of directors. The Company's directors have the expertise, knowledge and professionalism required for business operations of the Company. Please see Page 16 for information regarding professional qualifications of directors and independence of independent directors.</p> <p>(II) The Company has set up the Remuneration Committee, and plans to set up an Audit Committee in July 2022; in addition to the above statutory functional committees. More functional committees will be set up in the future depending on the Company's operational needs or legal requirements.</p>	In the future, more functional committees will be established depending on the Company's operational needs and legal requirements.
(III) Has the company established performance evaluation measures and methods for the board of directors, conducted performance evaluation annually and regularly, reported the results of performance evaluation to the board of directors, and applied them to the reference of salary and remuneration of individual directors and nomination and renewal?	✓		<p>(III) In order to implement corporate governance and improve the operating efficiency of the Board of Directors, the Company has formulated the Performance Evaluation Regulations and Evaluation Methods of the Board of Directors. The Performance Evaluation Regulations of the Board of Directors has been posted on the official website/investment section/Corporate Governance/Important Rules and Regulations for investors people to search for it.</p> <p>The Company conducts the performance evaluation on Board of Directors before the end of December each year. The evaluation methods are "Board Self-Evaluation" and "Overall Operation of the Board (or the designated responsible unit)," briefly described as follows:</p> <p>I. The "Overall Operation of the Board" was assessed, covering "Compliance with relevant laws and regulations (7 quantified indicators)" and "participation in the company's operations (4 quantified indicators)". The data and statistics are collected by the designated responsible unit and reported to the Board of Directors for acceptance.</p> <p>II. "Self-Evaluation of the Board," which covers six major aspects, namely "the Mastery of Company's goals and tasks", "Understanding of duties", "Involvement in the Company's operations", "Internal relationship management and communication", "Professionalism and continuous</p>	No significant difference.

Evaluation items	Operation status (note 1)		Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	
			<p>education", and "Internal control", are self-evaluated by the Board of Directors. The designated responsible unit collects questionnaires and statistics on the self-assessment from the board members to compile a report for approval from the board of directors .</p> <p>III. "Self-assessment of the Remuneration Committee" covers four aspects: "Involvement in the Company's operations," "Understanding of duties of the Remuneration Committee," "Quality of decision-making," and "Committee composition and selection of members," are self-evaluated by Committee members. The designated responsible unit collects questionnaires and statistics on the self-assessment from the Committee members to compile a report for approval from the board of directors.</p> <p>IV. "Audit Committee Self-Evaluation" covers five major aspects: "Involvement in the Company's operations," "Understanding of duties of the Audit Committee," "Quality of decision-making," "Audit Committee composition and selection of members", and "Internal control," are self-evaluated by Committee members. The designated responsible unit collects questionnaires and statistics on the self-assessment from the Committee members to compile a report for approval from the board of directors.</p> <p>After evaluating the above evaluation methods, the results are summarized and reported in the 5th session to the 17th Board of Director on March 24, 2023. The overall average score of "Board of Directors performance" is 100 points (out of 100). The overall average score for the Self-Evaluation of the Board of Directors is 3.75 out of 4.00. The average score for the Self-Evaluation of the Audit Committee is 4 out of 4.00. The overall average score for the Self-Evaluation of the Auditing Committee is 4 (out of 4.00). The overall performance is considered to be good.</p> <p>According to the Company's "Board of Directors Performance Evaluation</p>

Evaluation items	Operation status (note 1)			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			<p>Regulations," an external professional independent institution or team of external experts and scholars will be hired to conduct a performance evaluation of the Board of Directors every three years, which began from 2022 onwards. In 2022, the Company commissioned Cheng Yi Management Consulting Co., Ltd. to conduct the external performance evaluation of the Board of Directors (covering the period from 2022/01 to 2022/12). The institution and evaluation experts had no business relationship with the Company and were independent. The following evaluation scope and dimensions were covered by reviewing documentation and the directors' self-assessment questionnaires and on-site interviews. Scope and dimensions of the assessment:</p> <p>I. Board of Directors:</p> <ol style="list-style-type: none"> 1. Degree of participation in the Company's operations. 2. Improve the quality of the Board's decision-making. 3. Composition and structure of the Board of Directors. 4. Election and continuing education of directors. 5. Internal control. <p>II. Members of the Board of Directors:</p> <ol style="list-style-type: none"> 1. Mastery of the Company's goals and missions. 2. Understanding of the duties of directors. 3. Participation in the Company's operations. 4. Professionalism and continuing education from the directors. 5. Internal control. <p>III. Members of the functional committee:</p> <ol style="list-style-type: none"> 1. Participation in the Company operation. 2. Understanding of the duties of the functional committee. 3. Improve the quality of decision-making by functional committees. 4. Composition of the functional committees and election of members. 5. Internal control. <p>External performance evaluation results: After compiling the results of the self-evaluation of each director and the results of the Company's participation from the Audit</p>	

Evaluation items	Operation status (note 1)			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
(IV) Does the company regularly evaluate the independence of the independent auditor?	✓		<p>Committee and Board of Directors, as well as the results of interviews with the Chairman and the convener of the Audit Committee, the Company believes that the Board of Directors has met the relevant standards in all aspects. The Company establishes relevant policies and procedures for the operation of the Board of Directors in accordance with the laws and corporate governance indicators in Taiwan. The Board of Directors is composed of directors with relevant professional abilities. The duties and responsibilities are allocated according to distinctive professions and experience. The functions of the Board of Directors and functional committees are operated effectively. The result of the evaluation was excellent. The evaluation results were reported by the corporate governance unit through special report in the 5th Board meeting to the 17th board of directors on March 24, 2023. The results of the external assessment on the performance of the Board of Directors have been placed on the official website/Investment Area/Corporate Governance/Board of Directors Operations and Major Resolutions/Board of Directors Performance Evaluation/2022 for investors' inquiry.</p> <p>When reviewing directors' remuneration, the Remuneration Committee takes into account "the Company's goals and mastery of duties" and "the level of participation in the Company's operations" and etc. The committee also formulated on a reasonable remuneration policy and payment standards to the board of directors for resolution and shall be used by the board of directors for re-election nomination.</p> <p>(IV) The CPAs shall issue a Statement of Independence upon the request of the Company when they are appointed by the Company before the beginning of the fiscal year. A new statement will be requested by the Company when there are changes of audit personnel or CPAs due to internal rotation from the accounting firm. The Board of Directors of the Company shall assess and review whether the CPAs meet the requirements for independence at least twice a year before the end of the second and fourth quarters of the current fiscal year.</p>	No significant difference.

Evaluation items	Operation status (note 1)			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			<p>When there is a change of auditor or auditor, the Company will also add extra the review and evaluation operation.</p> <p>The share affair unit and the professional agency of the Company firstly check on whether the audit personnel hold the Company's shares according to the CPA Statement of Independence and the Independence Checklist. The Finance Department is responsible for reviewing whether there is any direct or indirect financial interest between the audit personnel and the Company and other related financial transactions. Following the procedures above, the Board of Directors conducted a review on May 11 2022 and December 17 2021. The review confirmed that the currently appointed CPAs did not hold any shares of the Company and were not related parties to any of the Directors and Supervisors of the Company. The independence of the Company's shares has been reviewed by the Company's board of directors. For details on the criteria for assessing the independence of CPAs, please refer to the table in Note 2.</p>	
IV. Has the TWSE/TPEx listed company deployed a competent and appropriate number of corporate governance personnel, and designated a corporate governance officer to be responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with the information needed to perform their duties, assisting directors and supervisors in regulation compliance, handling of board of directors and shareholder meetings, and preparation of board and shareholder meeting minutes, etc.)	✓		<p>At the 8th meeting of the 16th board of directors on June 19, 2020, it was resolved to appoint the Head of the Management Department, Manager Hung-Peng Lin, to concurrently serve as the Corporate Governance Officer, and to appoint one managerial officer to assist with corporate governance matters as the corporate governance officer. The Corporate Governance Officer is mainly responsible for providing the directors with the information needed for performing the duties, complying with laws and regulations, and handling matters related to the Board meetings and Shareholders' Meetings. Corporate governance affairs are managed as follows:</p> <ol style="list-style-type: none"> 1. Schedule board meetings, prepare agendas, and produce and distribute meeting minutes. 2. Information reporting on the operations of the Board of Directors. 3. Arranging the date of the General Shareholders Meeting, preparing the agenda, producing the minutes, and announcing the meeting. 4. Information filing for the General Shareholders Meeting. 5. Apply to the competent authority for company registration and change of registration. 6. Make all filing and announcements in accordance with the relevant information 	The Company voluntarily appointed a corporate governance officer, and there was no material difference.

Evaluation items	Operation status (note 1)			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>reporting regulations promulgated by the competent authority.</p> <p>7. Provide the directors, supervisors, and senior management with the required legal information, including but not limited to the Securities and Exchange Act, the Enterprise Merger Act, and the Company Act.</p> <p>8. Providing information on continuing education courses or arrangement of continuing education courses for directors and supervisors.</p> <p>9. Internal education and advocate on corporate governance, ethical management, and sustainable development.</p> <p>10. Execution of the improvement projects on corporate governance indicators.</p> <p>11. Investor relations affairs.</p> <p>12. Execution of other services related to corporate governance.</p> <p>The implementation of corporate governance in 2022 was as follows:</p> <p>1. Assisting independent directors and general directors in performing their duties, providing required documents, and arranging further education for directors:</p> <p>(1) Regularly inform the members of the Board of Directors on the latest revision of laws and regulations related to the Company's business operations and corporate governance.</p> <p>(2) Provide the directors with the information of the Company and maintain smooth communication between the directors and business managers.</p> <p>(3) Arrange symposiums for independent directors, internal audit supervisors, and CPAs to meet to understand the Company's financial, audit and operational information.</p> <p>(4) Assisting in providing information on continuing education courses based on the characteristics of the Company's industry and the education and experience of directors to help independent directors and general directors take part in continuing education.</p> <p>2. Assist the Board of Directors and Shareholders' Meeting in the discussion procedures and resolutions compliance matters:</p> <p>(1) Report the corporate governance operation to the Board of Directors, independent directors, and supervisors, and confirm whether the shareholders' meetings and the Board meetings are in compliance with relevant laws and the Company's Governance Best Practice</p>	

Evaluation items	Operation status (note 1)			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>Principles.</p> <p>(2) Assisting and reminding the directors of the laws and regulations that shall be complied with when executing performing duties or making board resolutions, and giving suggestions when the board of directors is about to adopt illegal resolutions.</p> <p>(3) Responsible for reviewing the release of the important Board resolutions after the meeting to ensure the legitimacy and correctness of information to protect the parity of trading information for investors.</p> <p>(4) Regularly confirm the shareholding with the directors, supervisors and other insiders on a monthly basis for on-time filing.</p> <p>3. Investor relations: On March 30, 2022, May 13, 2022, and December 21, 2022, the Company was invited to participate in the earning announcements by Masterlink Securities and IR Trust, Taipei Exchange and Waterland Securities to explain business performance to investors and maintain two-way communication with investors.</p> <p>4. Special reports on corporate governance, ethical management, and corporate sustainability were delivered during the board meeting on May 11, 2022 and December 12, 2022.</p> <p>5. Inform the directors and supervisors of the board meeting agenda and prepare relevant materials for the meeting 7 days before the meeting. If there's need for avoidance of conflicting interests, such matter shall also be reminded in advance, and the delivery of the minutes of the board meeting shall be completed within 20 days after the meeting.</p> <p>6. Complete the registration of shareholders' meeting in advance according to laws, prepare meeting notices, meeting handbooks, and minutes within the statutory time limit, and apply for change of registration within the statutory time limit.</p> <p>7. In order to strengthen the control measures for insiders' stock trading, the corporate governance unit informs the insiders not to trade shareholding for a period of 30 days prior to the publication of the annual financial report and 15 days prior to the publication of the quarterly financial reports.</p>	
V. Does the Company create channels for communication with stakeholders (including but not limited to shareholders,	✓		1. The Company has established channels for communicating with stakeholders and set up a "Stakeholder Engagement" section (investment section/corporate sustainable development) on	No significant difference.

Evaluation items	Operation status (note 1)			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
employees, customers, and suppliers), set up a stakeholder section on the Company's website, and properly respond to the important corporate and social issues concerned by stakeholders?			<p>its official website. Provide employees, investors, customers, suppliers/partners, government agencies and other stakeholders with smooth communication channels to respond to issues of concern in a timely manner.</p> <p>2. Issues of concern to stakeholders and communication channels:</p> <p>(1) Employees</p> <p>A. Issues of concern: working hours and paid leaves/wages/employee benefits/customer service quality/occupational safety</p> <p>B. Communication channels: Employees can communicate with the Company through two-way communication with grievance e-mail boxes, corporate union meetings, and labor-management meetings.</p> <p>(2) Suppliers</p> <p>A. Issues of concern: product quality/customer service quality/corporate image/supplier sustainability management</p> <p>B. Communication channels: The Company conducts supplier evaluations on a monthly basis and holds supplier meetings from time to time for in-depth dialogue and communication. At the same time, suppliers can also respond through the contact window designated by relevant departments at any time.</p> <p>(3) Non-profit organization</p> <p>A. Issues of concern: regulatory compliance/corporate image/product quality</p> <p>B. Communication channels: Related information regarding the Company can be obtained through the official website, the Market Observation Post System, and the annual reports. The Company participates in the activities organized by the non-profit organizations from time to time to learn about and support the vision of the non-profit organization.</p> <p>(4) Customers</p> <p>A. Issues of concern: product quality/customer service quality/product regulatory compliance/supplier sustainability management</p> <p>B. Communication channels: The Company understands customers' expectations through customer satisfaction surveys, maintenance and maintenance quality surveys, etc. Customers can report issues of concern through the complaint</p>	

Evaluation items	Operation status (note 1)			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>hotline and service locations nationwide.</p> <p>(5) Investors</p> <p>A. Issues of concern: corporate governance/business ethics and anti-corruption/risk management/corporate image/financial performance</p> <p>B. Communication channels: The Company explains its business performance and corporate governance operations to investors through the shareholders' meeting, monthly/quarterly revenue announcements, MOPS, press conferences, and the investor zone of the Company's official website, as well as two-way real-time communication through the spokesman and acting spokesperson hotline and e-mails.</p> <p>(6) Media</p> <p>A. Issues of concern: product quality/financial performance/corporate governance/ Risk management</p> <p>B. Communication channels: Two-way communication and clarification are carried out through monthly press releases, twice-yearly institutional shareholders' meetings, and occasional interviews.</p> <p>3. A special report on stakeholder communication by the Corporate Governance Officer was made in the 4th meeting of the 17th board of directors on December 23, 2022.</p>	
VI. Has the company appointed a professional agency to handle the affairs of the shareholders' meeting?	✓		The Company has appointed a professional stock affairs agency (Yuanta Securities Co., Ltd.) to handle the relevant affairs of the shareholders' meeting and various stock affairs.	No significant difference.
VII. Information Disclosure				
(I) Has the company set up a website to disclose financial and corporate governance information?	✓		(I) In addition to disclosing material financial and corporate information through the Market Observation Post System, the Company has also created an "Investor Zone" on its corporate website to disclose information on financials and corporate governance from time to time.	No significant difference.
(II) Does the company adopt other ways of information disclosure (such as setting up an English website, appointing a dedicated person to be responsible for the collection and disclosure of the company's information, implementing the spokesperson system and placing on the	✓		(II) The stock affairs personnel and financial and accounting personnel of the Company are responsible for the collection and disclosure of information. The Company appoints a spokesperson and an acting spokesperson to speak on behalf of the Company, and disclose information in accordance with the relevant regulations of the competent authority.	No significant difference.

Evaluation items	Operation status (note 1)			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
company's website the process of the seminar for institutional investors)?			The Company accepted the invitations of Masterlink Securities, IR Trust, TWSE and Waterland Securities to participate in the earning announcements on March 30, 2022, May 13, 2022, and December 21, 2022, respectively. In addition to disclosing material information as required, the Company's performance presentations are posted on the Company's official website (investment section/financial information/Legal Committee Information) for investors to view.	
(III) Does the company announce and declare the annual financial report within two months after the end of the fiscal year and announce and declare the first, second and third quarter financial reports and the operations of each month ahead of the required time limit?		✓	The Company's annual financial reports, quarterly reports, and monthly revenues have been reported and announced by the deadline in accordance with the Securities and Exchange Act and the Regulations Governing the Reporting of Information by GTSM-Listed Companies.	1. The financial reports for the first, second and third quarters and the monthly revenues have been announced and reported in advance before the prescribed deadline. 2. The annual financial report will depend on the progress of the audit by the CPAs.
VIII. Whether or not the company has other important information to help understand the operations of corporate governance (including but not limited to employee rights and interests, employee care, investor relations, supplier relations, rights of interested parties, the status of directors' and supervisors' further education, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, the company's purchase of liability insurance policy for directors and supervisors, etc.)?	✓		<p>1. Employee rights: The Company protects employees' legitimate rights and interests in accordance with the Labor Standards Act, and makes monthly pension contributions to protect employees' right to retirement. The 2018 amendments to the "Working Rules" were approved by the Taipei City Department of Labor Bei-Shi-Lao-Zi-# No. 1076062331 and were announced on the intranet for all employees to download and review.</p> <p>2. Employee care: The Company established the Employee Welfare Committee on May 5, 1978 in accordance with labor-related laws and regulations. Welfare funds are allocated on a monthly basis in accordance with the Articles of Incorporation of the Welfare Committee. The Welfare Committee also formulates various welfare measures, such as consolation payment, injury and illness subsidies, children's scholarships, etc., to take care of employees. Regular employee health checkups are held every year to care for the health of employees. As of December 31, 2022, the Company hired 2 nurses to provide employees with health care consultation and advice.</p> <p>3. Investor relations: The Company has a spokesperson, an acting spokesperson, and personnel in charge of share affairs to properly handle shareholders' suggestions.</p> <p>4. Supplier relations: The Company strictly implements the "Employee Code of Conduct" and "Supplier Code of Conduct." Suppliers shall abide by the principles of professional ethics and integrity. Suppliers shall avoid conflicts of</p>	No significant difference.

Evaluation items	Operation status (note 1)			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>interest with employees of the Company or any engagements in misconduct or bribery. Suppliers who find employees of the Company act inappropriately or unethically over the transaction may report the misconduct according to the independent reporting letter established by the Company to enable good interaction with suppliers. .</p> <p>5. Rights of stakeholders: With regards to the issues of major concern or rights of the stakeholders, the stakeholders may exchange opinions with the contact window of the Company according to the "Stakeholder Communication" on the official website to protect the rights and interests of the stakeholders. The Corporate Governance Officer delivered a special report on the communication on topics about the communication between the Company and stakeholders during the 4th meeting of the 17th board of directors on December 23, 2022.</p> <p>6. Directors' ongoing education: Directors of the Company generally have practical experience in business and management. In principle, depending on individual circumstance, the Company will register suitable courses on the directors' behalves or enroll directors in contracted courses arranged by the Company. For the number of hours of continuing education taken by directors in 2022, please refer to Note 3.</p> <p>7. Risk management policy and implementation of risk assessment criteria:</p> <p>(1) Risk management policy - In order to strengthen corporate governance, the Company will respond to the risks that may take place in advance through risk identification, monitoring, and reporting processes to achieve the effectiveness of risk prevention and ensure the achievement of the Company's strategic goals.</p> <p>(2) Risk management - Integrate and manage all risks that may affect the operation and profit in a proactive and cost-effective manner with responsive mechanisms. The Company's risks include "hazard risk," "operation risk," "financial risk," "compliance/contract risk," and "strategy risk."</p> <p>(3) The Company has set up a "Risk Management Team" under the Board of Directors in accordance with the "Risk Management Policies and Procedures". The President serves as the CEO and the Chief of the Administration Department serves as the executive secretary. The team performs risk identification and supervision</p>	

Evaluation items	Operation status (note 1)			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>according to the three-tiered risk management structure. The risk management team is responsible for the formulation, revision, and supervision of risk management policies, and reports to the Board of Directors on a regular basis or at least once a year.</p> <p>(4) The topic of "Risk management in 2022" was discussed by the Company's risk management team during the 5th meeting of the 17th board of directors on December 23, 2022, with the topic "Risk management performance in 2022", covering labor shortage/supply chain disruption/ material shortage/rising raw material prices/product failure-operational risk, peer competition/new product competition-strategic risk, accounts receivable management-financial risk, etc. The response mechanism for 2023 risk management items is also proposed during the meeting.</p> <p>8. Implementation of customer policy: After obtaining the ISO9001 management procedure verification in 1995, the Company has duly implemented the quality requirements and operating procedures of the ISO standard, by establishing a comprehensive customer complaint handling mechanism and conducting customer satisfaction surveys every year as references for the Company's business management and sales strategy. Before the expiration of the ISO9001 management system certification, the Company was re-inspected by the SGS certification company for certification renewal. The Company has passed the ISO9001 and received 2015 version certification in November 2022, which is valid for 3 years.</p> <p>9. Purchase of liability insurance for directors: The Company has purchased director and supervisor liability insurance from Shin Kong Insurance Co., Ltd. on November 13, 2022, with an insurance coverage of NT\$100 million and a period of one year.</p> <p>10. Green bond investment: In 2022, the Company invested in the "China Perpetual Taiwan Environmental Perpetual Bond Fund," with a total annual investment amount of NT\$5 million.</p> <p>11. Energy conservation and environmental protection green procurement: In 2022, the Company invested a total of NT\$23,270,873 in the procurement of energy conservation or environmental protection machinery and equipment, including one air conditioning,</p>	

Evaluation items	Operation status (note 1)			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			four water dispensers, one hot water machine, and five production machines with environmental badges, plus 5 company vehicles that meet the emission standards of the latest environmental laws and regulations.	
<p>IX. Please describe the improvements made based on the corporate governance evaluation results released by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year, and propose enhancement measures and priority matters for the areas that have not yet been rectified. (Not required for companies not included in the rating)</p> <p>We reviewed four major indicators of corporate governance: "protecting shareholders' rights and interests and treating shareholders equally," "enhancing the structure and operation of the Board of Directors," "improving information transparency," and "implementing corporate social responsibilities," with proposals of improvement timeline. In 2022, a total of 10 indicators were improved in the 9th Corporate Governance operation. After review by the competent authority's evaluation team, the Company was ranked top 6%~20% among the companies evaluated. For the indicators that improved during 9th operation and the indicators that will be prioritized for improvement in 2023 for the 10th operation are listed in Note 4 and Note 5 in the table. The Board of Directors places great importance to the evaluation indicators that are not scored in the four dimensions of corporate governance. The corporate governance personnel of the Company have defined the improvement plan and schedule, and reported the improvement progress in the Board of Directors.</p>				

Note 1: The operations, whether "Yes" or "No" is checked, shall be described in the summary description field.

Note 2: Evaluation criteria for the independence of the independent auditor

Evaluation items	Evaluation results	Compliant with the independence requirement or not
1. Whether or not the independent auditor has direct or significant indirect financial interest relationship with the Company?	No	Yes
2. Whether or not the independent auditor has financing or guarantee activities with the Company or its directors?	No	Yes
3. Whether or not the independent auditor has close business relationship and potential employment relationship with the Company?	No	Yes
4. Whether the accountant and the members of the audit team are currently or have been directors, managers, or in a position that had significant influence to the audit work of the Company in the last two years.	No	Yes
5. Does the independent auditor provide non-audit services that may directly affect his audit work to the Company?	No	Yes
6. Whether or not the independent auditor has brokered the shares or other securities issued by the Company?	No	Yes
7. Does the accountant act as the defender of the Company or coordinate with other third parties on behalf of the Company in conflicts?	No	Yes
8. Whether or not the independent auditor is related to the Company's directors, managers or persons who have significant influence on the audit case?	No	Yes

Note 3: Continuing education of directors and supervisors in 2022

Position	Name	Date of the training course	Organizer	Course title	Training hour
Institutional director representative	Po-Loung Tang	2022.10.25	Taiwan Academy of Banking and Finance	Lecture Hall of Corporate Governance	3.0
		2022.08.25	TPEx	Seminar for Insider Shareholders of TPEx listed companies	3.0
		2022.08.10	Taiwan Renewable Energy Research Foundation	Challenges and opportunities for enterprises in the net zero era	1.0
Institutional director representative	Chiu-Lin Tang	2022.09.29	TPEx	Reference Guidelines for Independent Directors and Audit Committee's on Exercising Powers and Directors/Supervisors Conference	3.0
		2022.08.25	TPEx	Seminar for Insider Shareholders of TPEx listed companies	3.0

Position	Name	Date of the training course	Organizer	Course title	Training hour
		2022.08.10	Taiwan Renewable Energy Research Foundation	Challenges and opportunities for enterprises in the net zero era	1.0
Institutional director representative	David Tang	2022.12.13	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and Artificial Intelligence	2.5
		2022.12.02	Taiwan Institute of Directors	Post-pandemic, the key to the longevity of family businesses	3.0
		2022.08.10	Taiwan Renewable Energy Research Foundation	Challenges and opportunities for enterprises in the net zero era	1.0
Director	Huai-Yi Zeng	2022.10.21	Taiwan Insurance Institute	Information Security and Corporate Governance	3.0
		2022.09.29	TPEX	Reference Guidelines for Independent Directors and Audit Committee's on Exercising Powers and Directors/Supervisors Conference	3.0
		2022.08.10	Taiwan Renewable Energy Research Foundation	Challenges and opportunities for enterprises in the net zero era	1.0
Independent Director	Tung-Hsu Lin	2022.08.18-2022.08.19	ROC Accounting Research and Development Foundation	Ongoing Education for Accounting Managers of Issuers, Securities Firms, and Stock Exchanges	12.0
		2022.08.10	Taiwan Renewable Energy Research Foundation	Challenges and opportunities for enterprises in the net zero era	1.0
Independent Director	Hsu-Hui Wu	2022.10.11	TPEX	Reference Guidelines for Independent Directors and Audit Committee's on Exercising Powers and Directors/Supervisors Conference	3.0
		2022.09.19	Taiwan Insurance Institute	ESG Sustainable Development Trends and Implementation of Responsible Investment	3.0
		2022.08.10	Taiwan Renewable Energy Research Foundation	Challenges and opportunities for enterprises in the net zero era	1.0
Independent Director	Ming-Sung Cheng	2022.08.11	ROC Corporate Operating and Sustainable Development Association	Corporate governance and securities laws and regulations - Directors' understanding of current supervision by competent authorities	3.0
		2022.08.10	Taiwan Renewable Energy Research Foundation	Challenges and opportunities for enterprises in the net zero era	1.0
		2022.07.07	Taiwan Corporate Governance Association	Corporate Management Mentality from CSR to ESG	3.0

Note 4: Improvement indicators for the 9th Corporate Governance Evaluation:

Indicator dimension	Indicator content	The completion of improvements and explanation
I. Protection of Shareholders' Rights and Interests and Equal Treatment of Shareholders	Does the company upload the English version of the annual report 7 days before the ordinary shareholders' meeting?	The Company must complete the filing "16 days prior to the date of the General Meeting of Shareholders."
	Does the company establish and disclose on the company's website internal rules prohibiting insiders such as directors or employees from using undisclosed information to trade securities, including (but not limited to) directors shall not trade shareholding for a period of 30 days prior to the publication of the annual financial report and 15 days prior to the publication of the quarterly financial reports, with updates for implementation status?	The Company shall disclose such information on the Company's website as required.
II. Strengthening the structure and operation of the Board of Directors	Does the Company's independent directors constitute more than one-third of the Company's directors?	The number of independent directors (3 seats) accounted for 42.86% of the total number of seats in the board of directors (7 seats), which complied with the evaluation requirements.
	Does the Company disclose the professional qualifications and experience of the members of the Audit Committee, and the annual work focus and operation status?	The Company has disclosed such information on the Company's website as required.

	Does the Company conduct internal performance evaluations on functional committees (at least the Audit Committee and Remuneration Committee) on a regular basis every year, and disclose the implementation status and evaluation results on the Company's website or annual report?	The Company has disclosed such information on the Company's website as required.
	Has the measure for performance evaluation of the Board of Directors been approved by the Board of Directors, which clearly stipulates that an external evaluation shall be performed at least once every three years, and that an external evaluation has been performed in the year of the evaluation or in the past two years? Are the implementation and evaluation results disclosed on the Company's website or annual report?	The Company has disclosed such information on the Company's website as required.
	Does the company establish an information security risk management framework, formulate information security policies and specific management plans with required resources invested, and disclose such information on the Corporate website or annual report?	The Company has disclosed such information on the Company's website as required.
III. Enhance information transparency	Does the Company simultaneously release material information in English?	The Company simultaneously releases all material announcements in English as required.
IV. Promoting sustainable development	Does the Company upload the English version of the sustainability report to the Market Observation Post System and the corporate website?	The Company uploads the English version of the sustainability report on the Market Observation Post System and on the Company's website as required.
	Does the company have the greenhouse gas reduction, water reduction or other waste management policies formulated, including the reduction targets, promotion measures, and achievement status?	The disclosure is made on the Company's website and in the annual report as required.

Note 5: Indicators prioritized for improvement during the 10th Corporate Governance Evaluation and the improvement measures:

Indicator dimension	Prioritized indicators for enhancement	Summary of Improvement Measures
I. Protection of Shareholders' Rights and Interests and Equal Treatment of Shareholders	Does the company establish and disclose on the company's website internal rules prohibiting insiders such as directors or employees from using undisclosed information to trade securities, including (but not limited to) directors shall not trade shareholding for a period of 30 days prior to the publication of the annual financial report and 15 days prior to the publication of the quarterly financial reports, with updates for implementation status?	Disclosed on the Company's website as required.
	Does the Company record important details of shareholders' questions and the Company's responses in the minutes of regular shareholders' meetings?	Disclosed in the shareholders' meeting minutes as required.
	Is the Company's shareholders' meeting broadcast live online or made available with uninterrupted audio recording after the shareholders' meeting?	Disclosed on the Company's website as required.
II. Strengthening the structure and operation of the Board of Directors	Are the Company's interim financial statements approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution?	Proceed as required.
	Does the Company disclose the independent communication between independent directors and internal audit supervisors and CPAs (such as the methods, matters, and results of the communication on the Company's financial reports and financial business status) on the Company's website?	Disclosed on the Company's website as required.
	Does the Company's Board of Directors regularly (at least once a year) evaluate the independence and suitability of CPAs with reference to the Audit Quality Indicators (AQIs), and disclose the evaluation procedures in detail in the annual	Disclosed in the annual report as required.

Indicator dimension	Prioritized indicators for enhancement	Summary of Improvement Measures
	report?	
III. Enhance information transparency	Does the Company upload the changes in insiders' shareholdings of the previous month to the Market Observation Post System before the 10th (inclusive) of each month?	Proceed as required.
IV. Promoting sustainable development	Does the Company formulate human rights protection policies and specific management plans with reference to the international conventions on human rights, with relevant disclosures of the policies and implementation status on the Company's website or annual report?	Disclosed on the Company's website as required.
	Does the Company have a system for reporting illegal (including corruption) and unethical conducts within and outside the Company in place that is disclosed in detail on the Company's website?	Disclosed on the Company's website as required.
	Does the Company have policies on workplace diversity or the promotion of gender equality, with relevant disclosures of the implementation status?	Disclosed on the Company's website as required.
	Does the Company evaluate the risks or opportunities to the community for taking corresponding measures, and disclose the specific measures and implementation results on the Company's website, annual report or sustainability report?	Disclosed on the Company's website as required.
	Does the Company allocate resources to support cultural development in Taiwan, and disclose the methods and results of support on the Company's website, annual report or sustainability report?	Disclosed on the Company's website as required.

(VI) Compensation committee members and operation:

(1) Profiles of Remuneration Committee Members March 31, 2023

Conditions		Professional qualifications and experience	Independence status (note 2)	Number of seats held as a compensation committee member concurrently at other public companies
Identification (Note 1)	Name			
Independent Director (convener)	Tung-Hsu Lin	For committee members' professional qualification and experience, please refer to Page 14 under Three, II, 1 in this report.	All committee members comply as follows: 1. Security Act#14-6, "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" and related regulation. 2. No shareholding held (whether personally or under others' names) or by spouse or minor children. 3. No Compensation was received, in the past two years, from the Company or associated entities for providing professional services covering business, legal affairs, finance, accounting or company business, etc.	0
Independent Director	Hsu-Hui Wu			0
Independent Director	Ming-Sung Cheng (Note 2)			1
Others	Ming-Liang Li (Note 3)	Possess more than five years of experience in in business, legal affairs, finance, accounting or company business.		0

Note: During the two years before being elected or during the term of office, an independent director of a public company

may not have been or be any of the following:

1. An employee of the company or any of its affiliates
2. A director or supervisor of the company or any of its affiliates.
3. A natural person shareholder with at least 1% of the Company's total issued shares or among the ten largest natural person shareholders based on the shares owned in person, by the spouse or minor children or under the name of others.
4. The spouse or a relative within two degrees or a direct relative within three degrees to any of the managers listed in (1) and personnel listed in (2) or (3).
5. A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company or that are ranked among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27-1 or Article 27-2 of the Company Act.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor or employee of that other company.
7. If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor or employee of that other company or institution.
8. A director, supervisor, officer or shareholder holding five per cent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.
9. 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 compensation committee of the Company.

Note 2: The tenure of the Remuneration Committee member, Ming-Sung Cheng: 2022/07/01 - present.

Note 3: The tenure of the Remuneration Committee member, Ming-Liang Li: 2022/01/01-2022/06/26.

(2) Operation of the Remuneration Committee

I. The Company's Remuneration Committee consists of 3 members.

II. The term of office of the current member: July 1, 2022 to June 26, 2025. The Remuneration Committee convened two meetings in the most recent year (January 1, 2022 to December 31, 2022)

(A). The attendance record is as follows:

Position	Name	Actual number of attendees (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Tung-Hsu Lin	2	0	100%	
Committee members	Hsu-Hui Wu	2	0	100%	
Committee members	Ming-Sung Cheng	1	0	100%	Term of office: 2022/07/01 - present
Committee members	Ming-Liang Li	1	0	100%	Term of office: 2019/07/01 - 2022/06/26

Other matters to be recorded:

- I. If the board of directors does not adopt or amend the recommendation of the Compensation Committee, it shall state the date, period, content of the proposal, resolution results of the board of directors' meeting and the Company's handling of the opinions of the Compensation Committee (if the compensation adopted by the board of directors is better than the proposal of the Compensation Committee, it shall state the difference and reason): no such situation.
- II. In case of any objection or reservation of any member to the resolution of the Compensation Committee with a record or written statement in place, please state the date, period, proposal content, opinions of all members and the handling of the opinions of the members: no such situation.

Compensation Committee	Proposal item	Resolution results	The Company's handling of the opinions on the Compensation Committee
The 6th meeting of the 4th committee 2022.03.25	1. Amount of remuneration to directors and supervisors in 2021 2. Amount of employee remuneration distributed in 2021 3. Salary adjustment for managers in 2022	Passed by the entire committee	Submitted to the board of directors' meeting and approved by all the directors present
1st meeting of the 5th committee 2022.12.23	1. Amount of remuneration to directors and supervisors in 2022 2. Amount of employee remuneration distributed in 2022 3. Review and evaluation of the annual salary and remuneration of the Company's managers 4. Review and evaluation of the salary and remuneration history of the Company's directors and supervisors over the years	Passed by the entire committee	Submitted to the board of directors' meeting and approved by all the directors present

(VII) Performance of sustainable development and differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons:

Evaluation items	Operation status (note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Abstract description	
I. Does the Company establish a governance structure to promote sustainable development, and set up a full-time (or part-time) unit to promote sustainable development that is handled by top executives authorized and supervised by the board of directors? (For TWSE/TPEX listed companies, the status of implementation should be reported instead of compliance or interpretation.)	✓		<p>A corporate sustainable development policy was approved by the Board on 2014/12/19 during the 10th session under the 14th Board term, which indicated the Company shall endeavor in bringing out social identity and implementing corporate governance and sustainable environment, practicing public welfare, enhancing social responsibility disclosure and continuing such practices by improving life quality of employees, community and the society, as a member of a corporate citizen.</p> <p>The dedicated sustainable development task force (the Administration Division) manages the following departments finance, management, information technology, personnel, factory affairs, technology/quality, R&D, maintenance, corporate planning and purchase. The division head (associate-manager ranked), the task manager, and a supervisor from the management department (manager-ranked), the director general, work together to formulate the associated policy, system and managing guideline, plan and execute the advocacy programs and report to the Board of directors regularly.</p> <p>Implementation: 1. The Administration Division reported the progress of the implementation of the sustainable development at the 19th meeting of the 16th board of directors and</p>	No significant difference.

Evaluation items	Operation status (note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Abstract description	
			<p>the 4th meeting of the 17th board of directors on May 11, 2022, and on December 23, 2022, respectively. The Company's volunteer work, replacement of energy-saving light fixtures for 7 social welfare organizations (9 venues) in Taiwan, completed under the pandemic period together with GFC Foundation for setting up a case model, has been praised by the Board.</p> <p>2. The company established the greenhouse gas inventory management team under the board of directors in October 2022. The President serves as the team leader, the Corporate Governance Officer as the secretary-general, and is responsible for planning the corporate greenhouse gas inventory and verification schedule. The greenhouse gas inventory management team consists of task squads including the counselling, execution, and audit. The counselling squad engages the Electrical and Electronic Environment Development Association to provide guidance on greenhouse gas classification and form filling. The execution squad is responsible for the implementation of greenhouse gas inventory with ISO personnel from the Technology and Quality Department serving as the secretary general. The audit team is consisted of the heads of each operation unit and the designated personnel responsible for the verification of ISO14064-1 standard in the future. According to the sustainable development roadmap announced by the FSC, it is expected to complete the 2022 greenhouse gas inventory of the Company and its subsidiaries in by the end of 2023, and obtain the ISO14064-1:2018 certificate verification (SGS) and verification in 2026.</p> <p>3. Regarding the implementation of community involvement, social services, social welfare, environmental protection, energy conservation and carbon reduction, as well as participation in cultural education, and public welfare activities, please refer to the following VII. Important information.</p>	
<p>II. Does the Company follow the principle of materiality, conduct risk assessments on environmental, social, and corporate governance issues related to corporate operations, and formulate relevant risk management policies or strategies? (Note 2) (For TWSE/TPEX listed companies, the status of implementation should be reported, with items not on compliance or explanation.)</p>	✓		<p>The Company conducts risk assessments on environmental, social, and corporate governance issues related to its operations in accordance with the principle of materiality. The items of risk assessment and the progress of implementation are as follows:</p> <p>(1) Environmental Aspect - Climate Change and Carbon Reduction</p> <ol style="list-style-type: none"> 1. In 2014, the first step was to complete the consolidation platform for the electricity purchased externally by the 35 consuming units in the the Company. 2014 is set as the base year for electricity consumption to set annual energy-saving targets to reduce the carbon emission of purchased electricity. 2. Propose countermeasures against indirect greenhouse gas emissions during product manufacturing or Company operations. 3. In October 2022, the board of directors established a greenhouse gas inventory management team and started the related counseling work. It is expected to complete the 2022 greenhouse gas inventory before the end of December 2023. <p>(2) Social aspects-</p> <p>A. Social welfare: continue to work with the GFC Foundation to promote public welfare activities</p>	No significant difference.

Evaluation items	Operation status (note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Abstract description	
			<p>such as elevator science education, art and literature for all, and care for the disadvantaged.</p> <p>B. Social services: In collaboration with the Tung Yu Foundation, a light changing campaign was initiated. A total of 115 volunteers participated the cause in 2022 over 7 social welfare organizations (9 venues), with the expectation to save 35,579 KWH of electricity and reduce carbon emissions by 18 tonnes.</p> <p>(3) Corporate governance-Legal compliance</p> <p>1. The Audit Committee and the Remuneration Committee are established under the Board of Directors.</p> <p>2. Voluntary appointment of a corporate governance officer to protect the rights and interests of shareholders and strengthen the functions of the Board of Directors to ensure an effective corporate governance structure and compliance with relevant laws and regulations.</p>	
III. Environmental Issues				
(I) Has the Company established an appropriate environmental management system based on the characteristics of its industry?	✓		(I) The Company has obtained the ISO14001 environmental management system certification since 1998. Each year, the environmental policies are timely communicated to employees according to the environmental protection handbook developed by the Company, covering effective waste management, and the Company's commitment to comply with environmental protection laws and regulations with monitoring, measuring and improvement to the environment from time to time. The implementation procedures and results have been recognized by the SGS certification company every year. Before the expiration of the ISO14001 environmental management system certification, the Company was re-inspected by the SGS certification company for certification renewal. The Company has passed the ISO14001 and received 2015 version certification in August 2022, which is valid for 3 years.	No significant difference.
(II) Is the Company committed to improving the efficiency of energy use and using recycled materials with low impact on the environment?	✓		(II) The Company is committed to improving the efficiency of resource utilization, strengthening the promotion of waste paper recycling and resource conservation. Items shipped from the factory were originally packed in wooden boxes and are now packed in recyclable iron boxes. The wooden pallets originally used for storing goods have been replaced by recyclable iron pallets. In 2022, 1,252 iron crates were used, and the number of recycling and reuse reached 4,262 times; and 613 iron pallets were used, and the number of recycling and reuse reached 1,510 times, which helped to reduce impact on the environment. The Company has complied with the regulations of the Environmental Protection Administration, Executive Yuan. "GFC Energy Saving Elevators X68" series products in production do not applied toxic chemical substances or controlled substances under the Montreal Protocol; and the packaging materials do not use polyvinyl chloride (PVC) plastics or other plastics. When using carton for packaging, the carton must be made of recycled materials with a blend ratio of	No significant difference.

Evaluation items	Operation status (note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Abstract description	
(III) Does the Company evaluate the potential risks and opportunities posed by climate change to the enterprise now and in the future, and take relevant countermeasures?	✓		<p>at least 80% recycled paper.</p> <p>Since 2018, all of our elevator products under all series have used permanent magnet synchronous motors (PM motors). Not only does it avoid the use of gear oil to avoid pollution, its mechanical performance is nearly 100%, which can greatly save power. It is an advanced, green traction machine with environmentally-friendly feature, awarded with the Category II Environmental Label from the Environmental Protection Administration, Executive Yuan.</p> <p>(III) Identification of climate change risks: The Company, a professional elevator manufacturer, takes inventory of greenhouse gas types in the scope of its operations through the Climate Change Risk Identification Program.</p> <ul style="list-style-type: none"> • Current and future risks and countermeasures: The electricity for the Company's operations and production activities mainly comes from the purchased electricity, which involves "indirect greenhouse gas emission". Under the abnormal climate and increased production activities, the "indirect greenhouse gas emission" will increase relatively, which is the largest risk. In response to the risk of increase in "indirect greenhouse gas emissions", we have adopted a "10-stage electricity conservation plan" and established a company-wide electricity consolidation platform without affecting production activities to continue the management goals for carbon reduction. • Opportunities for enterprises: According to the United Nations Intergovernmental Panel on Climate Change (IPCC) report, "The earth is warming at a rate of 0.74 degrees Celsius every 100 years." Therefore, our top R&D priority is to combine the original products with the spirit of energy conservation and carbon reduction to launch environmental protection and energy saving products. Since 2018, all of our elevator products under all series have used permanent magnet synchronous motors. Not only does it avoid the use of gear oil to avoid pollution to avoid pollution, its mechanical performance is nearly 100%, which can greatly save power for the consumers. It was awarded with the Category II Environmental Label from the Environmental Protection Administration, Executive Yuan. 	No significant difference.
(IV) Does the Company collect statistics on greenhouse gas emission, water consumption, and total weight of waste in the past two years, and formulate policies for greenhouse gas reduction, water consumption, or other waste management?	✓		<p>(IV) Pursuant to the "GHG Protocol" promulgated by the World Business Council for Sustainable Development (WBCSD) and the World Resource Institute (WRI) 2), business enterprises shall track its greenhouse gas emissions, including direct emission (Category I) and indirect emission (Category II). In order to effectively manage the greenhouse gas emission of the main production sites, the Company has set the carbon reduction base year in 2014 to establish a consolidation platform for power usage by each unit on the internal website, which is regularly monitored by the administration division that urge those exceeding the standard</p>	No significant difference.

Evaluation items	Operation status (note 1)		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	
			<p>to make improvements. The related greenhouse gas inventory and energy conservation and carbon reduction strategies are as follows:</p> <p>1. Greenhouse gas inventory</p> <p>A. Direct carbon emission: In October 2022, the Company established the greenhouse gas inventory management team under the board of directors. The President serves as the leader and the Corporate Governance Officer as the secretary-general. The team is responsible for planning the corporate greenhouse gas inventory and verification schedule. We expect to complete the 2022 greenhouse gas inventory of the Company and its subsidiaries by the end of 2023, and obtain the ISO14064-1:2018 certificate verification (SGS) and verification in 2026.</p> <p>B. Reduction of indirect carbon emission: The Company's indirect greenhouse gas emission comes from the purchased electricity. Based on the electricity carbon emission factor for 2021 published by the Bureau of Energy, Ministry of Economic Affairs, the increase in production activities in 2021 resulted in the use of 1,963,399 KWH of electricity, which translates to 999,370 kg of carbon emissions for the year. In 2022, we used 1,898,175 KWH of electricity meters, with a carbon emission of about 966,171 kg per year, which is 3.32% less than the 2021 usage with a carbon emission reduction of 33,199 kg. In 2023, we will strengthen the advocate of energy-saving measures throughout the Company, including: (1) Turn off lights whenever possible (2) Ensure that computer power is turned off after work (3) Designate regional electricity manager in each unit to shut down the power after work (4) When not in use, the lighting must be turned off.</p> <p>2. Energy conservation and carbon reduction strategies</p> <p>2.1 Company advocacy and green procurement</p> <p>A. Always turn off lights and computers.</p> <p>B. Set up regional managers, with the help from the information system, in each unit to monitor and remind to shut down the computer power .</p> <p>C. Replacement of traditional lighting equipment with energy-saving lighting equipment: The lighting equipment in office areas and factory sites are replaced with energy-saving lighting equipment or LED lighting to achieve the purpose of energy saving and carbon reduction. The lighting equipment of the Company and all subordinate units is replaced with energy-saving lighting equipment or LED lighting. As of 2022, the cumulative number of devices in used has reached 2,514, which has a significant energy-saving effect for the year.</p> <p>D. The traditional air-conditioning was replaced by the energy-saving label</p>

Evaluation items	Operation status (note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Abstract description	
			<p>inverter type. In 2022, an old type of air-conditioning equipment was replaced with a new type of energy-saving inverter air-conditioning equipment with the energy saving label.</p> <p>E. The construction vehicles of all units have been gradually replaced with construction vehicles that meet the Phase 6 environmental protection standards. In 2022, five construction vehicles were to be replaced with the vehicles meeting the requirements of the Phase 5 environmental protection standards.</p> <p>F. Office equipment such as water dispensers and photocopiers will be replaced gradually with the energy-saving equipment one by one.</p> <p>G. Retire fax machines and link fax transmission to the corporate information storage for online fax document viewing. Unless necessary, fax documents are no longer printed to reduce paper usage.</p> <p>2.2 Implementation of energy conservation strategies for the Company's</p> <p>A. The contracted capacity is reduced from 945 MW/month to 430 MW/month.</p> <p>B. Properly arrange the daily production plan to prevent the unused machines from turning on at the same time to reduce the peak power consumption.</p> <p>C. Continue to replace the diesel-type stacker with the battery-type stacker in the factory to reduce the pollution to the environment.</p> <p>D. Install a power-saving monitoring information system to analyze the causes of peak power consumption with proposal of corrective measures.</p> <p>3. Water use reduction strategies</p> <p>The Company's Yangmei Plant consumed 3,079 degrees of water and 3,079 tonnes of water in 2021, and consumed 3,460 degrees of water and 3,460 tonnes of water in 2022, an increase of 12.37% compared to 2021.</p> <p>4. Disposal of waste</p> <p>The original painting equipment of the Company has been obsolete for many years. The production process of the current products is free of hazardous waste. The Company has implemented waste classification. Waste disposal and treatment in Yangmei Plant have been managed by qualified professional service provider with an annual waste treatment plan complying with environmental laws and regulations:</p> <p>4.1 Waste plastic mixture - the transport and disposal weight in 2021 was 13.08 tonnes; in 2022, the transport and disposal weight was 5.57 tonnes.</p> <p>4.2 Waste fiber or other cotton, cloth, and other mixtures - the transport and disposal weight in 2021 was 0.04 metric tons in 2021, and 0.04 metric tons in 2022.</p> <p>4.3 Waste oil mixture - This waste was not</p>	

Evaluation items	Operation status (note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Abstract description	
			<p>generated due to changes in the production process.</p> <p>4.4 Wood scrap - the transport and handling weight in 2021 was 55.82 tonnes; the transport and disposal weight in 2022 was 56.97 tonnes.</p> <p>4.5 Waste paper - the transport and disposal weight in 2021 was 1.321 tonnes; in 2022, the transport and disposal weight was 1.276 tonnes.</p> <p>4.6. Scrap iron - the carrying and handling weight in 2021 will be 182.25 tonnes; in 2022, the carrying and handling weight will be 175.31 tonnes.</p>	
<p>IV. Social Issues</p> <p>(I) Has the Company developed relevant management policies and procedures in accordance with applicable laws and international conventions on human rights?</p>	✓		<p>(I) To fulfill corporate social responsibilities and protect the rights and interests of all employees, the Company follows the principles stated in the International Labor Convention, the United Nations International Labor Organization and other international human rights conventions to formulate corresponding human rights policies in the relevant internal control system:</p> <p>(1) Human resource policy</p> <p>The human resource policy is based on the Company's goals, business plans, and overall development. The Company also takes into account and abides by the labor policies of the local government when planning human resources to make the corporate human resource policy more complete and legal.</p> <p>(2) Workers' rights</p> <ul style="list-style-type: none"> • Convening labor meetings in accordance with the law: Maintain smooth communication between labor and management. • Respect freedom of forming association: The Company has established an enterprise trade association in accordance with the Trade Union Act. The Company also assigns HR units to participate in regular trade union meetings to explain various compensation policies to employees. • Prohibition of child labor: Employees under age of 18 are not allowed to engage in hazardous operations. • Working hours and wages: The Company has established the "Employee Salary Standards" and the "Regulations Governing Performance Incentives". The Articles of Incorporation also stipulate the standards for "Employee Remuneration." The Company's salary standards and working hours are set in compliance with local labor laws and regulations. . • Prohibition of discrimination: The Company complies with the Gender Equality Act and regulations on the prevention of sexual harassment. When recruiting employees, we strictly adhere to the Employment Equality Act to ensure no discrimination based on gender, age, religion, race, disability, or marital status. 	No significant difference.

Evaluation items	Operation status (note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons
	Yes	No	Abstract description	
(II) Does the Company formulate and implement reasonable employee welfare measures (including compensation, leave of absence, and other benefits), and appropriately reflect business performance or results in employees' compensation?	✓		<p>(II) Employee remuneration policies and welfare measures are as follows:</p> <p>Compensation: The Company establishes a reasonable salary system according to the external market reference and the employees' job scope. Performance bonus, employee remuneration, and year-end bonus are distributed according to the Company's business performance. Pursuant to Article 17-1 of the Company's Articles of Incorporation, the Company shall allocate no less than 0.5% of the remuneration to employees if it makes a profit for the year.</p> <p>Leave of absence: Special leave is granted to employees in accordance with the Labor Standards Act and the types of leave specified in the Gender Equality Act.</p> <p>Other benefits: employee emergency assistance, group insurance, occupational disaster insurance, children's scholarship, birthday coupons, subsidies for weddings and funerals, employee travel, and entitlement to benefits from the employee welfare committee.</p> <p>Workplace Diversity: As of 2022, the Company had 1,332 employees, of which 198 were female employees, accounting for 14.86% of the total number of employees. Among them, there were 11 women in junior and mid-level managerial positions, accounting for 7.4% of junior and mid-level managers.</p>	No significant difference.
(III) Does the Company provide employees with a safe and healthy work environment and related regular safety and health education to employees?	✓		<p>(III) The Company conducts safety and health education and training for new recruits and employees who have changed jobs, and organizes regular employee health checkups every year.</p> <p>Labor operating environment inspections are conducted on a yearly basis for special operating areas of the factory to ensure compliance with laws and standards related to environmental protection and labor safety.</p> <p>The Company's Yangmei Plant organizes disaster drills for all employees on a regular basis every year to instill disaster preparedness awareness among employees. Fire drills are also being held at each regional office in line with the annual plan of the Building Management Committee and under the guidance of the Fire Department.</p> <p>As of December 31, 2022, the Company hired 2 nurses. The nurses are responsible for providing employees with health care consultation and suggestions and assisting in maintaining the health of all employees.</p> <p>In 2022, a total of 21 employees were injured (excluding commuting traffic accidents), accounting for 1.58% of the total number of employees, or 853 working days. The cases have been made into educational materials by the Safety and Health Office and announced in the annual Occupational Safety and Health Committee meeting.</p>	No significant difference.

Evaluation items	Operation status (note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Abstract description	
(IV) Does the Company establish an effective career development training program for employees?	✓		<p>(IV) The Company has established the "Education and Training Regulations for New Recruits" and the "Education and Training Regulations for Incumbent Employees", and conducts professional training plan and annual training program on a regular basis to carry out employee training.</p> <p>The education and training provided by the Company can be divided into the following four categories:</p> <p>A. New employee education and training: Introduce employees to basic professional knowledge and work skills.</p> <p>B. Internal and external management and professional knowledge courses: Knowledge which can be applied to work for good work efficiency.</p> <p>C. Technician license courses: It enables employees to further develop professional skills and obtain licenses.</p> <p>D. Professional skills competitions at home and abroad: employees with outstanding performance will have the opportunities to represent the Company in professional skills competitions organized by overseas elevator peers in Japan to compete with experts from all field.</p> <p>The implementation of education and training is shown in the attached table in Note 4.</p>	No significant difference.
(V) Does the Company comply with relevant laws and regulations and international standards on customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant policies and grievance procedures for the protection of consumers' or customers' rights and interests?	✓		<p>(V) The Company's products and services shall be marked visibly with the intended use and the stowage capacity inside the elevator car in accordance with government regulations and the Chinese national standard CNS10594. For passenger-used or hospital-bed elevators, the maximum patronage shall be indicated. In addition, the Company has the service contract number and emergency contact number displayed inside the elevator car or at the customer contact windows to facilitate emergency calling. At the same time, customers may also use the customer service hotline on the Company's website for reaching out. The personnel in the Central Control Room shall provide the fastest and most convenient service after receiving a call.</p> <p>The Company has established a set of customer complaint procedures and a unit dedicated to handling the product and service needs raised by customers. The designated unit records and tracks the progress of each complaint individually to satisfy customers' needs.</p>	No significant difference.
(VI) Does the Company establish supplier management policies that require suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and the implementation status thereof?	✓		<p>(VI) Supplier management policy- Based on reciprocal cooperation and shared goals pursued under the sustainable corporate development, the Company aim to jointly establish a sustainable supply chain that values the environment, labor rights, occupational safety, and ethical management, which also helps suppliers improve green competitiveness.</p> <p>Status of implementation-</p> <p>A. Pursuant to the supreme guiding principle of supplier management policy, the Company also publishes the "Supplier Management Best Practice Principles" and "Supplier</p>	No significant difference.

Evaluation items	Operation status (note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Abstract description	
			<p>Commitment" at the annual supplier meeting to demand our suppliers to review and maintain labor rights, environmental health and safety, and comply with ethical and legal requirements. We also requires suppliers to sign the "Supplier Commitment" after inspecting them one by one in accordance with the management policy to ensure our suppliers understand our requirements for product safety and ethics for reinforcing the responsibilities to the society and the environment.</p> <p>B. Promote the establishment of a green supply chain management policy through the annual supplier meeting.</p> <p>C. Amendment of internal control regulations - subcontractor control measures to motivate the contractor place high importance to environmental protection, and encourage suppliers to obtain ISO14001 environmental management certification.</p> <p>D. Conduct regular supplier evaluations to review the supplier's implementation of labor rights protection, occupational safety, and environmental protection issues. If a supplier obtains ISO14001 environmental management certification, special awards are given during supplier meetings.</p> <p>E. Ad-hoc internal audits are conducted from time to time. We carry out on-site inspections to check for product quality, delivery time and the implementation of management policies. Partial education and training are also provided for portion that do not comply with green supply chain management policies.</p> <p>F. In the selection of new suppliers, those who have obtained ISO14001 environmental management certification are preferred.</p> <p>G. The "Supplier Commitment" clearly stipulates that if the supplier violates the "Supplier Code of Conduct", it will make improvements and take counseling immediately. If the Company's goodwill and corporate image are damaged as a result, the business relationship shall be terminated early and the damage compensation can be claimed .</p> <p>H. Encouragement to obtain quality management and environmental management certification: Suppliers are encouraged to place high importance to environmental protection, quality and safety management. In addition to evaluation scores, suppliers obtaining third-party management certification, will be specially rewarded in the annual general meeting for achieving corporate social responsible goals. As of 2022, for suppliers' obtaining relevant management certificates, please see attached in Note 5.</p>	
V. Does the company refer to the GRI Universal Standards for the preparing the sustainable reports that disclose the non-financial		✓	The Company published the 2021 Corporate Social Responsibility Report (3rd edition) in 2022. The contents of the report was compiled in accordance with the GRI Standards for sustainability reporting	The corporate social responsibility report is a voluntary disclosure. It will obtain assurance or guarantee

Evaluation items	Operation status (note 1)		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	
information of the Company? Did the report obtain the assurance or guarantee opinion of the third-party verifier?			issued by the Global Reporting Initiative (GRI) for the reference of investors. The 2022 Corporate Social Responsibility Report (4th edition) is expected to be published in September 2023.
VI. If the Company has established its own sustainable development principles in accordance with the "Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies," please describe the current practices and any deviations from the principles: no significant deviation currently.			
VII. Other important information helpful for understanding the implementation of sustainable development: <ol style="list-style-type: none"> 1. Environmental protection: The Company has obtained the ISO14001:2015 version of environmental management system certification (certification date: 1998/07/01, effective period: 2022/08/13 to 2025/08/13). 2. Quality and consumer rights: The Company has obtained ISO9001: 2015 quality management certification (certification date: 1995/11/09; validity period: 2022/11/09 to 2025/11/09). 3. Community involvement: The Company's Yangmei Factory participated in the annual rehearsal by the civil defense teams of enterprises/institutions in the Yangmei area in 2022 to enhance the team in self-defense and self-rescue capabilities. 4. Social services: (1) GFC Enterprise Volunteers and the GFC Foundation worked together to launch the "Love for Love, Light Up Happiness" a campaign for replacement service for energy-saving lights . A total of 115 volunteers from GFC Ltd. Enterprise Volunteers participated the cause in over 7 social welfare organizations in 9 venues, with 307 lighting fixture renewed (with 691 energy-saving light tubes), which is expected to save 35,579 KWH of electricity and reduce carbon emissions by 18,109 Kg each year. <ol style="list-style-type: none"> (2) The Company participated in the following elevator science education and safety promotion activities sponsored by the GFC Foundation: <ol style="list-style-type: none"> A. A total of 20 elevator science courses were held in 2022 at Chenping Elementary School in Beitun District, Taichung, Minquan Elementary School in Songshan District, Taipei City, and Zhengyi Elementary School in Sanchong District, New Taipei City. The participants, a total of 560, were able to unlock the mysteries of basic science and learn about elevator safety and reduce the risk of using elevators. B. Elevator science education program was organized in 2022. There were professional lecturers introducing elevator science principles along the factory tour and the education and training center to allow close-up observation. A total of 50 people were served. C. In 2022, We sponsored the Youth Science Talent Development Program for the National Taiwan Science Education Museum. Under the program, professors of various specialist fields provide individual guidance to reserve future scientific and technological talents. A total of 75 students were mentored; and 44 projects passed the screening and were shown in Taiwan International Science Fair, of which 15 won prizes and 6 were elected for overseas events. D. In 2022, the Company continued sponsoring the "GFC Ltd. Innovation Research Award" during the 62nd National Elementary and Secondary School Science Exhibition. Students from 10 schools including Taipei Nangang Senior Technical Vocational School won the award. (3) In 2022, a total of 83 students from domestic universities and colleges majoring in electrical engineering, mechanical engineering, architecture, and civil engineering passed the review and received scholarship of NT\$4.05 million from GFC Ltd. In addition, a study exchange and scholarship granting ceremony was held 1 through cross-field courses and a field trip to Taipei 101 for visiting ultra-high-speed elevator. Participating students were encouraged to communicate with each other and broaden their horizons, as well as to cultivate teamwork and problem-solving skills. <ol style="list-style-type: none"> 5. Social welfare: In addition to donating NT\$3.5 million per year to sponsor the elevator science education, art and literature, and caring for the disadvantaged by the Chung Yu Foundation, the Company also made donations and sponsorship for the following public welfare activities in 2022: <ol style="list-style-type: none"> (1) Sponsored NT\$4.05 million for the 2021 GFC Scholarship program. (2) As a global citizen and responding to the Disaster Relief Foundation of the Ministry of Foreign Affairs and the private sectors, GFC Ltd. made an donation of NT\$5 million to support refugees in Ukraine. (3) GFC Ltd. sponsored and organized a team to participate in the 2022 Soochow University International Ultra Marathon, and won the 2nd place for overall performance and the 3rd and 4th place in the sponsorship category in the "5-hour Ultra Marathon". (4) GFC Ltd. sponsored the 6th U12 Junior World Cup in 2022. (5) GFC Ltd. sponsored the 4th U23 World Cup in 2022. 6. Environmental protection: The Company's Yangmei Factory completed the installation of green electricity - solar power generation equipment, which can provide TCC with an average of 1,045G of green power each year. The Yangmei Factory also installed solar panels to reduce the roof temperature by 3 to 5 degrees Celsius to effectively reduce energy consumption inside the factory and achieve the effect of energy conservation and carbon reduction. In 2022, the total cumulative power generation of solar power was 3,118 MWh, which was equivalent to a cumulative reduction of 1,908 tons of carbon dioxide emissions and a cumulative total of 189,000 trees. 7. Energy conservation and carbon reduction: (1) By 2022, the Company had replaced a total of 2,514 energy-saving lamps or used LEDs, effectively achieving energy conservation. <ol style="list-style-type: none"> (2) The Company has established an electricity consumption aggregation platform on the intranet to record the electricity usage from each unit. The Administration Division regularly supervises and urges the units exceeding the standard to make improvements. (3) The Company's electricity consumption in 2022 was 1,898,175 kWh, which was 65,224 kWh less than 2021 or 			

Evaluation items	Operation status (note 1)		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons
	Yes	No	
Abstract description			
<p>3.32% less, equivalent to reducing carbon emissions by 32,742 kg.</p> <p>(4) Strengthen the advocacy of energy-saving measures in 2023: (1) Turn off lights whenever possible (2) Ensure that computer power is turned off after work (3) Designate regional electricity manager in each unit to shut down the power after work (4) When not in use, the lighting must be turned off.</p> <p>8. Company's products: Our GL368N, GF568HS, and GL568 passenger elevators have all obtained the German TUV Class-A certification for energy efficiency. Starting from 2017, all of our elevator products under all series have used permanent magnet synchronous motors (PM motors) which can save more energy without oil pollution, compared with the traditional gear motors. Since 2018, all of our elevator products under all series have used permanent magnet synchronous motors. Not only does it avoid the use of gear oil to avoid pollution to avoid pollution, its mechanical performance is nearly 100% with 30% electricity save. It is an advanced, green traction machine with environmentally-friendly feature, awarded with the Category II Environmental Label from the Environmental Protection Administration, Executive Yuan. In 2019, the Company launched the CHUNG YU GF series smart elevator combining elevator products with innovative technologies such as IoT and facial recognition. It participated in the selection of Taiwan Excellence Award and won the 2020 Taiwan Excellence Award. In November 2021, GFC's Kennedy series high-speed elevator products won the 30th 2022 Taiwan Excellence Silver Award and was responsible for the construction of the "IYZX01 Standard MRT Initial Station Entrance and Escalator Mid-term Improvement Works" It also won the 21st Public Works Gold Award in the equipment category and the "2022 Taipei City Government Public Engineering Excellence Award" in the facility engineering category.</p> <p>9. Safety and health: The Company has set up a labor safety and health office. There are safety and health management personnel responsible for formulating and supervising the implementation of various safety and health measures for each unit. Also, a labor safety and health committee has also been set up in accordance with relevant labor safety laws and regulations. There are personnel assigned to supervise implementation, plant environmental maintenance, waste disposal, and safety and health measures to meet environmental regulations.</p> <p>10. Other social responsibility activities: The Company has established the GFC Foundation for the purpose of organizing cultural, educational, and public welfare activities to give back to the society in a timely manner. The charity activities planned for 2022 included the follows:</p> <p>(1) Studio Tang: Held in Kaohsiung City, Kaohsiung City: "Gun and Bone Elegance - Solo Exhibition by Jen-Hsien Chen," "The Great Way without Tools - Nien-Chou Chen's Unsullied Tea Activities," "Post-Modern Lohas - Ge-Ming Chang Solo Exhibition," "Datang Collection Group Exhibition," and "Da Tang Junior High School" A series of exhibitions and lectures, including "The Art of Datang Junior High School", "Raw Tea/Seven-Wan Tea Party in the Confessions of the Shin-Shih Dynasty/Especiality and Appreciation of Tribute Tea/The Sensory Experience of Tea/Tea Eating Experience in Tang and Song Dynasties - Tea Party". Centered on "improving cultural and artistic awareness" to pass on the aesthetics of life, a total of 1,075 people were served.</p> <p>(2) Aesthetic education series: i. The GFC Foundation has collaborated with Soochow University to focus on "culture, art, and environment" and invited leading masters in the field of culture and art: Li Jia-wei, Tian Lin-bin, Chang Hui-jun, Lin Chih-wei, Li Feng-mao, Lin Chun-cheng Lin, Chen Ren-ping, Huang Hong-xia, Chou Lin-hsiang, etc. Master Lectures, with the performers' rich knowledge and years of professional achievements, open the cultural horizon of the public to the public, cultivate deeper humanistic quality, and open the cultural horizon of the public. A total of 120 university students were served with 1,080 people participated. ii. The GFC Foundation collaborated with Xin Xin South Wind Orchestra to promote Chinese traditional music. The "Music in the Heart - The Shortest Distance Between Modern People and Ancient Music" was held at Luodong High School, Taichung No. 1 High School, and Lanyang Girls' High School. This speech helped young students build up a basic understanding of Nanguang music, arouse their interest and love for traditional music and other performing arts, so as to take the initiative to reach out to raise their cultural cultivation and broaden their artistic horizons. A total of 650 students were served.</p> <p>(3) Sponsorship and promotion of arts and literature: Sponsored "Chen Cheng-Chieh Cello Recital & Family Concert", "Chen Cheng-Chieh Tsinghua Concert", and "Quartet Concert in 2022", which attracted 5,400 people.</p> <p>(4) Social welfare: The GFC Foundation donated NT\$2.2 million to help Jiangxian Er Art Park purchase two elevators from the Company; donated NT\$110,000 to assist Xiaocao Cycling Team in the island round tour; donated NT\$1.04 million to help Yunlin County Chongde Shunxin Social Welfare Foundation operate service program for the elderly.</p> <p>Other detailed aesthetics education and promotions and the GFC Humanities Lecture Series are available on the official website of the GFC Foundation (http://www.gfc.org.tw/).</p>			

Note 1: If select "Yes" for the implementation, please specify the important policies, strategies, measures and implementations; if select "No," please explain under "Difference and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" with details about future plans for policies, strategies and measures. With regards to Items 1 and 2, the TWSE/TPEx listed company shall describe its sustainable development governance and supervision structure, including but not limited to management approach, strategy and goal setting, and review measures. Also, please state the Company's risk management policies or strategies on environmental, social, and corporate governance issues related to its operations, and its evaluation.

Note 2: The principle of materiality refers to the environmental, social and corporate governance issues which have a significant impact on the Company's investors and other stakeholders.

Note 3: At-work training and implementation:

Ranking		2022				
		Gender	Total Participants	Total training	Average training hour/participant	Training Expense
Manager		Male	194	1,115	6	213,130
		Female	9	38	4	21,597
Non-Manager	Engineering	Male	708	229,840	325	941,409
		Female	5	28	6	4,473
	Maintenance	Male	829	25,408	31	1,134,513
		Female	14	50	4	6,098
	Factory	Male	317	953	3	59,076
		Female	75	153	2	14,520
	Administration	Male	83	5,573	67	97,759
		Female	58	200	3	19,185
Total		Male	2,131	262,889	123	2,445,887
		Female	161	469	3	65,873

Note 4: Certifications obtained by the suppliers:

Certificate	Number of suppliers
ISO 9001:2015	18
ISO 14001:2015	10
OHSAS 18001:2007	3
CNS 15506:2011(TOSHMS)	1
IECQ(QC 08000)	1
IATF 16849:2016	1

Note: The number of vendors received ISO 9001:2015 and ISO 14001:2015, each increased by one in 2021.

(VIII) Performance of ethical corporate management and the differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons:

Evaluation items	Operation status (Note 1)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary description	
I. Establishment of ethical corporate management policy and plan	✓		(I) The board of directors approved the establishment of the "Ethical Corporate Management Best Practice Principles" on August 12, 2014, to demonstrate the establishment of a corporate culture of integrity and sound business operation model. The principles clearly stipulate the ethical corporate management policy of "not giving or receiving rebates on gifts to counterparties, and asking employees not to take advantage of their positions for personal gain or accept gifts from others." The fourth version of the "Ethical Corporate Management Best Practice Principles" was passed during the 18th meeting of the 16th BOD on March 25, 2022. The Company has established separate "Employee Code of Conduct," "Business Code of Conduct," and "Supplier Management Policy," which clearly stipulate that the "Honesty, Fairness," "Avoidance," "Honesty, Fairness," "Avoidance Conflicts of interest," "No bribery," and other principles. The professional ethics shall be strictly abided by to ensure no giving or acceptance of gifts or commissions to/from other companies or vendors. All suppliers must adopt the "Supplier Code of Conduct" and issue a written document for the commitment to comply.	No significant difference.
(I) Does the company have an ethical corporate management policy approved by the board of directors, and clearly state the ethical corporate management policy and practice in the internal regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the corporate management policy?				
(II) Whether the Company establishes an assessment mechanism for the risk of unethical conducts, regularly analyzing and evaluating the business activities with relatively high risks of unethical conducts within the business scope, and formulates the prevention programs against such conducts accordingly? Does the mechanism at least covers measures to prevent the conducts described in Paragraph 2, Article 7 of "Corporate Business Integrity Principles"	✓		(II) The board meeting of the 18th session of the 14th term on May 9, 2016 decided to establish a dedicated ethical corporate management promotion unit (the Ethical Corporate Management Team), with the directors and President as the team leaders and deputy team leader responsible for the formulation and revision of the ethical corporate management policy and the evaluation of unethical behavior. The Ethical Corporate Management Team regularly reports to the board of directors twice a year. In accordance with the Ethical Corporate Management Best Practice Principles adopted by the board, the Ethical Corporate Management Team analyzed and evaluated each possible pattern of unethical behaviors within the Company's business scope and referred to behaviors described in Article 7-2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, in order to formulate the Ethical Corporate Management Operation Standard for all units. After the evaluation of the Company's operating activities by the Ethical Corporate Management Team, the highest risks sit with procurement cycles. Therefore, the Company has a strict control mechanism in the procurement system. If the procurement amount is more than NT\$500,000, the Company will notify the audit unit to be present to chaperone the price negotiation process.	No significant difference.

Evaluation items	Operation status (Note 1)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary description	
(III) Does the company stipulate the operating procedures, behavior guidelines and disciplinary and grievance systems in its unethical behavior prevention plan and implement them and regularly review and revise the plan?	✓		<p>The procurement department will conduct regular evaluation to suppliers, which shall include reviews on operation attitude to avoid possible dealing with suppliers of unethical conducts.</p> <p>(III) The Company has established the "Operation Standards for Ethical Management," and all management staff of the Company and its subsidiaries have signed the "Ethical Corporate Management Compliance Statement" to declare compliance with the Ethical Corporate Management Best Practice Principles, the Employee Code of Conduct, and other various internal control systems. The Director-General of the Ethical Management Team presented a review of the "Ethical Corporate Management Best Practice Principles" to the Board of Directors on May 11, 2022 and December 23, 2022, respectively.</p> <p>Internal conducts of unethical practices are also included as a focus of audit during audits by auditors. When employees are found to have engaged in unethical conducts that are confirmed to be true, they will be corrected according to the circumstances of the violation. The cases might be included in the training session for new recruits or in-service employees to prompt the possible violation for prevention. Upon discovery of unethical practices, the whistle-blower may report to the Company through the e-mail address, hotline (http://gfc.com.tw/investment section/sustainable enterprise/ stakeholder communication /unethical behavior reporting hotline). The designated handling personnel shall keep the identity of the whistleblower strictly confidential to protect the whistleblower; at the same time, the accused party is provided with appropriate means of grievance. The "Regulations Governing Whistleblowing" has been announced on the corporate website for reference.</p>	No significant difference.
II. Implementation of ethical corporate management (I) Does the company assess the ethical corporate management records of its counterparties and specify the ethical corporate management terms in the contracts it enters into with them?	✓		<p>(I) The Company has established an evaluation mechanism for its customers and manufacturers, which specifies the rights and obligations of both parties at the time of signing the contract. The legal unit and business unit also query the operating conditions of the customers and manufacturers through the JCIC system and reduce transactions with counterparts with unethical behaviors.</p> <p>The Company's Legal Department also has drafted the ethical behavior statement or integrity and ethical behavior clauses in the procurement contract between the Company and the manufacturer. The ethical behavior statement or integrity and ethical behavior clauses clearly state that if the supplier violates the "Code of Conduct for Suppliers," the Company may terminate the contract and the supplier shall be responsible for compensating the Company for the losses incurred thereby to reaffirm its determination to prevent any unethical behavior.</p>	No significant difference.

Evaluation items	Operation status (Note 1)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary description	
(II) Has the company set up a dedicated unit under the board of directors to promote ethical corporate management and regularly (at least once a year) report to the board of directors its ethical corporate management policy and plan to prevent unethical behavior as well as its supervision of the implementation?	✓		(II) The "Ethical Corporate Management Team" was created under the dedicated unit of the Board of Directors, responsible for the formulation and supervision of the implementation of ethical corporate management policies and preventive plans, and making report to the Board of Directors on a regular basis. The "Ethical Corporate Management Team" is chaired by a director that instructs the President to implement the ethical corporate management policy within each business operation. The Director General of the Ethical Management Team reported the annual implementation and 2023 implementation plan to the Board of Directors on May 11, 2022 and December 23, 2022, respectively. The summary of the project report has also been disclosed on the Company's official website for investors' reference.	No significant difference.
(III) Does the company have a conflict of interest prevention policy, provide appropriate channels for explanation and implement it?	✓		(III) The Company's "Code of Conduct for Employees" and "Code of Conduct for Suppliers" both include the policy of preventing conflicts of interest to avoid conflicts of interest in the transaction process. In accordance with the internal control system and authorization measures, when a certain amount of external procurement is achieved, the auditor shall be informed to supervise the process of price comparison for implementation of the regulations. The directors and supervisors shall withdraw from matters and proposal discussion if there is a conflict of interest involved, and disclose in the annual report the operation of avoidance of conflict of interest in the board of directors' meeting.	No significant difference.
(IV) Has the company established an effective accounting system and internal control system for the implementation of ethical corporate management and has the internal audit unit, according to the assessment results of the risk of unethical behavior, drawn up relevant audit plans to check the status of unethical behavior prevention accordingly or entrusted an independent auditor to carry out the audit?	✓		(IV) The Company has established a comprehensive internal control system and related measures and rules. In addition to promulgating the internal control system on the intranet for employees' access at any time. To ensure the continued effectiveness of the design and implementation of the system, the responsible department will review the content of the system from time to time and propose amendments, and then cooperate with the auditors in the review operation to ensure a sound corporate governance and risk control mechanism. Meanwhile, each unit will conduct internal self-inspection according to the planned schedule, and the Audit Office will also arrange review plans based on the ethical corporate management code in the annual internal control audit plan to ensure the implementation of the Ethical Corporate Management Best Practice Principles.	No significant difference.
(V) Does the company regularly conduct internal and external sessions for ethical corporate management?	✓		(V) The introductory sessions for "Ethical Corporate Management Policy & Related Regulations, and Best Practice Principles" are organized in conjunction with the new recruits training course organized by the Human Resources Department and during the monthly meetings of each unit. In addition to the ethical management operating standards, supplier code of conduct, and integrity clauses, the Company also builds	No significant difference.

Evaluation items	Operation status (Note 1)		Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
			the consensus of "honesty and fairness" among employees, in order to maintain a corporate culture of integrity management and continue to promote a sound business operation model. On February 22, 2022, October 5, 2022, and December 1, 2022, the ethical management education training was held at the monthly employee meetings in Tainan Branch, Kaohsiung Branch, and Hsinchu Branch. A total of 323 people participated in the training, or 323 training hours.
III. Operations of the company's accusation system			
(I) Does the company have a specific accusation and reward system, establish a convenient accusation channel and assign appropriate personnel to the accused person?	✓		(I) In case of any violation of the Code of Conduct for Employees or any other unethical conduct, if it is verified, the accused person shall be punished according to the HR reward and punishment regulations based on the severity of the circumstances and impact; the most serious punishment shall be dismissal. The Company has formulated the "Measures for Accusation Management," which stipulates that the head of the Audit Office and the head of the Administration Department are the dedicated personnel who are independently responsible for accusation cases; the principle of confidentiality is strictly followed in the investigation process to safeguard the rights and interests of the accuser.
(II) Has the company established the standard operating procedures for investigation of accused matters, follow-up measures after investigation and the relevant confidentiality mechanism?	✓		(II) It is stipulated in the "Measures for Accusation Management" that when receiving an accusation case, the responsible person shall organize an investigation team to conduct an investigation and deal with the case in a confidential manner, so as to protect the accuser from unfair retaliation or treatment.
(III) Does the company take measures to protect the accuser from improper treatment due to the accusation?	✓		(III) The Company's responsible persons for accepting accusation cases are all senior executives of the Company and the entire investigation process is kept confidential. The accuser will not be improperly treated due to the accusation.
IV. Enhancing information disclosure Does the company disclose the content and promotion effect of its ethical corporate management best practice principles on its website and MOPS?	✓		The Company has disclosed the information about its ethical corporate management best practice principles on its official website (at http://gfc.com.tw/Investment/Corporate Governance/Business Ethics), in annual reports and at MOPS.
V. If the company has its own ethical corporate management best practice principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please state the differences between its operations and the principles: There is no significant difference.			No significant difference.
VI. Other important information that helps understand the operation of the Company's ethical management (such as the Company's review and revision of the Company's ethical management best practice principles) The Company constantly monitors the development of ethical corporate management regulations and uses these guidelines as a reference for reviewing and improving the related management policy. The Company has amended its Ethical Corporate Management Best Practice Principles and Operation Standards for Ethical Management in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" published by the competent authority. In order to implement the ethical corporate management policy, we have established a dedicated unit, "Ethical Corporate Management Team", which is subordinate to the Board of Directors and is headed by a director. The Ethical Corporate Management Team will presented a special report to the Board of Directors on May 11, 2022 and December 23, 2022 to review the effectiveness and the promotion plan for the new year.			No significant difference.

Note: Whether checking "Yes" or "No" for the operations, a description shall be made in the summary description field.

(IX) If the company has corporate governance best practice principles and related regulations, it shall disclose its query method:

1. The Company has formulated the following relevant rules and regulations in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies:

- (1) Rules of Procedure of Shareholders' Meetings.
- (2) Management of the Operations of Board Meetings.
- (3) Procedures for the election of directors.
- (4) Asset management (Procedures for Acquisition or Disposal of Assets).
- (5) Measures for Loans to Others and Endorsement Guarantee.
- (6) Supervision and Management of Subsidiaries.
- (7) Transaction Procedures for Related Parties, Specific Companies and Group Enterprises.
- (8) Management of Significant Internal Information Processing and Prevention of Insider Trading.
- (9) Organizational Rules of the Compensation Committee.
- (10) Code of Conduct for Employees.
- (11) Ethical Corporate Management Best Practice Principles.
- (12) Corporate Sustainable Development Best Practice Principles.
- (13) Corporate Governance Best Practice Principles.
- (14) Supplier Management Best Practice Principles.
- (15) Measures for the Performance Evaluation of the Board of Directors.
- (16) Measures for Accusation Operation Management.
- (17) Risk Management Policies and Procedures.
- (18) The organizational chart of the Audit Committee.

2. Query method: The Company's website <http://www.gfc.com.tw> contains the Company's financial status and corporate governance information.

(X) Other important information to improve the understanding of the operation of corporate governance:

The above-mentioned relevant rules and regulations are formulated and revised in accordance with the internal control system procedures. Upon completion of the revised procedures, the Company will make an announcement on the internal website of the Company to facilitate employees' reference and understanding of the latest revision of the Company's major rules and regulations. Meanwhile, the Company's IT Department will also

Inform the department heads via e-mail again, and the department heads will propagate the rules and regulations in the staff meeting.

Secondly, the above-mentioned relevant rules and measures are disclosed in the Investor Area of the Company's website simultaneously for the convenience of investors' inquiry.

Note: Continuing education on corporate governance by managers in 2022:

Position	Name	Date of study	Organizer	Course name	Hours of stud
Accounting and Finance Officer	Ying-Chen Lu	2022.08.18~19	ROC Accounting Research and Development Foundation	Continuous Training Course for Accounting Supervisors of Securities Issuers, Securities Firm and Stock Exchange	12 hours
Chief Auditor	Shun-Cheng Hsu	2022.05.09	The Institute of Internal Auditors	Important matters and case studies for "Shareholders' Meeting" and "Company Act".	6 hours
		2022.08.16	The Institute of Internal Auditors	Under the trend of climate change and sustainable development, exploring the impacts on corporate internal control and countermeasures from the perspective from ESG risk	6 hours
Corporate Governance Officer	Hung-Peng Lin	2022.5.27	Taiwan Corporate Governance Association	Responding to Climate Change and Building Sustainable Competitiveness	3 hours
		2022.6.28	Taiwan Corporate Governance Association	Quickly interpretation and preparation for the ESG disclosure under the requirements of Corporate Governance 3.0	3 hours
		2022.7.19	Taiwan Corporate Governance Association	Carbon management and countermeasures towards Net-Zero	3 hours
		2022.7.27	Taipei Exchange	Roadmap for Sustainability Industry	2 hours
		2022.8.10	Taiwan Renewable Energy Research Foundation	Challenges and opportunities for enterprises in the net zero era	1 hour
		2022.8.16	Taiwan Corporate Governance Association	Aspects of ESG Governance - From Knowing to Doing	3 hours

(XI) Implementation of internal control system:

1. Internal Control Statement:

GFC Corporation

Statement of Internal Control System

Date: March 24, 2023

Based on the results of self-assessment of the Company's internal control system in 2022, the Company hereby states the following:

- I. The Company acknowledges that it is the responsibility of the board of directors and the managers of the Company to establish, implement and maintain the internal control system, which has already been established by the Company. Its purpose is to provide reasonable assurance in achieving the objectives of operation effectiveness and efficiency (including profitability, performance and asset safety), in order to assure reliability, timeliness and transparency of reports, and compliance with relevant norms and regulations.
- II. The internal control system has its inherent limitations. No matter how well designed, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives. Moreover, due to the change of environment and situation, the effectiveness of internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism. Once a shortcoming is identified, the Company will immediately take corrective action.
- III. The Company judges the effectiveness of the design and implementation of the internal control system in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the Regulations). The judgment items of the internal control system adopted in the "Regulations" are the process of management control, and the internal control system is divided into the following five components: 1. control environment, 2. risk assessment, 3. control operation, 4. information and communication, and 5. supervision operation. Each component includes several items. Please refer to the "Regulations" for these items.
- IV. The Company has adopted the aforesaid internal control system judgment items to assess the effectiveness of the design and implementation of the internal control system.
- V. Based on the assessment results, it is believed that the Company's internal control system (including the supervision and management of subsidiaries) as of December 31, 2022^(note 2), including the understanding of the operation effectiveness and the extent to which the efficiency objectives have been achieved, the reliability, timeliness, transparency of the report, and the design and implementation of the internal control system on the compliance with relevant norms, laws and regulations are effective and can reasonably assure the achievement of the objectives above.
- VI. This Statement will be the main content of the Company's annual report and prospectus, and will be made public. If the above-mentioned contents are false or concealing, the legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act shall be involved.
- VII. This Statement has been approved by the board of directors' meeting of the Company on March 24, 2023. Of the seven directors present, there was no objection, and the rest agreed with the contents of this Statement.

GFC Corporation

Chairman: Po-Loung Tang

Signature

President: Pen-Li Yu

Signature

Note 1: If there are significant deficiencies in the design and implementation of the internal control system of a public company during the year, a paragraph shall be added to the fourth paragraph of the Statement of Internal Control System to list and explain the significant deficiencies found in the self-assessment, as well as the improvement actions and status of the Company before the balance sheet date.

Note 2: The date of the statement is "the end date of the fiscal year."

2. If an independent auditor is entrusted to audit the internal control system, the independent auditor's report shall be disclosed: None.

(XII) Penalties imposed against the Company and its internal personnel in accordance with laws, or penalties for violations of internal control rules imposed by internal personnel in the most recent year up till the publication date of this annual report, and the status of major deficiencies and improvements:

From January 2022 to March 2023, a total of 7 employees were punished in accordance with the Company's "Disciplinary Measures for Violations of Operational Management Regulations" for violating the operating regulations of the internal control system. In addition, manager from all levels were asked to discuss the wrong doing for improvements and reinforced needed training and supervision for employees.

(XIII) Important resolutions of the shareholders' meetings and the board of directors' meetings in the most recent year and up to the date of printing of the annual report:

1. Important resolutions of the shareholders' meeting and implementation status:

Date of meeting	Meeting type	Important resolutions	Implementation status
2022/06/27	2022 Annual General Meeting of Shareholders	<ol style="list-style-type: none"> 1. Recognition of 2021 financial statements. 2. Recognition of the 2021 earnings appropriation. (Cash dividend of NT\$3.2 per share) 3. Approved the amendments to the "Articles of Incorporation." 4. Approved the amendments to the "Rules of Procedure for Shareholders Meetings." 5. Approved the amendments to the "Regulations Governing the Election of Directors and Supervisors." 6. Approved the amendments to the "Guidelines for Handling Acquisition and Disposal of Assets". 7. Approved the amendments to the "Regulations on Loaning of Funds and Endorsements and Guarantees." 8. Election of the 17th board of directors (including independent directors) was completed. 	<p>July 27, 2022 was set as the ex-dividend date, and August 12, 2022 as the payment date.</p> <p>The amendments to the "Articles of Incorporation" have completed the registration with the Ministry of Economic Affairs on July 14, 2022.</p> <p>Uploaded to MOPS on July 21, 2022.</p> <p>Uploaded to MOPS on July 21, 2022.</p> <p>Uploaded to MOPS on July 06, 2022.</p> <p>Uploaded to MOPS on July 06, 2022.</p> <p>The re-election of directors (including independent directors) has been registered with the Ministry of Economic Affairs on July 14, 2022.</p>

2. Important resolutions from the Board of Directors:

March 31, 2023

Date of meeting	Type of meeting	Important resolutions
2022/03/25	Board of Directors (18th meeting of the 16th BOD)	<ol style="list-style-type: none"> 1. The assessment report on the plan to self-compile the financial report by the Company. 2. Report the results of the performance evaluation of the Board of Directors and the Remuneration Committee in 2021. 3. Announcement of Letter Zheng-Kuei-Jien-Zi No. 1110053111 dated March 1, 2022 from Taipei Exchange. 4. Approved the proposal for 2021 remuneration to directors and supervisors who are employees currently. 5. Approved the 2021 financial statements. 6. Approved the 2021 earnings appropriation. 7. Passed acceptance of proposals for the 2022 AGM. 8. Approved the election of the 17th board of directors (including independent directors). 9. Passed the director nomination (including independent directors) for the 2022 AGM. 10. Passed amendments to the "Ethical Corporate Management Best Practice Principles." 11. Approved the amendments to the "Corporate Governance Best-Practice Principles." 12. Approved the amendments to the "Corporate Social Responsibility Best Practice Principles" and correcting the title as the "Sustainable Development Best Practice Principles." 13. Passed amendments to the "Articles of Incorporation." 14. Approved the amendments to the "Rules of Procedure for Shareholders' Meetings." 15. Approved the amendments to the "Regulations Governing the Election of Directors and Supervisors" and correcting the title as the "Procedures for Election of Directors." 16. Approved the amendments to the "Guidelines for Handling Acquisition and Disposal of Assets". 17. Approved the amendments to the "Guidelines for Loaning of Funds and Endorsements and Guarantees." 18. Passed the convening of the 2022 Shareholders' Meeting. 19. Passed the Company's "Internal Control Statement." 20. Approved the 2022 the extension and renewal of unsecured credit line from the banks.
2022/05/11	Board of Directors (19th meeting, 16th BOD)	<ol style="list-style-type: none"> 1. Review 2022 first quarter financial statements. 2. Special report on corporate governance, ethical management, and sustainable development. 3. Approved the proposal to adjust manager salaries. 4. Approved the Charter of the Audit Committee. 5. Passed the review of auditor independence requirements for Ernst & Young, Taiwan. 6. Approved the amendments to the "endorsement/guarantee operation" for Howtobe Technology Co., Ltd., a subsidiary. 7. Approved the nomination for the 17th board of directors (including independent directors) and the review of the nominated candidates. 8. Approved the disposal of the Company's fixed assets.

Date of meeting	Type of meeting	Important resolutions
2022/07/05	Board of Directors (1st meeting of the 17th BOD)	<ol style="list-style-type: none"> 1. Election of the 17th Chairman. 2. Approved the appointment of President. 3. Approved the appointment of the 5th Compensation Committee. 4. Approved the appointment of the first Audit Committee members. 5. Set the ex-dividend date for the distribution of 2021 cash dividends (the ex-dividend date was July 27, 2022, and the dividend payment date was August 12, 2022).
2022/08/10	Board of Directors (2nd meeting of the 17th BOD)	<ol style="list-style-type: none"> 1. Review 2022 second quarter financial statements. 2. The assessment report on the plan to self-compile the financial report by the Company. 3. Report on the planned greenhouse gas inventory and the verification schedule. 4. Approved the amendments to the "Self-Evaluation of the Board of Director Performance".
2022/11/09	Board of Directors (3rd meeting of the 17th BOD)	<ol style="list-style-type: none"> 1. The assessment report on the plan to self-compile the financial report by the Company. 2. Purchase of directors'/supervisors' liability insurance (insurance amount, coverage and premium). 3. Approved 2022 third quarter financial statements. 4. Approved 2023 business plan and budget. 5. Approved the 2023 internal audit schedule. 6. Passed the review of auditor independence requirements for Ernst & Young, Taiwan. 7. Approved the amendments to the internal control system.
2022/12/23	Board of Directors (4th meeting of the 17th BOD)	<ol style="list-style-type: none"> 1. Report on the implementation of corporate governance, ethical management, and corporate social responsibility. 2. Intellectual Property Management Report. 3. Updates on insider shareholding transactions and insider trading policy. 4. Report on the planned greenhouse gas inventory and the verification schedule. 5. Information security report. 6. Risk management report. 7. Approved the 2023 extension and renewal of the bank's unsecured credit line. 8. Approved the disposal of the Company's fixed assets. 9. Approved the change of person-in-charge of the branch office.
2023/03/24	Board of Directors (5th meeting of the 17th BOD)	<ol style="list-style-type: none"> 1. The assessment report on the plan to self-compile the financial report by the Company. 2. Report the results of the external evaluation, internal self-evaluation, and performance evaluation of the Remuneration Committee and Audit Committee in 2022. 3. Independent director's inspection report during his/her tenure. 4. Announcement of the lock-up period for insider trading. 5. Approved the proposal for the remuneration to directors and supervisors who were employees concurrently in 2022. 6. Approved the various financial budgets for 2022. 7. Approved the 2022 earnings appropriation. 8. Passed acceptance of proposals for the 2023 AGM. 9. Approved the amendments to the "Corporate Governance Best-

Date of meeting	Type of meeting	Important resolutions
		Practice Principles." 10. Passed amendments to the "Sustainable Development Best Practice Principles." 11. Passed the convening of the 2023 Shareholders' Meeting. 12. Approved the appointment of CPAs and the associated fee review. 13. Passed the Company's 2023 "Internal Control Statement." 14. Approved the 2023 extension and renewal of the bank's unsecured credit line. 15. Approve the change of the Chief Auditor. 16. Approve the change of the spokesman. 17. Approved the change of the corporate governance officer. 18. Approved the amendments to the internal control system.

(XIV) In the most recent year and up to the print date of the annual report, if the directors or supervisors have different opinions on the important resolutions passed by the board meeting with recorded or written statements in place, the main contents are: none.

(XVIII) Summary of resignations and dismissals of relevant persons of the company (including Chairman, President, accounting director, financial director, internal audit director, corporate governance director and R&D director) in the most recent year and up to the printing date of the annual report: none.

Position	Name	Inauguration date	Date of dismissal	Reason for resignation or dismissal
Corporate Governance Officer	Hung-Peng Lin	2022.06.19	2023.04.01	Job transfer
Internal Audit Officer	Shun-Cheng Hsu	2008.12.25	2023.04.01	No renewal of employment contract upon expiry date

IV. Independent Auditor Fee Information:

Unit: NTD thousand

Name of Accounting Firm	Name of CPAs	Audit period	Audit fee	Non-audit service fee (Note)	Total	Remarks
Ernst & Young	Wen-Fun Fuh	2022	2,920	980	3,900	
	Chun-Ting Ma					

Note: Services paid for other than audit service

1. NT\$450,000 for English translation of consolidated and standalone financial statements for the first three quarters of 2022.
2. NT\$530,000 for tax certification in 2012.

V. Change of Independent Auditor:

(1) Former auditors: There was no change of auditor by the Company in 2022.

CPA Firms Auditors: There was no change of auditor by the Company in 2022.			
Date of replacement	Not applicable		
Replacement reason and description	Not applicable		
Explanation, in the case of termination of and refusal for the appointment by the CPAs	Background information	Certified Public Accountant	Appointed person
	Voluntary termination of appointment	-	-
	No longer accepting (continuing) the appointment	-	-
Opinions and reasons other than unqualified audit reports issued within the last two years	Not applicable		
Are there any disagreements with the issuer?	Yes		Accounting principles or practices
			Disclosures in the financial statements
			Scope or Procedure
			Others
	None	V	
Explanation Not applicable			
Other disclosures (Disclosures required for Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Guidelines)	Not applicable		

(2) Successor CPA: There was no change of auditor by the Company in 2022.

Name of Firm	Ernst & Young, Taiwan
Name of CPAs	Wen-Fun Fuh, Chun-Ting Ma
Date of appointment	2022
Items consulted on accounting treatment methods or accounting principles for specific transactions and possible opinions of the financial statements before the appointment, and the results	Not applicable
Written opinions of the succeeding independent auditor on opinions different from those of the former independent auditor	Not applicable

(3) Reply from the former CPA on Item 1 and Item 2-3, Subparagraph 6, Article 10 of the Regulations Governing Information in Annual Reports of Public Companies: There was no change of auditor by the Company in 2022.

VI. Whether or not the chairman, president or manager in charge of financial or accounting affairs of the company has worked in the firm of the independent auditor or its affiliated enterprises in the past year: none.

VII. Equity transfer and equity pledge by directors, supervisors, managers and shareholders with a shareholding ratio of more than 10% in the most recent year and up to the date of printing of the annual report:

1. Changes in shareholdings of directors, supervisors, major managers and major shareholders

Position	Name	2022		As of April 21, 2023	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held (Note)	Increase (decrease) in the number of shares pledged
Chairman	Daweili Co., Ltd. Representative: Po-Loung Tang	0 0	0 0	0 0	0 0
Director	Changjiang Property Co., Ltd. Representative: Chiu-Lin Tang	897,000 -10,000	0 0	0 0	0 0
Director	Hua Rong Investment Co., Ltd. Representative: David Tang	0 0	0 0	0 0	0 0
Director	Cheng-Lzen Lo (Note 1)	0	0	0	0
Director	Huai-Yi Zeng	0	0	0	0
Independent Director	Tung-Hsu Lin	0	0	0	0
Independent Director	Hsu-Hui Wu	0	0	0	0
Independent Director	Ming-Sung Cheng (Note 2)	0	0	0	0
Supervisor	De-Jin Tang Culture and Education Foundation Representative: Yun-Peng Chen (Note 1)	0 0	0 0	0 0	0 0
Supervisor	Chang-I Wang (Note 1)	0	0	0	0
President	Pen-Li Yu	0	0	0	0
Manager	Chuan-Hsing Kuo	0	0	0	0
Manager	Hung-Mou Cheng	0	0	0	0
Manager	Ying-Chen Lu	0	0	0	0
Manager	Hung-Peng Lin (Note 3)	0	0	0	0
Manager	Pei-lin Chang (Note 3)	0	0	0	0

Note 1: Cheng-Lzen Lo and Representative of De-Jin Tang Culture and Education Foundation: Yun-Peng Chen and Chang-I Wang, members of Company's 16th BOD and supervisors, left office upon expiration of their term of office on June 27, 2022.

Note 2: Independent Director Ming-Sung, Cheng, started the tenure of the 17th BOD from June 27, 2022 to present.

Note 3: Hung-Peng Lin, Corporate Governance Officer, resigned from April 1, 2023, and was succeeded by Pei-Lin Chang.

2. Equity transfer information

The directors, supervisors, managers and major shareholders of the Company have no transfer of shares to related parties.

3. Equity pledge information

The directors, supervisors, managers and major shareholders of the Company have no pledge of shares to related parties.

VIII. Information on the relationship among the top ten shareholders in terms of shareholding ratio:

April 21, 2023

Name (Note 1)	Own shareholding		Shareholdings of spouse and minor children		Shareholdings in the name of others		Names and relationships of the top ten shareholders who are related persons, spouses or relatives within the second degree (Note 3)		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Changjiang Property Co., Ltd. Chairman: Ru-Yan Tang	99,878,498 0	56.42% 0.00%	0 0	0% 0%	0 0	0% 0%	Daweili Co., Ltd.	Director	
Cathay Life Discretionary Investment Account with Cathay Investment Trust	5,103,800	2.88%	0	0%	0	0%	None	None	
Bo-sheng Yeh	5,071,459	2.87%	0	0%	0	0%	None	None	
Yu-Hsin Yeh	4,409,900	2.49%	0	0%	0	0%	None	None	
Daweili Co., Ltd. Chairman: Shu-Ching Li	3,564,000 5,263	2.01% 0.003%	0 0	0% 0%	0 0	0% 0%	Changjiang Property Co., Ltd.	Director	
Hua Rong Investment Co., Ltd. Chairman: Pei-Gen Huang	3,524,185 0	1.99% 0%	0 0	0% 0%	0 0	0% 0%	None	None	
Stichting depository account for APG Emerging Account Mutual Fund held under JPMorgan Chase Bank in America, Taipei Branch	3,064,900	1.73%	0	0%	0	0%	None	None	
Tzu-Hsin Yeh	2,616,100	1.48%	0	0%	0	0%	None	None	
De-Jin Tang Culture and Education Foundation	2,537,720	1.43%	0	0%	0	0%	None	None	
Depository accounts for funds held at Citibank (Taiwan) Bank	1,947,000	1.10%	0	0%	0	0%	None	None	

Note 1: All the top ten shareholders shall be listed and the names of corporate shareholders and their representatives shall be listed, respectively.

Note 2: The calculation of shareholding ratio refers to the calculation of shareholding ratio in the name of oneself, spouse and minor children or in the name of others.

Note 3: If the shareholders listed above include legal persons and natural persons, please disclose their relationships in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

IX. The number of shares held by the Company, its directors, supervisors, managers and the Company's indirectly controlled enterprises in the same re-invested enterprise, and the consolidated shareholding ratio:

December 31, 2022

Reinvested enterprises	Investment by the Company		Investment by directors, supervisors, managers and enterprises directly or indirectly controlled by the Company		Total number of investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
GFC CAYMAN ISLANDS LIMITED.	-	100.00%	-	0%	-	100.00%
Howtobe Technology Co., Ltd.	2,600,000	100.00%	-	0%	2,600,000	100.00%
Shanghai GFC Elevator Ltd. (Note)	-	100.00%	-	0%	-	100.00%
V.T. Systems of Japan	2,073	65.11%	-	0%	2,073	65.11%

Note: It is a grandson company of the Company via indirect investment (a subsidiary of GFC Cayman Island Limited).

IV. Fund Raising Status

I. Capital and shares:

(I) Source of share capital

Month and year	Issue price (NT\$)	Approved share capital		Paid-in capital		Remarks		
		No. of shares (1000 shares)	Amount (NT\$'000)	No. of shares (1000 shares)	Amount (NT\$'000)	Share capital source	Share capital paid in assets other than cash	Other
May 1974	10	337.5	3,375	337.5	3,375	Paid-in capital for establishment	None	
March 1975	10	2,000	20,000	2,000	20,000	Cash injection of NT\$16,625 thousand	None	
May 1975	10	3,000	30,000	3,000	30,000	Cash injection of NT\$9,400 thousand plus NT\$600 thousand	None	
November 1976	10	4,000	40,000	4,000	40,000	Cash injection of NT\$10,000 thousand	None	
August 1978	10	10,000	100,000	6,000	60,000	Cash injection of NT\$16,000 thousand Capital increase of NT\$4,000 thousand from retained earnings	None	
June 1979	10	10,000	100,000	10,000	100,000	Cash injection of NT\$25,000 thousand Capital increase of NT\$15,000 thousand from retained earnings	None	
December 1979	10	15,000	150,000	13,000	130,000	Cash injection of NT\$30,000 thousand	None	
December 1979	10	15,000	150,000	15,000	150,000	Capital increase of NT\$20,000 thousand from retained earnings	None	
August 1981	10	18,000	180,000	18,000	180,000	Capital increase of NT\$30,000 thousand from creditor's rights	None	
September 1985	10	19,080	190,800	19,080	190,800	Cash injection of NT\$0.66 thousand Capital increase of NT\$10,799.34 thousand from retained earnings	None	
November 1990	10	30,900	309,000	30,900	309,000	Cash injection of NT\$89,580 thousand Capital increase of NT\$28,620 thousand from retained earnings	None	
August 1991	10	37,080	370,800	37,080	370,800	Capital increase of NT\$61,800 thousand from retained earnings	None	
October 1992	10	61,291	612,910	61,291	612,910	Cash injection of NT\$130,870 thousand Capital increase of NT\$111,240 thousand from retained earnings	None	
July 1994	10	101,130.15	1,011,301.50	101,130.15	1,011,301.50	Capital increase of NT\$398,391.50 thousand from retained earnings	None	
September 1995	10	166,864.748	1,668,647.48	166,864.748	1,668,647.48	Capital increase of NT\$657,345.98 thousand from retained earnings	None	
September 1996	10	200,872.57	2,008,725.70	200,872.57	2,008,725.70	Capital increase of NT\$333,729.498 thousand from retained earnings Capital increase of NT\$6,348.722 thousand from employee bonus	None	
August 1997	10	241,453.17	2,414,531.70	241,453.17	2,414,531.70	Capital increase of NT\$401,745.14 thousand from retained earnings Capital increase of NT\$4,060.86 thousand from employee bonus	None	
June 1998	10	266,110	2,661,100	266,110	2,661,100	Capital increase of NT\$241,453.17 thousand from retained earnings Capital increase of NT\$5,115.13 thousand from employee bonus	None	
June 1999	10	293,000	2,930,000	293,000	2,930,000	Capital increase of NT\$162,456 thousand from retained earnings Capital increase of NT\$106,444 thousand from additional paid-in capital	None	
September 2000	10	310,700	3,107,000	310,700	3,107,000	Capital increase of NT\$177,000 thousand from retained earnings	None	
November 2001	10	304,572	3,045,720	304,572	3,045,720	Capital reduction of NT\$61,280 thousand from buyback of treasury shares	None	
March	10	297,000	2,970,000	297,000	2,970,000	Capital reduction of NT\$75,72	None	

Month and year	Issue price (NT\$)	Approved share capital		Paid-in capital		Remarks		
		No. of shares (1000 shares)	Amount (NT\$'000)	No. of shares (1000 shares)	Amount (NT\$'000)	Share capital source	Share capital paid in assets other than cash	Other
2002						thousand from buyback of treasury shares		
September 2003	10	293,000	2,930,000	293,000	2,930,000	Capital reduction of NT\$40,000 thousand from buyback of treasury shares	None	
August 2004	10	293,000	2,930,000	286,597	2,865,970	Capital reduction of NT\$20,200 thousand from buyback of treasury shares, and capital reduction of NT\$44,030 thousand due to receipt of subsidiary's remaining assets; a total capital reduction of NT\$64,030 thousand.	None	
November 2004	10	293,000	2,930,000	285,000	2,850,000	Capital reduction of NT\$15,970 thousand from buyback of treasury shares	None	
January 2008	10	293,000	2,930,000	199,500	1,995,000	Cash capital reduction of NT\$855,000 thousand	None	
March 2009	10	293,000	2,930,000	196,680	1,966,800	Capital reduction of NT\$28,200 thousand from buyback of treasury shares	None	
August 2017	10	293,000	2,930,000	177,012	1,770,120	Cash capital reduction of NT\$196,680 thousand	None	

Type of shares	Approved share capital			Remarks
	Outstanding shares (OTC company) (1000 shares)	Unissued shares (1000 shares)	Total	
Common shares	177,012	115,988	293,000	

(II) Shareholder structure:

April 21, 2023

Shareholder structure Quantity	Government agency	Financial institution	Other legal persons	Individual	Foreign institutions and individuals	Total
Number	-	3	56	11,034	37	11,130
Number of shares held	-	6,946,300	113,318,789	50,617,659	6,129,252	177,012,000
Shareholding ratio	0.00%	3.93%	64.02%	28.59%	3.46%	100.00%

(III) Shareholding diversification status:

April 21, 2023

Shareholding tiers	Number of shareholders	Number of shares held	Shareholdings ratio
1~999	4,818	1,101,763	0.62%
1,000~5,000	5,422	9,620,995	5.44%
5,001~10,000	472	3,566,805	2.02%
10,001~15,000	119	1,504,959	0.85%
15,001~20,000	79	1,421,916	0.8%
20,001~30,000	60	1,467,468	0.83%
30,001~40,000	34	1,211,061	0.68%
40,001~50,000	20	931,291	0.53%
50,001~100,000	38	2,783,256	1.57%
100,001~200,000	23	3,001,221	1.7%
200,001~400,000	19	5,298,923	2.99%
400,001~600,000	6	2,913,374	1.65%
600,001~800,000	3	2,002,650	1.13%
800,001~1,000,000	1	873,000	0.49%
Above 1,000,001	16	139,313,318	78.7%
Total	11,130	177,012,000	100%

(IV) List of major shareholders:

April 21, 2023

Major shareholder's name	Shares Number of shares held	Shareholding ratio
Changjiang Property Co., Ltd.	99,878,498	56.42%
Cathay Life Discretionary Investment Account with Cathay Investment Trust (TaieX 15)	5,103,800	2.88%
Bo-sheng Yeh	5,071,459	2.87%
Yu-Hsin Yeh	4,409,900	2.49%
Daweili Co., Ltd.	3,564,000	2.01%
Hua Rong Investment Co., Ltd.	3,524,185	1.99%
Stichting depository account for APG Emerging Account Mutual Fund held under JPMorgan Chase Bank in America, Taipei Branch	3,064,900	1.73%
Tzu-Hsin Yeh	2,616,100	1.48%
De-Jin Tang Culture and Education Foundation	2,537,720	1.43%
Depository accounts for funds held at Citibank (Taiwan) Bank	1,947,000	1.10%

Note: Major shareholders are the top 10 shareholders with a shareholding ratio of 5% or more.

(V) Market price, net value, earnings, dividends and relevant information of each share in the last two years:

Item \ Year			2021	2022	Current year as of March 31, 2023
Market price per share	Highest		70.90	81.40	77.10
	Lowest		55.20	64.50	69.40
	Average (note 1)		62.34	69.96	73.39
Net value per shares	Before distribution		26.74	27.94	29.35
	After distribution (note 2)		23.54	—	—
Earnings per share (note 3)	Weighted average share number (1000 shares)		177,012	177,012	177,012
	Per share earnings	Before retrospective adjustment	4.39	4.79	1.36
		After retrospective adjustment	4.39	4.79	—
Dividends per share	Cash dividends		3.20	(註7)3.40	—
	Free share allotment	Stock dividend from retained earnings	—	—	—
		Stock dividend from capital surplus	—	—	—
	Accumulated unpaid dividends		—	—	—
Return on investment	P/E ratio (note 4)		14.20	14.61	—
	Price dividends ratio (note 5)		19.48	20.58	—
	Cash dividends yield (note 6)		5.13%	4.86%	—

Note 1: The average market price of each year is calculated based on the transaction value and volume of each year.

Note 2: The net value per share after distribution is based on the distribution of the resolution of the shareholders' meeting in the following year.

Note 3: If a retrospective adjustment is required due to free share allotment, etc., the earnings before and after adjustment shall be shown.

Note 4: P/E ratio = average closing price per share for the year/earnings per share.

Note 5: Price dividends ratio = average closing price per share for the year/cash dividend per share.

Note 6: Cash dividends yield = cash dividend per share/average closing price per share for the current year.

Note 7: The 2022 cash dividend was approved by the Board of Directors on March 24, 2023 and is pending for the approval by the shareholders' meeting.

(VI) Dividend policy and implementation:

1. Dividend policy:

The Company's annual earnings, if any, are first used to pay tax, make up losses, and appropriate 10% of the earnings as legal reserve. For the remaining earnings, the Board of Directors shall propose the earnings appropriation proposal and submit it to the shareholders' meeting for distribution.

The Company's industry is currently in the mature stage. If the Company expects no major capital expenditure for the year of distribution, the Company will appropriate more than 50% of the distributable earnings (excluding the amount of undistributed earnings at the beginning of the period) as dividends to shareholders and bonuses. The dividends distributed shall, at least, 80% in the form of cash. The Company may reduce the cash dividend distribution rate to 30% - 50% only for sudden major investment plans that are unable to obtain other financial supports.

2. Distribution of dividends proposed in the current shareholders' meeting:

The 2022 dividend distribution was approved by the board of directors on March

24, 2023. The proposed distribution of dividends to shareholders is NT\$601,840,800 or NT\$3.40 per share, all in cash.

3. If there is a material change in dividend policy expected, please explain:

There is no material change in the Company's dividend policy.

(VII) Impacts of the stock dividend proposed in the current shareholders' meeting on the Company's business performance and earnings per share:

The Company's 2022 earnings appropriation will be distributed entirely in cash, and there will be no distribution in the form of stock. Therefore, it will not have any impact on the Company's business performance and earnings per share.

(VIII) Employees' remuneration and remuneration to directors:

1. In accordance with the distribution of remuneration to directors and employees as stated in Article 17-1 of the Company's Articles of Incorporation, if the Company makes a profit for the year, it shall appropriate the following for distribution according to the resolution of the Board of Directors. If the Company still has accumulated losses, such remuneration shall be reserved for making up the losses:

(1) Employee remuneration:

No less than 0.5%, distributed once a year, either in full or in installments. The target recipients may include employees of affiliated companies who meet certain criteria. The criteria are set by the board of directors. The payment can be in the form of cash or share.

(2) Directors' remuneration:

No more than 0.5%, which is reviewed and approved by the Remuneration Committee before reporting to the Board of Directors.

2. The basis for estimating the remuneration to employees and remuneration to directors and supervisors, the basis for calculating the number of shares to be distributed as stock dividends, and the accounting treatment for any discrepancies between the actual distributed amount and the estimated amount: recognized as 2023 profit and loss for.

3. Remuneration approved by the Board of Directors:

The Company's board of directors passed a resolution on March 24, 2023 to distribute the remuneration to employees totaling NT\$5,180,486 and that to directors and supervisors totaling NT\$3,626,340, all in cash. Remuneration to employees was estimated at NT\$5,179,903, but the actual amount was NT\$583 higher than the estimated amount; remuneration to directors and supervisors was estimated at NT\$3,625,932, but the actual amount was NT\$408 higher than the estimated amount. The aforementioned differences will be recognized as income in 2023 in accordance with the principles governing changes in accounting estimates.

4. Actual distribution of remuneration to employees, directors, and supervisors in the previous year (including the number of shares, amount, and price of shares distributed), and any discrepancies from the estimated remuneration to employees, directors, and supervisors, and the reasons for the discrepancy and treatment:

The Company distributed NT\$4,830,022 as remuneration to employees, and NT\$2,898,013 to directors and supervisors, all in cash, for 2021. There is no difference between the originally estimated amounts of directors'/supervisors' remuneration and employees' remuneration and the amounts approved by the Board of Directors for appropriation.

(IX) The company's buyback of its shares: None.

- II. The company's handling of corporate bonds: None.**
- III. The company's handling of special shares: None.**
- IV. The company's handling of overseas depository receipts: None.**
- V. The company's handling of employee stock option certificates and new shares with restricted employee rights: None.**
- VI. The company's issuing of new shares for mergers and acquisitions or assignment of shares of other companies: None.**

VII. Implementation of the fund utilization plan:

(I) Project content:

As of the quarter before the printing date of the annual report, the previous issuance or private placement of securities that has not been completed or has been completed within the past three years but the planned benefits have not yet shown: none.

(II) Implementation situation: None

V. Operations Overview

I. Business Content:

[I] Business scope:

1. The main content of the business:

- (1) C302010 weaving.
- (2) CA02010 metal structure and building component manufacturing.
- (3) CA02030 screw, nut, bolt and rivet manufacturing.
- (4) CA02040 spring manufacturing.
- (5) CA02090 metal wire product manufacturing.
- (6) CA02990 manufacturing of other metal products.
- (7) CB01010 machinery and equipment manufacturing.
- (8) CC01010 power generation, transmission and distribution machinery manufacturing.
- (9) CC01030 electrical appliances and audio-visual electronic products manufacturing.
- (10) CC01080 electronic component manufacturing.
- (11) CC01990 other motor and electronic mechanical equipment manufacturing.
- (12) CD01030 automobile and part manufacturing.
- (13) E501011 water pipe contractor.
- (14) E599010 piping engineering.
- (15) E601010 electrical appliance packaging.
- (16) E603010 cable installation engineering.
- (17) E603020 elevator installation engineering.
- (18) E603040 fire safety equipment installation engineering.
- (19) E603050 automatic control equipment engineering.
- (20) E603090 lighting equipment installation engineering.
- (21) E604010 machinery installation.
- (22) E701010 communication engineering.
- (23) EZ05010 instrument and meter installation engineering.
- (24) F102020 wholesale of edible fats and oils.
- (25) F102170 wholesale of food and grocery.
- (26) F102180 alcohol wholesale.
- (27) F107990 wholesale of other chemical products.
- (28) F112040 wholesale of petroleum products.
- (29) F117010 wholesale of fire safety equipment.
- (30) F203010 retail of food, grocery and beverages.
- (31) F203030 alcohol retail.
- (32) F207990 retail of other chemical products.
- (33) F212050 retail of petroleum products.
- (34) F217010 retail of fire safety equipment.
- (35) F401010 international trade.
- (36) H701010 development, rental and sale of residential and business buildings.
- (37) H701080 urban renewal.
- (38) I301010 information software service.
- (39) I301020 data processing service.
- (40) I301030 electronic information supply service.
- (41) IF01010 fire safety equipment maintenance.
- (42) ZZ99999 businesses that are not prohibited or restricted by law in addition to permitted businesses.

2. Proportions of businesses:

Business content	Business proportion
Elevators and escalators	55.62%
Services	43.51%
Generators	0.87%
Total	100.00%

3. Current products and services:

The Company mainly sells elevators, escalators, car elevators, generators and household elevators.

4. New products and services planned (have developed):

- (1) Development of AI group management system.
- (2) Development of elevator EMCS wireless monitoring transmission system.
- (3) Development of the DDS elevator destination reservation system.
- (4) Development of ultra-high-speed elevators.
- (5) Development of elevator calling and elevator functions for self-propelled robots.

[II] Industry overview:

1. The Taiwan Market:

(1) Overview of the current stage:

Looking forward to 2023, Taiwan's economic growth might slow down. According to the statistics published by the Construction and Construction Administration, Ministry of the Interior, the number of new applications for building construction licenses in 2022 grew slightly compared to 2021. In addition, the Executive Yuan has plan to invest in public infrastructure. The track construction portion of the Special Act for Forward-Looking Infrastructure has been approved to gradually push for some projects over an 8-year period (2017-2024). The investment amount totals NT\$424.133 billion. The large number of elevator needed is a positive contribution to the revenue of the elevator industry. Overall, the Company remains cautiously optimistic about the demands in new elevators for this year.

(2) Future development trends:

a. The new elevator market:

At present, the demand for elevators is primarily for passenger elevators of mansions and community residential buildings. To accommodate the requirements from the continued emergence of high-rise high-end residential buildings and luxury properties in the metropolitan areas, the aging population of the society and new or additional elevators in houses or buildings with five or fewer stories, the Company has successively developed models of high-speed and large-capacity elevators with or without machine rooms, and small household elevators. In addition, there are constant R&D efforts on innovative features such as anti-COVID-19 and smart dispatching. distributions, to cater to the market needs.

b. Replacement market:

It has been nearly 40 years since the rapid growth of elevators in 1985. Many elevators have reached the end of their useful life and must be replaced each year.

There are currently more than 50,000 old elevators in Taiwan. The building has entered the planning and renewal stage. Taipei MRT has been going through a full-scale project of improving the barrier-free environment. GFC Ltd. has already won various replacement projects in multiple stations.

c. Maintenance market:

The number of machines under maintenance has exceeded 40,000 units. Given the diversity of lifestyles in the society, we will provide customized maintenance and repair services for customers with different needs. We also implement preventive maintenance with the IoT (Internet-of-Things) technology and we have launched the first in the world feature to call for emergency help with QR Code. We strive to satisfy customers' needs with rapid, caring and quality services.

2. Correlations among the industry's upstream, middle stream and downstream:

The elevator industry integrates the machinery and motor fields and the industry category is the transportation machinery and equipment manufacturing industry. The upstream is mainly suppliers of iron, castings, traction machines, machinery and electrical components, etc. The downstream is mainly the building industry, construction industry, building managers, etc.

3. Product development trends:

The anti-epidemic function of elevators, the application of IoT, the application of AI smart dispatching and big data, and the innovation of elevator safety technology are the most important development trends in the industry. In response to the deepened the concept of epidemic prevention, Chong Yu has integrated facial recognition, hand gestures and voice hailing with the patented air purifier to create the safest public space in the elevator car.

Due to the rising cost of land in metropolitan areas and the developments of taller buildings, corresponding high-speed, high-rise and high-quality elevators have become one of the industry development trends. The Company has completed localization development and mass production of passenger elevators with a speed of 300 meters per minute. Cathay Financial Building, Taichung contracted by the Company, has the fastest elevator in Taiwan after the replacement.

Taiwan has officially entered the aging society, and the proposal of adding elevators to existing buildings and installing new elevators for townhouse villas will become more and more popular. In addition, the elevators installed in the golden decade of construction between 1985 and 1995 are now over 20 years old and are entering the replacement period. Under the guidance of the urban renewal policy and the government's subsidies for the renovation and elevator addition in old buildings, The market for replacing old elevators with new ones will expand year by year.

4. Market competition:

Due to Taiwan's proximity to mainland China, the elevator market is inevitably affected by China's oversupply. In addition to the supply of major parts and components, there have been frequent import cases of whole machines from large European and American manufacturers with low bidding prices in recent years.

Furthermore, Taiwan's elevator-related standards have been announced and is currently awaiting the new formats and style of some supplementary paper works of Certificate of Administrative Regulations on Installment and Inspection of Elevator in Building released by the Construction and Planning Agency. In the future, Taiwan's elevator standards will match up with those of the European Union and China, and there will be less product differentiation. Faced with new foreign manufacturers and low-price components from the other side of the Taiwan Strait, the competition will become more intense.

GFC will continue to provide quality services and products with a robust organization and scale and abundance of qualified technical personnel. We strive to secure long-term customers and develop new clientele, and we work with the government's policy by bidding for large public infrastructure and social housing projects. By enhancing the price-performance ratio of products and quality of services, we endeavour to grow our market shares and revenues by winning businesses for new elevators and replacement orders for retiring elevators of GFC brand or other brands.

(III) Overview of technology and R&D:

1. R&D expenditure in the last two years:

Unit: NTD thousand

Item/year	2021	2022	2023.3.31
R&D expenditure	40,741	42,367	11,752

Note: IFRS is adopted for the above figures of the consolidated income statement.

2. R&D achievements in the last two years:

- (1) Development of electrical control system for ultra-high-speed elevators.
- (2) Development of DDS, an intelligent pre-hailing system.
- (3) Improvement and development of elevator AI group management function.
- (4) Completed the three-stage development of IoT elevator.

3. Future research and development plans:

- (1) Development of service functions for self-propelled robots.
- (2) Development of mechanical system for ultra-high-speed elevators.
- (3) Development of smoke and fire resistant passenger doors.
- (4) Development of room-less high-speed elevator system.
- (5) Development of double-deck elevators

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

1. Short-term market goals:

In recent years, the new housing projects centered in condominium buildings. Therefore, the short-term target market of the elevator industry will still be focusing on the sales of passenger elevators required in condominium housing. The six capitals are expected to remain hot in 2023, with New Taipei City receiving the highest number of cases.

In recent years, the dependence on elevators has increased due to the rapid aging of the population and changes in people's living habits. As elevators are incorporated in new or renovated villas, townhouses and old residential buildings, the market for small residential elevators has grown significantly in recent years. Therefore, the Company has developed and actively promoted small residential elevators to meet the market demand in this block.

In addition, the inventory of elevators over 20 years old in Taiwan exceeds 50,000 units. As these elevators continue to age and the government is pushing for regeneration with the Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings, inquiries and transactions in the replacement market have gone up significantly during recent years. Due to the shorter lead times and the lumpiness of engineering manpower requirements, the Company has adjusted production lines and human resource allocations. We expect the replacement market to grow over 15 p.a. going forward.

2. Long-term market goals:

In addition to the target markets of high-end residential buildings and luxury properties, the Company will also pursue landmark hybrid projects of hotels and high-rise buildings, invest in large-scale public infrastructure projects, and continue to innovate and develop new products and new engineering techniques to meet the changing needs of the market and prepare for the long-term target market.

II. Market, Production and Sales Overview:

[I] Market analysis:

1. Sales (provided) regions of major products (services)

The company's main product sales regions in the last two years

Unit: NTD thousands

Region \ Year	2021		2022	
	Amount	%	Amount	%
Taiwan	4,591,617	99.71	4,731,600	99.83
Mainland China	3,854	0.08	2,036	0.04
Other areas in Asia	9,552	0.21	5,871	0.13
Total	4,605,023	100.00	4,739,507	100.00

2. Market share

The Company's main business is the manufacturing, sales and maintenance of elevator (escalator) related products and the sales and maintenance of generators, and we are one of the three major elevator manufacturing and sales companies in Taiwan. Although the market competition is intense, our average market share remains at about 20%.

3. Future supply and demand situation and growth in the market

Elevators, escalators and residential elevators

The elevator market in Taiwan has been benefiting from the economic recovery and the architectural boom. The sales of new elevators in 2022 rose significantly. The Company enjoyed a significant increase in the number of contracts at hand. Shipments this year are expected to grow slightly. In the public infrastructure market, the government has approved the investment of NT\$424.133 billion from 2017 to 2024 on the railway construction under the Special Act for Forward-Looking Infrastructure Project and the policy for 200,000 social housing units over the next eight years. This will drive the growth of the elevator industry. The Company will continue to keep track of project tender information and chase sales orders.

During the golden decade of Taiwan's construction from 1985 to 1995, the market has accumulated a considerable number of elevators, and these elevators have been in use for more than 20 years so far. The recommended service life of general elevators is about 20 years; the frequency of old elevators' equipment failure will increase, leading to the difficulties of obtaining maintenance spare parts, long waiting periods, increased maintenance costs and reduced comfort. Therefore, there has been an upsurge in recent years in the inquiry of elevator replacement and the actual number of transactions, and it is estimated that the market demand for elevator replacement will expand year by year.

Over time, the Company has accumulated extensive experience in large-scale engineering projects. During recent years, we have invested considerable manpower in product development such as high-speed and green elevators, elevators without machine rooms, and the Internet of Things to respond and prepare for vertical transportation of buildings.

4. Expected sales volume and the basis

The Company mainly sells elevators, escalators, residential elevators, vacuum pneumatic shuttles and generators. After taking into account the current business situation and the future development trend of the elevator market, the detailed sales volume expected in 2023 is as follows:

Unit: one unit

Main products	Expected sales volume
Elevators	2,782
Generators	28

5. Competitive niche

The Company specializes in the manufacturing, installation, sales and maintenance of elevators and escalators, and serves as a distributor and maintenance provider for Caterpillar generators. Fifty years on since inception, we have the most professional design, installation and service personnel and excellent technology. Our countrywide service network provides various merchandise sales and a 24-hour emergency service system. In the face of the competition, we introduce fully automated equipment to boost capacity, integrate production, marketing and engineering management monitoring and develop value-oriented products. We are the most competitive team in the marketplace.

6. Advantages and disadvantages of development prospects and countermeasures

(1) Favorable factors

- a. We have focused on the core business for more than 50 years and have accumulated significant state-of-the-art engineering experience such as Taipei 101 Building, Shin Kong Life Tower, Taiwan High Speed Rail, Taipei MRT, Taoyuan Airport MRT, Kaohsiung MRT and Kaohsiung Music Center. Our excellent quality, superb technology and caring service have established an excellent brand reputation in Taiwan.
- b. Our cumulative sales of more than 50,000 units since the start of the business have contributed to the stable growth of the elevator (escalator) replacement and maintenance business.
- c. The number of old elevators in Taiwan is increasing year by year, which is conducive to the stable growth of elevator function update business.
- d. We have professional service bases all over the country, providing customers with 24-7 and a full range of maintenance services.
- e. The investment rate in Taiwan continued to hit record high in 2022, which will increase the demand for commercial and factory offices.
- f. The generator business has benefited from the needs of large-scale logistics and factory offices. The business performance has grown significantly year-on-year.

(2) Unfavorable factors

- a. Taiwan's elevator (escalator) market suffers an intense low-price competition; there is no substantial growth in the demand for elevators, and it is impossible to reduce costs by mass production. What is worse is that large European and American manufacturers import from China whole machine sets to compete for the market, thus affecting the profit of new elevators further.
- b. Small manufacturers are vying for the elevator maintenance and replacement market at lower cost. In addition, it is common for small residential elevators to stop maintaining service because the elevator is out of service.
- c. The cost of raw materials is rising due to global inflation, and the lack of workforce in the construction industry affects the installation progress.

(3) Countermeasures

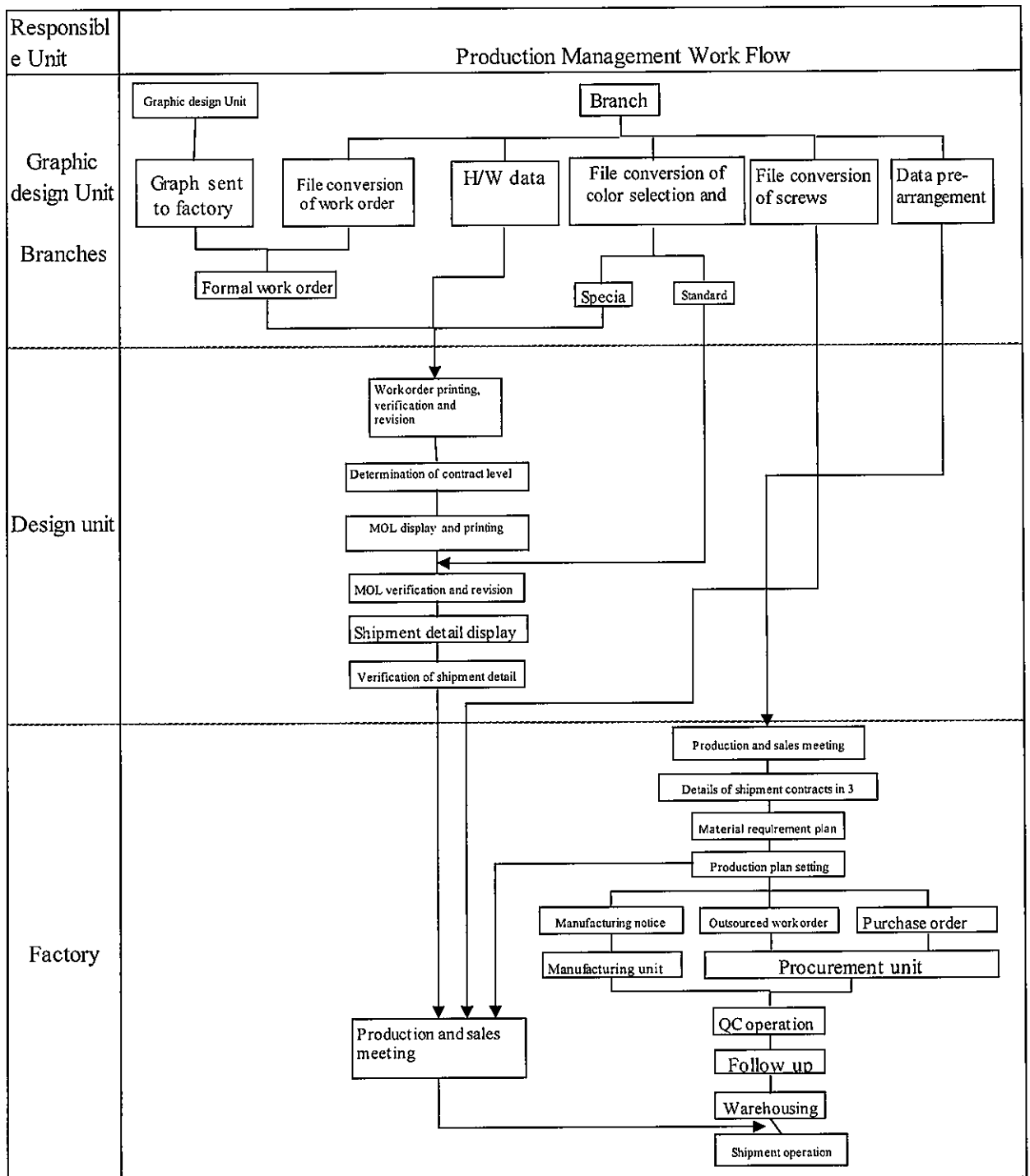
- a. Professional support to architects in planning and designing of vertical transportation for construction projects in order to stay ahead of the game; and working with the government policy and participation in public infrastructure by bidding for the 8-year 200,000 social housing units, MRT revamps and Forward-Looking Infrastructure Project for business opportunities in lifting equipment.
- b. Provide diversified maintenance portfolio solutions, replacement of energy-saving parts, equipment maintenance and monitoring system settings, etc., to meet the needs of different customers, and maintain a continuous growth of maintenance units.
- c. Leverage of stable exchange rate of the New Taiwan Dollar for offsetting the rising costs while maintaining the strategies of diversified procurement and development of components with higher price-performance ratios.

(II) Important use and manufacturing process of main products:

1. Purpose of main products:

Product name	Use
Elevators for passengers, cargo and hospital beds	Provide the carrying of passengers, goods and hospital beds for buildings.
Escalator	Provide the transportation of passengers for office buildings, shopping malls, stations and other large public constructions.
Generators	Provide emergency power for various public, commercial and residential buildings and factories.

2. Manufacturing process of main products:



(III) Main raw materials supply status:

The Company continues to devote the development of new product models and the improvement of the self-made rate. Shortening the lead time of delivery and reducing the manufacturing cost are also the focuses of our work. As for the domestic raw material supply, the strategy of supplier consolidation, with annual procurement contracts are also signed with major vendors, to get favorable pricing. Currently, most of the important parts are supplied by more than two suppliers to reduce the possible risk of missing parts. In response to the raging COVID-19, gridlock over the war between Russia and Ukraine, the impact of interest rate inflation, and the drastic fluctuations in the raw material market and exchange rate, the Company flexibly adjusts the procurement quantity on a quarterly basis, adopting HUB warehouse and bulk negotiation and procurement to adjust the inventory level to ensure an appropriate inventory for a stable supply of good quality goods that enable provide customer satisfaction and fast delivery. At present, in addition to the specified parts imported for customer designation, manufacturing parts are mainly imported from Japan (including steel cables, guide rails over 30K) with few special parts (including include and guide rails, etc.) coming from Mainland China and domestic-made parts.

(IV) The names of the customers who account for more than 10% of the total amount of purchases (sales) in any of the most recent two years and the amount and proportion of the purchases (sales):

1. Manufacturers with a total purchase volume of more than 10%: None

Unit: NTD thousand

Item	2021				2022				As of Q1 2023			
	Name	Amount	Percentage of net purchases for the whole year (%)	Relationship with the issuer	Name	Amount	Percentage of net purchases for the whole year (%)	Relationship with the issuer	Name	Amount	Percentage of net purchases in the current year up to the previous quarter (%)	Relationship with the issuer
1	Others	1,850,727	100.00	—	Others	1,955,459	100.00	—	Others	462,763	100.00	—
	Net purchase	1,850,727	100.00		Net purchase	1,955,459	100.00		Net purchase	462,763	100.00	

2. Customers accounting for more than 10% of total sales: None

Unit: NTD thousand

Item	2021				2022				As of Q1 2023			
	Name	Amount	Percentage of net sales in the whole year (%)	Relationship with the issuer	Name	Amount	Percentage of net sales in the whole year (%)	Relationship with the issuer	Name	Amount	Percentage of net sales in the current year up to the previous quarter (%)	Relationship with the issuer
1	Others	4,605,023	100.00	—	Others	4,739,507	100.00	—	Others	1,148,769	100.00	—
	Net sales	4,605,023	100.00		Net sales	4,739,507	100.00		Net sales	1,148,769	100.00	

(V) Production value in the last two years:

Unit: In Thousands of New Taiwan Dollars

Main products	Year	Unit	2021			2022		
			Production capacity	Production quantity	Production value	Production capacity	Production quantity	Production value
Elevators		Machine set	1,500	2,394	2,053,606	1,500	2,245	2,202,047
Generators		Machine set	—	30	90,442	—	24	39,195
Services		—	—	—	1,043,311	—	—	1,092,840
Total					3,187,359			3,334,082

Note: For the sales of generators, the production value is the relevant purchase cost.

(VI) The sales value of the last two years:

Unit: In Thousands of New Taiwan Dollars

Main products	Year	2021				2022			
		Domestic sales		Export		Domestic sales		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Elevators		2,394	2,499,349	—	34,606	2,245	2,621,130	—	14,851
Generators		30	98,633	—	—	24	41,178	—	—
Services		—	1,972,435	—	—	—	2,062,348	—	—
Total			4,570,417		34,606		4,724,656		14,851

III. Employees:

Year		2021	2022	2023 (Note)
Engineering employee	Number			
	Office clerks	457	457	460
	Salespersons	63	60	60
	Technicians	839	846	849
Total		1,359	1,363	1,369
Average age		44.64	45.18	44.98
Average service years		13.11	13.77	13.47
Academic degree distribution ratio (%)	Master	0.78%	0.78%	0.80%
	College	51.25%	49.46%	49.12%
	High school	38.86%	43.91%	42.38%
	Below high school	9.11%	5.85%	7.70%

Note: Information as of March 31, 2023.

IV. Information on Environmental Protection Expenditure:

(I) Total losses and punishments due to environmental pollution in the past two years: none.

(II) Countermeasures and possible expenditures in the future:

The Company has obtained the ISO 14001 environmental management system certification. In addition, the pollution prevention device in the production equipment has been installed, so it is not expected that there will be major environmental capital expenditure in the future.

(III) The relevant information of the Company and its subsidiaries in response to the EU Environmental Protection Directive (RoHs) is as follows:

The products of the Company and its subsidiaries are not directly or indirectly exported to Europe or involve the relevant regulations of the EU Environmental Protection Directive (RoHs).

(IV) Protection measures for the working environment and employees' personal safety:

For environmental safety, health and operation process management, the Company has always adopted the concepts of "effective use of energy/resources to protect the environment, and constantly pursue progress and strive to prevent environmental pollution" and "spontaneous and conscious efforts to withstand the criticism of experts and ensure the satisfaction of laymen" and has achieved ISO9001 management process verification in 1995 and ISO14001 verification in 1998. The time of verification was in the initial stage of management system promotion, and this is sufficient to prove that the Company has been pro-active in environmental and safety management.

1. Set up a dedicated unit for environmental protection, safety and health:

The Company established the Occupational Safety and Health Office, with an occupational safety and health management specialist responsible for formulating and supervising all units to implement various safety and health measures, so as to maintain the safety of the working environment. At the same time, the Company established an occupational safety and health committee and appointed dedicated personnel to supervise the implementation of plant environment maintenance and various safety and health measures in accordance with occupational safety related laws and regulations.

2. Regular environmental protection, safety and health training:

For new hires and employees under job rotation, safety and health training is provided and the training hours and subjects are carried out in accordance with the regulations. Personnel who operate hazardous machinery or equipment, for example, overhead cranes, stacker cranes, organic solvents, high-pressure gas, etc., must be trained and certified to do so. Whether or not dedicated personnel or professional technicians, they shall be regularly trained in accordance with the regulations. For the operating site of the factory, the operating environment inspection is conducted every six months to ensure that the operating site complies with the regulations.

3. Annual regular health checkups and health consultation services provided by professional nurses:

Regular employee health checkups (including those for special workers in the factory) are held every year. Two nurses are hired to handle labor health protection matters such as health management and occupational disease prevention to protect the physical and mental health of workers.

4. The Company regularly holds fire training and emergency drills for special places:

Emergency response drills are held at special operating sites every year for the emergency response capacity. General firefighting training is implemented every six

months to train employees in the steps of grouping, rehearsing, contingency and aftercare.

5. In order to promote on-site safety operations and ensure the necessary safety and health awareness of all levels of personnel, the Company has set basic standards for safety and health training hours for personnel of various systems, and the Safety and Health Office is responsible for the supervision:

- (1) New employees and employees under job rotation - no less than 3 hours of training each time.
- (2) General in-service employees other than those in the preceding paragraph - at least 6 hours of training every 3 years.
- (3) Occupational safety and health supervisors - at least 6 hours of training every 2 years.
- (4) Occupational safety and health management personnel - at least 12 hours of training every 2 years.

6. In order to maintain the safety of on-site staff, the Company provides for the use of on-site staff personal protective equipment such as safety helmets, safety belts, safety shoes, etc. which are listed as personal basic equipment and are regularly replaced and supplemented; to avoid on-site staff from any injury during work, the Company also has purchased security facilities such as isolation canvases, isolation railings, safety signs and safety nets for on-site personnel to use on site to reduce the risk of injury. The use of personal protective equipment and the installation of on-site safety facilities are listed as the focus of on-site inspections by the Safety and Health Office and occupational safety and health management personnel in various regions.

V. Labor-management Relations:

- (I) The Company's various employee welfare measures, study, training, retirement systems and their implementation, as well as the agreement between labor and management and various employee right protection measures:

Since its establishment in May 1974, the Company has been actively creating a harmonious working environment. In order to enable labor to have appropriate channels for two-way communication with the management on the Company's management policies, working environment and related welfare so as to seek a perfect solution and establish a consensus between labor and management, the specific practices are as follows:

1. Welfare measures:

The Company established the Employee Welfare Committee in 1978 to provide employees and their dependents with various welfare measures to improve the quality of leisure activities and enable employees to enjoy corporate profits. The implementation of the welfare measures of the Company and the Employee Welfare Committee is as follows:

(1) Company welfare measures:

- a. Employee marriage and funeral allowance
- b. Employee health checkup
- c. Group uniform

- d. Year-end bonus
- e. Year-end benefits
- f. Employee retirement pension
- g. Food allowance
- h. Labor insurance, health insurance, group insurance and occupational disaster insurance
- i. Birthday gift
- j. Seniority-based travel/prizes
- k. Year-end dinner/prize

(2) Employee Welfare Committee's welfare measures:

- a. Gifts for three major festivals
- b. Employee interest club subsidy
- c. Staff travel, cultural and recreational expenses
- d. Wedding gift, bereavement condolences, childbirth allowance, etc.
- e. Employee and child education scholarship
- f. Interest-free loans for distressed situations
- g. Birthday gift

2. Staff training:

Through a dedicated training unit, the training of new recruits or the on-the-job training of employees are arranged to enable employees to continue to absorb new knowledge and continue to grow. The statistics and expenditures on employee training in 2022 are as follows:

Training	Internal training	External training
Expenditure	NT\$1,630 (thousand)	882 (NT\$ thousand)
Number of trainees	1,367	925
Course name	<ul style="list-style-type: none"> 1. Pre-employment/transfer/on-the-job occupational safety and health education and training 2. Orientation and training for new recruits 3. On-site training for installation/adjustment 4. Basic installation/on-the-job training 5. Basic adjustment/on-the-job training 6. Basic maintenance/on-the-job training 7. On-the-job training on escalator maintenance 8. Education and training for transferred maintenance personnel 9. Escalator maintenance instructor training course 10. Elevator installation & inspection/technical education and training 11. Advanced education on electromagnetic brake maintenance 12. Advanced education on 	<ul style="list-style-type: none"> 1. 6-hour general training on safety and health 2. Type-A occupational safety and health supervisor 3. Category-C occupational safety and health service manager 4. Re-training for supervisors and personnel in charge of occupational safety and health 5. Education and training of first-aid personnel 6. Dust management supervisor training 7. Public works quality management training and re-training 8. Fire prevention supervisor/re-training 9. Forklift operator training/retraining 10. Stationary crane operator 11. Related courses for labor health nursing service 12. Supplier development and selection analysis 13. Case analysis and practice on risk and dispute prevention from various payment methods in international trade 14. Case analysis and know-how for cross-border procurement 15. Fraud detect by auditors on financial statements 16. Overall performance management and interviewing skills

Training	Internal training	External training
	system maintenance for all door series 13. Emergency rehearsal, education and training 14. Education and training for dust workers 15. On-the-job training on handling organic solvent 16. Respiratory protective equipment training 17. Hazard prevention and communication skills 18. Functional renewal seminar 19. On-site work education and training seminar	17. How to use digital technology to explore and improve operational procedures and fraud detection 18. Building sustainable competitiveness for enterprises under climate change 19. Ongoing Education for Accounting Managers of Issuers, Securities Firms, and Stock Exchanges 20. Rapid interpretation and preparation of ESC disclosure requirements of Corporate Governance 3.0

3. Through industrial trade unions, reach smooth upward communication and coordination between the labor and the management.

4. Retirement system and implementation status:

The Company formulated the "Labor Retirement Measures" in accordance with the Labor Standard Act. The monthly retirement reserve is allocated and deposited in the Bank of Taiwan's retirement pension account, and the Labor Pension Supervision Committee is established by both the labor and the management according to law to jointly supervise the allocation and use of the Company's retirement reserve in order to protect the employees' life after retirement. In addition, for new employees after July 1, 2005 and those who changed from the old system to the new system (Labor Pension Act) before June 30, 2010, their pensions are paid monthly by the Company according to the government's salary scale from 6% of the employee's monthly salary to the personal account at the Labor Insurance Bureau.

5. Employee Code of Conduct:

In order to enable the employees of the Company to uphold the core value of "integrity and innovation" and construct the four pillars of "happy employees," "satisfied customers," "satisfied shareholders" and "harmonious society," and move forward to the GFC enterprise paradise through a proper code of conduct, the Employee Code of Conduct is specially formulated and the content is summarized as follows:

- a. Relationship among employees - The relationship among employees shall be based on mutual trust, mutual assistance and dedication to the Company.
- b. Our relationship with the Company - We understand the Company's trust in us, and employees shall act with integrity to maintain the Company's trust in us; therefore, we shall avoid conflicts of interest so as not to affect our judgment.
- c. Our relationship with other companies/manufacturers -When dealing with other companies, it is very important to maintain our "honest and fair" reputation. We shall observe professional ethics when dealing with suppliers, and must not give or accept manufacturers' gifts or rebates which may affect our business decision making.

- d. Our relationship with consumers - To win consumers' trust with products of superior quality and performance.
- e. Our relationship with the society - Participate in local donations and volunteer work, and comply with relevant government laws and regulations when handling the Company's business.

6. Group Agreement:

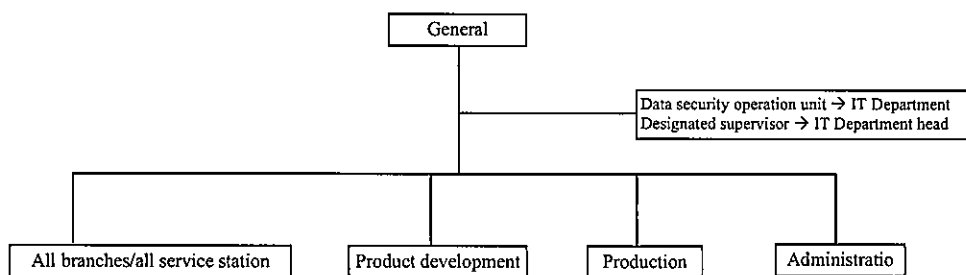
Although the Company has not formally signed a group agreement, the labor-management relationship is harmonious. The management representatives participate in union board meetings at least four times a year to facilitate smooth communication between labor and management. During each union board meeting, the Company's management representatives listen attentively to the opinions of the union representatives and provide relevant responses or corresponding proposals. For demands that cannot be agreed upon, reasonable justifications and evidence are presented, and labor and management reach a consensus. Currently, both parties have reached agreements on working hours, overtime, year-end bonuses, and employee trips. Ongoing communication is also taking place regarding other claims or opinions to enhance employee welfare and promote harmonious labor-management relations.

(II) Current and future estimated amounts and corresponding measures

Due to the harmonious labor-management relationship and smooth communication channels, the Company does not expect any possible disputes in the future.

VI. Data security management:

(I) Information security risk management framework:



1. General manager: the principal responsible person for the data security of the Company
2. Data security operation unit: IT Department
 - (1) Designated supervisor: IT Department head
 - (2) Appoint data security specialist for formulating, monitoring, inspecting and advocating data security operation.
 - (3) Update monthly report on data security operations
3. The top supervisor of each branch, service station, and each department: Responsible for the information security implementation status in the unit under their supervision

(II) Information security policy:

1. Comply with the relevant regulations on the Company's information security, protect the security of the Company's information assets, and ensure the sustainable operation of the Company.
2. Instruct all employees to carry out information security protection, follow the related policies and regulations, and ensure the continuous operation of the Company's business.

(III) Specific management plans

1. Network security management - preventing hackers from unwanted entering.
2. System access control - forcing users to update passwords regularly to maintain the validity of the access authority.
3. Anti-virus management - installation of anti-virus software and real-time backup to prevent ransomware incidents.
4. Information security training: No clicking on unknown emails or links.
5. Ensure system availability - management of backup data in remote locations.
6. Computer security management - maintain the continuous operation of the computer mainframe equipment.

(IV) Resources investment for IT security:

1. The Company invests NT\$90,000 to scan and detect vulnerabilities throughout the server system and website.
2. The expenditure for maintenance of anti-virus software, hardware and IP Guard information security software is NT\$880,000.
3. The Company plans to purchase database servers, databases (including execution programs, authorization, and database construction for development environment). Anti-virus software maintenance, hardware maintenance, and IP Guard information security software maintenance are expected to cost NT\$ 6.4 million.

VII. Important Contracts:

Contractual nature	Parties involved	Contract start date	Main content	Restrictions
Technical Cooperation Contract	Toshiba Elevator Co., Ltd.	From January 1, 2017 to December 31, 2026	Introducing the latest development technology and models of Toshiba Elevator and expanding and improving the current production line to improve the Company's technology and productivity, together with the agreement to pay the technical compensation fee.	None
General Agent Contract	Toshiba Elevator Co., Ltd.	From January 1, 2022 to December 31, 2023	Toshiba Elevator Co., Ltd. appointed the Company as the sole agent of elevators and escalators in our country to jointly safeguard the rights and interests of both parties.	None
Cooperative Contracts	The Company's subsidiaries GFC Cayman Islands Limited and Shanghai Zhouqi Industrial Co., Ltd. of China	December 26, 1997 to December 25, 2037	<ol style="list-style-type: none"> 1. Name of the partner company: Shanghai GFC Elevator Co., Ltd. (Formerly known as Shanghai Jifuxi Mechanical and Electrical Equipment Co., Ltd.) 2. Scope of production and operation: Production, sales and installation of diesel generators (except marine generators), passenger elevators, freight elevators and related spare parts and maintenance services. 3. Cooperation conditions: <ol style="list-style-type: none"> a. The total investment is US\$40 million and the registered capital is US\$16 million. b. Shanghai Zhouqi Industrial Co., Ltd. of China provides the right-of-use of 16,457 square meters of land for 40 years and the rent is collected annually without being involved in operations and earnings distribution. 	Products of partner companies are sold in China and overseas markets, of which export accounts for 30%, and domestic sales accounts for 70%.

Note 1: The standard for important contracts is that the amount is over NT\$100 million.

VI. Financial Status Overview

I. Concise Financial Information for the Past Five Years:

(I) Condensed balance sheet - Consolidated and parent-only financial statements - IFRS

Unit: NTD thousand

Item \ Year	Consolidated financial information in the last five years (Note 1)					Current year as of March 31, 2023 Financial information (Note 1)
	2018	2019	2020	2021	2022	
Current assets	4,393,090	4,443,160	4,980,065	5,723,120	6,403,241	6,360,104
Property, plant and equipment (Note 2)	1,108,600	1,093,785	1,076,079	1,145,326	1,126,581	1,120,286
Intangible assets	4,102	84,217	82,225	78,087	82,333	81,323
Other assets (Note 2)	1,553,921	1,555,824	1,574,707	1,463,021	1,413,023	1,436,400
Total assets	7,059,713	7,176,986	7,713,076	8,409,554	9,025,178	8,998,113
Current liabilities	Before distribution	2,814,743	2,784,351	3,186,980	3,610,077	4,013,533
	After distribution	3,274,974	3,262,283	3,718,016	4,176,515	-
Non-current liabilities		207,277	142,831	69,218	66,933	66,992
Total liabilities	Before distribution	3,022,020	2,927,182	3,256,198	3,677,010	4,080,525
	After distribution	3,482,251	3,405,114	3,787,234	4,243,448	-
Equity attributable to owners of parent Company		4,037,690	4,249,831	4,456,874	4,732,623	4,944,839
Share capital		1,770,120	1,770,120	1,770,120	1,770,120	1,770,120
Additional paid-in capital		60,603	60,603	60,830	60,830	63,404
Retained earnings	Before distribution	2,280,488	2,493,200	2,710,452	2,924,819	3,178,718
	After distribution	1,820,257	2,015,268	2,179,416	2,358,381	-
Other equity		(73,521)	(74,319)	(84,528)	(23,146)	(67,403)
Treasury stock		0	0	0	0	0
Non-controlling equity		3	(27)	4	(79)	(186)
Owners' equity Total	Before distribution	4,037,693	4,249,804	4,456,878	4,732,544	4,944,653
	After distribution	3,577,462	3,771,872	3,925,842	4,166,106	-

Unit: NTD thousand

Item \ Year	Individual financial information in the last five years (Note 1)				
	2018	2019	2020	2021	2022
Current assets	4,189,602	4,213,772	4,685,526	5,328,482	5,959,924
Property, plant and equipment (Note 2)	1,072,775	1,065,409	1,051,217	1,124,870	1,108,170
Intangible assets	3,975	83,432	81,629	77,375	82,120
Other assets (Note 2)	1,695,032	1,735,582	1,803,552	1,760,653	1,743,412
Total assets	6,961,384	7,098,195	7,621,924	8,291,380	8,893,626
Current liabilities	Before distribution	2,717,477	2,706,198	3,096,477	3,492,544
	After distribution	3,177,708	3,184,130	3,627,513	4,058,982
Non-current liabilities		206,217	142,166	68,573	66,213
Total liabilities	Before distribution	2,923,694	2,848,364	3,165,050	3,558,757
	After distribution	3,383,925	3,326,296	3,696,086	4,125,195

Item \ Year	Individual financial information in the last five years (Note 1)				
	2018	2019	2020	2021	2022
Equity attributable to owners of parent Company	4,037,690	4,249,831	4,456,874	4,732,623	4,944,839
Share capital	1,770,120	1,770,120	1,770,120	1,770,120	1,770,120
Additional paid-in capital	60,603	60,830	60,830	60,830	63,404
Retained earnings	Before distribution	2,280,488	2,493,200	2,710,452	2,924,819
	After distribution	1,820,257	2,015,268	2,179,416	2,358,381
Other rights and interests	(73,521)	(74,319)	(84,528)	(23,146)	(67,403)
Treasury shares	0	0	0	0	0
Non-controlling interests	0	0	0	0	0
Owners' equity Total	Before distribution	4,037,690	4,249,831	4,456,874	4,732,623
	After distribution	3,577,459	3,771,899	3,925,838	4,166,185

Note 1: The financial information of the last five years has been certified by independent auditors; the financial information for the first quarter of 2023 has been reviewed by the independent auditor.

Note 2: So far, the Company has not conducted asset revaluation.

Note 3: The figures after distribution are based on the resolutions of the shareholders' meeting of the following year.

Condensed statement of comprehensive income - IFRS

Unit: NTD thousand

Item \ Year	Consolidated financial information in the last five years (Note)					Current year as of Financial information on March 31, 2023 (note)
	2018	2019	2020	2021	2022	
Operating income	4,249,443	4,280,041	4,393,396	4,605,023	4,739,507	1,148,769
Net operating margin	1,256,449	1,288,356	1,316,506	1,417,664	1,405,425	394,772
Operating profit/loss	740,356	797,266	834,225	888,134	857,455	256,534
Non-operating income and expenditure	27,573	36,012	40,451	80,597	175,552	44,435
Net profit before tax	767,929	833,278	874,676	968,731	1,033,007	300,969
Units with continuing business net profit of the current period	642,521	679,283	725,709	777,883	847,811	240,113
Loss of units with business suspended	-	-	-	-	-	-
Net income (loss) of the current period	642,521	679,283	725,709	777,883	847,811	240,113
Other comprehensive income in the current period (net income after tax)	7,649	(7,168)	(40,703)	28,819	(71,837)	9,503
Total comprehensive income of the current period	650,170	672,115	685,006	806,702	775,974	249,616
Net income attributable to parent Company owner	642,511	679,312	725,678	777,924	847,892	240,130
Net income attributable to non-controlling interests	10	(29)	31	(41)	(81)	(17)
Comprehensive income attributable to parent Company owner	650,168	672,145	684,975	806,785	776,081	249,633
Comprehensive income attributable to Non-controlling interests	2	(30)	31	(83)	(107)	(17)
Earnings per share	3.63	3.84	4.10	4.39	4.79	1.36

Unit: NTD thousand

Item \ Year	Individual financial information in the last five years				
	2018	2019	2020	2021	2022
Operating income	4,074,993	4,185,425	4,289,039	4,505,572	4,648,474
Net operating margin	1,181,322	1,219,899	1,257,338	1,358,297	1,350,668
Operating profit/loss	708,706	752,287	781,095	839,654	827,649
Non-operating income and expenditure	57,328	78,439	90,061	118,623	199,644
Net profit before tax	766,034	830,726	871,156	958,277	1,027,293
Units with continuing business net profit of the current period	642,511	679,312	725,678	777,924	847,892
Loss of units with business suspended	-	-	-	-	-
Net income (loss) of the current period	642,511	679,312	725,678	777,924	847,892
Other comprehensive income in the current period (net income after tax)	7,657	(7,167)	(40,703)	28,861	(71,811)
Total comprehensive income of the current period	650,168	672,145	684,975	806,785	776,081
Net income attributable to parent Company owner	642,511	679,312	725,678	777,924	847,892
Net income attributable to non-controlling interests	-	-	-	-	-
Comprehensive income attributable to parent Company owner	650,168	672,145	684,975	806,785	776,081
Comprehensive income attributable to Non-controlling interests	-	-	-	-	-
Earnings per share	3.63	3.84	4.10	4.39	4.79

Note: The financial information of the last five years has all been certified by independent auditors. Note: The financial information for the first quarter of 2023 has been reviewed by the independent auditor.

(II) Names and audit opinions of independent auditors in the last five years

Year	Name of independent auditor	Audit Opinion
2018	Wen-Fun Fuh, Chun-Ting Ma	Unqualified opinion
2019	Wen-Fun Fuh, Chun-Ting Ma	Unqualified opinion
2020	Wen-Fun Fuh, Chun-Ting Ma	Unqualified opinion
2021	Wen-Fun Fuh, Chun-Ting Ma	Unqualified opinion
2022	Wen-Fun Fuh, Chun-Ting Ma	Unqualified opinion

II. Financial Analysis

(1) Financial Analysis - Adopting International Financial Reporting Standards

Analysis items (Note 2)		Year	Consolidated financial analysis in the last five years					Current year as of March 31, 2023 (Note)
			2018	2019	2020	2021	2022	
Financial structure (%)	Debt-to-asset ratio		42.81%	40.79%	42.22%	43.72%	45.21%	42.27%
	Long-term capital as a percentage of property, plant and equipment		382.91%	401.60%	420.61%	419.05%	444.85%	468.30%
Solvency%	Current ratio		156.07%	159.58%	156.26%	158.53%	159.54%	169.52%
	Quick ratio		82.37%	94.08%	97.18%	101.23%	99.69%	103.12%
	Times interest earned		712.70	2008.90	1549.10	1284.09	2301.68	2551.58
Operating ability	Receivable turnover (number of times)		4.53	5.01	4.98	4.69	4.57	4.57
	Average cash in days		80.57	72.85	73.29	77.82	79.86	79.87
	Inventory turnover (number of times)		2.08	1.59	1.75	1.68	1.54	1.27
	Payable turnover (number of times)		4.96	9.17	8.83	8.46	8.29	7.66
	Average days sold		175.48	229.55	208.57	217.26	237.01	287.40
	Turnover of property, plant and equipment (number of times)		4.01	3.89	4.05	4.15	4.17	4.09
	Total asset turnover (number of times)		0.65	0.60	0.59	0.57	0.54	0.51
Profitability	ROA (%)		9.82%	9.55%	9.75%	9.66%	9.73%	10.66%
	ROE (%)		16.12%	16.39%	16.67%	16.93%	17.52%	18.95%
	Paid-in capital (%)	Operating income	41.83%	45.04%	47.13%	50.17%	48.44%	57.94%
		Net profit before tax	43.38%	47.07%	49.41%	54.73%	58.36%	68.01%
	Net profit ratio (%)		15.12%	15.87%	16.52%	16.89%	17.89%	20.90%
	Earnings per share (NT\$)		3.63	3.84	4.10	4.39	4.79	1.36
Cash flow	Cash flow ratio (%)		20.22%	33.75%	24.94%	28.18%	20.89%	-0.52%
	Cash flow allowance ratio (%)		150.01%	136.02%	128.02%	129.51%	121.97%	121.79%
	Cash reinvestment ratio (%)		0.47%	10.95%	7.14%	10.25%	5.55%	-0.38%
Leverage	Operational leverage		1.64	1.58	1.55	1.57	1.61	1.52
	Financial leverage		1.00	1.00	1.00	1.00	1.00	1.00

Note: The financial information for the first quarter of 2023 was reviewed by the independent auditor. Please explain the reasons for the changes in various financial ratios in the last two years. (If the increase or decrease is less than 20%, the analysis is exempted)
Increase or decrease less than 20%: None.

Analysis items (Note 2)		Year	Individual financial analysis in the last five years				
			2018	2019	2020	2021	2022
Financial structure %	Debt-to-asset ratio		42.00%	40.13%	41.53%	42.92%	44.40%
	Long-term capital as a percentage of property, plant and equipment		395.60%	412.24%	430.50%	426.61%	452.19%
Debt repayment ability %	Current ratio		154.17%	155.71%	151.32%	152.57%	153.51%
	Quick ratio		79.56%	89.88%	91.61%	94.75%	93.16%
	Times interest earned		2947.28	2136.54	1542.87	1271.92	2288.96
Operating ability	Receivable turnover (number of times)		4.60	5.03	4.94	4.63	4.52
	Average cash in days		79.35	72.55	73.88	78.83	80.75
	Inventory turnover (number of times)		2.11	1.61	1.75	1.69	1.56
	Payable turnover (number of times)		5.26	10.67	9.97	9.61	9.30
	Average days sold		172.82	226.90	208.09	215.98	233.97
	Turnover of property, plant and equipment (number of times)		3.99	3.91	4.05	4.14	4.16
	Total asset turnover (number of times)		0.64	0.60	0.58	0.57	0.54
Profitability ability	ROA (%)		10.04%	9.67%	9.87%	9.78%	9.87%
	ROE (%)		16.12%	16.39%	16.67%	16.93%	17.52%
	Ratio of paid-in capital (%)	Operating income	40.04%	42.50%	44.13%	47.43%	46.76%
		Net profit before tax	43.28%	46.93%	49.21%	54.14%	58.04%
	Net profit ratio (%)		15.77%	16.23%	16.92%	17.27%	18.24%
	Earnings per share (NT\$)		3.63	3.84	4.10	4.39	4.79
Cash flow	Cash flow ratio (%)		18.11%	33.64%	23.51%	27.55%	18.52%
	Cash flow allowance ratio (%)		136.39%	124.42%	111.04%	116.96%	112.54%
	Cash reinvestment ratio (%)		-1.35%	10.46%	5.76%	9.27%	3.17%
Leverage	Operational leverage		1.66	1.61	1.59	1.60	1.62
	Financial leverage		1.00	1.00	1.00	1.00	1.00

Note 1: The financial analysis data of the last five years have all been verified and certified by the independent auditor.

Note 2: The calculation formula of financial analysis:

1. Financial structure

- (1) Ratio of liabilities to assets = total liabilities/total assets.
- (2) The ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities)/net of property, plant and equipment.

2. Solvency

- (1) Current ratio = current assets/current liabilities.
- (2) Quick ratio = (current assets - inventory-prepaid expenses)/current liabilities.
- (3) Times interest earned = earnings before income tax and interest expense/interest expense for the current period.

3. Operating capacity

- (1) Receivables (including accounts receivable and bills receivable due to business) turnover ratio = net sales/ balance of average receivables in each period (including accounts receivable and notes receivable due to business).
- (2) Average cash collection days = 365/receivables turnover ratio.
- (3) Inventory turnover ratio = cost of goods sold/average inventory amount.
- (4) Payables (including accounts payable and bills payable due to business) turnover ratio = cost of goods sold/balance of average payables (including accounts payable and bills payable due to business) in each period.
- (5) Average days sold = 365/inventory turnover rate.
- (6) Property, plant and equipment turnover ratio = net sales/average net property, plant and equipment.
- (7) Total asset turnover ratio = net sales/average total assets.

4. Profitability

- (1) Return on assets = [profit and loss after tax + interest expense \times (1-tax rate)]/average total assets.
- (2) Return on equity = profit or loss after tax/average total equity.
- (3) Net profit margin = after-tax profit or loss/net sales.
- (4) Earnings per share = (profit and loss attributable to owners of the parent company - dividends on special shares)/weighted average of issued shares.

5. Cash flow

- (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
- (2) Net cash flow allowance ratio = net cash flow from business activities in the last five years/capital expenditure + increase in inventory + cash dividends in the last five years.
- (3) Cash reinvestment ratio = (net cash flow from business activities - cash dividend)/(gross property, plant and equipment + long-term investment + other non-current assets + working capital).

6. Leverage:

- (1) Operating leverage = (net operating income - variable operating costs and expenses)/operating profit.
- (2) Financial leverage = operating profit/(operating profit - interest expense).

III. Audit Committee's review report on the financial reports of the most recent year:

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 business report, financial statements (including consolidated and parent only financial statements), and earnings appropriation. The financial statements have been audited by CPAs Wen-Fun Fuh and Chun-Ting Ma of Ernst & Young, Taiwan, and the audit report has been issued. The aforementioned business report, financial statements, and earnings appropriation proposal have been reviewed by the Audit Committee, and deemed correct. We therefore submit them for your review in accordance with the provisions Article 14-4 of of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

GFC Ltd. 2023 Annual General Meeting

Convener of the Auditing Committee: Tung-Hsu Lin

March 24, 2023

IV. Financial Report of the Most Recent Year

REPRESENTATION LETTER

English Translation of the Representation Letter Originally Issued in Chinese

The companies that are required to be included in the combined financial statements of GFC, LTD. as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No.10. "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, GFC, LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

GFC, LTD.

By

TANG, BO-LONG

Chairman

March 24, 2023

English Translation of Audit Report Originally Issued in Chinese

Audit Report of Independent Accountants

To GFC, LTD.:

Audit Opinion

We have audited the accompanying consolidated balance sheets of GFC, LTD. (the “Company”) and its subsidiaries as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial positions of the Company and its subsidiaries as of December 31, 2022 and 2021, and their consolidated financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 consolidated financial statements. These matters were addressed in the context 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 these matters.

Allowance for Receivables

The accounts receivable of the Company and its subsidiaries as of December 31, 2022 amounted to \$806,715 thousand, accounting for 9% of the total consolidated assets, and had a significant impact on the consolidated financial statements. Since the amount of allowance for accounts receivable is measured by the lifetime expected credit losses, the measurement process shall appropriately distinguish groups of accounts receivable, and judge and analyze the application of related assumptions in the measurement process, including the consideration of appropriate account aging interval, loss rate of each account aging interval and its forward-looking information. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net accounts receivable, we therefore considered this a key audit matter. Our audit procedures included (but are not limited to) understanding the internal control established by the management for accounts receivable collection management and testing the effectiveness of the internal control; evaluating the appropriateness of the loss allowance policy and the reasonableness of loss rate, and testing the preparation matrix used to measure the loss allowance, including evaluating whether the determination of each group's aging interval and the estimation of loss rate are reasonable and checking the correctness of the original voucher based on the fundamental information; testing the relevant statistical information of loss rate calculated by roll rate; considering the reasonableness of the forward-looking information included in the loss rate evaluation; evaluating whether the forward-looking information affected the loss rate; reviewing the subsequent period collection of receivables and considering whether the assessment of recoverability was reasonable; carrying out analytical review to assess the turnover rate of receivables. We also considered the appropriateness of the disclosure of accounts receivable in Notes 4, 5 and 6 to the consolidated financial statements.

Inventory Valuation

The inventory of the Company and its subsidiaries as of December 31, 2022 amounted to \$2,336,825 thousand, accounting for 26% of the total consolidated assets, and had a significant impact on the consolidated financial statements. As the technology of elevator production advances with each passing day, inventory may be obsolete or the selling price may decline. The valuation of inventory net realizable value and the loss allowance provision involved significant amount of management judgment. In our opinion, the inventory valuation is important for the audit of the consolidated financial statements, we therefore considered it a key audit matter. Our audit procedures included (but are not limited to): understanding the appropriateness and testing the effectiveness of the internal control established by the management for inventory valuation and obsolete loss; taking inventory at the end of the period and carrying out inventory sampling at the inventory storage site to observe whether there is obsolete inventory at the site; testing the accumulated inventory cost of construction in process and evaluating the appropriate attribution and classification of the construction in process cost at the end of the period; and evaluating the reasonableness of the allowance for inventory proposed by the management. We also considered the appropriateness of inventory disclosure in Notes 4, 5 and 6 to the consolidated financial statements.

Revenue Recognition

The main source of revenue of the Company and its subsidiaries is the sales and maintenance of elevator related products. Due to the differences in the characteristics of various sources of revenue, it is necessary to determine whether the performance obligation and the applicable revenue recognition method are over time or at a certain point in time. The amount of revenue recognized and the recognition method involve judgment and analysis, and in our opinion it is important to the audit of revenue recognition of the consolidated financial statements, so it is determined to be a key audit matter. Our audit procedures included (but are not limited to) understanding the internal control established by the management regarding the sales, installation, maintenance and repair of elevator related commodities and testing the effectiveness of the internal control; assessing the appropriateness of the accounting policies for revenue recognition; assessing the reasonableness of the management's identification of the performance obligation related to revenue and the time of recognition; reviewing the major transaction contract terms and sample checking the contract performance related documents with respect to goods or services already transferred; and conducting analytical review of the gross profit margin and major customers. We also considered the appropriateness of the accounting policies for the recognition of revenue and related disclosures in Notes 4 and 6 to the consolidated financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of other auditors. These associates and joint ventures under equity method amounted to \$27,786 thousand and \$29,172 thousand, both representing were 0.3% of consolidated total assets as of December 31, 2022 and 2021. The related shares of profits (loss) from the associates and joint ventures under the equity method amounted to \$1,336 thousand and \$6,615 thousand, representing 0.1% and 0.7% of the consolidated income before tax for the years ended December 31, 2022 and 2021, respectively, and the related shares of other comprehensive income (loss) from the associates and joint ventures under the equity method amounted to \$4,615 thousand and \$(5,792) thousand, representing (6.4)% and (20)% of the consolidated comprehensive income (loss) for the years ended December 31, 2022 and 2021, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

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 that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, 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 Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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 audit 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 an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. 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 disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with 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 charged with 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 consolidated financial statements and are therefore the key audit matters. 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 communication.

Other

We have audited and expressed an unqualified opinion including an other matter paragraph on the parent company only financial statements of the Company as of and for the years ended December 31, 2022 and 2021.

/s/Fuh, Wen-Fun

/s/Ma, Chun-Ting

Ernst & Young, Taiwan
March 24, 2023

Notice to Readers:

The accompanying consolidated financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices the Standards on Auditing of the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those Standards on Auditing of the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GFC, LTD. and Subsidiaries

Consolidated Balance Sheets

December 31, 2022 and December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets	Note	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4 & 6.(1)	\$2,289,620	25	\$1,902,682	23
Financial assets at fair value through profit or loss - current	4 & 6.(2)	545,772	6	675,327	8
Financial assets at amortised cost - current	4 & 6.(14)	39,207	-	25,545	-
Notes receivable, net	4, 6.(4) & 6.(16)	236,711	3	251,521	3
Accounts receivable, net	4, 6.(5) & 6.(16)	806,715	9	778,407	9
Other receivables	4 & 6.(16)	53,322	1	14,313	-
Inventories	4 & 6.(6)	2,336,825	26	1,997,795	24
Prepayments		65,179	1	70,912	1
Non-current assets classified as held for sale, net	4 & 6.(7)	15,421	-	-	-
Other current assets		14,469	-	6,618	-
Total current assets		6,403,241	71	5,723,120	68
Non-current assets					
Financial assets at fair value through other comprehensive income - non-current	4 & 6.(3)	13,409	-	63,817	1
Financial assets at amortised cost - non-current	4 & 6.(16)	5,282	-	34,343	1
Investments accounted for using equity method	4 & 6.(8)	27,786	-	29,172	-
Property, plant and equipment	4 & 6.(9)	1,126,581	13	1,145,326	14
Right-of-use assets	4, 6.(17) & 7	29,789	-	18,019	-
Investment property, net	4 & 6.(10)	809,642	9	828,182	10
Intangible assets	4 & 6.(11)	82,333	1	78,087	1
Deferred tax assets	4 & 6.(21)	210,075	2	198,051	2
Refundable deposits	8	300,593	4	276,001	3
Other non-current assets - other		16,447	-	15,436	-
Total non-current assets		2,621,937	29	2,686,434	32
Total assets		\$9,025,178	100	\$8,409,554	100

(The accompanying notes are integral part of the consolidated financial statements)

Chairman: Tang, Po-Loung

General Manager: Yu, Pen-Li

Chief Accounting Officer: Lu, Ying-Chen

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GFC, LTD. and Its Subsidiaries

Consolidated Balance Sheets (continued)

December 31, 2022 and December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Note	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Current liabilities					
Contract liabilities - current	4 & 6.(15)	\$2,740,380	30	\$2,376,838	28
Notes payable	4	71,406	1	75,626	1
Accounts payable	4	340,292	4	316,810	4
Other payables	4	616,824	7	591,194	7
Current tax liabilities	4 & 6.(21)	102,596	1	120,874	2
Provisions	4	108,800	1	100,484	1
Lease liabilities - current	4, 6.(17) & 7	10,250	-	6,579	-
Other current liabilities	4	22,985	-	21,672	-
Total current liabilities		4,013,533	44	3,610,077	43
Non-current liabilities					
Deferred tax liabilities	4 & 6.(21)	18	-	-	-
Lease liabilities - non-current	4, 6.(17) & 7	19,866	-	11,607	-
Defined benefit liabilities - net	4 & 6.(13)	38,832	1	47,014	-
Other non-current liabilities		8,276	-	8,312	-
Total non-current liabilities		66,992	1	66,933	-
Total liabilities		4,080,525	45	3,677,010	43
Equity attributable to the parent company					
Capital	6.(14)				
Common stock		1,770,120	20	1,770,120	21
Additional paid-in capital	6.(14)	63,404	1	60,830	1
Retained earnings	6.(14)				
Legal reserve		1,330,369	15	1,255,829	15
Special reserve		23,146	-	84,529	1
Unappropriated earnings		1,825,203	20	1,584,461	19
Total retained earnings		3,178,718	35	2,924,819	35
Other equity	4 & 6.(14)	(67,403)	(1)	(23,146)	-
Non-controlling interests	4 & 6.(14)	(186)	-	(79)	-
Total equity		4,944,653	55	4,732,544	57
Total liabilities and equity		\$9,025,178	100	\$8,409,554	100

(The accompanying notes are integral part of the consolidated financial statements)

Chairman: Tang, Po-Loung

General Manager: Yu, Pen-Li

Chief Accounting Officer: Lu, Ying-Chen

English Translation of Consolidated Financial Statements Originally Issued in Chinese
GFC, LTD. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Note	2022		2021	
		Amount	%	Amount	%
Operating revenue	4 & 6.(15)	\$4,739,507	100	\$4,605,023	100
Operating costs	4 & 6.(18)	(3,334,082)	(70)	(3,187,359)	(69)
Gross profit		1,405,425	30	1,417,664	31
Operating expenses	6.(16), 6.(17), 6.(18) & 7				
Sales and marketing expenses		(137,538)	(3)	(134,061)	(3)
General and administrative expenses		(362,187)	(8)	(359,354)	(8)
Research and development expenses		(42,367)	(1)	(40,741)	(1)
Expected credit (losses) gains		(5,878)	-	4,626	-
Total operating expenses		(547,970)	(12)	(529,530)	(12)
Operating income		857,455	18	888,134	19
Non-operating income and expenses	4, 6.(7), 6.(19) & 7				
Interest revenue		14,264	-	8,341	-
Other income		121,880	3	44,038	1
Other gains and losses		38,521	1	22,358	1
Financial costs		(449)	-	(755)	-
Share of profit or loss of associates and joint ventures accounted for using equity method		1,336	-	6,615	-
Total non-operating income and expenses		175,552	4	80,597	2
Income before income tax		1,033,007	22	968,731	21
Income tax expense	4 & 6.(21)	(185,196)	(4)	(190,848)	(4)
Net income		847,811	18	777,883	17
Other comprehensive income (loss)	4 & 6.(20)				
Not to be reclassified to profit or loss in subsequent periods					
Remeasurements of defined benefit pension plans		(34,444)	(1)	(40,639)	(1)
Unrealized gains or losses from equity investments measured at fair value through other comprehensive income		(50,687)	(1)	69,184	2
Share of other comprehensive income of associates and joint ventures		4,615	-	(5,792)	-
Income tax related to items that will not be reclassified subsequently		6,890	-	8,118	-
To be reclassified to profit and loss in subsequent periods					
Exchange differences resulting from translating the financial statements of foreign operations		2,242	-	(2,555)	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss		(453)	-	503	-
Total other comprehensive income (loss), net of tax		(71,837)	(2)	28,819	1
Total comprehensive income		\$775,974	16	\$806,702	18
Net income (loss) attributable to:					
Stockholders of the parent		\$847,892		\$777,924	
Non-controlling interests		\$(81)		\$(41)	
Comprehensive income (loss) attributable to:					
Stockholders of the parent		\$776,081		\$806,785	
Non-controlling interests		\$(107)		\$(83)	
Earnings per share (expressed in dollars)	6.(22)				
Basic earnings per share		\$4.79		\$4.39	
Diluted earnings per share		\$4.79		\$4.39	

(The accompanying notes are integral part of the consolidated financial statements)

Chairman: Tang, Po-Loung

General Manager: Yu, Pen-Li

Chief Accounting Officer: Lu, Ying-Chen

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GFC, LTD. and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to the parent company								Total equity
	Retained earnings					Other Components of Equity			
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	Non-controlling interests	
Balance as at January 1, 2021	\$1,770,120	\$60,830	\$1,186,311	\$74,319	\$1,449,822	\$(6,601)	\$(77,927)	\$4	\$4,456,878
Appropriation and distribution of 2020 retained earnings									
Legal reserve	-	-	69,518	-	(69,518)	-	-	-	-
Special reserve	-	-	-	10,210	(10,210)	-	-	-	-
Cash dividends	-	-	-	-	(531,036)	-	-	-	(531,036)
Net income for the year ended December 31, 2021	-	-	-	-	777,924	-	-	(41)	777,883
Other comprehensive income (loss), net of tax for the year ended December 31, 2021	-	-	-	-	(32,521)	(2,010)	63,392	(42)	28,819
Total comprehensive income	-	-	-	-	745,403	(2,010)	63,392	(83)	806,702
Balance as at December 31, 2021	\$1,770,120	\$60,830	\$1,255,829	\$84,529	\$1,584,461	\$(8,611)	\$(14,535)	\$(79)	\$4,732,544
Balance as at January 1, 2022	\$1,770,120	\$60,830	\$1,255,829	\$84,529	\$1,584,461	\$(8,611)	\$(14,535)	\$(79)	\$4,732,544
Appropriation and distribution of 2021 retained earnings									
Legal reserve	-	-	74,540	-	(74,540)	-	-	-	-
Special reserve	-	-	-	(61,383)	61,383	-	-	-	-
Cash dividends	-	-	-	-	(566,439)	-	-	-	(566,439)
Other additional paid-in capital									
Donated assets received	-	2,574	-	-	-	-	-	-	2,574
Net income for the year ended December 31, 2022	-	-	-	-	847,892	-	-	(81)	847,811
Other comprehensive income (loss), net of tax for the year ended December 31, 2022	-	-	-	-	(27,554)	1,815	(46,072)	(26)	(71,837)
Total comprehensive income	-	-	-	-	820,338	1,815	(46,072)	(107)	775,974
Balance as at December 31, 2022	\$1,770,120	\$63,404	\$1,330,369	\$23,146	\$1,825,203	\$(6,796)	\$(60,607)	\$(186)	\$4,944,653

(The accompanying notes are integral part of the consolidated financial statements)

Chairman: Tang, Po-Loung

General Manager: Yu, Pen-Li

Chief Accounting Officer: Lu, Ying-Chen

English Translation of Consolidated Financial Statements Originally Issued in Chinese

GFC, LTD. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021		2022	2021
	Amount	Amount		Amount	Amount
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$1,033,007	\$968,731	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	300	50,334
Adjustments to reconcile profit (loss):			Acquisition of financial assets at amortised cost	-	(18,518)
Income and expense adjustments:			Disposal of financial assets at amortised cost	15,399	-
Depreciation	56,220	58,177	Acquisition of financial assets at fair value through profit or loss	(675,000)	(814,858)
Amortization	6,834	7,597	Disposal of financial assets at fair value through profit or loss	800,141	730,825
Expected credit losses (gains)	5,878	(4,626)	Proceeds from capital reduction of investments accounted for using equity method	-	11,579
Net gains on financial assets or liabilities at fair value through profit or loss	4,414	(3,163)	Acquisition of property, plant and equipment	(14,592)	(112,164)
Interest expense	449	755	Disposal of property, plant and equipment	39,031	27,863
Interest income	(14,264)	(8,341)	Increase in refundable deposits	(24,592)	-
Dividend income	(77,092)	(3,175)	Decrease in refundable deposits	-	139,113
Share of profit of associates and joint ventures accounted for using equity method	(1,336)	(6,615)	Acquisition of intangible assets	(8,321)	(407)
Gain on disposal of property, plant and equipment	(26,278)	(25,940)	Increase in prepayment for equipment	(20,076)	(1,079)
Losses on disposal of intangible assets	9	-	Dividends received	84,429	9,491
Gain on lease modification	-	(13)	Net cash provide by investing activities	196,719	22,179
Total income and expense adjustments	<u>(45,166)</u>	<u>14,656</u>			
Changes in operating assets and liabilities:			Cash flows from financing activities:		
Decrease (increase) in notes receivable	14,952	(32,789)	Decrease in short-term borrowings	-	(100,000)
Increase in accounts receivable	(25,831)	(57,148)	Decrease in guarantee deposits	(36)	(29)
Decrease in other receivables	23,759	2,368	Cash payments for principal portion of the lease liabilities	(11,648)	(12,784)
Increase in inventories	(339,030)	(193,412)	Cash dividends	<u>(566,439)</u>	<u>(531,036)</u>
Decrease in prepayments	5,733	7,728	Net cash used in financing activities	<u>(578,123)</u>	<u>(643,849)</u>
(Increase) decrease in other current assets	(7,851)	6,789			
Increase in other operating assets	(4,566)	(3,057)			
Increase in contract liabilities	363,542	409,772			
(Decrease) increase in notes payable	(1,646)	6,917			
Increase in accounts payable	23,482	24,744			
Increase in other payables	25,630	54,064			
Increase in provisions	8,316	10,225			
Increase (decrease) in other current liabilities	1,313	(1,479)			
Decrease in defined benefit liabilities	<u>(35,736)</u>	<u>(29,296)</u>			
Cash generated from operations	1,039,908	1,188,813	Effect of exchange rate changes on cash and cash equivalents	<u>(70,025)</u>	<u>(2,418)</u>
Interest received	13,982	8,763	Net increase in cash and cash equivalents	<u>386,938</u>	<u>393,179</u>
Interest paid	(43)	(446)	Cash and cash equivalents at beginning of period	<u>1,902,682</u>	<u>1,509,503</u>
Income tax paid	<u>(215,480)</u>	<u>(179,863)</u>	Cash and cash equivalents at end of period	<u><u>\$2,289,620</u></u>	<u><u>\$1,902,682</u></u>
Net cash provided by operating activities	<u>838,367</u>	<u>1,017,267</u>			

(The accompanying notes are integral part of the consolidated financial statements)

Chairman: Tang, Po-Loung

General Manager: Yu, Pen-Li

Chief Accounting Officer: Lu, Ying-Chen

English Translation of Consolidated Financial Statements Originally Issued in Chinese
Notes to consolidated financial statements of
GFC, LTD. and subsidiaries
For the Years Ended December 31, 2022 and 2021
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

1. History and organization

Evolution of Parent Company

GFC, LTD. (hereinafter referred to as “the Company”) was established on May 30, 1974. The Company initially engaged in trade business and undertook crane installation projects of Ishikawa China Shipbuilding Company. The Company started engaging in the elevator and escalator business in June 1975. In April 1977, the Company and Toshiba Corporation of Japan formally signed an elevator technical cooperation contract for Taiwan and Japan markets. The Company was listed on the OTC market at the end of 1997. At present, its main business is the manufacturing and sales of elevators, escalators and generators. Its registered address and main operating site is on the 13th floor, No. 88, Section 2, Nanjing East Road, Taipei.

History of GFC Cayman Island Limited (subsidiary, hereinafter referred to as “GFC Cayman”) and Shanghai GFC elevator Co., Ltd. (sub-subsidiary, hereinafter referred to as “GFC Shanghai”):

- | | |
|---------------|--|
| 1993 | The Company remitted US\$10,000 to the British Cayman Islands to set up GFC Cayman Island Limited. |
| November 1997 | In November 1997, in accordance with the law of the People’s Republic of China on Sino-Foreign Cooperation, the Company signed a contract with Shanghai Zhouqi Industrial Co., Ltd. to jointly establish “GFC Generator Equipment Shanghai Co., Ltd.,” which was approved by the Investment Commission with approval letter (86) Er-Zi No. 86740632, and US\$2 million was permitted to be remitted out as the Company’s capital increase for GFC Cayman Island Limited for its re-investment in GFC Generator Equipment Shanghai Co., Ltd. in Mainland China. Shanghai Zhouqi Industry Co., Ltd. provided the land and received one-off compensation and fixed income on an annual basis, but did not participate in the investment, operation and earnings distribution. |
| December 1998 | Based on the approval letter of the Investment Commission referenced (87) Er-Zi No. 87732394, the Company was approved to remit out US\$4 million as the Company’s capital increase for GFC Cayman Island Limited for its re-investment in GFC Generator Equipment Shanghai Co., Ltd. in Mainland China, and the name of GFC Generator Equipment Shanghai Co., Ltd. was changed to Shanghai Jifuxi Mechanical and Electrical Equipment Co., Ltd. |
| 2001 | The name of “Shanghai Jifuxi Mechanical and Electrical Equipment Co., Ltd.” was changed to “Shanghai GFC elevator Co., Ltd.” |
| 2002 | Based on the approval letter of the Investment Commission referenced (91) Er-Zi No. 091011366, the Company was approved to remit out US\$2 million as the Company’s capital increase for GFC Cayman Island Limited for its re-investment in Shanghai GFC elevator Co., Ltd. |
| 2010 | Based on the approval letter of the Investment Commission referenced Jing-Shen-Er-Zi No. 09900273410, the Company was approved to remit out US\$8 million as the Company’s capital increase for GFC Cayman Island Limited for its re-investment in Shanghai GFC elevator Co., Ltd. |
| 2011 | GFC Shanghai Co., Ltd. invested CNY 3.96 million to set up GFC Elevators Qingdao Co., Ltd. in 2011. |

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- 2013 GFC Elevators Qingdao Co., Ltd. was dissolved in 2013.
- 2022 Based on the approval letter of the Investment Commission referenced Jing-Shen-Er-Zi No. 11100120120, GFC Shanghai Co., Ltd. was approved for capital reduction and remitted the capital reduction of CNY 20 million to GFC Cayman Island Limited.

History of GFC Hong Kong Co., Ltd. (subsidiary, hereinafter referred to as “GFC Hong Kong”):

The Company invested US\$10,000 on February 9, 1995 and registered GFC Hong Kong Co., Ltd. in accordance with the Hong Kong Companies Ordinance.

The main business of GFC Hong Kong Co., Ltd. is to act as the sales agent for the Company’s elevators, escalators, generators and other products, and started the actual business operation since its establishment.

- 2018 GFC Hong Kong Co., Ltd. was dissolved in 2018.

History of Howtobe Technology Co., Ltd. (subsidiary, hereinafter referred to as “Howtobe Technology”):

The Company invested in the establishment of Howtobe Technology Co., Ltd. on June 20, 2000. Its main business items are the sales, maintenance, OEM and Internet communication services of elevators and parts, and it has been in operation since its establishment.

History of V.T. Systems Co., Ltd. of Japan (subsidiary, hereinafter referred to as “Japan V.T. ”):

The Company invested in V.T. Systems Co., Ltd. of Japan in 2005, and its main business is vacuum pneumatic shuttle trading. On March 14, 2008, the company reduced its capital by JPY40,050 thousand to make up for its loss, and increased its capital by JPY66,200 thousand. On January 28, 2009, its capital was increased by JPY33,000 thousand. On September 28, 2011, its capital was reduced by JPY20,000 to make up for its loss.

2. Date and procedure of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as “the Group”) for the years ended December 31, 2022 and 2021 were authorized for issue by the Company’s board of directors (hereinafter “the Board of Directors”) on March 24, 2023.

3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2022. Apart from the nature and impact of the new standard and amendment is described below, the remaining new standards and amendments had no material impact on the Group.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- (2) Standards or interpretations issued, revised or amended, by IASB which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
Disclosure Initiative - Accounting Policies - Amendments to IAS 1	January 1, 2023
Definition of Accounting Estimates - Amendments to IAS 8	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 1, 2023

A. Disclosure Initiative - Accounting Policies - Amendments to IAS 1s

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

B. Definition of Accounting Estimates - Amendments to IAS 8

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

C. Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2023, have no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are not endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 1, 2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 1, 2024
Non-current Liabilities with Covenants - Amendments to IAS 1	January 1, 2024

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

B. IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

C. Classification of Liabilities as Current or Non-current - Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

D. Lease Liability in a Sale and Leaseback - Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

E. Non-current Liabilities with Covenants - Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB but have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The remaining new or amended standards and interpretations have no material impact on the Group.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2022 and 2021 have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations"), IFRSs, IASs, IFRIC and SIC, which are endorsed by FSC (TIFRSs).

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- B. exposure, or rights, to variable returns from its involvement with the investee, and
- C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A. the contractual arrangement with the other vote holders of the investee.

B. rights arising from other contractual arrangements

C. the Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;

B. derecognizes the carrying amount of any non-controlling interest;

C. recognizes the fair value of the consideration received;

D. recognizes the fair value of any investment retained;

E. recognizes any surplus or deficit in profit or loss; and

F. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

Investor Name	Name of subsidiary	Main business	Percentage of ownership	
			December 31, 2022	December 31, 2021
GFC, LTD.	GFC Cayman	Investment in GFC Shanghai	100.00%	100.00%
GFC, LTD.	Howtobe Technology	Sales and manufacturing of elevators and parts	100.00%	100.00%
GFC, LTD.	Japan V.T.	Sale of vacuum pneumatic shuttle	65.11%	65.11%
GFC Cayman	GFC Shanghai	Sales of elevators and parts	100.00%	100.00%

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(4) Foreign Currency Transactions

The Group's consolidated financial statements are presented in NT\$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

- A. when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
- B. when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(6) Current and non-current distinction

An asset is classified as current when:

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- B. The Group holds the asset primarily for the purpose of trading
- C. The Group expects to realize the asset within twelve months after the reporting period
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Group expects to settle the liability in its normal operating cycle
- B. The Group holds the liability primarily for the purpose of trading
- C. The liability is due to be settled within twelve months after the reporting period
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 12 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(8) Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a) the Group's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

Financial Assets Measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, accounts receivable, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) the financial asset is 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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial Assets at Fair Value Through Other Comprehensive Income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - i. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its accumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial Assets at Fair Value Through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on abovementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of Financial Assets

The Group recognizes a loss allowance for expected credit losses on financial asset measured at amortized cost.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for more details on credit risk.

C. Derecognition of Financial Assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired.
- (b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- (c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial Liabilities and Equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial Liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or

B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - Purchase cost on a weighted-average method

Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(11) Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset is available for immediate sale in its present condition. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

(12) Investments accounted for using the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro rata basis.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Group estimates:

- A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

(13) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	1~60 years
Machinery and equipment	1~15 years
Transportation equipment	1~10 years
Other equipment	1~15 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(14) Investment Property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	1~60 years
-----------	------------

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers to or from investment properties when there is a change in use for these assets.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(15) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 *“Impairment of Assets”* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(16) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer Software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (1 to 5 years).

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Right of Building Capacity Transfer

The right of building capacity transfer is the reward of a certain base of building capacity transfer after the Company donated land of public facility to the government. The right of building capacity transfer is assessed with an indefinite useful life.

A summary of the policies applied to the Group's intangible assets is as follows:

	Computer Software	Right of Capacity Transfer
Useful lives	1~5 years	Indefinite
Amortization method used	Amortized on a straight-line basis	Unamortized
Internally generated or acquired	Acquired	Acquired

(17) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(18) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Provision for warranties

A provision is recognized for expected warranty claims on products sold, based on historical experience, management's judgement and other known factors.

(19) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sale of goods

The Group manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main products of the Group are generators, elevators and escalators and revenue is recognized based on the consideration stated in the contract.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers, and the warranty is accounted in accordance with IAS 37.

The credit term of the Group's sale of goods is from 30 to 180 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

Rendering of services

The Group provides maintenance services for the sale of generators, elevators and escalators. Such services are separately priced or negotiated, and provided based on contract period. As the Group provides the maintenance services over the contract period, the customers simultaneously receive and consume the benefits provided by the Group. Accordingly, the performance obligations are satisfied over time, and the related revenue are recognized by straight line method over the contract period.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Most of the contractual considerations of the Group are collected evenly throughout the contract period. When the Group has performed the services to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component arose.

(20) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries, therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(21) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgment

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

A. Investment properties

Certain properties of the Group comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Group accounts for the portions separately as investment properties and property, plant and equipment. If the portions could not be sold separately, the property is classified as investment property in its entirety only if the portion that is owner-occupied is under 5% of the total property.

B. De facto control without a majority of the voting rights in investment companies

The Group's certain investment companies with the largest shareholder but less than 50% shareholdings of the Company have no de facto control but only significant influence after judgement, please refer to Note 6.(8) for more details.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary increases.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

C. Accounts receivable - estimation of impairment loss

The Group estimates the impairment loss of accounts receivable at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

D. Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	\$3,436	\$3,549
Bank deposits	1,132,171	768,168
Time deposits	783,628	685,786
Cash equivalents	370,385	445,179
Total	<u>\$2,289,620</u>	<u>\$1,902,682</u>

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Group's commercial paper are due within three months. The commercial paper are agreed to be sold back at the agreed price including interest on a specific date after the transaction. As at December 31, 2022 and 2021, the total resale values were \$370,641 thousand and \$445,275 thousand, respectively, with an annual interest rate of 0.7%~0.75% and 0.21%, respectively.

(2) Financial assets at fair value through profit or loss

	December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss:		
Fund	<u>\$545,772</u>	<u>\$675,327</u>

None of the abovementioned financial assets at fair value through profit or loss was pledged.

(3) Financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Equity investments measured at fair value through other comprehensive income - non-current:		
Unlisted companies' stocks	<u>\$13,409</u>	<u>\$63,817</u>

None of the abovementioned financial assets at fair value through other comprehensive income was pledged.

(4) Notes receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$236,977	\$251,929
Less: loss allowance	(266)	(408)
Total	<u>\$236,711</u>	<u>\$251,521</u>

None of the abovementioned notes receivable was pledged.

Please refer to Note 6.(16) for more details of the Group's assessment of impairment and loss allowance information in accordance with IFRS 9, and Note 12 for more details of credit risk management.

(5) Accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable	\$878,189	\$844,514
Less: loss allowance	(71,474)	(66,107)
Total	<u>\$806,715</u>	<u>\$778,407</u>

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

None of the abovementioned accounts receivable was pledged.

Accounts receivable are generally on 30-180 day terms. The Group's total book value as at December 31, 2022 and 2021 were \$878,189 thousand and \$844,514 thousand, respectively. Please refer to Note 6.(16) for more details of loss allowance information for the years ended December 31, 2022 and 2021. Please refer to Note 12 for more details of credit risk management.

(6) Inventories

	December 31, 2022	December 31, 2021
Raw materials	\$334,347	\$280,480
Materials and supplies in transit	29,677	14,427
Semi-finished products	179,519	153,334
Work in process	197,719	72,133
Finished goods	153,269	62,973
Construction in progress	1,442,294	1,414,448
Total	<u>\$2,336,825</u>	<u>\$1,997,795</u>

The cost of inventories recognized as expense by the Group for the years ended December 31, 2022 and 2021 were \$2,240,664 thousand and \$2,143,315 thousand, respectively, including the write-down of inventories in the amount of \$44,141 thousand and \$78,474 thousand, respectively. The inventory price drop led to the decline of the Group inventories' net realized value, which recognized as the write-down for the the years ended December 31, 2022 and 2021.

None of the abovementioned inventories was pledged.

(7) Non-current assets classified as held for sale, net

	Land	Buildings	Total
Cost:			
January 1, 2021	\$-	\$-	\$-
Transferred from investment property	-	-	-
December 31, 2021	-	-	-
Transferred from investment property	13,836	1,585	15,421
December 31, 2022	<u>\$13,836</u>	<u>\$1,585</u>	<u>\$15,421</u>

None of non-current assets held for sale was pledged.

To integrate resource and make better use of assets, the Group planned to dispose of the land and building in Siwei 2nd Rd., Lingya Dist., Kaohsiung City, resolved at the board meeting held on December 23, 2022. Since the counterparty of the above transaction is confirmed and the transaction is anticipated to be completed within a year, the Group reclassified the investment property at carrying amount of NT\$15,421 thousand to non-current assets classified as available for sale.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(8) Investments accounted for using the equity method

The investments accounted for using the equity method are as follows:

Investees	December 31, 2022		December 31, 2021	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
Hua Hung Management Consulting Co., Ltd.	\$10,604	20.00%	\$11,441	20.00%
Hua Chi Venture Capital Co., Ltd.	17,182	21.05%	17,731	21.05%
Total	<u>\$27,786</u>		<u>\$29,172</u>	

A. The Group has 21.05% ownership of Hua Chi Venture Capital Co., Ltd. and is the largest shareholder of the investment company. Because of less than half of the Board's directors owned by the Group, considering ownership of the investee and ownership distribution, the Group has no de facto control in the investment company but only significant influence.

B. The Group's investment in Hua Hung Management Consulting Co., Ltd. and Hua Chi Venture Capital Co., Ltd. are not individually material. The aggregate financial information of the Group's investments in Hua Hung Management Consulting Co., Ltd. and Hua Chi Venture Capital Co., Ltd. is as follows:

	2022	2021
Profit or loss from continuing operations	\$1,336	\$6,615
Other comprehensive income	4,615	(5,792)
Total comprehensive income	<u>\$5,951</u>	<u>\$823</u>

C. The associates had no contingent liabilities or capital commitments as at December 31, 2022 and 2021.

D. The carrying amount of investments accounted for under the equity method in investees whose financial statements were not reviewed by auditors amounted to \$27,786 thousand and \$29,172 thousand as at December 31, 2022 and 2021, respectively. The share of the profit or loss of these associates and joint ventures accounted for using the equity method amounted to \$1,336 thousand and \$6,615 thousand for the years ended December 31, 2022 and 2021, respectively. The share of other comprehensive income (loss) of these associates and joint ventures accounted for using the equity method amounted to \$4,615 thousand and \$(5,792) thousand for the years ended December 31, 2022 and 2021, respectively. The above is based on the financial statements of the investment companies audited by other accountants.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(9) Property, plant and equipment

	December 31, 2022	December 31, 2021
Owner occupied property, plant and equipment	\$1,095,701	\$1,113,805
Property, plant and equipment leased out under operating leases	30,880	31,521
Total	<u>\$1,126,581</u>	<u>\$1,145,326</u>

A. Owner occupied property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost:						
January 1, 2021	\$586,063	\$1,019,116	\$198,507	\$47,930	\$214,833	\$2,066,449
Additions	72,006	27,944	4,662	3,451	4,101	112,164
Disposals	-	(6,810)	(9,571)	(1,106)	(3,313)	(20,800)
Transfers	-	1,385	-	48	358	1,791
Exchange differences	-	(522)	(166)	(28)	(40)	(756)
December 31, 2021	<u>\$658,069</u>	<u>\$1,041,113</u>	<u>\$193,432</u>	<u>\$50,295</u>	<u>\$215,939</u>	<u>\$2,158,848</u>
January 1, 2022	\$658,069	\$1,041,113	\$193,432	\$50,295	\$215,939	\$2,158,848
Additions	-	7,397	1,882	3,660	1,653	14,592
Disposals	(9,710)	(11,333)	(59,867)	(4,490)	(12,115)	(97,515)
Transfers	-	371	15,636	3,994	38	20,039
Exchange differences	-	885	111	53	74	1,123
December 31, 2022	<u>\$648,359</u>	<u>\$1,038,433</u>	<u>\$151,194</u>	<u>\$53,512</u>	<u>\$205,589</u>	<u>\$2,097,087</u>
Depreciation and impairment:						
January 1, 2021	\$-	\$(615,965)	\$(168,137)	\$(35,800)	\$(202,676)	\$(1,022,578)
Depreciation	-	(28,129)	(4,791)	(4,885)	(4,091)	(41,896)
Disposals	-	5,624	8,834	1,106	3,313	18,877
Exchange differences	-	347	147	24	36	554
December 31, 2021	<u>\$-</u>	<u>\$(638,123)</u>	<u>\$(163,947)</u>	<u>\$(39,555)</u>	<u>\$(203,418)</u>	<u>\$(1,045,043)</u>
January 1, 2022	\$-	\$(638,123)	\$(163,947)	\$(39,555)	\$(203,418)	\$(1,045,043)
Depreciation	-	(27,356)	(5,421)	(4,487)	(3,766)	(41,030)
Disposals	-	8,578	59,666	4,490	12,028	84,762
Transfers	-	829	23	-	(23)	829
Exchange differences	-	(652)	(134)	(47)	(71)	(904)
December 31, 2022	<u>\$-</u>	<u>\$(656,724)</u>	<u>\$(109,813)</u>	<u>\$(39,599)</u>	<u>\$(195,250)</u>	<u>\$(1,001,386)</u>
Net carrying amount as at:						
December 31, 2022	<u>\$648,359</u>	<u>\$381,709</u>	<u>\$41,381</u>	<u>\$13,913</u>	<u>\$10,339</u>	<u>\$1,095,701</u>
December 31, 2021	<u>\$658,069</u>	<u>\$402,990</u>	<u>\$29,485</u>	<u>\$10,740</u>	<u>\$12,521</u>	<u>\$1,113,805</u>

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. Property, plant and equipment leased out under operating leases

	<u>Buildings</u>
Cost:	
January 1, 2021	\$51,820
Additions	-
Exchange differences	(150)
December 31, 2021	<u>\$51,670</u>
January 1, 2022	\$51,670
Additions	-
Exchange differences	280
December 31, 2022	<u>\$51,950</u>
Depreciation and impairment:	
January 1, 2021	\$(19,614)
Depreciation	(669)
Exchange differences	134
December 31, 2021	<u>\$(20,149)</u>
January 1, 2022	\$(20,149)
Depreciation	(669)
Exchange differences	(252)
December 31, 2022	<u>\$(21,070)</u>
Net carrying amounts as at:	
December 31, 2022	<u>\$30,880</u>
December 31, 2021	<u>\$31,521</u>

Components of building that have different useful lives are main building structure, decoration equipment and elevators, which are depreciated over 50 years, 8 years and 15 years, respectively.

None of the abovementioned property, plant and equipment was pledged.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(10) Investment property

	Land	Buildings	Total
Cost:			
January 1, 2021	\$797,410	\$85,029	\$882,439
Additions from subsequent expenditure	-	-	-
December 31, 2021	<u>\$797,410</u>	<u>\$85,029</u>	<u>\$882,439</u>
January 1, 2022	\$797,410	\$85,029	\$882,439
Disposals	-	(217)	(217)
Transfers	(13,836)	(6,306)	(20,142)
December 31, 2022	<u>\$783,574</u>	<u>\$78,506</u>	<u>\$862,080</u>
Depreciation and impairment:			
January 1, 2021	\$(7,657)	\$(43,482)	\$(51,139)
Depreciation	-	(3,118)	(3,118)
December 31, 2021	<u>\$(7,657)</u>	<u>\$(46,600)</u>	<u>\$(54,257)</u>
January 1, 2022	\$(7,657)	\$(46,600)	\$(54,257)
Depreciation	-	(3,119)	(3,119)
Disposals	-	217	217
Transfers	-	4,721	4,721
December 31, 2022	<u>\$(7,657)</u>	<u>\$(44,781)</u>	<u>\$(52,438)</u>
Net carrying amount as at:			
December 31, 2022	<u>\$775,917</u>	<u>\$33,725</u>	<u>\$809,642</u>
December 31, 2021	<u>\$789,753</u>	<u>\$38,429</u>	<u>\$828,182</u>
		2022	2021
Rental income from investment property		\$22,054	\$15,843
Less : Direct operating expenses from investment property generating rental income		(2,930)	(2,340)
Direct operating expenses from investment property not generating rental income		-	-
Total		<u>\$19,124</u>	<u>\$13,503</u>

None of the abovementioned investment property was pledged.

Investment properties held by the Group are not measured at fair value for which the fair value is disclosed, instead. The fair value measurements of the investment properties are categorized within Level 3. The fair value of investment properties were \$1,486,258 thousand and \$1,442,162 thousand as at December 31, 2022 and 2021, respectively. The fair value have been determined based on valuations performed by an independent valuer. The valuation method used are the comparison approach and income approach, and the inputs used are discount rates and growth rates:

	December 31, 2022	December 31, 2021
Capitalization rate	<u>1.63%~4.39%</u>	<u>1.51%~2.405%</u>

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(11) Intangible assets

	Computer software	Right of building capacity transfer	Total
Cost:			
January 1, 2021	\$33,814	\$73,500	\$107,314
Additions from acquisitions	407	-	407
Exchange differences	(252)	-	(252)
December 31, 2021	\$33,969	\$73,500	\$107,469
January 1, 2022	\$33,969	\$73,500	\$107,469
Additions from acquisitions	8,321	-	8,321
Disposals	(11,544)	-	(11,544)
Exchange differences	1,030	-	1,030
December 31, 2022	\$31,776	\$73,500	\$105,276
Amortization and impairment:			
January 1, 2021	\$(25,089)	\$-	\$(25,089)
Amortization	(4,538)	-	(4,538)
Exchange differences	245	-	245
December 31, 2021	\$(29,382)	\$-	\$(29,382)
January 1, 2022	\$(29,382)	\$-	\$(29,382)
Amortization	(4,071)	-	(4,070)
Disposals	11,535	-	11,535
Exchange differences	(1,025)	-	(1,025)
December 31, 2022	\$(22,943)	\$-	\$(22,942)
Net carrying amount as at:			
December 31, 2022	\$8,833	\$73,500	\$82,333
December 31, 2021	\$4,587	\$73,500	\$78,087

The Group donated the land (cost of \$73,500 thousand) to Taichung City Government to obtain the right of building capacity transfer for 2 parcels of land with land lot numbers 265 and 265-1, in Huitai Section, Xitun District, Taichung City. The right of building capacity transfer is assessed as intangible assets with an indefinite useful life.

Amortization expense of intangible assets under the statements of comprehensive income:

	2022	2021
Operating costs	\$16	\$31
Operating expenses	4,054	4,507
Total	\$4,071	\$4,538

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(12) Impairment testing of intangible assets with indefinite lives

Right of building capacity transfer

The Group's carrying amount of Right of building capacity transfer as at December 31, 2022 and December 31, 2021 were both \$73,500 thousand.

The recoverable amount of the right of building capacity transfer is based on fair value less cost of disposal, which valuation technique used to measure fair value less costs of disposal. The fair value measurement categorized within Level 3 of the fair value hierarchy. As a result, the management did not identify an impairment for intangible assets with indefinite lives of the cash generating unit.

Key assumptions used in fair value less costs of disposal

The calculation of fair value less costs of disposal for right of building capacity transfer are most sensitive to the following assumptions:

- A. Appraisal approaches - comparable properties
- B. Land development analysis - rate of return
- C. Land development analysis - overall capital interest rate

Comparable properties - Value of the subject comparable properties are according to the transaction cases nearby from the actual price registration of real estate transactions information, after considering condition factor, date factor, local factor and individual factor through comparison, analysis, adjustment and other means of estimation.

Rate of return - Construction or building profit of the subject property should be estimated by multiplying the sum of construction or building cost and other burden by a proper rate of return after taking the project scale, project duration, economic conditions and other factors into consideration. According to the rate of return used in similar to the comparable property from the market, the rate of return is 16%, accordingly.

Overall capital interest rate - Capital interest of the subject property have been calculated, according to capital installments and duration of capital invested, to derive interest amount respectively for own capital and capital loaned. The ratio of own capital to loaned capital is estimated on the basis of bank's general mortgage percentage. According to one-year time-deposit interest rate of the Central Bank of the Republic of China (Taiwan) and certain adjustment, the overall capital interest rate is 5.61%, accordingly.

(13) Post-employment benefits

Defined contribution plan

The retirement plan adopted by the Group and its domestic subsidiaries in accordance with the "Labor Standards Act of the R.O.C." is a defined contribution plan. According to the Act, the contribution rate of the Group's and its domestic subsidiaries' monthly labor pension shall not be less than 6% of the employees' monthly salaries. The Group and its domestic subsidiaries appropriate 6% of their employees' salaries to the personal pension accounts at the Labor Insurance Bureau each month in accordance with the employee retirement measures set up based on the Act.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The subsidiaries in Mainland China shall, in accordance with the local government laws and regulations, allocate a certain proportion of the total salary of the employees to the relevant departments of the government, and make a special account for saving in the independent accounts of the employees.

The Group's recognized expenses of defined contribution plan in 2022 and 2021 were \$46,806 thousand and \$44,374 thousand, respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 4% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandatarly, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With the regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT\$47,180 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

The average duration of the defined benefits plan obligation as at December 31, 2022 and 2021 were 6 years and 7 years , respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2022 and 2021:

	2022	2021
Current period cost	\$(4,298)	\$(5,692)
Interest income or expense	(247)	(147)
Total	<u>\$(4,545)</u>	<u>\$(5,839)</u>

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The adjustments to the present value of defined benefit obligation and the fair value of planned assets are as follows:

	December 31, 2022	December 31, 2021	January 1, 2021
Present value of defined benefit obligation	\$(1,001,851)	\$(925,282)	\$(908,363)
Fair value of plan assets	963,019	878,268	864,573
Defined benefit obligation at end of year	<u>\$(38,832)</u>	<u>\$(47,014)</u>	<u>\$(43,790)</u>

Adjustment to the net defined welfare assets (liabilities):

	Defined benefit obligation	Fair value of plan assets	Benefit assets (liabilities)
January 1, 2021	\$(908,363)	\$864,573	\$(43,790)
Current period service costs	(5,692)	-	(5,692)
Net interest expense (income)	(2,741)	2,594	(147)
subtotal	<u>(8,433)</u>	<u>2,594</u>	<u>(5,839)</u>
Remeasurements of the net defined benefit liability (asset):			
Actuarial gain or loss arising from change in demographic assumptions	6	-	6
Actuarial gain or loss arising from change in financial assumptions	19,082	-	19,082
Experience adjustments	(72,719)	-	(72,719)
Return on plan assets	-	12,992	12,992
subtotal	<u>(53,631)</u>	<u>12,992</u>	<u>(40,639)</u>
Payments from the plan	45,140	(45,140)	-
Contributions by employer	-	43,249	43,249
Effect of changes in foreign exchange rates	5	-	5
December 31, 2021	(925,282)	878,268	(47,014)
Current period service costs	(4,298)	-	(4,298)
Net interest expense (income)	(4,550)	4,303	(247)
subtotal	<u>(8,848)</u>	<u>4,303</u>	<u>(4,545)</u>
Remeasurements of the net defined benefit liability (asset):			
Actuarial gain or loss arising from change in financial assumptions	10,755	-	10,755
Experience adjustments	(113,122)	-	(113,122)
Return on plan assets	-	67,923	67,923
subtotal	<u>(102,367)</u>	<u>67,923</u>	<u>(34,444)</u>
Payments from the plan	34,656	(34,656)	-
Contributions by employer	-	47,181	47,181
Effect of changes in foreign exchange rates	(10)	-	(10)
December 31, 2022	<u>\$(1,001,851)</u>	<u>\$963,019</u>	<u>\$(38,832)</u>

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The following main assumptions are used to determine the defined benefit obligation of the Group:

GFC, LTD.

	December 31, 2022	December 31, 2021
Discount rate	1.10%	0.49%
Expected rate of salary increases	1.50%	1.00%

Subsidiary GFC Shanghai

	December 31, 2022	December 31, 2021
Discount rate	2.60%	2.75%
Expected rate of salary increases	10.00%	10.00%

Sensitivity analysis of each significant actuarial assumption:

	2022		2021	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increased by 0.5%	\$-	\$5,624	\$-	\$17,214
Discount rate decreased by 0.5%	50,158	-	51,298	-
Future salary increased by 0.5%	49,690	-	50,763	-
Future salary decreased by 0.5%	-	5,607	-	17,196

The sensitivity analysis above is to analyze the possible effect on the benefit obligations under the assumption that a single actuarial assumption (such as discount rate or expected salary) reasonably changes while other assumptions remain unchanged. Because some actuarial assumptions are related to each other, in practice there are few circumstances where only one single actuarial assumption changes, so this analysis has its limitations.

The method and assumption used in this sensitivity analysis are not different from those in the previous period.

(14) Equities

A. Common stock

The Company's authorized and issued capital were \$1,770,120 thousand as at December 31, 2022 and 2021, respectively, each at a par value of \$10 and 177,012 thousand shares. Each share has one voting right and a right to receive dividends.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. Capital surplus

	December 31, 2022	December 31, 2021
Treasury share transactions	\$29,893	\$29,893
Donated assets received	7,375	4,801
Share of changes in net assets of associates and joint ventures accounted for using the equity method	26,136	26,136
Total	<u>\$63,404</u>	<u>\$60,830</u>

According to the Company Act, the capital reserve shall not be used except for offset prior years' operating losses of the company. When a company incurs no losses, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- (a) Payment of all taxes and dues;
- (b) Offset prior years' operation losses;
- (c) Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
- (d) Set aside or reverse special reserve in accordance with law and regulations; and
- (e) The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The industry of the Company is in a mature period at present. If no major capital expenditure is expected in the year of distribution, the Company will appropriate more than 50% of the distributable earnings as shareholders' dividends. At least 80% of the dividends distributed shall be cash dividends. However, if there is an unpredicted major investment plan and no other funds can be obtained, the cash dividends distribution rate may be reduced by 30% to 50%.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC on March 31, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve.

Details of the 2022 and 2021 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and shareholders' meeting on March 24, 2023 and June 27, 2022, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$82,034	\$74,540		
Special reserve	44,258	(61,383)		
Common stock - cash dividends	601,841	566,439	\$3.40	\$3.20

Please refer to Note 6.(18) for more details on employees' compensation and remuneration to directors and supervisors.

D. Non-controlling interests

	2022	2021
Beginning balance	\$(79)	\$4
Loss attributable to non-controlling interests	(81)	(41)
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of foreign operations	(26)	(42)
Ending balance	<u>\$(186)</u>	<u>\$(79)</u>

(15) Operating revenue

	2022	2021
Revenue from contracts with customers		
Sale of goods	\$2,677,159	\$2,632,588
Revenue arising from rendering of services	2,062,348	1,972,435
Total	<u>\$4,739,507</u>	<u>\$4,605,023</u>

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Analysis of revenue from contracts with customers during the years ended December 31, 2022 and 2021 are as follows:

A. Disaggregation of revenue

2022

	Sales Department	Maintenance Department	Other Departments	Total
Sale of goods	\$2,592,468	\$-	\$84,691	\$2,677,159
Rendering of services	-	2,057,847	4,501	2,062,348
Total	<u>\$2,592,468</u>	<u>\$2,057,847</u>	<u>\$89,192</u>	<u>\$4,739,507</u>

Timing of revenue
recognition:

At a point in time	\$2,592,468	\$-	\$89,192	\$2,681,660
Over time	-	2,057,847	-	2,057,847
Total	<u>\$2,592,468</u>	<u>\$2,057,847</u>	<u>\$89,192</u>	<u>\$4,739,507</u>

2021

	Sales Department	Maintenance Department	Other Departments	Total
Sale of goods	\$2,536,127	\$-	\$96,461	\$2,632,588
Rendering of services	-	1,968,281	4,154	1,972,435
Total	<u>\$2,536,127</u>	<u>\$1,968,281</u>	<u>\$100,615</u>	<u>\$4,605,023</u>

Timing of revenue
recognition:

At a point in time	\$2,536,127	\$-	\$100,615	\$2,636,742
Over time	-	1,968,281	-	1,968,281
Total	<u>\$2,536,127</u>	<u>\$1,968,281</u>	<u>\$100,615</u>	<u>\$4,605,023</u>

B. Contract balances

Contract liabilities - current

	December 31, 2022	December 31, 2021	January 1, 2021
Sales of goods	<u>\$2,740,380</u>	<u>\$2,376,838</u>	<u>\$1,967,066</u>

The significant changes in the Group's balances of contract liabilities for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
The opening balance transferred to revenue	\$(1,406,841)	\$(1,309,274)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	1,770,383	1,679,164

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

C. Transaction price allocated to unsatisfied performance obligations

The Group's transaction price allocated to unsatisfied performance obligations (including partially unsatisfied) amounted to \$7,090,423 thousand as at December 31, 2022. Management expects that 31% of the transaction price allocated to unsatisfied performance obligations will be recognized as revenue within a year. The remaining will be recognized as revenue when the control has been transferred and the performance obligations have been satisfied after January 1, 2024.

The Group's transaction price allocated to unsatisfied performance obligations (including partially unsatisfied) amounted to \$6,113,639 thousand as at December 31, 2021. Management expects that 23% of the transaction price allocated to unsatisfied performance obligations will be recognized as revenue within a year. The remaining will be recognized as revenue when the control has been transferred and the performance obligations have been satisfied after January 1, 2023.

The Group's revenue will be recognized as an actual transaction when the control has been transferred and the performance obligations have been satisfied.

(16) Expected credit (losses) gains

	2022	2021
Operating expenses - expected credit (losses) gains		
Notes receivable	\$(142)	\$170
Accounts receivable	5,705	4,324
Other receivables	315	132
Total	<u>\$5,878</u>	<u>\$4,626</u>

Please refer to Note 12 for more details on credit risk management.

The credit risk as at December 31, 2022 and 2021 for the Group's financial assets measured at amortized cost are assessed as low (the same as the assessment result on January 1, 2021). Therefore, the loss allowance is measured at an amount equal to 12-month expected credit losses (loss rate of 0%).

The Group measures the loss allowance of its receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The Group considers the grouping of accounts receivable by the counterparties' geographical region, credit rating and industry sector and its loss allowance is measured by using a provision matrix. The assessment of the Group's loss allowance is as follows:

December 31, 2022

Group 1

	Not yet due	Overdue				Total
	(note)	<=30 days	31-60 days	61-90 days	>=91 days	
Gross carrying amount	\$917,573	\$12,383	\$11,071	\$3,536	\$161,319	\$1,105,882
Loss rate	1%	22%	28%	30%	31%	
Lifetime expected credit losses	(5,730)	(2,731)	(3,056)	(1,064)	(50,803)	(63,384)
Carrying amount	<u>\$911,843</u>	<u>\$9,652</u>	<u>\$8,015</u>	<u>\$2,472</u>	<u>\$110,516</u>	<u>\$1,042,498</u>

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Group 2: Comprehensively assess the geographical region, credit rating and industrial sector of the counterparties, and provide a single loss rate:

	Not yet due	Overdue				Total
	(note)	<=30 days	31-60 days	61-90 days	>=91 days	
Gross carrying amount	\$371	\$-	\$-	\$-	\$8,913	\$9,284
Loss rate						90%
Lifetime expected credit losses						(8,356)
Carrying amount						<u>\$928</u>

December 31, 2021

Group 1

	Not yet due	Overdue				Total
	(note)	<=30 days	31-60 days	61-90 days	>=91 days	
Gross carrying amount	\$913,560	\$16,844	\$13,597	\$9,396	\$130,662	\$1,084,059
Loss rate	1%	21%	26%	30%	30%	
Lifetime expected credit losses	(6,073)	(3,560)	(3,525)	(2,773)	(39,439)	(55,370)
Carrying amount	<u>\$907,487</u>	<u>\$13,284</u>	<u>\$10,072</u>	<u>\$6,623</u>	<u>\$91,223</u>	<u>\$1,028,689</u>

Group 2: Comprehensively assess the geographical region, credit rating and industrial sector of the counterparties, and provide a single loss rate:

	Not yet due	Overdue				Total
	(note)	<=30 days	31-60 days	61-90 days	>=91 days	
Gross carrying amount	\$366	\$94	\$-	\$-	\$11,924	\$12,384
Loss rate						92%
Lifetime expected credit losses						(11,145)
Carrying amount						<u>\$1,239</u>

Note: The Group has no overdue notes receivable.

The Group's carrying amounts of other receivables were \$121,927 thousand and \$81,679 thousand as at December 31, 2022 and 2021, respectively. The Group's loss allowance were \$68,605 thousand, and \$67,366 thousand as at December 31, 2022 and 2021, respectively, after considering the grouping of accounts receivable by the counterparties' credit rating, geographical region and industry sector.

The movement in the provision for impairment of notes receivable, accounts receivable and other receivables during the years ended December 31, 2022 and 2021 are as follows:

	Notes receivable	Accounts receivable	Other receivables
January 1, 2021	\$577	\$82,855	\$67,995
Addition/(reversed) for the current period	(170)	(4,324)	(132)
Write-off	-	(12,151)	-
Exchange differences	1	(273)	(497)
December 31, 2021	<u>\$408</u>	<u>\$66,107</u>	<u>\$67,366</u>

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Notes receivable	Accounts receivable	Other receivables
January 1, 2022	\$408	\$66,107	\$67,366
Addition/(reversed) for the current period	(142)	5,705	315
Write-off	-	(511)	-
Exchange differences	-	173	924
December 31, 2022	<u>\$266</u>	<u>\$71,474</u>	<u>\$68,605</u>

(17) Leases

A. Group as a lessee

The Group leases various properties, including real estate such as buildings and transportation equipment. The lease terms range from 1 to 5 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

(a) Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	December 31, 2022	December 31, 2021
Buildings	\$28,831	\$16,177
Transportation equipment	958	1,842
Total	<u>\$29,789</u>	<u>\$18,019</u>

During the years ended December 31, 2022 and 2021, the Group's additions to right-of-use assets amounted to \$23,172 thousand and \$3,602 thousand, respectively.

ii. Lease liabilities

	December 31, 2022	December 31, 2021
Lease liabilities	\$30,116	\$18,186
Current	<u>\$10,250</u>	<u>\$6,579</u>
Non-current	<u>\$19,866</u>	<u>\$11,607</u>

Please refer to Note 6.(19)D for the interest on lease liabilities recognized during the years ended December 31, 2022 and 2021 and refer to Note 12.(5) liquidity risk management for the maturity analysis for lease liabilities.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	2022	2021
Buildings	\$10,518	\$11,683
Transportation equipment	884	811
Total	<u>\$11,402</u>	<u>\$12,494</u>

(c) Income and costs relating to leasing activities

	2022	2021
The expenses relating to short-term leases	<u>\$2,667</u>	<u>\$1,913</u>

During the year ended December 31, 2022, the rent concessions arising as a direct consequence of the Covid-19 pandemic amounting to \$114 and \$60 thousand, respectively, which are recognized in other income to reflect the variable lease payment that arising from the application of the practical expedient.

(d) Cash outflow relating to leasing activities

During the years ended December 31, 2022 and 2021, the Group's total cash outflows for leases amounted to \$14,315 thousand and \$14,697 thousand, respectively.

(e) Other information relating to leasing activities

i. Variable lease payments

None.

ii. Extension and termination options

None.

iii. Residual value guarantees

None.

B. Group as a lessor

Please refer to Note 6.(9) for relevant disclosure of investment properties for operating leases under IFRS 16.

For operating leases entered by the Group, the undiscounted lease payments to be received for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	<u>\$22,054</u>	<u>\$15,843</u>

Please refer to Note 6.(9) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Not later than one year	\$28,573	\$27,976
Later than one year but not later than two years	29,167	24,763
Later than two years but not later than three years	27,397	24,373
Later than three years but not later than four years	26,120	24,372
Later than four years but not later than five years	25,499	24,372
Later than five years	30,642	53,682
Total	<u>\$167,398</u>	<u>\$179,538</u>

- (18) Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2022 and 2021:

	2022			2021		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$937,596	\$354,008	\$1,291,604	\$886,287	\$336,978	\$1,223,265
Labor and health insurance	77,486	31,439	108,925	74,759	30,438	105,197
Pension	38,658	12,693	51,351	37,654	12,559	50,213
Other employee benefits expense	44,974	15,930	60,904	42,354	17,756	60,110
Depreciation	28,484	27,736	56,220	29,527	28,650	58,177
Amortization	1,980	4,854	6,834	1,612	5,985	7,597

According to the Company's Articles of Incorporation, no less than 0.5% of profit of the current year is distributable as employees' compensation and no higher than 0.5% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at board meeting attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Shareholders' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company estimated the amount of the employee's compensation and director's and supervisors' remuneration for the year ended December 31, 2022 to be 0.5% and 0.35%, respectively, of the profit of the year based on the Company's performance, and recognized \$5,180 thousand and \$3,626 thousand as salaries expense based on the aforementioned percentages. If the Board of Directors resolves to distribute employees' compensation in the form of stocks, the number of stocks distributed was calculated based on the closing price on the day earlier than the date of resolution. The resolution was passed at the board of directors held on March 24, 2023 to distribute \$5,180 thousand and \$3,626 thousand in cash as employees' compensation and directors' and supervisors' remuneration of the Company in 2022, respectively, not materially different from the amounts of expenses recorded in the financial statements in 2022.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2021.

(19) Non-operating income and expenses

A. Interest income

	2022	2021
Interest income from bank deposits	\$12,100	\$7,720
Interest income from others	2,164	621
Total	<u>\$14,264</u>	<u>\$8,341</u>

B. Other income

	2022	2021
Rental income	\$29,980	\$27,584
dividend income	77,092	3,175
Others	14,808	13,279
Total	<u>\$121,880</u>	<u>\$44,038</u>

C. Other gains and losses

	2022	2021
Gains on disposal of property, plant and equipment	\$26,278	\$25,954
Losses on disposal of intangible assets	(9)	-
Foreign exchange gains (losses), net	17,470	(682)
(Losses) gains on financial assets at fair value through profit or loss (note)	(4,414)	3,163
Gains on lease modification	-	13
Others	(804)	(6,090)
Total	<u>\$38,521</u>	<u>\$22,358</u>

Note: The balances arose from financial assets mandatorily measured at fair value through profit or loss.

D. Finance costs

	2022	2021
Interest on borrowings from bank	\$-	\$335
Interest on lease liabilities	406	308
Deposit interest	43	112
Total finance costs	<u>\$449</u>	<u>\$755</u>

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(20) Components of other comprehensive income (loss)

2022

		Reclassification	Other	Income tax relating to components of other	Other
	Arising during	n adjustments	comprehensive	comprehensive	comprehensive
	the period	during the	income (loss),	income	income (loss),
		period	before tax	(expense)	net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurement of defined benefit plans	\$(34,444)	\$-	\$(34,444)	\$6,890	\$(27,554)
Unrealized gains (losses) from equity investments measured at fair value through other comprehensive income	(50,687)	-	(50,687)	-	(50,687)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	4,615	-	4,615	-	4,615
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	2,242	-	2,242	(453)	1,789
Total of other comprehensive income (loss)	\$(78,274)	\$-	\$(78,274)	\$6,437	\$(71,837)

2021

		Reclassification	Other	Income tax relating to components of other	Other
	Arising during	n adjustments	comprehensive	comprehensive	comprehensive
	the period	during the	income (loss),	income	income (loss),
		period	before tax	(expense)	net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurement of defined benefit plans	\$(40,639)	\$-	\$(40,639)	\$8,118	\$(32,521)
Unrealized gains (losses) from equity investments measured at fair value through other comprehensive income	69,184	-	69,184	-	69,184
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(5,792)	-	(5,792)	-	(5,792)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(2,555)	-	(2,555)	503	(2,052)
Total of other comprehensive income (loss)	\$20,198	\$-	\$20,198	\$8,621	\$28,819

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(21) Income tax

The major components of income tax expense for the years ended December 31, 2022 and 2021 are as follows:

Income tax expense recognized in profit or loss

	2022	2021
Current income tax expense:		
Current income tax charge	\$197,317	\$(204,617)
Adjustments in respect of current income tax of prior periods	(9,910)	9,844
Taxed separately	3,358	-
Deferred tax expense:		
Deferred tax expense relating to origination and reversal of temporary differences	(5,569)	3,925
Total income tax expense	<u>\$(185,196)</u>	<u>\$(190,848)</u>

Income tax related to components of other comprehensive income

	2022	2021
Deferred tax expense:		
Remeasurement of defined benefit plans	\$6,890	\$8,118
Unrealized gains (losses) from equity investments measured at fair value through other comprehensive income	-	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(453)	503
Income tax related to components of other comprehensive Income	<u>\$6,437</u>	<u>\$8,621</u>

The amount of income tax expense and accounting profit multiplied by the applicable income tax rate are adjusted as follows:

	2022	2021
Net profit before tax from units of continuing operations	<u>\$1,033,005</u>	<u>\$968,731</u>
Tax calculated according to the applicable domestic tax rate of income in relevant countries	\$211,187	\$(202,089)
Income tax effect of tax exempted revenues	(32,997)	5,869
Income tax effect of non-deductible expenses on tax return	1,303	3,942
Income tax effect of deferred tax assets/liabilities	3,898	(4,156)
Corporate income surtax on undistributed retained earnings	8,357	(4,258)
Taxed separately	3,358	-
Adjustment of the current income tax of previous years	(9,910)	9,844
Total income tax expenses recognized in profit or loss	<u>\$(185,196)</u>	<u>\$(190,848)</u>

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Balance of deferred income tax assets (liabilities) related to:

2022

	Opening balance	Recognized in profit or loss	Recognized in others Comprehens ive income	Ending balance
Temporary differences				
Impairment of property, plant and equipment	\$1,903	\$-	\$-	\$1,903
Provisions warranties	16,656	1,643	-	18,299
Bad debt loss	22,005	1,582	-	23,587
Investments accounted for under equity method	51,242	(5,164)	-	46,078
Unrealized foreign currency exchange gains or losses	197	(215)	-	(18)
Unrealized inventory impairment	25,870	(1,617)	-	24,253
Unrealized loss on inventory disposal	3,898	(806)	-	3,092
Net defined benefit liabilities - non-current	12	1	-	13
Estimated loss on unrealized construction	56,003	-	6,890	62,893
Exchange differences on the conversion of financial statements of foreign operating organizations	18,108	10,145	-	28,253
Unrealized compensation losses	2,157	-	(453)	1,704
Deferred tax income		<u>\$5,569</u>	<u>\$6,437</u>	
Net deferred income tax assets (liabilities)	<u>\$198,051</u>			<u>\$210,057</u>
The information presented on the balance sheet is as follows:				
Deferred tax assets	<u>\$198,051</u>			<u>\$210,075</u>
Deferred tax liabilities	<u>\$-</u>			<u>\$(18)</u>

2021

	Opening balance	Recognized in profit or loss	Recognized in others Comprehens ive income	Ending balance
Temporary differences				
Impairment of property, plant and equipment	\$1,903	\$-	\$-	\$1,903
Provisions warranties	14,302	2,354	-	16,656
Bad debt loss	20,984	1,021	-	22,005
Investments accounted for under equity method	62,723	(11,481)	-	51,242
Unrealized foreign currency exchange gains or losses	1,919	(1,722)	-	197
Unrealized inventory impairment	19,263	6,607	-	25,870
Unrealized loss on inventory disposal	4,156	(258)	-	3,898
Unrealized transactions on intercompany sales	13	(1)	-	12
Net defined benefit liabilities - non-current	47,885	-	8,118	56,003
Estimated loss on unrealized construction	9,503	8,605	-	18,108
Exchange differences on the conversion of financial statements of foreign operating organizations	1,654	-	503	2,157
Unrealized compensation losses	1,200	(1,200)	-	-
Deferred tax income		<u>\$3,925</u>	<u>\$8,621</u>	
Net deferred income tax assets (liabilities)	<u>\$185,505</u>			<u>\$198,051</u>
The information presented on the balance sheet is as follows:				
Deferred tax assets	<u>\$185,505</u>			<u>\$198,051</u>
Deferred tax liabilities	<u>\$-</u>			<u>\$-</u>

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The assessment of income tax returns

As at December 31, 2022, the assessment of the income tax returns of the Company and its domestic subsidiaries is as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2020
Subsidiary - Howtobe Technology	Assessed and approved up to 2020

(22) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	<u>2022</u>	<u>2021</u>
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$847,892</u>	<u>\$777,924</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>177,012</u>	<u>177,012</u>
Basic earnings per share (NT\$)	<u>\$4.79</u>	<u>\$4.39</u>
	<u>2022</u>	<u>2021</u>
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$847,892</u>	<u>\$777,924</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	177,012	177,012
Effect of dilution:		
Employee compensation - stock (in thousands)	<u>89</u>	<u>94</u>
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>177,101</u>	<u>177,106</u>
Diluted earnings per share (NT\$)	<u>\$4.79</u>	<u>\$4.39</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

7. Related party transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Changjiang Products Co., Ltd.	Other related parties
Neruili Technology Co., Ltd.	Other related parties
Da-Tang Living Art Center Co., Ltd.	Other related parties
GFC Foundation	Other related parties

Significant transactions with the related parties

(1) Operating costs

	<u>Account details</u>	<u>2022</u>	<u>2021</u>
<u>Other related parties</u>			
Neruili Technology Co., Ltd.	Labor income	\$630	\$-

(2) Operating expenses

	<u>Account details</u>	<u>2022</u>	<u>2021</u>
<u>Other related parties</u>			
Neruili Technology Co., Ltd.	Research expense	\$1,620	\$1,500
GFC Foundation	Donation expense	10,050	10,510
		<u>\$11,670</u>	<u>\$12,010</u>

(3) Other income

	<u>2022</u>	<u>2021</u>
<u>Other related parties</u>		
Da-Tang Living Art Center Co., Ltd.	\$1,081	\$1,081

(3) Lease - related parties

Right-of-use assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Other related parties</u>		
Changjiang Products Co., Ltd.	\$17,688	\$1,871

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The rental period and rental collection method are in accordance with the contract. In general, the rental term is 2 to 5 years and pay by month.

Lease liabilities

	December 31, 2022	December 31, 2021
<u>Other related parties</u>		
Changjiang Products Co., Ltd.	\$17,789	\$1,903

Interest expenses

	2022	2021
<u>Other related parties</u>		
Changjiang Products Co., Ltd.	\$227	\$73

(4) Key management personnel compensation

	2022	2021
Short-term employee benefits	\$37,582	\$37,031
Post-employment benefits	324	324
Total	\$37,906	\$37,355

The main management personnel include directors, supervisors and managers above the deputy president level.

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

	Carrying amount		
	December 31, 2022	December 31, 2021	
Refundable deposits (time deposits)	\$148,232	\$121,134	Secured liabilities Construction deposits

9. Commitments and contingencies

As at December 31, 2022, the performance guarantee the Company entrusted financial institutions to issue amounted to \$979,079 thousand.

10. Losses due to major disasters

None.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

11. Significant subsequent events

None.

12. Financial instruments

(1) Categories of financial instruments

Financial assets

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$545,772	\$675,327
Subtotal	545,772	675,327
Financial assets at fair value through other comprehensive income	13,409	63,817
Financial assets measured at amortized cost		
Cash and cash equivalents	2,286,184	1,899,133
Financial assets measured at amortized cost	44,489	59,888
Notes receivable	236,711	251,521
Accounts receivable	806,715	778,407
Other receivables	53,322	14,313
Subtotal	3,427,421	3,003,262
Refundable deposits	300,593	276,001
Total	<u>\$4,287,195</u>	<u>\$4,018,407</u>

Financial liabilities

	December 31, 2022	December 31, 2021
Financial liabilities at amortized cost:		
Trade and other payables	\$1,028,522	\$983,630
Lease liabilities	30,116	18,186
Guarantee deposits	8,276	8,312
Total	<u>\$1,066,914</u>	<u>\$1,010,128</u>

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take the interdependencies between risk variables into account.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for US, CNY and JPY. The information of the sensitivity analysis is as follows:

- A. When NTD strengthens/weakens against US by 1%, the profit for the years ended December 31, 2022 and 2021 is decreased/increased by \$1,386 thousand and \$506 thousand, respectively, the equity is decreased/increased by \$1,440 thousand and \$561 thousand, respectively.
- B. When NTD strengthens/weakens against CNY by 1%, the profit for the years ended December 31, 2022 and 2021 is decreased/increased by \$1,057 thousand and \$1,722 thousand, respectively, the equity is decreased/increased by \$1,057 thousand and \$1,722 thousand, respectively.
- C. When NTD strengthens/weakens against JPY by 1%, the profit for the years ended December 31, 2022 and 2021 is decreased/increased by \$12 thousand and \$2 thousand, respectively, the equity is decreased/increased by \$12 thousand and \$2 thousand, respectively.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investments at fixed interest rates and bank borrowings with fixed interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including borrowings with variable interest rates. At the reporting date, a change of bank deposit and 1% of interest rate in a reporting period could cause the profit for the years ended December 31, 2022 and 2021 to decrease/increase by NT\$2,026 thousand and NT\$1,835 thousand, respectively.

Equity price risk

The fair value of the Group's unlisted equity securities is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's unlisted equity securities are classified under financial assets measured at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counterparties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As at December 31, 2022 and December 31, 2021, accounts receivable from top ten customers accounted for 9.83% and 10.88% of the total accounts receivable of the Group, respectively. The credit concentration risk of other accounts receivable is insignificant as well.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit ratings. Consequently, there is no significant credit risk for these counterparties.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as at the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
December 31, 2022					
Trade and other payables	\$1,028,552	\$-	\$-	\$-	\$1,028,552
Lease liabilities (note)	12,180	15,783	4,724	-	32,687
	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
December 31, 2021					
Trade and other payables	\$983,630	\$-	\$-	\$-	\$983,630
Lease liabilities (note)	8,419	9,481	2,485	-	20,385

Note: Including cash flows resulted from short-term leases or leases of low-value assets.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2022:

	Leases liabilities	Other liabilities	Total liabilities from financing activities
January 1, 2022	\$18,186	\$8,312	\$26,498
Cash flows	(11,648)	(36)	(11,684)
Non-cash changes	23,578	-	23,578
December 31, 2022	<u>\$30,116</u>	<u>\$8,276</u>	<u>\$38,392</u>

Reconciliation of liabilities for the year ended December 31, 2021:

	Short term borrowings	Leases liabilities	Other liabilities	Total liabilities from financing activities
January 1, 2021	\$100,000	\$28,342	\$8,341	\$136,683
Cash flows	(100,000)	(12,784)	(29)	(112,813)
Non-cash changes	-	2,628	-	2,628
December 31, 2021	<u>\$-</u>	<u>\$18,186</u>	<u>\$8,312</u>	<u>\$26,498</u>

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, accounts receivable, account payables and other current liabilities approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- (d) Fair value of debt instruments without market quotations, bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair value of financial instruments measured at amortized cost

The Group's cash and cash equivalents, accounts receivable, financial assets measured at amortized cost, accounts payable and other current liabilities whose carrying amount approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12.(8) for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 - Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Fund	\$545,772	\$-	\$-	\$545,772
Financial assets at fair value through other comprehensive income				
Equity investments measured at fair value through other comprehensive income	-	-	13,409	13,409

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Fund	\$675,327	\$-	\$-	\$675,327
Financial assets at fair value through other comprehensive income				
Equity investments measured at fair value through other comprehensive income	-	-	63,817	63,817

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

Details of changes in the third level of the measured at fair value on a recurring basis

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

Adjustment to financial assets measured by Level 3 fair value:

	At fair value through other comprehensive income
	<u>Stocks</u>
Beginning balances as at January 1, 2022	\$63,817
Total gains and losses recognized for the year ended December 31, 2022:	
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity investments measured at fair value through other comprehensive income)	(50,687)
Proceeds from capital reduction	(300)
Exchange differences	579
Ending balances as at December 31, 2022	<u>\$13,409</u>
	At fair value through other comprehensive income
	<u>Stocks</u>
Beginning balances as at January 1, 2021	\$45,147
Total gains and losses recognized for the year ended December 31, 2021:	
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity investments measured at fair value through other comprehensive income)	69,184
Proceeds from capital reduction	(50,334)
Exchange differences	(180)
Ending balances as at December 31, 2021	<u>\$63,817</u>

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by \$699 thousand and (\$698) thousand

December 31, 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	discount for lack of marketability	10%~30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by \$7,827 thousand and (\$7,827) thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	December 31, 2022		
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$4,513	30.7100	\$138,589
JPY	5,268	0.2324	1,224
CNY	33,412	4.4080	147,280
Non-monetary items:			
USD	177	30.7100	5,439
JPY	27	0.2324	6
<u>Financial liabilities</u>			
Monetary items:			
CNY	9,422	4.4080	41,532

	December 31, 2021		
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$1,830	27.6800	\$50,649
JPY	837	0.2405	201
CNY	52,462	4.3440	227,895
Non-monetary items:			
USD	198	27.6800	5,475
JPY	27	0.2405	6
<u>Financial liabilities</u>			
Monetary items:			
CNY	12,818	4.3440	55,682

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

As the Group has a large variety of foreign currencies, it is not possible to disclose the foreign currency exchange gains or losses information of monetary financial assets and financial liabilities on each foreign currency's exposure to major impact. The Group's foreign exchange gains (losses) for the years ended December 31, 2022 and 2021 were \$17,470 thousand and \$(682) thousand, respectively.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(10) Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Notes for Disclosure

(1) Information related to significant transactions

- A. Financings provided to others: None.
- B. Endorsements/guarantees provided to others: Table 1.
- C. Marketable securities held (not including subsidiaries, associates and joint ventures): Table 2.
- D. Individual securities acquired or disposed of with accumulated amount exceeding NTD 300 million or 20% of the capital stock: None.
- E. Acquisition of individual real estate properties at costs of at least NTD 300 million or 20% of the paid-in capital: None.
- F. Disposal of individual real estate properties at costs of at least NTD 300 million or 20% of the paid-in capital: None.
- G. Total purchases from or sales to related parties of at least NTD 100 million or 20% of the paid-in capital: Table 3.
- H. Receivables due from related parties amounting to at least NTD 100 million or 20% of the paid-in capital: None.
- I. Derivative instruments transactions: None.
- J. Business, relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and accounts of any significant transactions between them: Table 4.

(2) Information on investees

Information to be disclosed for those with significant influence or control over the investee companies directly or indirectly: Table 5.

(3) Information on investments in Mainland China: Table 6.

(4) Information on major shareholders: Table 7.

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

14. Segment information

For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

- (1) Sales segment: The segment is responsible for the manufacturing and sale of elevators and generators.
- (2) Maintenance segment: The segment is responsible for the maintenance of elevators and generators.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

Information on segment profit and loss, assets and liabilities to be reported.

2022

	Sales segments	Maintenance segments	Other segments	Adjustment and elimination	Total
Revenue					
External customer	\$2,592,468	\$2,057,847	\$89,192	\$-	\$4,739,507
Inter-segment	152,484	1	13,161	(165,646)	-
Total revenue	<u>\$2,744,952</u>	<u>\$2,057,848</u>	<u>\$102,353</u>	<u>\$(165,646)</u>	<u>\$4,739,507</u>
Segment profit	<u>\$228,073</u>	<u>\$953,862</u>	<u>\$(102,013)</u>	<u>\$(46,915)</u>	<u>\$1,033,007</u>

2021

	Sales segments	Maintenance segments	Other segments	Adjustment and elimination	Total
Revenue					
External customer	\$2,540,763	\$1,968,281	\$95,979	\$-	\$4,605,023
Inter-segment	165,481	190	12,852	(178,523)	-
Total revenue	<u>\$2,706,244</u>	<u>\$1,968,471</u>	<u>\$108,831</u>	<u>\$(178,523)</u>	<u>\$4,605,023</u>
Segment profit	<u>\$318,440</u>	<u>\$913,429</u>	<u>\$(191,793)</u>	<u>\$(71,345)</u>	<u>\$968,731</u>

Notes to consolidated financial statements of
GFC, LTD. and subsidiaries (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The following table presents segment assets and liabilities of the Group's operating segments as at December 31, 2022 and 2021:

	Sales segments	Maintenance segments	Other segments	Adjustment and elimination	Total
Segment assets on December 31, 2022	\$3,269,322	\$565,807	\$5,537,995	\$(347,946)	\$9,025,178
Segment assets on December 31, 2021	\$3,683,316	\$607,678	\$4,442,711	\$(324,151)	\$8,409,554
	Sales segments	Maintenance segments	Other segments	Adjustment and elimination	Total
Segment liabilities on December 31, 2022	\$3,439,703	\$585,627	\$55,699	\$(504)	\$4,080,525
Segment liabilities on December 31, 2021	\$3,073,070	\$553,520	\$60,105	\$(9,685)	\$3,677,010

Adjustment to segment profit and loss to be reported

	2022	2021
Total segment profit and loss to be reported	\$1,181,935	\$1,231,869
Other profit and loss	(102,013)	(191,793)
Elimination of inter-segment profit	(46,915)	(71,345)
Net profit before tax	\$1,033,007	\$968,731

B. Information by Region

Revenue from external customers:

	2022	2021
Taiwan	\$4,731,600	\$4,591,617
Mainland China	2,036	3,854
Singapore	5,871	4,404
Other countries	-	5,148
Total	\$4,739,507	\$4,605,023

Revenue is classified based on the country of the customer.

Non-current assets:

	December 31, 2022	December 31, 2021
Taiwan	\$2,598,430	\$2,660,994
Mainland China	23,435	25,360
Japanese	72	80
Total	\$2,621,937	\$2,686,434

C. Important Customer Information

There was no revenue from external customers amounted to 10% of its operating revenue in 2022 and 2021.

Notes to consolidated financial statements of GFC, LTD.(continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Table 1: Endorsements/guarantees provided to others

Unit: Thousands (NTD/USD)

Number (note 1)	Endorser/guarantor Company name	Object of endorsement / guarantee		Limit of guarantee amount to a single enterprise (note 3)	Highest endorsement guarantee balance in the current period (note 4)	Endorsement guarantee balance in the end of the period (note 5)	Actual amount used (note 6)	Endorsement guarantees amount secured by properties	Accumulated amount of endorsements/guarantees to net value in financial statements ratio	Endorsements / guarantees limit (note 3)	Belongs to parent company's endorsement guarantees to subsidiaries (note 7)	Belongs to subsidiaries' endorsement guarantees to parent company (note 7)	Belongs to endorsements / guarantees to Mainland China (note 7)
		Company name	Relationship (note 2)										
1	Howtobe Technology	GFC, LTD.	(note 2)	NTD 300,000	NTD 13,041	NTD 0	NTD 0	None	%	50% of the Company's net assets NTD 2,472,420	N	Y	N

Note 1: Description of the number field is as follows:

- 1.The issuer is "0".
- 2.Investee companies are numbered in order starting from 1.

Note 2: There are 7 types of relationships between the endorser/guarantor and the endorsed/guaranteed object as below, and only the type needs to be indicated:

- 1.A company with business contacts.
- 2.A company with more than 50% of its voting shares directly and indirectly held by the Company.
- 3.A company directly and indirectly holding more than 50% of the voting shares of the Company.
- 4.A company with 90% of its voting shares directly and indirectly held by the Company.
- 5.A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholdings percentages.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: According to Golden Friends Corporation's endorsement guarantee procedures, the relationship between the Company and the Company's endorsement guarantee objects, and the limit of the endorsement guarantee amount are as follows:

- 1.The total amount of external endorsement/guarantee liability shall not exceed 50% of the Company's current net assets.
- 2.The liability limit for endorsement guarantee of a single enterprise shall not exceed 20% of the Company's current net assets and 300 millions.

Note 4: The maximum balance of endorsement guarantees for others in the current year.

Note 5: The amount approved by the board of directors shall be filled in. However, if the board of directors authorizes the chairman of the board to make a decision in accordance with paragraph 8 of Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, then it refers to the amount decided by the chairman of the board.

Note 6: It is required to enter the actually used amount of the endorsed/guaranteed company within its balance of endorsement guarantee.

Note 7: Only those which are endorsement guarantees of a listed or OTC parent company to its subsidiary, endorsement guarantees of a subsidiary to its listed or OTC parent company, and endorsement guarantees in mainland China need to be filled in with Y.

Notes to consolidated financial statements of GFC, LTD.(continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Table 2: Marketable securities held (not including subsidiaries, associates and joint ventures)

Securities holding company	Name and type of securities held (note 1)	Relationship with the securities issuer	Accounting subject	Unit: Thousands (NTD)				
				End of period				
				No. of shares/No. of units	Book value	Ratio	Fair value	Remarks
	Money Market Fund							
GFC, LTD.	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,216,774	\$20,101	*	\$20,101	(note 2)
GFC, LTD.	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,652,920	20,094	*	20,094	(note 2)
GFC, LTD.	PineBridge Taiwan Money Market Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	6,894,249	95,476	*	95,476	(note 2)
GFC, LTD.	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,784,629	60,211	*	60,211	(note 2)
GFC, LTD.	Deutsche Far Eastern DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,072,357	60,277	*	60,277	(note 2)
GFC, LTD.	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,188,757	80,359	*	80,359	(note 2)
GFC, LTD.	JPMorgan (Taiwan) Taiwan First Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,958,425	45,216	*	45,216	(note 2)
GFC, LTD.	Allianz Global Investors Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,577,188	20,086	*	20,086	(note 2)
GFC, LTD.	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,452,197	40,179	*	40,179	(note 2)
GFC, LTD.	FSITC Money Market	-	Financial assets at fair value through profit or loss - current	193,998	35,123	*	35,123	(note 2)
	Stock Funds							
GFC, LTD.	PineBridge ESG Quantitative Global Equity Fund	-	Financial assets at fair value through profit or loss - current	300,000	2,910	*	2,910	(note 2)
GFC, LTD.	NN (L) Climate & Envir X Cap USD	-	Financial assets at fair value through profit or loss - current	96	3,507	*	3,507	(note 2)
	Bond Funds							
GFC, LTD.	PineBridge Frontier Emerging Markets High Yield Bond Fund-A	-	Financial assets at fair value through profit or loss - current	1,000,000	8,331	*	8,331	(note 2)
GFC, LTD.	PineBridge ESG Quant Bond Fund	-	Financial assets at fair value through profit or loss - current	1,000,000	8,894	*	8,894	(note 2)
	Multiple Asset Funds							
GFC, LTD.	PineBridge ESG Quant Multi-Asset Fund	-	Financial assets at fair value through profit or loss - current	1,000,000	9,397	*	9,397	(note 2)
GFC, LTD.	PineBridge Thematic Dynamic Multi-Asset Fund	-	Financial assets at fair value through profit or loss - current	1,500,000	14,476	*	14,476	(note 2)
GFC, LTD.	Fubon Taiwan-U.S. Twinstar Multi-Asset Fund-A	-	Financial assets at fair value through profit or loss - current	500,000	4,931	*	4,931	(note 2)
	Global Funds							
GFC, LTD.	Schroder International Selection Fund Global Climate Change Equity A1 Accumulation USD	-	Financial assets at fair value through profit or loss - current	3,926	2,293	*	2,293	(note 2)
GFC, LTD.	PineBridge Quantitative Diversified Income Fund	-	Financial assets at fair value through profit or loss - current	1,000,000	8,886	*	8,886	(note 2)
	Index Funds							
GFC, LTD.	Hua Nan Taiwan Environmental Sustainability and High Dividend Index Fund	-	Financial assets at fair value through profit or loss - current	500,000	5,025	*	5,025	(note 2)
	Stocks							
GFC, LTD.	Living Mall	-	Financial assets at fair value through other comprehensive income - non-current	49,205	477	0.49%	477	(note 2)
GFC, LTD.	Tiger City	-	Financial assets at fair value through other comprehensive income - non-current	50,000	350	0.03%	350	(note 2)
GFC, LTD.	Hua Da Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	300,000	3,081	6.00%	3,081	(note 2)
GFC, LTD.	Japan UC	-	Financial assets at fair value through other comprehensive income - non-current	300	4,062	19.99%	4,062	(note 2)
GFC Cayman	Northern Holding Corporation	-	Financial assets at fair value through other comprehensive income - non-current	115,000	5,439	10.04%	5,439	(note 3)

*Shareholding percentage less than 0.01%

Note 1: Separately filled in by stock, bond, beneficiary certificates, convertible corporate bond...etc.

Note 2: OTC stocks and closed-end funds are calculated at the closing price at the end of the period, while open-end funds are calculated at the net asset value of the fund on the balance sheet date.

Notes to consolidated financial statements of GFC, LTD.(continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Table 3: Total purchases from or sales to related parties of at least NTD 100 million or 20% of the paid-in capital

Unit: Thousands (NTD)

Purchasing (sale) of goods Company	Name of trading counterparty	Relationship	from those of general trading and the reasons				Difference in trading terms general transactions and reasons		Notes and accounts receivable (payable)		Notes
			Purchase (sale) of goods	Amount (note 2)	ratio to total purchase (sale) of goods in percentage(%)	Credit period	Unit price	Credit period	Ending balance	Percentage of total receivable account	
GFC, LTD	GFC Elevators Shanghai	Subsidiary	purchase of goods	\$151,566	<u>6.87%</u>	(note 1)	(note 1)	(note 1)	<u>\$-</u>	<u>0.00%</u>	
GFC Elevators Shanghai	Golden Friends Corporation	Parent company	sale of goods	151,566	<u>98.10%</u>	(note 1)	(note 1)	(note 1)	<u>\$-</u>	<u>0.00%</u>	

Note 1: There is no significant difference with general transactions.

Note 2: It has been written off due to the preparation of consolidated statements.

Notes to consolidated financial statements of GFC, LTD.(continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Table 4: Business, relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and accounts of any significant transactions between them

Unit: Thousands (NTD)

Number (note 1)	Transaction party	Transaction counterparty	Relationship with the counterparty (note 2)	Transaction information			
				Subject	Amount	Transaction terms	% of consolidated revenue or total assets (note 3)
0	GFC, LTD	GFC Shanghai	1	Sales revenue	\$895	note 4	0.02%
		GFC Shanghai	1	Cost of goods sold	151,566	note 4	3.20%
		GFC Shanghai	1	Account receivable	125	note 4	0.00%
		Howtobe Technology	1	Sales revenue	22	note 4	0.00%
		Howtobe Technology	1	Labor income	172	note 4	0.00%
		Howtobe Technology	1	Operating cost	2,311	note 4	0.05%
		Howtobe Technology	1	Accounts receivable	219	note 4	0.00%
		Howtobe Technology	1	Accounts payable	161	note 4	0.00%
		Howtobe Technology	1	Other income	2,763	note 4	0.06%

Note 1: The information of business between the parent company and the subsidiary company shall be indicated in the number column respectively, and the number shall be filled in as follows:

1. Fill in 0 for the parent company
2. Subsidiaries are numbered in sequence starting with Arabic numeral with Arabic numerals according to company type.

Note 2: There are three types of relationship with the trader, which can be marked as follows (If it is the same transaction between parent and subsidiary companies or between subsidiaries, it is not necessary to disclose the information repeatedly. For example: For a transaction between the parent company and the subsidiary company, if the parent company has been disclosed, the subsidiary needs not be disclosed repeatedly; if one of the subsidiaries has been disclosed, the other subsidiaries need not be disclosed repeatedly):

1. Parent company to subsidiary company.
2. Subsidiary company to parent company.
3. Subsidiary company to subsidiary company.

Note 3: Percentage of the transaction amount to the consolidated total revenue or total assets, if transaction account belongs to balance sheet, it shall be calculated by the consolidated total assets; if transaction account belongs to comprehensive income statement, it shall be calculated by the consolidated net revenue.

Note 4: There is no special difference between the trading terms of related parties and non-related parties.

Notes to consolidated financial statements of GFC, LTD.(continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Table 5: Information to be disclosed for those with significant influence or control over the investee companies directly or indirectly

Unit: Thousands (NTD)

Investor	Investee	Location	Major business	Initial investment amount		Ending amount			Investee profit (loss) in current period	GFC recognized investment profit (loss)	Notes
				End of this year	End of prior year	Number of shares	Ratio	Book value			
GFC, LTD	GFC Cayman	Cayman Islands	Investment in GFC Shanghai	\$331,494	\$331,494	-	100.00%	\$265,108	\$26,286	\$25,973	note 1, note 3
GFC, LTD	Howtobe Technology	Taipei, Taiwan	Sales and processing of elevators and parts	26,000	26,000	2,600,000	100.00%	71,090	20,781	20,505	note 1, note 3
GFC, LTD	Japan V.T. SYSTEMS	Tokyo, Japan	Manufacturing, sales and maintenance of elevators	29,337	29,337	2,073	65.11%	163	(232)	(151)	note 1
GFC, LTD	Hua Hung Management Consulting Co., Ltd.	Taipei, Taiwan	Investment analysis	1,000	1,000	200,000	20.00%	10,604	(1,183)	(237)	note 2
GFC, LTD	Hua Chi Venture Capital Co., Ltd.	Taipei, Taiwan	Venture capital business	1,053	1,053	105,263	21.05%	17,182	7,472	1,573	note 2

Note 1: The Company directly invested subsidiary.

Note 2: The Company directly invested company with influence.

Note 3: The Company recognized investment profit (loss) is the net of unrealized sales profit.

Notes to consolidated financial statements of GFC, LTD.(continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Table 6: Information on investments in Mainland China

(1) The Company established Shanghai GFC elevator CO., Limited in Mainland China through GFC Cayman Island Limited, an invested enterprise of the Company in a third region.

(2) Name of the invested company in Mainland China, main business items, paid-in capital, investment method, inward and outward remittance of capital, shareholding ratio, investment profit/loss, book value of investment at the end of the period, profit of investment repatriated and limit for Mainland China investment:

Unit: Thousands (USD) / Thousands (NTD)

Name of the invested company in Mainland China	Main business items	Paid-in capital (note 4)	Investment method (note 1)	Cumulative investment amount remitted outward from Taiwan at the beginning of the period	Investment capital remitted out or repatriated in the period		Cumulative investment amount remitted outward from Taiwan at the beginning of the period	Profit or loss of the invested company in the period	Shareholding ratio of direct or indirect investment of the company	Investment profit or loss recognized in the period (note 2)	Book value of investment at the end of the period	Investment profit already repatriated as of the end of the period
					outward remittance	repatriation						
Shanghai GFC elevator Co., Limited	Trading of diesel generators and sales and installation of passenger (cargo) elevators and elevator parts	\$400,028 (USD 13,026)	(b)	\$491,360 (USD 16,000)	\$-	\$-	\$491,360	\$13,596	100%	\$13,596	\$132,355	No repatriation of profit
							(USD 16,000)			((b)B)		

Cumulative amount remitted outward from Taiwan for investment in Mainland China at the end of the period	Investment amount approved by the Investment Commission, MOEA	Limit of investment in Mainland China by the Investment Commission, MOEA
\$491,360(USD16,000)	\$491,360(USD16,000)	\$2,966,903

Note 1: The investment methods can be divided into the following four types (indicate type):

- (a) Investment in a Mainland company via remittance from a third place.
- (b) Reinvestment in a Mainland company through a third place investment.
- (c) Reinvestment in a Mainland company through reinvestment in an existing company in a third place.
- (d) Other methods, e.g. entrusted investment

Note 2: In the column of investment profit or loss recognized in the period:

- (a) If there is no investment profit or loss as it is still in the preparation stage, a note shall be made.
- (b) The recognition basis of investment profit and loss is divided into the following three types and shall be noted.
 - A. Financial statements audited and certified by an international accounting firm that has a cooperative relationship with an accounting firm of the Republic of China
 - B. Financial statements audited and certified by the independent auditor of the Taiwanese parent company
 - C. Others.

Note 3: The figures in this table shall be presented in New Taiwan dollars. (US\$ exchange rate: 30.71 on December 31, 2022)

Note 4: A part of the investment amount has been remitted back to GFC Cayman Island Limited, an invested enterprise of the Company in a third region, but not remitted to the Company.

Notes to consolidated financial statements of GFC, LTD.(continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(3) Major transactions:

- 1) The purchase amount and the percentage as well as the closing balance and the percentage of the corresponding payable: See attached Table 1 for details.
- 2) The sales amount and the percentage as well as the closing balance and the percentage of the corresponding receivable: See attached Table 2 for details.
- 3) Amount of property transaction and amount of profit or loss generated: None.
- 4) The ending balance of bill endorsement, guarantee or provision of collateral and the purpose: None.
- 5) Maximum balance of financing, and its closing balance, interest rate interval and total interest of the current period: None.
- 6) Other transactions that have a significant impact on the current profit and loss or financial position: None.

Table 1 Unit: Thousands (NTD)

Name of related party	Relationship with the related party	Transaction type (Purchase or sale of goods)	Purchases			Terms of transaction		Corresponding payables	
			Amount	Percentage	Price	Payment period	Comparison with general transactions	Balance	Percentage
Shanghai GFC elevator CO., Limited	Sub-subsidiary evaluated by equity method	Purchases	\$151,566	6.87%	The cost plus the due profit.	Two to four months after shipment, the payment shall be made directly by remittance.	There is no relevant export transaction for comparison.	\$-	0.00%

Table 2 Unit: Thousands (NTD)

Name of related party	Relationship with the related party	Transaction type (Purchase or sale of goods)	Sales			Terms of transaction		Corresponding receivable		Unrealized gross profit
			Amount	Percentage	Price	Payment period	Comparison with general transactions	Balance	Percentage	
Shanghai GFC elevator CO., Limited	Sub-subsidiary evaluated by equity method	Sales	\$895	0.03%	The cost plus the due profit.	Two to four months after shipment, the payment shall be made directly by remittance.	There is no relevant export transaction for comparison.	\$- It was directly sold to GFC Shanghai and recognized as account receivable - related party.	0.00%	\$66

Notes to consolidated financial statements of GFC, LTD.(continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Table 7: Information on major shareholders

Unit: shares

Name \ Shares	Number of shares	Percentage of ownership
Changjiang Products Co., Ltd.	\$99,878,498	56.42%

V. Individual Financial Report of the Company for the Most Recent Year Audited and Certified by the Independent Auditor

English Translation of Audit Report Originally Issued in Chinese

Audit Report of Independent Accountants

To GFC, LTD:

Opinion

We have audited the accompanying parent company only balance sheets of GFC, LTD (the “Company”) as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the parent company only financial statements, including the summary of significant accounting policies (together “the parent company only financial statements”).

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial positions of the Company as of December 31, 2022 and 2021, and its financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 parent company only financial statements. These matters were addressed in the context 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 these matters.

Allowance for Receivables

The accounts receivable of the Company as of December 31, 2022 amounted to \$801,780 thousand, accounting for 9% of the total assets, and had a significant impact on the parent company only financial statements. Since the amount of allowance for accounts receivable is measured by the lifetime expected credit loss, the measurement process shall appropriately distinguish groups of accounts receivable, and judge and analyze the application of related assumptions in the measurement process, including the consideration of appropriate account aging interval, loss rate of each account age range and its forward-looking information. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the measurement result will affect the net accounts receivable, we therefore considered this a key audit matter. Our audit procedures included (but are not limited to) understanding the internal control established by the management for accounts receivable collection management and testing the effectiveness of the internal control; evaluating the appropriateness of the loss allowance policy and the reasonableness of loss rate, and testing the preparation matrix used to measure the loss allowance, including evaluating whether the determination of each group's aging interval and the estimation of loss rate is reasonable and checking the correctness of the original voucher based on the fundamental information; testing the relevant statistical information of loss rate calculated by roll rate; considering the reasonableness of the forward-looking information included in the loss rate evaluation; evaluating whether the forward-looking information affected the loss rate; reviewing the subsequent period collection of receivables and considering whether the assessment of recoverability was reasonable; carrying out analytical review to assess the turnover rate of receivables. We also considered the appropriateness of the disclosure of accounts receivable in Notes 4, 5 and 6 to the financial statements.

Inventory Valuation

The inventory of the Company as of December 31, 2022 was \$2,279,493 thousand, amounted to 26% of the total assets, and had a significant impact on the financial statements. As the technology of elevator production advances with each passing day, inventory may be obsolete or the selling price may decline. The inventory valuation of net realizable value and the loss allowance provision involved significant amount of management judgment. In our opinion, the inventory valuation is important for the audit of the parent company only financial statements, we therefore considered it a key audit matter. Our audit procedures included (but are not limited to): understanding the appropriateness and testing the effectiveness of the internal control established by the management for inventory valuation and obsolete loss; taking inventory at the end of the period and carrying out inventory sampling at the inventory storage site to observe whether there is obsolete inventory at the site; testing the accumulated inventory cost of construction in process and evaluating the appropriate attribution and classification of the construction in process cost at the end of the period; and evaluating the reasonableness of the allowance for inventory proposed by the management. We also considered the appropriateness of inventory disclosure in Notes 4, 5 and 6 to the parent company only financial statements.

Revenue Recognition

The main source of revenue of the Company is the sales and maintenance of elevator related products. Due to the differences in the characteristics of various sources of revenue, it is necessary to determine whether the performance obligation and the applicable revenue recognition method are over time or at a certain point in time. The amount of revenue recognized and the recognition method involves judgment and analysis, and in our opinion it is important to the audit of the parent company only financial statements, so it is determined to be a key audit matter. Our audit procedures included (but are not limited to) understanding the internal control established by the management regarding the sales, installation, maintenance and repair of elevator related commodities and testing the effectiveness of the internal control; assessing the appropriateness of the accounting policies for revenue recognition; assessing the reasonableness of the management's identification of the performance obligation related to revenue and the time of recognition; reviewing the major transaction contract terms and sample checking the contract performance related documents with respect to goods or services already transferred; and conducting analytical review of the gross profit margin and major customers. We also considered the appropriateness of the accounting policies for the recognition of revenue and related disclosures in Notes 4 and 6 to the financial statements.

Other Matter – Making References to the Audits of Component Auditors

We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of other auditors. These associates and joint ventures under equity method amounted to \$27,786 thousand and \$29,172 thousand, both representing 0.3% and 0.4% of total assets as of December 31, either 2022 or 2021. The related shares of profits (loss) from the associates and joint ventures under the equity method amounted to \$1,336 thousand and \$6,615 thousand, representing 0.1% and 0.7% of the income before tax for the years ended December 31, 2022 and 2021, respectively, and the related shares of other comprehensive income (loss) from the associates and joint ventures under the equity method amounted to \$4,615 thousand and \$(5,792) thousand, representing (6.4)% and (20)% of the comprehensive income (loss) for the years ended December 31, 2022 and 2021, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including supervisors, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company Only 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 that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit 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 an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with 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 charged with 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 parent company only financial statements and are therefore the key audit matters. 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 communication.

/s/Fuh, Wen-Fun

/s/Ma, Chun-Ting

Ernst & Young, Taiwan
March 24, 2023

Notice to Readers:

The accompanying consolidated financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices the Standards on Auditing of the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those Standards on Auditing of the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

GFC, LTD.

Parent Company Only Balance Sheets

December 31, 2022 and December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets	Note	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4 & 6.(1)	\$1,918,579	22	\$1,567,651	19
Financial assets at fair value through profit or loss - current	4 & 6.(2)	545,772	6	675,327	8
Financial assets at amortised cost - current	4 & 6.(16)	39,207	-	25,545	-
Notes receivable, net	4, 6.(4) & 6.(16)	233,445	3	247,955	3
Accounts receivable, net	4, 6.(5) & 6.(16)	801,780	9	774,094	9
Accounts receivable - related parties	4, 6.(5), 6.(16) & 7	219	-	244	-
Other receivables	4 & 6.(16)	48,059	-	10,830	-
Other receivables - related parties	4, 6.(16) & 7	125	-	1,341	-
Inventories	4 & 6.(6)	2,279,493	26	1,958,280	24
Prepayments		63,355	1	60,867	1
Non-current assets classified as held for sale, net	4 & 6.(7)	15,421	-	-	-
Other current assets		14,469	-	6,348	-
Total current assets		5,959,924	67	5,328,482	64
Non-current assets					
Financial assets at fair value through other comprehensive income - non-current	4 & 6.(3)	7,970	-	58,342	1
Financial assets at amortised cost - non-current	4 & 6.(16)	5,282	-	34,343	1
Investments accounted for using equity method	4 & 6.(8)	364,147	4	333,154	4
Property, plant and equipment	4 & 6.(9)	1,108,170	13	1,124,870	14
Right-of-use assets	4, 6.(17) & 7	29,789	-	18,019	-
Investment property, net	4 & 6.(10)	809,642	9	828,182	10
Intangible assets	4 & 6.(11)	82,120	1	77,375	1
Deferred tax assets	4 & 6.(21)	209,542	2	197,199	2
Refundable deposits	8	300,593	4	276,001	3
Other non-current assets - other		16,447	-	15,413	-
Total non-current assets		2,933,702	33	2,962,898	36
Total assets		\$8,893,626	100	\$8,291,380	100

(The accompanying notes are an integral part of the parent company only financial statements)

Chairman: Tang, Po-Loung

General Manager: Yu, Pen-Li

Chief Accounting Officer: Lu, Ying-Chen

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

GFC, LTD.

Parent Company Only Balance Sheets (continued)

December 31, 2022 and December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Note	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Current liabilities					
Contract liabilities - current	4 & 6.(15)	\$2,682,865	30	\$2,341,055	28
Notes payable	4	70,662	1	73,839	1
Notes payable - related parties	4 & 7	159	-	73	-
Accounts payable	4	297,364	4	258,741	3
Accounts payable - related parties	4 & 7	2	-	8,029	-
Other payables	4 & 12	601,723	7	570,603	7
Current tax liabilities	4 & 6.(21)	97,977	1	118,899	2
Provisions	4	107,896	1	100,484	1
Lease liabilities - current	4, 6.(17) & 7	10,250	-	6,579	-
Other current liabilities		13,657	-	14,242	-
Total current liabilities		3,882,555	44	3,492,544	42
Non-current liabilities					
Deferred tax liabilities	4 & 6.(21)	18	-	-	-
Lease liabilities - non-current	4, 6.(17) & 7	19,866	-	11,607	-
Defined benefit liabilities - net	4 & 6.(13)	38,072	-	46,294	1
Other non-current liabilities		8,276	-	8,312	-
Total non-current liabilities		66,232	-	66,213	1
Total liabilities		3,948,787	44	3,558,757	43
Equity attributable to the parent company					
Capital	6.(14)				
Common stock		1,770,120	20	1,770,120	21
Additional paid-in capital	6.(14)	63,404	1	60,830	1
Retained earnings	6.(14)				
Legal reserve		1,330,369	15	1,255,829	15
Special reserve		23,146	-	84,529	1
Unappropriated earnings		1,825,203	21	1,584,461	19
Total retained earnings		3,178,718	36	2,924,819	35
Other equity	4	(67,403)	(1)	(23,146)	-
Total equity		4,944,839	56	4,732,623	57
Total liabilities and equity		\$8,893,626	100	\$8,291,380	100

(The accompanying notes are an integral part of the parent company only financial statements)

Chairman: Tang, Po-Loung

General Manager: Yu, Pen-Li

Chief Accounting Officer: Lu, Ying-Chen

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
GFC, LTD.

Parent Company Only Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Note	2022		2021	
		Amount	%	Amount	%
Operating revenues	4, 6.(15) & 7	\$4,648,474	100	\$4,505,572	100
Operating costs	4, 6.(17) & 7	(3,297,806)	(71)	(3,147,275)	(70)
Gross profit		1,350,668	29	1,358,297	30
Unrealized sales profit or loss		(66)	-	(57)	-
Realized sales profit or loss		57	-	64	-
Gross profit		1,350,659	29	1,358,304	30
Operating expenses	6.(16), 6.(17), 6.(18) & 7				
Sales and marketing expenses		(126,120)	(3)	(122,137)	(3)
General and administrative expenses		(344,114)	(7)	(332,397)	(7)
Research and development expenses		(42,367)	(1)	(40,741)	(1)
Expected credit losses		(10,409)	-	(23,375)	(1)
Total operating expenses		(523,010)	(11)	(518,650)	(12)
Operating income		827,649	18	839,654	18
Non-operating income and expenses	4, 6.(19) & 7				
Interest revenue		9,826	-	5,178	-
Other income		112,421	2	32,278	1
Other gains and losses		30,183	1	(1,078)	-
Financial costs		(449)	-	(754)	-
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method		47,663	1	82,999	2
Total non-operating income and expenses		199,644	4	118,623	3
Income before income tax		1,027,293	22	958,277	21
Income tax expense	4 & 6.(21)	(179,401)	(4)	(180,353)	(4)
Net income	4, 6.(20) & 6.(21)	847,892	18	777,924	17
Other comprehensive income (loss)					
Not to be reclassified to profit or loss in subsequent periods					
Remeasurements of defined benefit pension plans		(34,452)	-	(40,592)	(1)
Unrealized gains or losses from equity investments measured at fair value through other comprehensive income		(50,072)	(1)	70,538	2
Share of other comprehensive income of associates and joint ventures		4,008	-	(7,193)	-
Income tax related to items that will not be reclassified subsequently		6,890	-	8,118	-
To be reclassified to profit and loss in subsequent periods					
Exchange differences resulting from translating the financial statements of foreign operations		2,268	-	(2,513)	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss		(453)	-	503	-
Total other comprehensive income (loss), net of tax		(71,811)	(1)	28,861	1
Total comprehensive income		\$776,081	17	\$806,785	18
Earnings per share (expressed in dollars)	6.(22)				
Basic earnings per share		\$4.79		\$4.39	
Diluted earnings per share		\$4.79		\$4.39	

(The accompanying notes are an integral part of the parent company only financial statements)

Chairman: Tang, Po-Loung

General Manager: Yu, Pen-Li

Chief Accounting Officer: Lu, Ying-Chen

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
GFC, LTD.

Parent Company Only Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to the parent company							
	Retained earnings					Other Components of Equity		
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	Total equity
Balance as at January 1, 2021	\$1,770,120	\$60,830	\$1,186,311	\$74,319	\$1,449,822	\$(6,601)	\$(77,927)	\$4,456,874
Appropriation and distribution of 2020 retained earnings								
Legal reserve	-	-	69,518	-	(69,518)	-	-	-
Special reserve	-	-	-	10,210	(10,210)	-	-	-
Cash dividends	-	-	-	-	(531,036)	-	-	(531,036)
Net income for the year ended December 31, 2021	-	-	-	-	777,924	-	-	777,924
Other comprehensive income (loss), net of tax for the year ended December 31, 2021	-	-	-	-	(32,521)	(2,010)	63,392	28,861
Total comprehensive income	-	-	-	-	745,403	(2,010)	63,392	806,785
Balance as at December 31, 2021	\$1,770,120	\$60,830	\$1,255,829	\$84,529	\$1,584,461	\$(8,611)	\$(14,535)	\$4,732,623
Balance as at January 1, 2022	\$1,770,120	\$60,830	\$1,255,829	\$84,529	\$1,584,461	\$(8,611)	\$(14,535)	\$4,732,623
Appropriation and distribution of 2021 retained earnings								
Legal reserve	-	-	74,540	-	(74,540)	-	-	-
Special reserve	-	-	-	(61,383)	61,383	-	-	-
Cash dividends	-	-	-	-	(566,439)	-	-	(566,439)
Other additional paid-in capital								
Donated assets received	-	2,574	-	-	-	-	-	2,574
Net income for the year ended December 31, 2022	-	-	-	-	847,892	-	-	847,892
Other comprehensive income (loss), net of tax for the year ended December 31, 2022	-	-	-	-	(27,554)	1,815	(46,072)	(71,811)
Total comprehensive income	-	-	-	-	820,338	1,815	(46,072)	776,081
Balance as at December 31, 2022	\$1,770,120	\$63,404	\$1,330,369	\$23,146	\$1,825,203	\$(6,796)	\$(60,607)	\$4,944,839

(The accompanying notes are an integral part of the parent company only financial statements)

Chairman: Tang, Po-Loung

General Manager: Yu, Pen-Li

Chief Accounting Officer: Lu, Ying-Chen

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

GFC, LTD.

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021		2022	2021
Cash flows from operating activities:			Cash flow from investing activities:		
Net income before tax	\$1,027,293	\$958,277	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	300	50,334
Adjustments to reconcile profit (loss):			Acquisition of financial assets at amortised cost	-	(18,518)
Income and expense adjustments:			Disposal of financial assets at amortised cost	15,399	-
Depreciation	54,092	55,064	Acquisition of financial assets at fair value through profit or loss	(675,000)	(814,858)
Amortization	6,316	7,179	Disposal of financial assets at fair value through profit or loss	800,141	730,825
Expected credit losses	10,409	23,375	Proceeds from capital reduction of investments accounted for using equity method	-	11,579
Net losses (gains) on financial assets or liabilities at fair value through profit or loss	4,414	(3,163)	Acquisition of property, plant and equipment	(14,469)	(111,375)
Interest expense	449	755	Disposal of property, plant and equipment	39,031	313
Interest income	(9,826)	(5,178)	Increase in refundable deposits	(24,592)	-
Dividend income	(74,701)	(597)	Decrease in refundable deposits	-	139,113
Share of profit of subsidiaries associates and joint ventures accounted for using equity method	(47,663)	(82,999)	Acquisition of intangible assets	(8,321)	(31)
Gain on disposal of property, plant and equipment	(26,565)	(252)	Increase in prepayment for equipment	(20,076)	(1,079)
Unrealized sales profit or loss	66	57	Dividends received	97,638	13,412
Realized sales profit or loss	(57)	(64)	Net cash provided by (used in) investing activities	210,051	(285)
Gain on lease modification benefit	-	(13)			
Total income and expense adjustments	(83,066)	(5,836)	Cash flow from financing activities:		
Changes in operating assets and liabilities:			Decrease in short term loans	-	(100,000)
Decrease (increase) in notes receivable	14,652	(32,032)	Decrease in guarantee deposits	(36)	(29)
Increase in accounts receivable	(36,440)	(73,645)	Cash payments for principal portion of the lease liabilities	(11,648)	(12,784)
Decrease (increase) in accounts receivable - related parties	25	(3)	Cash dividends	(566,439)	(531,036)
Increase in other receivables	(38,744)	(16,429)	Net cash used in financing activities	(578,123)	(643,849)
Decrease in other receivables - related parties	1,216	16,656			
Increase in inventories	(321,213)	(184,515)			
(Increase) decrease in prepayments	(2,488)	14,276			
(Increase) decrease in other current assets	(8,121)	5,464			
Increase in other operating assets	(4,566)	(2,923)			
Increase in contract liabilities	341,810	389,673			
(Decrease) increase in notes payable	(603)	6,135			
Increase (decrease) in notes payable - related parties	86	(106)			
Increase in accounts payable	38,623	12,256			
(Decrease) increase in accounts payable - related parties	(8,027)	7,997			
Increase in other payables	31,120	58,594			
Increase in provisions	7,412	10,225			
Decrease in other current liabilities	(585)	(7,628)			
Decrease in defined benefit liabilities	(42,674)	(37,443)			
Cash generated from operations	915,710	1,118,993			
Interest received	9,544	5,600			
Interest paid	(43)	(453)	Net increase in cash and cash equivalents	350,928	318,080
Income tax paid	(206,211)	(161,926)	Cash and cash equivalents at beginning of period	1,567,651	1,249,571
Net cash provided by operating activities.	719,000	962,214	Cash and cash equivalents at end of period	\$1,918,579	\$1,567,651

(The accompanying notes are an integral part of the parent company only financial statements)

Chairman: Tang, Po-Loung

General Manager: Yu, Pen- Li

Chief Accounting Officer: Lu, Ying-Chen

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
Notes to parent company only financial statements of
GFC, LTD.
For the Years Ended December 31, 2022 and 2021
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

1. History and organization

GFC, LTD (hereinafter referred to as “the Company”) was established on May 30, 1974. The Company initially engaged in trade business and undertook crane installation projects of Ishikawa China Shipbuilding Company. The Company started engaging in the elevator and escalator business in June 1975. In April 1977, the Company and Toshiba Corporation of Japan formally signed an elevator technical cooperation contract for the Taiwan and Japan markets. The Company was listed on the OTC market at the end of 1997. At present, its main business is the manufacturing and sales of elevators, escalators and generators. Its registered address and main operating site is on the 13th floor, No. 88, Section 2, Nanjing East Road, Taipei.

2. Date and procedure of authorization of financial statements for issue

The parent company only financial statements of the Company for the year ended December 31, 2022 and 2021 were authorized for issue by the Company’s board of directors (hereinafter “the Board of Directors”) on March 24, 2023.

3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2022. The adoption of these new standards and amendments had no material impact on the Company.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
Disclosure Initiative - Accounting Policies – Amendments to IAS 1	January 1, 2023
Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

A. Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

C. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2023. The Company assessed that the standards and interpretations have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

A. IFRS 10“Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

B. IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

C. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

D. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

E. Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The abovementioned standards and interpretations issued by IASB but have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Company assessed that the standards and interpretations have no material impact on the Company.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise stated.

(3) Foreign Currency Transactions

The Company's parent company only financial statements are presented in NT\$, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company with the functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

- A. when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
- B. when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(5) Current and non-current distinction

An asset is classified as current when:

- A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. The Company holds the asset primarily for the purpose of trading

C. The Company expects to realize the asset within twelve months after the reporting period

D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

A. The Company expects to settle the liability in its normal operating cycle

B. The Company holds the liability primarily for the purpose of trading

C. The liability is due to be settled within twelve months after the reporting period

D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 12 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a) the Company's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

Financial Assets Measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, accounts receivable, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) the financial asset is 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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial Assets at Fair Value Through Other Comprehensive Income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - i. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its accumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial Assets at Fair Value Through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of Financial Assets

The Company recognizes a loss allowance for expected credit losses on financial asset measured at amortized cost.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

C. Derecognition of Financial Assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired.
- (b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- (c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial Liabilities and Equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial Liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

E. Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or

B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - Purchase cost on a weighted-average method

Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(10) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

(11) Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. The Company made such adjustments by debiting or crediting accounts such as investments accounted for using equity method, share of profit (loss) of associates and joint ventures accounted for using equity method, or share of other comprehensive income of associates and joint ventures accounted for using equity method, unrealized gains (losses), considering the accounting method used for the investments in subsidiaries in the consolidated financial statements in accordance with IFRS 10 Consolidated Financial Statements and the differences of application of IFRS between different consolidated entities.

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro rata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

- A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	1~60 years
Machinery and equipment	1~15 years
Transportation equipment	1~10 years
Other equipment	1~15 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(13) Investment Property

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	1~60 years
-----------	------------

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Company transfers to or from investment properties when there is a change in use for these assets.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(14) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset;
and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

The Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 "*Impairment of Assets*" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment.

The Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(15) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer Software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (1 to 5 years).

Right of Building Capacity Transfer

The right of building capacity transfer is the reward of a certain base of building capacity transfer after the Company donated land of public facility to the government. The right of building capacity transfer is assessed with an indefinite useful life.

A summary of the policies applied to the Company's intangible assets is as follows:

	<u>Computer Software</u>	<u>Right of Capacity Transfer</u>
Useful lives	1~5 years	Indefinite
Amortization method used	Amortized on a straight-line basis	Unamortized
Internally generated or acquired	Acquired	Acquired

(16) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(17) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Provision for warranties

A provision is recognized for expected warranty claims on products sold, based on historical experience, management's judgement and other known factors.

(18) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sale of goods

The Company manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main products of the Company are generators, elevators and escalators and revenue is recognized based on the consideration stated in the contract.

The Company provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers, and the warranty is accounted in accordance with IAS 37.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The credit term of the Company's sale of goods is from 30 to 180 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

Rendering of services

The Company provides maintenance services for the sale of generators, elevators and escalators. Such services are separately priced or negotiated, and provided based on contract period. As the Company provides the maintenance services over the contract period, the customers simultaneously receive and consume the benefits provided by the Company. Accordingly, the performance obligations are satisfied over time, and the related revenue are recognized by straight line method over the contract period.

Most of the contractual considerations of the Company are collected evenly throughout the contract period. When the Company has performed the services to customers but does not has a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component arose.

(19) Post-employment benefits

All regular employees of the Company is entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company, therefore fund assets are not included in the Company's financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and

B. the date that the Company recognizes restructuring-related costs

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(20) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Company's parent company only financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgment

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the parent company only financial statements:

A. Investment properties

Certain properties of the Company comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Company accounts for the portions separately as investment properties and property, plant and equipment. If the portions could not be sold separately, the property is classified as investment property in its entirety only if the portion that is owner-occupied is under 5% of the total property.

B. De facto control without a majority of the voting rights in investment companies

The Company's certain investment companies with the largest shareholder but less than 50% shareholdings of the Company have no de facto control but only significant influence after judgement, please refer to Note 6.(8) for further details.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary increases etc. Please refer to Note 6 for more details of the assumptions used to measure the cost of post-employment benefit and the pension obligation.

B. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

C. Accounts receivable - estimation of impairment loss

The Company estimates the impairment loss of accounts receivable at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

D. Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	\$3,297	\$3,422
Bank deposits	884,109	489,723
Time deposits	660,788	629,327
Cash equivalents	370,385	445,179
Total	<u>\$1,918,579</u>	<u>\$1,567,651</u>

The Company's commercial paper are due within three months. The commercial paper are agreed to be sold back at the agreed price including interest on a specific date after the transaction. As at December 31, 2022 and December 31, 2021, the total resale values were \$370,641 thousand and \$445,275 thousand, respectively, with an annual interest rate of 0.7%~0.75% and 0.21%, respectively.

(2) Financial assets at fair value through profit or loss

	December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss:		
Fund	<u>\$545,772</u>	<u>\$675,327</u>

None of the abovementioned financial assets at fair value through profit or loss was pledged.

(3) Financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Equity investments measured at fair value through other comprehensive income - non-current:		
Unlisted companies' stocks	<u>\$7,970</u>	<u>\$58,342</u>

None of the abovementioned financial assets at fair value through other comprehensive income was pledged.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(4) Notes receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$233,711	\$248,363
Less: loss allowance	(266)	(408)
Total	<u>\$233,445</u>	<u>\$247,955</u>

None of the abovementioned notes receivable was pledged.

(5) Accounts receivable and accounts receivable - related parties

	December 31, 2022	December 31, 2021
Accounts receivable	\$864,741	\$828,811
Less: loss allowance	(62,961)	(54,717)
Subtotal	<u>801,780</u>	<u>774,094</u>
Accounts receivable - related parties	<u>219</u>	<u>244</u>
Total	<u>\$801,999</u>	<u>\$774,338</u>

None of the abovementioned accounts receivable was pledged.

Accounts receivable are generally on 30-180 day terms. The Company's total book value as at December 31, 2022 and 2021 were \$864,960 thousand, \$829,055 thousand, respectively. Please refer to Note 6.(16) for details of loss allowance information for the years ended December 31, 2022 and 2021. Please refer to Note 12 for more details of credit risk management.

(6) Inventories

	December 31, 2022	December 31, 2021
Raw materials	\$336,642	\$279,165
Materials and supplies in transit	29,677	14,427
Semi-finished products	178,648	151,195
Work in process	169,722	55,207
Finished goods	122,510	43,838
Construction in progress	<u>1,442,294</u>	<u>1,414,448</u>
Total	<u>\$2,279,493</u>	<u>\$1,958,280</u>

The cost of inventories recognized as expense by the Company for the year ended December 31, 2022 and 2021 were \$2,209,427 thousand and \$2,107,082 thousand, respectively, including the write-down of inventories in the amount of \$44,141 thousand and \$69,852 thousand, respectively. The inventory price drop led to the decline of the Company inventories' net realized value, recognized as the write-down for the year ended December 31, 2022 and 2021.

None of the abovementioned inventories was pledged.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(7) Non-current assets held for sale

	Land	Buildings	Total
Cost:			
January 1, 2021	\$-	\$-	\$-
Transfers from investment property	-	-	-
December 31, 2021	-	-	-
Transfers from investment property	13,836	1,585	15,421
December 31, 2022	<u>\$13,836</u>	<u>\$1,585</u>	<u>\$15,421</u>

None of the abovementioned non-current assets held for sale was pledged.

To integrate resource and make better use of assets, the Company planned to dispose of the land and building in Siwei 2nd Rd., Lingya Dist., Kaohsiung City, resolved at the board meeting held on December 23, 2022. Since the counterparty of the above transaction is confirmed and the transaction is anticipated to be completed within a year, the Company reclassified the investment property at carrying amount of NT\$15,421 thousand to non-current assets classified as available for sale.

(8) Investments accounted for using the equity method

The investments accounted for using the equity method are as follows:

Investees	December 31, 2022		December 31, 2021	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
<u>Investments in associates:</u>				
GFC Cayman Island Limited	\$265,108	100.00%	\$237,438	100.00%
Howtobe Technology Co., Ltd.	71,090	100.00%	66,182	100.00%
V.T. Systems of Japan	163	65.11%	362	65.11%
Subtotal	<u>336,361</u>		<u>303,982</u>	
<u>Investment in Affiliated Enterprises</u>				
Hua Hung Management Consulting Co., Ltd.	10,604	20.00%	11,441	20.00%
Hua Chi Venture Capital Co., Ltd.	17,182	21.05%	17,731	21.05%
Subtotal	<u>27,786</u>		<u>29,172</u>	
Total	<u>\$364,147</u>		<u>\$333,154</u>	

A. Investment in subsidiaries

The investee subsidiary's parent company only financial report is expressed as "Investments accounted for using the equity method," with necessary evaluation and adjustment made.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. Investments in associates

(a) The Company has 21.05% ownership of Hua Chi Venture Capital Co., Ltd. and is the largest shareholder of the investment company. Because of less than half of the Board's directors owned by the Company, considering ownership of the investee and ownership distribution, the company has no de facto control in the investment company but only significant influence.

(b) The Company's investment in Hua Hung Management Consulting Co., Ltd. and Hua Chi Venture Capital Co., Ltd. are not individually material. The aggregate financial information of the Company's investments in Hua Hung Management Consulting Co., Ltd. and Hua Chi Venture Capital Co., Ltd. is as follows:

	December 31, 2022	December 31, 2021
Profit or loss from continuing operations	\$1,336	\$6,615
Other comprehensive income	4,615	(5,792)
Total comprehensive income	\$5,951	\$823

C. The associates had no contingent liabilities or capital commitments as at December 31, 2022 and December 31, 2021.

D. The investments accounted for using the equity method on December 31, 2022 and 2021 was NT\$27,786 thousand and NT\$29,172 thousand, respectively. The share of income (loss) of related enterprises and joint ventures recognized by equity method for the years ended December 31, 2022 and 2021 were NT\$1,336 thousand and NT\$6,615 thousand, respectively, the share of other comprehensive income (loss) of affiliated enterprises and joint ventures recognized by equity method were NT\$4,615 thousand and NT\$(5,792) thousand, respectively. The above is based on the financial statements of the investment companies audited by other accountants.

(9) Property, plant and equipment

	December 31, 2022	December 31, 2021
Owner occupied property, plant and equipment	\$1,079,218	\$1,095,250
Property, plant and equipment leased out under operating leases	28,952	29,620
Total	\$1,108,170	\$1,124,870

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A. Owner occupied property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost:						
January 1, 2021	\$586,063	\$953,338	\$180,769	\$40,662	\$202,346	\$1,963,178
Additions	72,006	27,944	4,661	2,893	3,871	111,375
Disposals	-	(1,229)	(2,817)	(1,106)	(3,313)	(8,465)
Transfers	-	1,385	-	48	358	1,791
December 31, 2021	<u>\$658,069</u>	<u>\$981,438</u>	<u>\$182,613</u>	<u>\$42,497</u>	<u>\$203,262</u>	<u>\$2,067,879</u>
January 1, 2022	\$658,069	\$981,438	\$182,613	\$42,497	\$203,262	\$2,067,879
Additions	-	7,397	1,882	3,660	1,530	14,469
Disposals	(9,711)	(11,333)	(57,967)	(4,490)	(11,193)	(94,694)
Transfers	-	372	15,650	3,994	24	20,040
December 31, 2022	<u>\$648,358</u>	<u>\$977,874</u>	<u>\$142,178</u>	<u>\$45,661</u>	<u>\$193,623</u>	<u>\$2,007,694</u>
Depreciation and impairment:						
January 1, 2021	\$-	\$(568,254)	\$(152,620)	\$(30,253)	\$(191,123)	\$(942,250)
Depreciation	-	(26,520)	(4,367)	(4,122)	(3,774)	(38,783)
Disposals	-	1,229	2,756	1,106	3,313	8,404
December 31, 2021	<u>\$-</u>	<u>\$(593,545)</u>	<u>\$(154,231)</u>	<u>\$(33,269)</u>	<u>\$(191,584)</u>	<u>\$(972,629)</u>
January 1, 2022	\$-	\$(593,545)	\$(154,231)	\$(33,269)	\$(191,584)	\$(972,629)
Depreciation	-	(25,887)	(5,407)	(4,029)	(3,580)	(38,903)
Disposals	-	8,578	57,967	4,490	11,193	82,228
Transfers	-	828	-	-	-	828
December 31, 2022	<u>\$-</u>	<u>\$(610,026)</u>	<u>\$(101,671)</u>	<u>\$(32,808)</u>	<u>\$(183,971)</u>	<u>\$(928,476)</u>
Net carrying amount as at:						
December 31, 2022	<u>\$648,358</u>	<u>\$367,848</u>	<u>\$40,507</u>	<u>\$12,853</u>	<u>\$9,652</u>	<u>\$1,079,218</u>
December 31, 2021	<u>\$658,069</u>	<u>\$387,893</u>	<u>\$28,382</u>	<u>\$9,228</u>	<u>\$11,678</u>	<u>\$1,095,250</u>

B. Property, plant and equipment leased out under operating leases

	Buildings
Cost:	
January 1, 2021	\$32,662
Additions	-
December 31, 2021	<u>\$32,662</u>
January 1, 2022	\$32,662
Additions	-
December 31, 2022	<u>\$32,662</u>

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Buildings
Depreciation and impairment:	
January 1, 2021	\$(2,373)
Depreciation	(669)
December 31, 2021	<u>\$(3,042)</u>
January 1, 2022	\$(3,042)
Depreciation	(668)
December 31, 2022	<u>\$(3,710)</u>
Net carrying amounts as at:	
December 31, 2022	<u>\$28,952</u>
December 31, 2021	<u>\$29,620</u>

Components of building that have different useful lives are main building structure, decoration equipment and elevators, which are depreciated over 50 years, 8 years and 15 years, respectively.

None of the abovementioned property, plant and equipment was pledged.

(10) Investment property

	Land	Buildings	Total
Cost:			
January 1, 2021	\$797,410	\$85,029	\$882,439
Additions from subsequent expenditure	-	-	-
December 31, 2021	<u>\$797,410</u>	<u>\$85,029</u>	<u>\$882,439</u>
January 1, 2022	\$797,410	\$85,029	\$882,439
Disposals	-	(217)	(217)
Transfers	(13,386)	(6,306)	(20,142)
December 31, 2022	<u>\$783,574</u>	<u>\$78,506</u>	<u>\$862,080</u>
Depreciation and impairment:			
January 1, 2021	\$(7,657)	\$(43,482)	\$(51,139)
Depreciation	-	(3,118)	(3,118)
December 31, 2021	<u>\$(7,657)</u>	<u>\$(46,600)</u>	<u>\$(54,257)</u>
January 1, 2022	\$(7,657)	\$(46,600)	\$(54,257)
Depreciation	-	(3,119)	(3,119)
Disposals	-	217	217
Transfers	-	4,721	4,721
December 31, 2022	<u>\$(7,657)</u>	<u>\$(44,781)</u>	<u>\$(52,438)</u>
Net carrying amount as at:			
December 31, 2022	<u>\$775,917</u>	<u>\$33,725</u>	<u>\$809,642</u>
December 31, 2021	<u>\$789,753</u>	<u>\$38,429</u>	<u>\$828,182</u>

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	2022	2021
Rental income from investment property	\$22,054	\$15,843
Less : Direct operating expenses from investment property generating rental income	(2,930)	(2,340)
Direct operating expenses from investment property not generating rental income	-	-
Total	\$19,124	\$13,503

None of the abovementioned investment properties was pledged.

Investment properties held by the Company are not measured at fair value for which the fair value is disclosed, instead. The fair value measurements of the investment properties are categorized within Level 3. The fair value of investment properties were \$1,486,258 thousand and \$1,442,162 thousand as at December 31, 2022 and 2021, respectively. The fair value have been determined based on valuations performed by an independent valuer. The valuation method used are the comparison approach and income approach, and the inputs used are discount rates and growth rates:

	December 31, 2022	December 31, 2021
Capitalization rate	1.63%~4.39%	1.51%~2.405%

(11) Intangible assets

	Computer software	Right of building capacity transfer	Total
Cost:			
January 1, 2021	\$21,931	\$73,500	\$95,431
Additions from acquisitions	31	-	31
December 31, 2021	\$21,962	\$73,500	\$95,462
January 1, 2022	\$21,962	\$73,500	\$95,462
Additions from acquisitions	8,321	-	8,321
December 31, 2022	\$30,283	\$73,500	\$103,783
Amortization and impairment:			
January 1, 2021	\$(13,802)	\$-	\$(13,802)
Amortization	(4,285)	-	(4,285)
December 31, 2021	\$(18,087)	\$-	\$(18,087)
January 1, 2022	\$(18,087)	\$-	\$(18,087)
Amortization	(3,576)	-	(3,576)
December 31, 2022	\$(21,663)	\$-	\$(21,663)
Net carrying amount as at:			
December 31, 2022	\$8,620	\$73,500	\$82,120
December 31, 2021	\$3,875	\$73,500	\$77,375

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Company donated the land (cost of \$73,500 thousand) to Taichung City Government to obtain the right of building capacity transfer for 2 parcels of land with land lot numbers 265 and 265-1, in Huitai Section, Xitun District, Taichung City. The right of building capacity transfer is assessed as intangible assets with an indefinite useful life.

Amortization expense of intangible assets under the statements of comprehensive income:

	2022	2021
Operating expenses	\$3,576	\$4,285

(12) Impairment testing of intangible assets with indefinite lives

Right of building capacity transfer

The Company's carrying amount of Right of building capacity transfer as at December 31, 2022 and 2021 were both \$73,500 thousand.

The recoverable amount of the right of building capacity transfer is based on fair value less costs of disposal, which valuation technique used to measure fair value less costs of disposal. The fair value measurement categorized within Level 3 of the fair value hierarchy. As a result, the management did not identify an impairment for intangible assets with indefinite lives of the cash generating unit.

Key assumptions used in fair value less costs of disposal

The calculation of fair value less costs of disposal for right of building capacity transfer are most sensitive to the following assumptions:

- A. Appraisal approaches - comparable properties
- B. Land development analysis - rate of return
- C. Land development analysis - overall capital interest rate

Comparable properties - Value of the subject comparable properties are according to the transaction cases nearby from the actual price registration of real estate transactions information, after considering condition factor, date factor, local factor and individual factor through comparison, analysis, adjustment and other means of estimation.

Rate of return - Construction or building profit of the subject property should be estimated by multiplying the sum of construction or building cost and other burden by a proper rate of return after taking project scale, project duration, economic conditions and other factors into consideration. According to the rate of return used in comparable property from the market, the rate of return is 16%, accordingly.

Overall capital interest rate - Capital interest of the subject property has been calculated, according to capital installments and duration of capital invested, to derive interest amount respectively for own capital and capital loaned. The ratio of own capital to loaned capital is estimated on the basis of bank's general mortgage percentage. According to one-year time-deposit interest rate of the Central bank of the Republic of China (Taiwan) and certain adjustment, the overall capital interest rate is 5.61%, accordingly.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(13) Post-employment benefits

Defined contribution plan

The employee pension plan under the Labor Pension Act of the R.O.C. is a defined contribution plan. Pursuant to the plan, the Company makes monthly contributions of 6% based on each individual employee's salary or wage to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were \$45,098 thousand and \$42,858 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 4% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandatarly, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With the regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute \$47,180 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

The average duration of the defined benefits plan obligation as at December 31, 2022 and 2021 were 6 years and 7 years, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2022 and 2021:

	2022	2021
Current period cost	\$(4,280)	\$(5,676)
Interest income or expense	(227)	(129)
Total	<u>\$(4,507)</u>	<u>\$(5,805)</u>

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The adjustments to the present value of defined benefit obligation and the fair value of planned assets are as follows:

	December 31, 2022	December 31, 2021	January 1, 2021
Present value of defined benefit obligation	\$(1,001,092)	\$(924,562)	\$(907,719)
Fair value of plan assets	963,020	878,268	864,574
Defined benefit obligation at end of year	<u>\$(38,072)</u>	<u>\$(46,294)</u>	<u>\$(43,145)</u>

Adjustment to the net defined welfare assets (liabilities):

	Defined benefit obligation	Fair value of plan assets	Benefit assets (liabilities)
January 1, 2021	\$(907,719)	\$864,574	\$(43,145)
Current period service costs	(5,676)	-	(5,676)
Net interest income (expense)	(2,723)	2,594	(129)
Subtotal	<u>(8,399)</u>	<u>2,594</u>	<u>(5,805)</u>
Remeasurements of the net defined benefit liability (asset):			
Actuarial gain or loss arising from change in financial assumptions	19,088	-	19,088
Experience adjustments	(72,672)	-	(72,672)
Return on plan assets	-	12,992	12,992
Subtotal	<u>(53,584)</u>	<u>12,992</u>	<u>(40,592)</u>
Payments from the plan	45,140	(45,140)	-
Contributions by employer	-	43,248	43,248
December 31, 2021	<u>(924,562)</u>	<u>878,268</u>	<u>(46,294)</u>
Current period service costs	(4,280)	-	(4,280)
Net interest expense (income)	(4,531)	4,304	(227)
Subtotal	<u>(8,811)</u>	<u>4,304</u>	<u>(4,507)</u>
Remeasurements of the net defined benefit liability (asset):			
Actuarial gain or loss arising from change in financial assumptions	10,757	-	10,757
Experience adjustments	(113,132)	-	(113,132)
Return on plan assets	-	67,923	67,923
Subtotal	<u>(102,375)</u>	<u>67,923</u>	<u>(34,452)</u>
Payments from the plan	34,656	(34,656)	-
Contributions by employer	-	47,181	47,181
December 31, 2022	<u>\$(1,001,092)</u>	<u>\$963,020</u>	<u>\$(38,072)</u>

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The following main assumptions are used to determine the Company's defined benefit obligation:

	December 31, 2022	December 31, 2021
Discount rate	1.10%	0.49%
Expected rate of salary increases	1.50%	1.00%

Sensitivity analysis of each significant actuarial assumption:

	2022		2021	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increased by 0.5%	\$-	\$5,615	\$-	\$17,205
Discount rate decreased by 0.5%	50,154	-	51,294	-
Future salary increased by 0.5%	49,694	-	50,767	-
Future salary decreased by 0.5%	-	5,616	-	17,205

The sensitivity analysis above is to analyze the possible effect on the benefit obligations under the assumption that a single actuarial assumption (such as discount rate or expected salary) reasonably changes while other assumptions remain unchanged. Because some actuarial assumptions are related to each other, in practice there are few circumstances where only one single actuarial assumption changes, so this analysis has its limitations.

The method and assumption used in this sensitivity analysis are not different from those in the previous period.

(14) Equities

A. Common stock

The Company's authorized and issued capital were \$2,930,000 thousand and \$1,770,120 thousand as at December 31, 2022 and 2021, respectively, each at a par value of \$10 and 177,012 thousand shares. Each share has one voting right and a right to receive dividends.

B. Capital surplus

	December 31, 2022	December 31, 2021
Treasury share transactions	\$29,893	\$29,893
Donated assets received	7,375	4,801
Share of changes in net assets of associates and joint ventures accounted for using the equity method	26,136	26,136
Total	<u>\$63,404</u>	<u>\$60,830</u>

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

According to the Company Act, the capital reserve shall not be used except for offset prior years' operating losses of the company. When a company incurs no losses, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- (a) Payment of all taxes and dues;
- (b) Offset prior years' operation losses;
- (c) Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
- (d) Set aside or reverse special reserve in accordance with law and regulations; and
- (e) The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The industry of the Company is in a mature period at present. If no major capital expenditure is expected in the year of distribution, the Company will appropriate more than 50% of the distributable earnings as shareholders' dividends. At least 80% of the dividends distributed shall be cash dividends. However, if there is an unpredicted major investment plan and no other funds can be obtained, the cash dividends distribution rate may be reduced by 30% to 50%.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC on March 31, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve.

Details of the 2022 and 2021 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and shareholders' meeting on March 24, 2023 and June 27, 2022, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$82,034	\$74,540		
Special reserve	44,258	(61,383)		
Common stock - cash dividends	601,841	566,439	\$3.40	\$3.20

Please refer to Note 6.(18) for details on employees' compensation and remuneration to directors and supervisors.

(15) Operating revenue

	2022	2021
Revenue from contracts with customers		
Sale of goods	\$2,590,455	\$2,536,930
Revenue arising from rendering of services	2,058,019	1,968,642
Total	<u>\$4,648,474</u>	<u>\$4,505,572</u>

A. Disaggregation of revenue

2022

	Sales Department	Maintenance Department	Total
Sale of goods	\$2,590,455	\$-	\$2,590,455
Rendering of services	-	2,058,019	2,058,019
Total	<u>\$2,590,455</u>	<u>\$2,058,019</u>	<u>\$4,648,474</u>

Timing of revenue recognition:

At a point in time	\$2,590,455	\$-	\$2,590,455
Over time	-	2,058,019	2,058,019
Total	<u>\$2,590,455</u>	<u>\$2,058,019</u>	<u>\$4,648,474</u>

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

2021

	Sales Department	Maintenance Department	Total
Sale of goods	\$2,536,930	\$-	\$2,536,930
Rendering of services	-	1,968,642	1,968,642
Total	<u>\$2,536,930</u>	<u>\$1,968,642</u>	<u>\$4,505,572</u>
Timing of revenue recognition:			
At a point in time	\$2,536,930	\$-	\$2,536,930
Over time	-	1,968,642	1,968,642
Total	<u>\$2,536,930</u>	<u>\$1,968,642</u>	<u>\$4,505,572</u>

B. Contract balances

Contract liabilities - current

	December 31, 2022	December 31, 2021	January 1, 2021
Sales of goods	<u>\$2,682,865</u>	<u>\$2,341,055</u>	<u>\$1,951,382</u>

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
The opening balance transferred to revenue	\$(1,393,449)	\$(1,235,749)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	1,670,839	1,585,540

C. Transaction price allocated to unsatisfied performance obligations

The Company's transaction price allocated to unsatisfied performance obligations (including partially unsatisfied) amounted to \$7,090,423 thousand as at December 31, 2022. Management expects that 31% of the transaction price allocated to unsatisfied performance obligations will be recognized as revenue within a year. The remaining will be recognized as revenue when the control has been transferred and the performance obligations have been satisfied after January 1, 2024.

The Company's transaction price allocated to unsatisfied performance obligations (including partially unsatisfied) amounted to \$6,113,639 thousand as at December 31, 2021. Management expects that 23% of the transaction price allocated to unsatisfied performance obligations will be recognized as revenue within a year. The remaining will be recognized as revenue when the control has been transferred and the performance obligations have been satisfied after January 1, 2023.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Company's revenue will be recognized as an actual transaction when the control has been transferred and the performance obligations have been satisfied.

(16) Expected credit (losses)/gains

	2022	2021
Operating expenses - expected credit (losses)/gains		
Notes receivables	\$142	\$170
Accounts receivable	(8,754)	(7,332)
Other receivables	(1,797)	(16,213)
Total	<u>\$(10,409)</u>	<u>\$(23,375)</u>

Please refer to Note 12 for more details on credit risk management.

The credit risk as at December 31, 2022 and 2021 for the Company's financial assets measured at amortized cost are assessed as low (the same as the assessment result on January 1, 2021). Therefore, the loss allowance is measured at an amount equal to 12-month expected credit losses (loss rate of 0%).

The Company measures the loss allowance of its receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The Company considers the Companying of accounts receivable by the counterparties' geographical region, credit rating and industry sector and its loss allowance is measured by using a provision matrix. The assessment of the Company's loss allowance is as follows:

December 31, 2022

	Not yet due	Overdue				Total
	(Note)	≤30 days	31-60 days	61-90 days	≥91 days	
Gross carrying amount	\$912,168	\$12,276	\$11,010	\$3,422	\$159,795	\$1,098,671
Loss rate	1%	22%	28%	31%	32%	
Lifetime expected credit losses	(5,730)	(2,731)	(3,056)	(1,064)	(50,646)	(63,227)
Carrying amount	<u>\$906,438</u>	<u>\$9,545</u>	<u>\$7,954</u>	<u>\$2,358</u>	<u>\$109,149</u>	<u>\$1,035,444</u>

December 31, 2021

	Not yet due	Overdue				Total
	(Note)	≤30 days	31-60 days	61-90 days	≥91 days	
Gross carrying amount	\$908,326	\$16,800	\$13,375	\$9,348	\$129,569	\$1,077,418
Loss rate	1%	21%	26%	30%	30%	
Lifetime expected credit losses	(6,072)	(3,560)	(3,525)	(2,773)	(39,195)	(55,125)
Carrying amount	<u>\$902,254</u>	<u>\$13,240</u>	<u>\$9,850</u>	<u>\$6,575</u>	<u>\$90,374</u>	<u>\$1,022,293</u>

Note: The Company has no overdue notes receivable.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Company's carrying amounts of other receivables were \$53,065 thousand and \$16,737 thousand as at December 31, 2022 and 2021, respectively. The Company's loss allowance were \$4,881 thousand and \$4,566 thousand as at December 31, 2022 and 2021, respectively, after considering the Companying of accounts receivable by the counterparties' credit rating, geographical region and industry sector.

The movement in the provision for impairment of notes receivable, accounts receivable and other receivables during the years ended December 31, 2022 and 2021 are as follows:

	Notes receivable	Accounts receivable	Other receivables
January 1, 2021	\$578	\$48,308	\$4,697
Addition/(reversed) for the current period	(170)	7,332	16,213
Write-off	-	(923)	(16,344)
December 31, 2021	408	54,717	4,566
Addition/(reversed) for the current period	(142)	8,754	1,797
Write-off	-	(510)	(1,482)
December 31, 2022	\$266	\$62,961	\$4,881

(17) Leases

A. The Company as a lessee

The Company leases various properties, including real estate such as buildings and transportation equipment. The lease terms range from 1 to 5 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follows:

(a) Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	December 31, 2022	December 31, 2021
Buildings	\$28,831	\$16,177
Transportation equipment	958	1,842
Total	\$29,789	\$18,019

During the years ended December 31, 2022 and 2021, the Company's additions to right-of-use assets amounted to \$23,172 thousand and \$3,602 thousand, respectively.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

ii. Lease liabilities

	December 31, 2022	December 31, 2021
Lease liabilities	\$30,116	\$18,186
Current	\$10,250	\$6,579
Non-current	\$19,866	\$11,607

Please refer to Note 6.(19)D for the interest on lease liabilities recognized during the years ended December 31, 2022 and 2021 and refer to Note 12.(5) liquidity risk management for the maturity analysis for lease liabilities.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	2022	2021
Buildings	\$10,518	\$11,683
Transportation equipment	884	811
Total	\$11,402	\$12,494

(c) Income and costs relating to leasing activities

	2022	2021
The expenses relating to short-term leases	\$2,584	\$1,897

During the years ended December 31, 2022 and 2021, the rent concessions arising as a direct consequence of the Covid-19 pandemic amounting to \$114 thousand and \$60 thousand, respectively, which are recognized in other income to reflect the variable lease payment that arising from the application of the practical expedient.

(d) Cash outflow relating to leasing activities

During the years ended December 31, 2022 and 2021, the Company's total cash outflows for leases amounted to \$14,232 thousand and \$14,681 thousand, respectively.

(e) Other information relating to leasing activities

i. Variable lease payments

None.

ii. Extension and termination options

None.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

iii. Residual value guarantees

None.

B. The Company as a lessor

Please refer to Note 6.(10) for relevant disclosure of investment properties for operating leases under IFRS 16.

	2022	2021
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$22,054	\$15,843

Please refer to Note 6.(9) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16.

For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Not later than one year	\$26,057	\$26,120
Later than one year but not later than two years	27,105	24,763
Later than two years but not later than three years	26,902	24,373
Later than three years but not later than four years	26,076	24,372
Later than four years but not later than five years	25,486	24,372
Later than five years	30,642	53,682
Total	\$162,268	\$177,682

(18) Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2022 and 2021:

	2022			2021		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$924,390	\$328,534	\$1,252,924	\$874,837	\$311,602	\$1,186,439
Labor and health insurance	76,721	30,874	107,595	74,134	29,824	103,958
Pension	37,997	11,608	49,605	37,097	11,566	48,663
Remunerations to directors	-	9,136	9,136	-	9,103	9,103
Other employee benefits expense	44,124	14,062	58,186	41,657	15,383	57,040
Depreciation	27,842	26,250	54,092	28,314	26,750	55,064
Amortization	1,964	4,352	6,316	1,468	5,711	7,179

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The number of employees in 2022 and 2021 were 1,327 and 1,307 respectively, of which the number of directors who were not part-time employees were 6.

The average employee welfare expenses in 2022 and 2021 were \$1,112 thousand and \$1,073 thousand respectively. In 2022 and 2021, the average employee salary expenses were \$948 thousand and \$912 thousand, respectively. Average staff salary expense adjustment 3.9%.

The supervisors' remuneration for the years ended December 31, 2022 and 2021 were \$1,024 thousand and \$1,932 thousand, respectively. The Company established the audit committee on July 5, 2022.

The Company set the policy for directors and employees' compensation in the Company's Articles of Incorporation and established the Remuneration Committee to evaluate and monitor the Company's remuneration system for its directors and executive officers. The Company shall assess the performance of directors and executive officers according to the Rules for Performance Assessment of the Board of Directors and the Performance Appraisal for employees of the Company, in order to determine their compensation. An adequate compensation scheme will be calculated by referencing the Company's operation results, future risks, corporate strategies, industry trends and individual contribution.

The Company developed a comprehensive employee welfare system in accordance with laws, government regulations and regional needs to provide employees with competitive salary and welfare conditions. Employees' compensation includes monthly salary, bonus based on operation performance, and the compensation based on the Company's earnings performance and regulated by the articles. The Company conducts a performance evaluation of all employees every year to understand their job performance and uses such information as a reference for promotions, training and distributing compensation.

According to the Company's Articles of Incorporation, no less than 0.5% of profit of the current year is distributable as employees' compensation and no higher than 0.5% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at board meeting attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Shareholders' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company recognizes the employees and directors' compensation in the profit or loss during the periods when earned for the years ended December 31, 2022 and 2021. The Board of Directors estimates the amount by taking into consideration the Articles of Incorporation, government regulations and industry averages. If the Board of Directors resolves to distribute employee compensation through stock, the number of stocks distributed is calculated based on total employee compensation divided by the closing price of the day before the Board of Directors meeting. If the Board of Directors subsequently modifies the estimates significantly, the Company will recognize the change as an adjustment in the profit or loss in the subsequent period.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Company estimated the amount of the employee's compensation and director's and supervisors' remuneration for the year ended December 31, 2022 to be 0.5% and 0.35%, respectively, of the profit of the year based on the Company's performance, and recognized \$5,180 thousand and \$3,626 thousand as salaries expense based on the aforementioned percentages. If the Board of Directors resolves to distribute employees' compensation in the form of stocks, the number of stocks distributed was calculated based on the closing price on the day earlier than the date of resolution. The resolution was passed at the board of directors meeting held on March 24, 2023 to distribute \$5,180 thousand and \$3,626 thousand in cash as employees' compensation and directors' and supervisors' remuneration of the Company in 2022, respectively, not materially different from the amounts of expenses recorded in the financial statements in 2022.

No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2021.

(19) Non-operating income and expenses

A. Interest income

	2022	2021
Interest income from bank deposits	\$7,662	\$4,558
Interest income from others	2,164	620
Total	<u>\$9,826</u>	<u>\$5,178</u>

B. Other income

	2022	2021
Rental income	\$25,816	\$24,399
Dividend income	74,701	597
Others	11,904	7,282
Total	<u>\$112,421</u>	<u>\$32,278</u>

C. Other gains and losses

	2022	2021
Gains on disposal of property, plant and equipment	\$26,565	\$266
Foreign exchange gains (losses), net	8,772	(669)
(Losses) gains on financial assets at fair value through profit or loss (note)	(4,414)	3,163
Gains on lease modification gain	-	13
Others	(740)	(3,851)
Total	<u>\$30,183</u>	<u>\$(1,078)</u>

Note: The balances arose from financial assets mandatorily measured at fair value through profit or loss.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

D. Finance costs

	2022	2021
Interest on borrowings from bank	\$-	\$335
Interest on lease liabilities	406	308
Deposit interest	43	111
Total finance costs	<u>\$449</u>	<u>\$754</u>

(20) Components of other comprehensive income (loss)

2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income (expense)	Other comprehensive income (loss), net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit pension plans	\$(34,452)	\$-	\$(34,452)	\$6,890	\$(27,562)
Unrealized gains (losses) from equity investments measured at fair value through other comprehensive income	(50,072)	-	(50,072)	-	(50,072)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	4,008	-	4,008	-	4,008
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	2,268	-	2,268	(453)	1,815
Total of other comprehensive income (loss)	<u>\$(78,248)</u>	<u>\$-</u>	<u>\$(78,248)</u>	<u>\$6,437</u>	<u>\$(71,811)</u>

2021

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income (expense)	Other comprehensive income (loss), net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit pension plans	\$(40,592)	\$-	\$(40,592)	\$8,118	\$(32,474)
Unrealized gains (losses) from equity investments measured at fair value through other comprehensive income	70,538	-	70,538	-	70,538
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(7,193)	-	(7,193)	-	(7,193)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(2,513)	-	(2,513)	503	(2,010)
Total of other comprehensive income (loss)	<u>\$20,240</u>	<u>\$-</u>	<u>\$20,240</u>	<u>\$8,621</u>	<u>\$28,861</u>

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(21) Income tax

The major components of income tax expense for the year ended December 31, 2022 and 2021 are as follows:

Income tax expense recognized in profit or loss

	2022	2021
Current income tax expense:		
Current income tax charge	\$(191,841)	\$(195,367)
Adjustments in respect of current income tax of prior periods	9,910	9,844
Taxed separately	(3,358)	-
Deferred tax expense:		
Deferred tax expense relating to origination and reversal of temporary differences	5,888	5,170
Total income tax expense	<u>\$(179,401)</u>	<u>\$(180,353)</u>

Income tax related to components of other comprehensive income

	2022	2021
Deferred tax expense:		
Remeasurement of defined benefit plans	\$6,890	\$8,118
Unrealized gains (losses) from equity investments measured at fair value through other comprehensive income	-	-
Exchange differences on the conversion of financial statements of foreign operating organizations	(453)	503
Income tax related to other comprehensive income components	<u>\$6,437</u>	<u>\$8,621</u>

The amount of income tax expense and accounting profit multiplied by the applicable income tax rate are adjusted as follows:

	2022	2021
Net profit before tax from units of continuing operations	<u>\$1,027,293</u>	<u>\$958,277</u>
Tax calculated according to the applicable domestic tax rate of income in relevant countries	\$(205,458)	\$(191,655)
Income tax effect of tax exempted revenues	32,997	5,869
Income tax effect of non-deductible expenses on tax return	(1,303)	3,966
Income tax effect of deferred tax assets/liabilities	(3,898)	(4,156)
Taxed separately	(3,359)	-
Corporate income surtax on undistributed retained earnings	(8,290)	(4,221)
Adjustment of the current income tax of previous years	9,910	9,844
Total income tax expenses recognized in profit or loss	<u>\$(179,401)</u>	<u>\$(180,353)</u>

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Balance of deferred income tax assets (liabilities) related to:

2022

	Opening balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance
Temporary differences				
Impairment of property, plant and equipment	\$1,788	\$-	\$-	\$1,788
Provisions - warranties	16,656	1,643	-	18,299
Bad debt loss	21,970	1,601	-	23,571
Investments accounted for using equity method	51,242	(5,164)	-	46,078
Unrealized foreign currency exchange gains and losses	197	(215)	-	(18)
Unrealized loss on inventory impairment	25,168	(1,317)	-	23,851
Unrealized loss on inventory disposal	3,898	(806)	-	3,092
Unrealized transactions on intercompany sales	12	1	-	13
Net defined benefit liabilities - non-current	56,003	-	6,890	62,893
Estimated loss of unrealized construction	18,108	10,145	-	28,253
Exchange differences on the conversion of financial statements of foreign operating organizations	2,157	-	(453)	1,704
Deferred tax income		\$5,888	\$6,437	
Net deferred income tax assets (liabilities)	\$197,199			\$209,524
The information presented in the balance sheet is as follows:				
Deferred tax assets	\$197,199			\$209,542
Deferred tax liabilities	\$-			\$(18)

2021

	Opening balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance
Temporary differences				
Impairment of property, plant and equipment	\$1,788	\$-	\$-	\$1,788
Provisions - warranties	14,302	2,354	-	16,656
Bad debt loss	20,836	1,134	-	21,970
Investments accounted for using equity method	62,724	(11,482)	-	51,242
Unrealized foreign currency exchange gains and losses	1,919	(1,722)	-	197
Unrealized loss on inventory impairment	18,628	6,540	-	25,168
Unrealized loss on inventory disposal	4,156	(258)	-	3,898
Unrealized transactions on intercompany sales	13	(1)	-	12
Net defined benefit liabilities - non-current	47,885	-	8,118	56,003
Estimated loss of unrealized construction	9,503	8,605	-	18,108
Exchange differences on the conversion of financial statements of foreign operating organizations	1,654	-	503	2,157
Deferred tax income		\$5,170	\$8,621	
Net deferred income tax assets (liabilities)	\$183,408			\$197,199
The information presented in the balance sheet is as follows:				
Deferred tax assets	\$183,408			\$197,199
Deferred tax liabilities	\$-			\$-

**Notes to parent company only financial statements of
GFC, LTD.
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

Unrecognized deferred tax assets

The Company has no unrecognized deferred tax assets as at December 31, 2022 and 2021.

The assessment of income tax returns

The assessment of the income tax returns of the Company was approved up to the year of 2020 as at December 31, 2022.

(22) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2022	2021
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$847,892	\$777,924
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	177,012	177,012
Basic earnings per share (NT\$)	\$4.79	\$4.39
	2022	2021
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$847,892	\$777,924
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	177,012	177,012
Effect of dilution:		
Employee compensation - stock (in thousands)	89	94
Weighted average number of ordinary shares outstanding after dilution (in thousands)	177,101	177,106
Diluted earnings per share (NT\$)	\$4.79	\$4.39

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

7. Related party transactions

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Howtobe Technology Co., Ltd.	Subsidiaries
GFC Elevators Shanghai Co., Ltd.	Second-tier Subsidiaries
Neruli Technology Co., Ltd (Note)	Other related parties
Changjiang Property Co., Ltd.	Other related parties
Da-Tang Living Art Center Co., Ltd.	Other related parties
GFC Foundation	Other related parties

(1) Sale of goods

	<u>2022</u>	<u>2021</u>
<u>Subsidiary</u>		
Howtobe Technology Co., Ltd.	\$22	\$20
<u>Second-tier Subsidiaries</u>		
GFC Elevators Shanghai Co., Ltd.	895	783
Total	<u>\$917</u>	<u>\$803</u>

The selling price of the Company to related parties is negotiated by both parties with reference to the market conditions.

(2) Labor income

	<u>2022</u>	<u>2021</u>
<u>Subsidiary</u>		
Howtobe Technology Co., Ltd.	<u>\$172</u>	<u>\$190</u>

(3) Purchase of goods

	<u>2022</u>	<u>2021</u>
<u>Subsidiary</u>		
Howtobe Technology Co., Ltd.	\$832	\$1,468
<u>Second-tier Subsidiaries</u>		
GFC Elevators Shanghai Co., Ltd.	151,566	164,678
Total	<u>\$152,398</u>	<u>\$166,146</u>

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The purchase price of the Company to related parties is negotiated by both parties with reference to the market conditions; the payment terms of the Company's purchase from related parties are the same as those with general vendors.

(4) Operating cost

	Account details	2022	2021
<u>Subsidiary</u>			
Howtobe Technology Co., Ltd.	Repair expense	\$1,479	\$1,290
<u>Other related parties</u>			
Neruili Technology Co., Ltd	Service Revenue	630	-
Total		<u>\$2,109</u>	<u>\$1,290</u>

(5) Operating margin

	Account details	2022	2021
<u>Subsidiary</u>			
Howtobe Technology Co., Ltd.	Repair expense	\$-	\$17
<u>Other related parties</u>			
Neruili Technology Co., Ltd	Research expense	1,620	1,500
GFC Foundation	Donation expense	10,050	10,510
Total		<u>\$11,670</u>	<u>\$12,027</u>

(6) Lease - related parties

Right-of-use assets

	2022	2021
<u>Other related parties</u>		
Changjiang Products Co., Ltd.	<u>\$17,688</u>	<u>\$1,871</u>

Lease liabilities

	2022	2021
<u>Other related parties</u>		
Changjiang Products Co., Ltd.	<u>\$17,789</u>	<u>\$1,903</u>

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Interest expenses		
	2022	2021
<u>Other related parties</u>		
Changjiang Products Co., Ltd.	\$227	\$73
(7) Other income		
	2022	2021
<u>Subsidiary</u>		
Howtobe Technology Co., Ltd.	\$1,143	\$1,640
<u>Other related parties</u>		
Da-Tang Living Art Center Co., Ltd	1,081	1,081
Total	\$2,224	\$2,721
(8) Accounts receivable - related parties		
	December 31, 2022	December 31, 2021
<u>Subsidiary</u>		
Howtobe Technology Co., Ltd.	\$219	\$216
<u>Second-tier Subsidiaries</u>		
GFC Elevators Shanghai Co., Ltd.	-	28
Total	\$219	\$244
(9) Other receivables - related parties		
	December 31, 2022	December 31, 2021
<u>Second-tier Subsidiaries</u>		
GFC Elevators Shanghai Co., Ltd.	\$125	\$1,341
Less: allowance for loss	-	-
Net amount	\$125	\$1,341
Note: Other receivables include rent, sales account, technical dispatch fee and other income.		
(10) Notes payable - related parties		
	December 31, 2022	December 31, 2021
<u>Subsidiary</u>		
Howtobe Technology Co., Ltd.	\$159	\$73

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(11) Accounts payable - related parties

	December 31, 2022	December 31, 2021
<u>Subsidiary</u>		
Howtobe Technology Co., Ltd.	\$2	\$45
<u>Second-tier Subsidiaries</u>		
GFC Elevators Shanghai Co., Ltd.	-	7,984
Total	\$2	\$8,029

(12) Key management personnel compensation

	2022	2021
Short-term employee benefits	\$30,012	\$29,320
Post-employment benefits	324	324
Total	\$30,336	\$29,644

The main management personnel include directors, supervisors and managers above the deputy president level.

8. Assets pledged as security

The following table lists assets of the Company pledged as security:

	<u>Carrying amount</u>		
	December 31, 2022	December 31, 2021	Secured liabilities
Refundable deposits (time deposits)	\$148,232	\$121,134	Construction deposits

9. Commitments and contingencies

As at December 31, 2022, the performance guarantee the Company entrusted financial institutions to issue amounted to \$979,079 thousand.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

12. Financial instruments

(1) Categories of financial instruments

Financial assets

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$545,772	\$675,327
Subtotal	545,772	675,327
Financial assets at fair value through other comprehensive income	7,970	58,342
Financial assets measured at amortized cost		
Cash and cash equivalents	1,915,282	1,564,229
Financial assets measured at amortized cost	44,489	59,888
Notes receivables	233,445	247,955
Accounts receivables	801,999	774,338
Other receivables	48,184	12,171
Subtotal	3,043,399	2,658,581
Refundable deposits	300,593	276,001
Total	\$3,897,734	\$3,668,251

Financial liabilities

	December 31, 2022	December 31, 2021
Financial liabilities at amortized cost:		
Trade and other payables	\$969,910	\$911,285
Lease liabilities	30,116	18,186
Guarantee deposits	8,276	8,312
Total	\$1,008,302	\$937,783

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for US and CNY. The information of the sensitivity analysis is as follows:

- A. When NTD strengthens/weakens against US by 1%, the profit for the years ended December 31, 2022 and 2021 is decreased/increased by \$32 thousand and \$519 thousand, respectively, the equity is decreased/increased by \$32 thousand and \$519 thousand, respectively.
- B. When NTD strengthens/weakens against CNY by 1%, the profit for the years ended December 31, 2022 and 2021 is decreased/increased by \$17 thousand and \$57 thousand, respectively, the equity is decreased/increased by \$17 thousand and \$57 thousand, respectively.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt instrument investments at fixed interest rates and bank borrowings with fixed interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period will decrease/increase \$1,792 thousand and \$1,539 thousand of the Company's income for the years ended December 31, 2022 and 2021, respectively.

Equity price risk

The fair value of the Company's unlisted equity securities is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's unlisted equity securities are classified under financial assets measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counterparties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As at December 31, 2022 and 2021, accounts receivable from top ten customers accounted for 13.94%, and 11.63% of the total accounts receivable of the Company, respectively. The credit concentration risk of other accounts receivable are insignificant as well.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit ratings. Consequently, there is no significant credit risk for these counterparties.

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as at the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
December 31, 2022					
Trade and other payables	\$969,910	\$-	\$-	\$-	\$969,910
Lease liabilities (Note)	13,666	15,783	4,724	-	34,173
	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
December 31, 2021					
Trade and other payables	\$911,285	\$-	\$-	\$-	\$911,285
Lease liabilities (Note)	8,419	9,481	2,485	-	20,385

Notes: Including cash flows resulted from short-term leases or leases of low-value assets.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2022:

	Leases liabilities	Other liabilities	Total liabilities from financing activities
January 1, 2022	\$18,186	\$8,312	\$26,498
Cash flows	(11,648)	(36)	(11,684)
Non-cash changes	23,578	-	23,578
December 31, 2022	<u>\$30,116</u>	<u>\$8,276</u>	<u>\$38,392</u>

Reconciliation of liabilities for the years ended December 31, 2021:

	Short term borrowings	Leases liabilities	Other liabilities	Total liabilities from financing activities
January 1, 2021	\$100,000	\$28,342	\$8,341	\$136,683
Cash flows	(100,000)	(12,784)	(29)	(112,813)
Non-cash changes	-	2,628	-	2,628
December 31, 2021	<u>\$-</u>	<u>\$18,186</u>	<u>\$8,312</u>	<u>\$26,498</u>

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- (d) Fair value of debt instruments without market quotations, bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair value of financial instruments measured at amortized cost

The Company's cash and cash equivalents, accounts receivable, financial assets measured at amortized cost, accounts payable and other current liabilities whose carrying amount approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12.(8) for fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 - Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Fund	\$545,772	\$-	\$-	\$545,772
Financial assets at fair value through other comprehensive income				
Equity investments measured at fair value through other comprehensive income	-	-	7,970	7,970

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Fund	\$675,327	\$-	\$-	\$675,327
Financial assets at fair value through other comprehensive income				
Equity investments measured at fair value through other comprehensive income	-	-	58,342	58,342

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

Details of changes in the third level of the measured at fair value on a recurring basis

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

Adjustment to financial assets measured by Level 3 fair value:

	At fair value through other comprehensive income
	<u>Stocks</u>
Beginning balances as at January 1, 2022	\$58,342
Total gains and losses recognized for the year ended December 31, 2022:	
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity investments measured at fair value through other comprehensive income)	(50,072)
Proceeds from capital reduction	(300)
Ending balances as at December 31, 2022	<u>\$7,970</u>
	At fair value through other comprehensive income
	<u>Stocks</u>
Beginning balances as at January 1, 2021	\$38,138
Total gains and losses recognized for the year ended December 31, 2021:	
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity investments measured at fair value through other comprehensive income)	70,538
Proceeds from capital reduction	(50,334)
Ending balances as at December 31, 2021	<u>\$58,342</u>

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitativ e information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Company's equity by \$698 thousand and \$698 thousand

December 31, 2021

	Valuation techniques	Significant unobservable inputs	Quantitativ e information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	discount for lack of marketability	10%~30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Company's equity by \$7,827 thousand and \$7,827 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

**Notes to parent company only financial statements of
GFC, LTD.**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	December 31, 2022		
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$105	30.7100	\$3,219
CNY	385	4.4080	1,695
Non-monetary items:			
JPY	27	0.2324	6
	December 31, 2021		
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$1,875	27.6800	\$51,906
CNY	3,158	4.3440	13,717
Non-monetary items:			
JPY	27	0.2405	6
<u>financial liabilities</u>			
Non-monetary items:			
CNY	1,838	4.3440	7,984

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

As the Company has a large variety of foreign currencies, it is not possible to disclose the foreign currency exchange gains or losses information of monetary financial assets and financial liabilities on each foreign currency's exposure to major impact. The Company's foreign exchange (losses) gains for the years ended December 31, 2022 and 2021 were \$8,772 thousand and \$(669) thousand, respectively.

(10) Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

**Notes to parent company only financial statements of
GFC, LTD.**
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

13. Notes for Disclosure

(1) Information related to significant transactions

- A. Financings provided to others: None.
- B. Endorsements/guarantees provided to others: Table 1
- C. Marketable securities held (not including subsidiaries, associates and joint ventures): Table 2
- D. Individual securities acquired or disposed of with accumulated amount exceeding NTD 300 million or 20% of the capital stock: None.
- E. Acquisition of individual real estate properties at costs of at least NTD 300 million or 20% of the paid-in capital: None.
- F. Disposal of individual real estate properties at costs of at least NTD 300 million or 20% of the paid-in capital: None.
- G. Total purchases from or sales to related parties of at least NTD 100 million or 20% of the paid-in capital: Table 3
- H. Receivables due from related parties amounting to at least NTD 100 million or 20% of the paid-in capital: None.
- I. Derivative instruments transactions: None.
- J. Business, relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and accounts of any significant transactions between them: Table 4

(2) Information on investees

Information to be disclosed for those with significant influence or control over the investee companies directly or indirectly: Table 5

(3) Information on investments in mainland China: Table 6

(4) Information on major shareholders: Table 7

14. Segment information

The Company is exempt from the requirements of Article 22 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and has disclosed information about its segments in the consolidated financial statements.

Notes to parent company only financial statements of GFC, LTD. (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Table 1: Endorsements / guarantees provided to others

Unit: Thousands (NTD/USD)

Number (note 1)	Endorser/guarantor Company name	Object of endorsement / guarantee		Limit of guarantee amount to a single enterprise	Highest endorsement guarantee balance in the current period (note 4)	Endorsement guarantee balance in the end of the period (note 5)	Actual amount used (note 6)	Endorsement guarantees amount secured by properties	Accumulated amount of endorsements/guarantees to net value in financial statements ratio	Endorsements / guarantees limit (note 3)	Belongs to parent company's endorsement guarantees to subsidiaries	Belongs to subsidiaries' endorsement guarantees to parent company	Belongs to endorsements / guarantees to Mainland China
		Company name	Relationship (note 2)										
1	Howtobe Technology	Golden Friends Corporation	(note 2)	NTD 300,000	USD 13,041	NTD 0	NTD 0	None	0.00%	50% of the Company's net assets NTD 2,472,420	N	Y	N

Note 1: Description of the number field is as follows:

- 1.The issuer are numbered "0".
- 2.Investee companies are numbered in order starting from 1.

Note 2: There are 7 types of relationships between the endorser/guarantor and the endorsed/guaranteed object as below, and only the type needs to be indicated:

- 1.A company with business contacts.
- 2.A company with more than 50% of its voting shares directly and indirectly held by the Company.
- 3.A company directly and indirectly holding more than 50% of the voting shares of the Company.
- 4.A company with 90% of its voting shares directly and indirectly held by the Company.
- 5.A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholdings percentages.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: According to Golden Friends Corporation's endorsement guarantee procedures, the relationship between the Company and the Company's endorsement guarantee objects, and the limit of the endorsement guarantee amount are as follows:

- 1.The total amount of external endorsement/guarantee liability shall not exceed 50% of the Company's current net assets.
- 2.The liability limit for endorsement guarantee of a single enterprise shall not exceed 20% of the Company's current net assets and 300 millions.

Note 4: The maximum balance of endorsement guarantees for others in the current year.

Note 5: The amount approved by the board of directors shall be filled in. However, if the board of directors authorizes the chairman of the board to make a decision in accordance with paragraph 8 of Article 12 of the Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies, then it refers to the amount decided by the chairman of the board.

Note 6: It is required to enter the actually used amount of the endorsed/guaranteed company within its balance of endorsement guarantee.

Note 7: Only those which are endorsement guarantees of a listed or OTC parent company to its subsidiary, endorsement guarantees of a subsidiary to its listed or OTC parent company, and endorsement guarantees in mainland China need to be filled in with Y.

Notes to parent company only financial statements of GFC, LTD. (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Table 2: Marketable securities held (not including subsidiaries, associates and joint ventures)

Unit: Thousands (NTD)

Securities holding company	Name and type of securities held(note1)	Relationship with the Company	Financial statement account	End of the period				
				Share/Units	Carrying Value	Ratio	Fair value	Remarks
	Money Market Fund							
GFC, LTD.	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,216,774	\$20,101	*	\$20,101	(note 2)
GFC, LTD.	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,652,920	20,094	*	20,094	(note 2)
GFC, LTD.	PineBridge Taiwan Money Market Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	6,894,249	95,476	*	95,476	(note 2)
GFC, LTD.	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,784,629	60,211	*	60,211	(note 2)
GFC, LTD.	Deutsche Far Eastern DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,072,357	60,277	*	60,277	(note 2)
GFC, LTD.	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,188,757	80,359	*	80,359	(note 2)
GFC, LTD.	JPMorgan (Taiwan) Taiwan First Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,958,425	45,216	*	45,216	(note 2)
GFC, LTD.	Allianz Global Investors Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,577,188	20,086	*	20,086	(note 2)
GFC, LTD.	Capital Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,452,197	40,179	*	40,179	(note 2)
GFC, LTD.	FSITC Money Market	-	Financial assets at fair value through profit or loss - current	193,998	35,123	*	35,123	(note 2)
	Stock Funds							
GFC, LTD.	PineBridge ESG Quantitative Global Equity Fund A	-	Financial assets at fair value through profit or loss - current	300,000	2,910	*	2,910	(note 2)
GFC, LTD.	NN (L) Climate & Environment - X Cap	-	Financial assets at fair value through profit or loss - current	96	3,507	*	3,507	(note 2)
	Bond Funds							
GFC, LTD.	PineBridge Frontier Emerging Markets High Yield Bond Fund-A	-	Financial assets at fair value through profit or loss - current	1,000,000	8,331	*	8,331	(note 2)
GFC, LTD.	PineBridge ESG Quant Bond Fund	-	Financial assets at fair value through profit or loss - current	1,000,000	8,894	*	8,894	(note 2)
	Multiple Asset Funds							
GFC, LTD.	PineBridge ESG Quant Multi-Asset Fund	-	Financial assets at fair value through profit or loss - current	1,000,000	9,397	*	9,397	(note 2)
GFC, LTD.	PineBridge Thematic Dynamic Multi-Asset Fund	-	Financial assets at fair value through profit or loss - current	1,500,000	14,476	*	14,476	(note 2)
GFC, LTD.	Fubon Taiwan-U.S. Twinstar Multi-Asset Fund-A	-		500,000	4,931	*	4,931	(note 2)
	Global Fund							
GFC, LTD.	Schroder International Selection Fund Global Climate Change Equity A1 Accumulation	-	Financial assets at fair value through profit or loss - current	3,926	2,293	*	2,293	(note 2)
GFC, LTD.	PineBridge Quantitative Diversified Income Fund A	-	Financial assets at fair value through profit or loss - current	1,000,000	8,886	*	8,886	(note 2)
	Index Funds							
GFC, LTD.	Hua Nan Taiwan Environmental Sustainability and High Dividend Index Fund	-	Financial assets at fair value through profit or loss - current	500,000	5,025	*	5,025	(note 2)
	Stocks							
GFC, LTD.	Living Mall	-	Financial assets at fair value through other comprehensive income - non-current	49,205	477	0.49%	477	(note 2)
GFC, LTD.	Tiger City	-	Financial assets at fair value through other comprehensive income - non-current	50,000	350	0.03%	350	(note 2)
GFC, LTD.	Hua Da Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	300,000	3,081	6.00%	3,081	(note 2)
GFC, LTD.	Japan UC	-	Financial assets at fair value through other comprehensive income - non-current	300	4,062	19.99%	4,062	(note 2)

*Shareholding percentage less than 0.01%

Note 1: Separately filled in by stock, bond, beneficiary certificates, convertible corporate bond... etc.

Note 2: OTC stocks and closed-end funds are calculated at the closing price at the end of the period, while open-end funds are calculated at the net asset value of the fund on the balance sheet date.

Notes to parent company only financial statements of GFC, LTD. (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Table 3: Total purchases from or sales to related parties of at least NTD 100 million or 20% of the paid-in capital

Unit: Thousands (NTD)											
Company name	Related party	Relationship	from those of general trading and the reasons				Difference in trading terms general transactions and reasons		Notes and accounts receivable(payable)		Remark
			Purchase/sales	Amount	% to total	Payment term	Unit price	Payment term	Ending balance	% to total	
GFC, LTD.	GFC Elevators Shanghai	Subsidiary	purchase of goods	\$151,566	6.87%	(note 1)	(note 1)	(note 1)	\$-	0.00%	
GFC Elevators Shanghai	Golden Friends Corporation	Parent company	sale of goods	151,566	98.10%	(note 1)	(note 1)	(note 1)	\$-	0.00%	

Note 1: There is no significant difference with general transactions.

Notes to parent company only financial statements of GFC, LTD. (continued)
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Table 4: Business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and accounts of any significant transactions between them

Unit: Thousands (NTD)

Number (note 1)	Company name	Related party	Relationship (note 2)	Transaction information			
				Subject	Amount	Transaction terms	% of consolidated revenue or total assets (note 3)
0	GFC, LTD.	GFC Shanghai	1	Sales revenue	\$895	note 4	0.02%
		GFC Shanghai	1	Operating cost	151,566	note 4	3.20%
		GFC Shanghai	1	Accounts receivable	125	note 4	0.00%
		Howtobe Technology	1	Sales revenue	22	note 4	0.00%
		Howtobe Technology	1	Labor income	172	note 4	0.00%
		Howtobe Technology	1	Operating cost	2,311	note 4	0.05%
		Howtobe Technology	1	Accounts receivable	219	note 4	0.00%
		Howtobe Technology	1	Accounts payable	161	note 4	0.00%
		Howtobe Technology	1	Other income	2,763	note 4	0.06%

Note 1: The information of business between the parent company and the subsidiary company shall be indicated in the number column respectively, and the number shall be filled in as follows:

1. Fill in 0 for the parent company.
2. Subsidiaries are numbered in sequence starting with Arabic numeral with Arabic numerals according to company type.

Note 2: There are three types of relationship with the trader, which can be marked as follows (If it is the same transaction between parent and subsidiary companies or between subsidiaries, it is not necessary to disclose the information repeatedly. For example: For a transaction between the parent company and the subsidiary company, if the parent company has been disclosed, the subsidiary needs not be disclosed repeatedly; if one of the subsidiaries has been disclosed, the other subsidiaries need not be disclosed repeatedly):

1. Parent company to subsidiary company.
2. Subsidiary company to parent company.
3. Subsidiary company to subsidiary company.

Note 3: Percentage of the transaction amount to the consolidated total revenue or total assets, if transaction account belongs to balance sheet, it shall be calculated by the consolidated total assets; if transaction account belongs to comprehensive income statement, it shall be calculated by the consolidated net revenue.

Note 4: There is no special difference between the trading terms of related parties and non-related parties.

Notes to parent company only financial statements of GFC, LTD. (continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Table 5: Information to be disclosed for those with significant influence or control over the investee companies directly or indirectly

Unit: Thousands (NTD)

Investor	Investee	Location	Major business	Original investment amount		Ending amount			Investee profit (loss) in current period	The Company recognized investment profit (loss)	Notes
				Ending balance	Beginning balance	Number of shares	Ratio	Carrying value			
GFC, LTD.	GFC Cayman	Cayman Islands	Investment in GFC Shanghai	\$331,494	\$331,494	-	100.00%	\$265,108	\$26,286	\$25,973	note 1, note 3
GFC, LTD.	Howtobe Technology	Taipei, Taiwan	Sales and processing of elevators and parts	26,000	26,000	2,600,000	100.00%	71,090	20,781	20,505	note 1, note 3
GFC, LTD.	Japan V.T. SYSTEMS	Tokyo, Japan	Manufacturing, sales and maintenance of elevators	29,337	29,337	2,073	65.11%	163	(232)	(151)	note 1
GFC, LTD.	Hua Hung Management Consulting Co., Ltd.	Taipei, Taiwan	Investment analysis	1,000	1,000	200,000	20.00%	10,604	(1,183)	(237)	note 2
GFC, LTD.	Hua Chi Venture Capital Co., Ltd.	Taipei, Taiwan	Venture capital business	1,053	1,053	105,263	21.05%	17,182	7,472	1,573	note 2

Note 1: The Company directly invested subsidiary.

Note 2: The Company directly invested company with influence.

Note 3: The Company recognized investment profit (loss) is the net of unrealized sales profit.

Notes to Parent Company Only Financial Statements of Golden Friends Corporation (continued)
(unless otherwise specified, the amount is in thousands of new Taiwan dollars)

Table 6: Information on investment in Mainland China:

- (1) The Company established Shanghai GFC elevator CO., Limited in mainland China through GFC Cayman Island Limited, an invested enterprise of the Company in a third region.
(2) Name of the invested company in mainland China, main business items, paid-in capital, investment method, inward and outward remittance of capital, shareholding ratio, investment profit/loss, book value of investment at the end of the period, profit of investment repatriated and limit for mainland China investment:

Unit: Thousands (NTD/USD)

Name of the invested company in mainland China	Main business items	Paid-in capital	Investment method (note 1)	Cumulative investment amount remitted outward from Taiwan at the beginning of the period	Investment capital remitted out or repatriated in the period		Cumulative investment amount remitted outward from Taiwan at the beginning of the period	Profit or loss of the invested company in the period	Shareholding ratio of direct or indirect investment of the company	Investment profit or loss recognized in the period (note 2)	Book value of investment at the end of the period	Investment profit already repatriated as of the end of the period
					outward remittance	repatriation						
Shanghai GFC elevator Co., Limited	Trading of diesel generators and sales and installation of passenger (cargo) elevators and elevator parts	\$400,028 (USD 13,026)	(b)	\$491,360 (USD 16,000)	-	-	\$491,360 (USD 16,000)	\$13,596	100%	\$13,596 ((b)B)	\$132,355	No repatriation of profit

Cumulative amount remitted outward from Taiwan for investment in mainland China at the end of the period	Investment amount approved by the Investment Commission, MOEA	Limit of investment in mainland China by the Investment Commission, MOEA
\$491,360(USD16,000)	\$491,360(USD16,000)	\$2,966,903

Note 1: The investment methods can be divided into the following four types (indicate type):

- (a) Investment in a mainland company via remittance from a third place.
- (b) Reinvestment in a mainland company through a third place investment.
- (c) Reinvestment in a mainland company through reinvestment in an existing company in a third place.
- (d) Other methods, e.g. entrusted investment

Note 2: In the column of investment profit or loss recognized in the period:

- (a) If there is no investment profit or loss as it is still in the preparation stage, a note shall be made.
- (b) The recognition basis of investment profit and loss is divided into the following three types and shall be noted.
 - A. Financial statements audited and certified by an international accounting firm that has a cooperative relationship with an accounting firm of the Republic of China
 - B. Financial statements audited and certified by the independent auditor of the Taiwanese parent company
 - C. Others.

Note 3: The figures in this table shall be presented in New Taiwan dollars. (US\$ exchange rate: 30.71 on December 31, 2022)

Note 4: A part of the investment amount has been remitted back to GFC Cayman Island Limited, an invested enterprise of the Company in a third region, but not remitted to the Company.

Notes to Parent Company Only Financial Statements of Golden Friends Corporation (continued)
(unless otherwise specified, the amount is in thousands of new Taiwan dollars)

(3) Major transactions:

- 1) The purchase amount and the percentage as well as the closing balance and the percentage of the corresponding payable: See attached Table 1 for details.
- 2) The sales amount and the percentage as well as the closing balance and the percentage of the corresponding receivable: See attached Table 2 for details.
- 3) Amount of property transaction and amount of profit or loss generated: None.
- 4) The ending balance of bill endorsement, guarantee or provision of collateral and the purpose: None.
- 5) Maximum balance of financing, and its closing balance, interest rate interval and total interest of the current period: None.
- 6) Other transactions that have a significant impact on the current profit and loss or financial position: None.

Table 1 Unit: Thousands (NTD)

Name of related party	Relationship with the related party	Transaction type (Purchase or sale of goods)	Purchases			Terms of transaction		Corresponding payables	
			Amount	Percentage	Price	Payment period	Comparison with general transactions	Balance	Percentage
Shanghai GFC elevator CO., Limited	Sub-subsidiary evaluated by equity method	Purchases	\$151,566	6.87%	The cost plus the due profit.	Two to four months after shipment, the payment shall be made directly by remittance.	There is no relevant export transaction for comparison.	\$-	0.00%

Table 2 Unit: Thousands (NTD)

Name of related party	Relationship with the related party	Transaction type (Purchase or sale of goods)	Sales			Terms of transaction		Corresponding receivable		Unrealized gross profit
			Amount	Percentage	Price	Payment period	Comparison with general transactions	Balance	Percentage	
Shanghai GFC elevator CO., Limited	Sub-subsidiary evaluated by equity method	Sales	\$895	0.03%	The cost plus the due profit.	Two to four months after shipment, the payment shall be made directly by remittance.	There is no relevant export transaction for comparison.	\$- It was directly sold to GFC Shanghai and recognized as accounts receivable - related party.	0.00%	\$66

Notes to Parent Company Only Financial Statements of Golden Friends Corporation (continued)
(unless otherwise specified, the amount is in thousands of new Taiwan dollars)

Table 7: Information on major shareholders

Unit: shares		
Shares	Number of shares	Percentage of ownership
Name		
Changjiang Products Co., Ltd.	99,878,498	56.42%

Note: The percentage of provision for bad debts of accounts receivable of the Company is as follows:

- (1) General receivables: 1% by group
- (2) Accounts receivable with possible impairment: Based on individual assessment, 10% ~ 100% according to risk level.

VI. For the most recent year and up to the date of publication of the annual report, the financial turnover difficulties of the company and its affiliated enterprises: None.

VII. Financial Status and Results Review and Analysis and Risk Items

I. Review and analysis of financial status:

Unit: NTD thousand

Item \ Year	Consolidated Financial Report		Difference	
	2022	2021	Amount	%
Current assets	6,403,241	5,723,120	680,121	11.88
Property, plant and equipment	1,126,581	1,145,326	(18,745)	-1.64
Intangible assets	82,333	78,087	4,246	5.44
Other assets	1,413,023	1,463,021	(49,998)	-3.42
Total assets	9,025,178	8,409,554	615,624	7.32
Current liabilities	4,013,533	3,610,077	403,456	11.18
Other liabilities	66,992	66,933	59	0.09
Total liabilities	4,080,525	3,677,010	403,515	10.97
Equity	1,770,120	1,770,120	0	0.00
Additional paid-in capital	63,404	60,830	2,574	4.23
Retained earnings	3,178,718	2,924,819	253,899	8.68
Equity attributable to owners of parent Company	4,944,839	4,732,623	212,216	4.48
Total owners' equity	4,944,653	4,732,544	212,109	4.48
In case of a change of more than 20% in the previous and later periods and the change amount reached NT\$10 million: None				

II. Review and analysis of financial results:

(I) Comparative analysis of financial performance:

Unit: NTD thousand

Item \ Year	Consolidated Financial Report		Increase and decrease	
	2022	2021	Amount	Percentage
Operating income	4,739,507	4,605,023	134,484	2.92%
Operating cost	3,334,082	3,187,359	146,723	4.60%
Net operating margin	1,405,425	1,417,664	(12,239)	-0.86%
Operating margin	547,970	529,530	18,440	3.48%
Operating income	857,455	888,134	(30,679)	-3.45%
Non-operating income and expenditure	175,552	80,597	94,955	117.81%
Net income before tax of continuing operating departments	1,033,007	968,731	64,276	6.64%
Income tax expense (benefit)	185,196	190,848	(5,652)	-2.96%
Net income after tax of continuing operating departments	847,811	777,883	69,928	8.99%
Net other comprehensive income (after tax)	(71,837)	28,819	(100,656)	-349.27%
Total comprehensive income of the current period	775,974	806,702	(30,728)	-3.81%

(II) Analysis of changes in the increase/decrease ratio:

1. Non-operating income and expenses: The increase in non-operating income was due to the increase in interest income, rental income, dividend income, and net foreign currency exchange gain.
2. Other comprehensive income, net (after tax): The decrease in other comprehensive income was mainly due to the decrease in unrealized income on equity instrument investment measured at fair value through other comprehensive income in the current period.

(III) Expected completed sales volume and basis thereof:

With reference to the actual business situation and the future development trend of the elevator industry, the Company estimates the sales completed from installation in 2023 as follows:

Unit: one unit

Main products	Expected sales completed from installation
Elevator	2,782

(IV) Possible impacts on future financial operations and countermeasures:

According to statistics published by the Construction Administration, Ministry of the Interior, the total number of building construction licenses issued in 2022 was slightly less than that in the same period of 2021, but the total floor area has slightly increased. The number of residential buildings with licenses has reached 180,000, an annual growth of 6%, a record high, which shows that the number of new projects in the construction industry is still at a high point. The growth in sales orders in 2022 and the estimated sales this year are expected to continue its stable trend. We hold an optimistic few for the shipment and completion of installation in the next two years.

In the public sector, it is estimated from the Special Act for Forward-Looking Infrastructure, a total of NT\$424.133 billion will be invested in track construction between 2017 and 2024, including, network connection between high-speed rail and Taiwan Rail, service upgrade by Taiwan Railroad in the eastern Taiwan, railway transformation or speed improvement, urban district metro and Scenic Railroad for the Central South, will drive the growth of the elevator industry to a certain extent. The Company will continue to grasp the information on subsequent construction tenders and business orders.

The Company's capital planning is rather conservative and prudent. Safety and liquidity are the first priority of capital allocation. We choose the most favorable method for capital utilization and take appropriate response measures, including paying close attention to market information, money market interest rates and changes in foreign exchange markets, buying foreign currency based on business need, and establishing healthy relationship with banks for building a healthy financial status with sources of capital needed for business operation.

III. Cash flow review and analysis:

1. Liquidity analysis in the past two years:

Item \ Year	Consolidated Financial Statements		Increase/decrease ratio
	2022	2021	(%)
Cash flow ratio	20.89%	28.18%	-7.29%
Cash flow adequacy ratio	121.97%	129.51%	-7.54%
Cash flow reinvestment ratio	5.55%	10.25%	-4.70%

Explanation on analysis of increase/decrease: Not applicable (less than 20% change)

2. Cash liquidity analysis for the coming year:

Opening cash balance (1)	Projected full-year net cash flow from operating activities (2)	Projected cash outflow for the year (3)	Projected cash surplus (deficit) (4)	Unit: NTD thousand	
				Remedial measures for anticipated cash deficits	
				Investment plan	Financing plan
\$2,289,620	\$833,000	\$1,322,620	\$1,800,000	—	—

[1] Analysis of changes in cash flow for the current year:

(1) Operating activities: inventory purchase and construction cost.

(2) Investment activities: Real estate and fixed assets are to be purchased for business use.

(3) Financing activities: cash dividends are to be distributed.

Remedial measures and liquidity analysis for (2) projected cash deficit: N/A.

IV. Impact of recent major capital expenditures on financial status: None.

V. Most recent annual re-investment policy and the main reason for the profit or loss of the re-investment business and improvement measures:

1. Investment policies in the most recent year:

The Company invests its core competencies for diversified operations.

2. Investment profit analysis and improvement measures:

The Company recognized an investment gains of NT\$47,663 thousand under the equity method from its long-term equity investment in 2022, NT\$35,336 thousand lower than the that of NT\$82,999 thousand in 2021. Therefore, the parent company recognized a lower investment income.

The analysis showed that the profit from the investment entity in 2022 was lower than expected. Due to the decrease in other income from the subsidiaries in Mainland China, the recognized investment income decreased relatively. Therefore, the investment income recognized in the current period decreased from the same period in last year.

The Company will strengthen the subsidiaries' sales capabilities and reduce costs through effective control to enhance competitiveness and profitability.

3. Future investment plans:

The Company will invest in multi-functional industries related to the core business industries.

VI. Risk items:

1. Impacts of changes in interest rates, exchange rates, and inflation on the Company's profit and loss, and future countermeasures:

① In terms of interest rate, the market interest rate will remain low in 2022. The Company's interest payment for credit loans has increased, but the total interest expense only accounted for 0.01% of the revenue. Therefore, changes in interest rates had little impact on the Company's profit and loss in 2022.

Countermeasures: The Company currently has sufficient working capital and no long-term

borrowings. It is assessed that the interest rate will not change much and the impact on profit and loss will not be significant.

②In terms of exchange rate, the Company's exchange gain in 2022 accounted for 0.37% of revenue, so there was no material impact on profit or loss. For purchases denominated in non-functional currencies, the Company adopts a pre-purchase strategy for partial foreign currency purchase to hedge and reduce the risk of exchange rate fluctuations.

Responsive measures: For purchases denominated in non-functional currencies, the Company continued to pre-purchase foreign currency as a hedge to reduce purchase costs.

③Although inflation is not a major consideration for the Company's price and cost policies, in response to the current price fluctuation of raw materials, the Company flexibly adjusts the procurement quantity, adopting quarterly and HUB warehouse purchase and bulk negotiation and procurement for large-scale projects to maintain the stability of costs. There is no significant impact on the profit or loss to the Company.

Responsive measures: The domestic consumer price index rose by 2.95% last year, which did not have a significant impact on the Company's profit or loss. The Company adopts quarterly and HUB warehouse purchase and bulk negotiation and procurement for large-scale projects to maintain the stability of costs. The Company has increased the product selling prices by stages in response to the increase in raw materials. Currently there is no significant impact on the Company's profit or loss.

2. Policies on engaging in high-risk, high-leverage, loaning of funds, endorsement and guarantee, and derivative transactions of derivatives, the main reasons for profit or loss, and countermeasures:

The Company does not engage in high-risk investments. All investments are carefully evaluated and executed with the authorization from the Board of Directors. In terms of loaning of funds to others and endorsements and guarantees, the main dealing parties are subsidiaries. Derivatives are mainly traded for hedging. All derivatives have been prudently executed, taking into account the risk profile.

3. Future R&D plans and expected R&D expenses to be invested:

The Company's future R&D plans include: (1) self-propelled robot service function, (2) ultra-high-speed elevator mechanical system, (3) passenger doors under new smoke and fire protection regulations, and (4) machine roomless high-speed elevator system (5) double-deck elevators. To satisfy the needs of customers and the market along with executing the R&D plan according to the progress. An additional R&D expenditure of about NT\$45,300,000 is to be invested in 2023.

4. Impacts of important domestic and foreign policies and legal changes on the Company's financial operations and countermeasures:

The Company pays attention to and keeps track of any policies and regulations that may affect the Company's operations, and coordinates with the adjustment to the related internal systems. The Bureau of Standards, Inspection and Quarantine of the Ministry of Economic

Affairs has announced the new elevator standards CNS 15827-20/31/50 and CNS 15930-1/2 in 2015 and 2016, which are expected to be implemented by the end of this year. We plan to complete the relevant measures, including product design and personnel training before the official implementation. Therefore, there is no significant impact from changes in relevant laws and regulations to the Company's operations.

5. The impact of technological changes and industrial changes on the Company's financial status and countermeasures:

The Company has always been committed to product development and research, and pays attention to industry trends at any time and adjusts operating policies and countermeasures in a timely manner, so they have no significant impact on our financial status.

6. Impact of corporate image change on corporate crisis management and countermeasures:

The Company has always adhered to the business philosophy of integrity and professional services to achieve customer satisfaction, and pays attention to corporate image and risk management, so there is no foreseeable crisis.

7. Expected benefits, possible risks and countermeasures for M&A: None.

8. Expected benefits, possible risks and countermeasures for plant expansion: None.

9. Risks and countermeasures for the concentration of purchases or sales: None.

10. The impact and risks on the Company of large-scale transfer or replacement of equity by directors, supervisors or shareholders holding more than 10% of the shares and countermeasures: None.

11. The impact, risks and countermeasures of the change of management rights on the company: None.

12. For litigation or non-litigation events, list the major litigation, non-litigation or administrative disputes that have been determined or are still in the process which involve the Company or the Company's directors, supervisors, President, actual person in charge, shareholders with a shareholding ratio of more than 10% or subordinate companies, the outcome of which may have a significant impact on shareholders' equity or securities prices: None.

- 13 Other important risks and countermeasures:

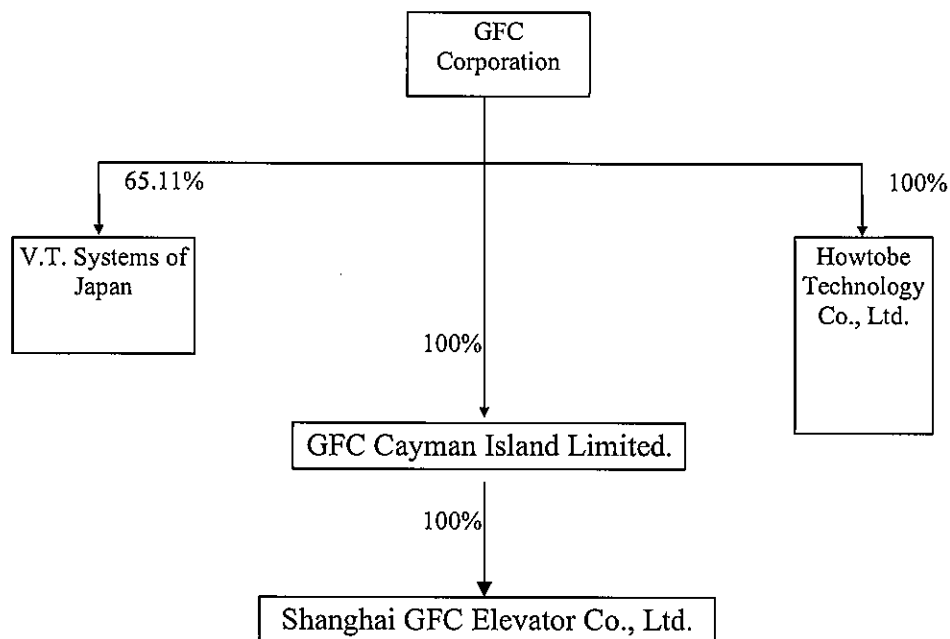
Information security risk analysis: The Company has established a complete network and computer security protection system, and conducts annual review and evaluation of the network security regulations and procedures to ensure its appropriateness and effectiveness. In the year of 2022 and up to the date of publication of the annual report, the Company has not detected any major Internet attacks or data leakage and there is no significant adverse impact on the Company's business and operations nor has the Company been involved in any related legal cases or regulatory investigations.

VII. Other significant matters: None.

VIII. Specially recorded matters

I. Information on Affiliated Enterprises

(I) Organization chart of affiliated enterprises



(II) Basic information of each affiliate:

Unit: USD thousand; CNY thousand; NTD thousand

Company name	Date of establishment	Address	Paid-up capital	Main business or production items
GFC Cayman Island Limited	1993.09.03	P.O. Box 1034 GT, GRAND CAYMAN, CAYMAN ISLAND	USD 10,810 (@30.7100)	Investment in Shanghai GFC Elevator Co., Ltd.
Howtobe Technology Co., Ltd.	2000.06.20	13th Floor, No. 88, Section 2, Nanking East Road, Taipei	26,000	Pneumatic shuttle trading and elevator maintenance business.
Shanghai GFC Elevator Co., Ltd.	1997.12.26	No. 2555 Liuxiang Road, Malu Town, Jiading District, Shanghai	RMB99,348 (@4.4080)	Elevator manufacturing and sales.
V.T. Systems of Japan	2005.04.27	No.14, No.7, 2-chome, Hamamatsucho, Minato-ku, Tokyo	JPY99,150 (@0.2324)	Trading of vacuum pneumatic shuttles

(III) The same shareholder information of those which are presumed to have a control or affiliation relationship: None.

(IV) Description of business relationship

1. Industries covered by the overall relationship business operations: including the following
 - (1) Manufacture and sale of elevators and generators.
 - (2) General investment.
 - (3) Elevator maintenance.
 - (4) Trading of vacuum pneumatic shuttles
2. If the businesses of various affiliated enterprises are related, the division of labor among them:
 - (1) GFC Corporation sells some elevator raw materials to Shanghai GFC Elevator Co., Ltd.; at the same time, it also purchases some elevator raw materials from Shanghai GFC Elevator Co., Ltd.
 - (2) GFC Corporation sells some elevator maintenance parts to Howtobe Technology Co., Ltd.; at the same time, it also purchases some raw materials for elevator manufacturing from Howtobe Technology Co., Ltd.

(V) Information about directors, supervisors and presidents of affiliated enterprises:

Unit: NTD thousands; Share; %

Company name	Position (Note 1)	Name or legal representative	Shareholdings	
			Number of shares/capital contribution	Shareholding ratio
GFC Cayman Island Limited	Director	GFC Corporation	- (Note 2)	- (Note 2)
	Director	- Representative Pen-Li Yu GFC Corporation - Representative Chen-Chen Kuang	- (Note 2)	- (Note 2)
Howtobe Technology Co., Ltd.	Chairman	GFC Corporation	- (Note 2)	- (Note 2)
	Director	- Representative Ah-Cheng Lin GFC Corporation	- (Note 2)	- (Note 2)
	Director	- Representative Chuan-Hsing Kuo GFC Corporation	- (Note 2)	- (Note 2)
	Supervisor	- Representative Pin-Shan Hsieh GFC Corporation - Representative Chen-Chen Kuang	- (Note 2)	- (Note 2)
Shanghai GFC Elevator Co., Ltd.	Chairman	GFC Cayman Island Limited	- (Note 3)	- (Note 3)
	Director	- Representative Pen-Li Yu GFC Cayman Island Limited	- (Note 3)	- (Note 3)
	Director	- Representative Ah-Cheng Lin GFC Cayman Island Limited	- (Note 3)	- (Note 3)
	Director	- Representative Pei-Rong Hsu Zhouqi Industrial Co., Ltd.	- (Note 3)	- (Note 3)
	President	- Representative Yan Feng Ting Wang	- (Note 3)	- (Note 3)
V.T. Systems of Japan	Chairman	Tang David	433	15.55%
	Chairman	Yukioka Nao	0	0%
	Director	Ping Ching Huang	0	0%

Note 1: For foreign affiliated enterprises, list the equivalent positions.

Note 2: It is 100% funded by GFC Corporation; the representative has no individual capital contribution.

Note 3: It is 100% funded by GFC Cayman Islands Limited, a subsidiary of GFC Corporation, and Shanghai Zhouqi Industrial Co., Ltd. provides the right-of-use of 16,457 square meters of land for 40 years; the representative has no individual capital contribution.

(VI) Operational overview of each affiliated enterprise:

Unit: NTD thousand								
Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit (loss)	Current profit and loss (after tax)	Earnings per share (NT\$) (after tax)
GFC CAYMAN ISLANDS LIMITED.	331,975	275,249	0	275,249	13,596	13,364	26,286	-
Howtobe Technology Co., Ltd.	26,000	158,346	86,316	72,030	102,179	25,016	20,781	7.99
Shanghai GFC Elevator Ltd.	437,926	177,006	44,617	132,389	154,500	3,089	13,597	-
VTSYSTEMS Japan	23,042	1,297	1,320	(23)	3	(191)	(232)	-

(VII) Consolidated financial statements of affiliated enterprises:

In the year of 2021 (from January 1 to December 31, 2021), the companies that should be included in the preparation of 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” and the companies that should be included in the preparation of consolidated financial statements of parent and subsidiary companies in accordance with the International Financial Reporting Standards No. 10 are the same and the relevant information that should be disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in the consolidated financial statements of the parent and subsidiary companies previously mentioned, so the consolidated financial statements of affiliated enterprises will not be prepared separately.

(VIII) Merger report of affiliated enterprises: Not applicable.

II. Handling of private-placement securities in the most recent year and as of the date of printing of the annual report: None.

III. Subsidiaries' holding or disposal of the company's shares in the most recent year and as of the date of printing of the annual report: None.

IV. Other necessary supplementary explanations: None.

V. Matters that have a significant impact on shareholders' equity or the price of securities as specified in sub-paragraph 2, paragraph 3, Article 36 of the Securities and Exchange Act in the most recent year and as of the date of printing of the annual report: None.

GFC, LTD.

Chairman Po-Loung Tang