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dynamic

Dynamic Electronics Co., Ltd

2018 ANNUAL REPORT

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Dynamic Website：http://www.dynamicpcb.com

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Corporate Vision、Core Value、Culture and Business Philosophy

Business Philosophy

- Dynamic cares for our team members
- Dynamic values our partners
- Dynamic respects our shareholders
- Dynamic cares for society
- Dynamic is concerned about the environment

Dynamic cares for our team members

We focus on providing a safe work environment for them, along with professional education and training, skill enhancement, personal development, and a profit-sharing plan for all team members.

Dynamic values our partners

We focus on providing the best quality, the fastest delivery, the lowest cost and the best service for our customers and suppliers to ensure that they are competitive in their own markets.

Dynamic respects our shareholders

We utilize all of our competitive strengths to achieve real value and returns for our shareholders. We also place an emphasis on the control and governing of our company to ensure the continuity of its operations.

Dynamic cares for society

We demonstrate our commitment to social responsibility by persistently helping the disadvantaged and those in need based on the principle of providing assistance from close to remote, and from near to far.

Dynamic is concerned about the environment

We are committed to improving our energy conservation efforts and minimizing the release of hazardous by products to create environment-friendly manufacturing processes.

Table of Contents

I. Letter to Shareholders 1

A. Operation Results in 2018 2

B. Business Plan Summary for 2019 4

C. Impact on future development strategy by the external competitive environment, regulatory environment, and overall business environment 9

II. Company Introduction 11

A. Founding Date 11

B. Company History 11

III. Corporate Governance 14

A. Organization System 14

B. Information pertaining to the Directors, President, VP, AVP, and Supervisors in each department and branch office 18

C. Compensation for the Directors, President, and VPs for this fiscal year 25

D. Operations of Corporate Governance 30

E. Information Regarding the Company's Audit Fee and Independence 89

F. Replacement of CPA. 89

G. Have any of the company's Chairman, President, or manager responsible for finance or accounting duties served in a CPA accounting firm or its affiliated company in the last year 89

H. Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders 89

I . Information of the Relationship among the Top Ten Shareholders 91

J. The number of shares held by the Company, the Company's directors, managers and the companies directly or indirectly controlled by the Company in the same investment business, and combined to calculate the comprehensive shareholding ratio 92

IV. Capital Overview 93

A. Capital and Shares 93

B. Corporate bonds handling 98

C. Preferred stock handling. 98

D. Global depository receipts handling 98

E. Employee stock option and new restricted employee share rights handling 98

F. Mergers or transferee to other companies and issuance of new shares 98

G. Implementation on fund utilization planning 98

V. Operations Overview 99

A. Business Content 99

B. Market and Production/Sales Conditions 110

C. From the most recent two years to the date on the annual report, the number of workers, average years of service, average age, and distribution ratios of education 116

D. Environmental Expenditure Information 117

E. Employer and Employee Relations 117

F. Important Contracts. 119
VI. Financial Overview 120
A. Concise Balanced Sheet and Income Statement for the past 5 years 120
B. Financial Analysis for the Past Five Years 124
C. The audit report from the audit committee for the financial report of the most recent year 127
D. The financial statement of the most recent year, including accountant's audit report, balance sheet with two-year comparison, income statement, changes in equity, cash flow statement, and notes and attached tables 127
E. The Company's individual financial report of the most recent year with CPA's check and verification, excluding detailed table of important accounting items 127
F. From the most recent year to the date on this report, if any financial difficulties or turnover problems should occur to the Company and its affiliated firms, please list out their impacts on the financial conditions of the Company 127
VII. Review and Analysis of Financial Conditions and Performance, and Risk Management 128
A. Analysis of Financial Conditions 128
B. Analysis of Financial Performance 129
C. Cash Flow 130
D. Impacts of Major Capital Expenditures in the Most Recent Year on Financial Operation. 130
E. Reinvestment Policies, Main Reasons of Profit and Loss and Improvement Plans in the Most Recent Year and Investment Plans for the Coming Year 131
F. Sources of Risk 132
G. Other Important Matters 139
VIII. Affiliated Companies and Other Special Disclosures 140
A. Related Information on Affiliated Companies 140
B. Private Placement Securities in the Most Recent Year and as of the Publishing Date of the Annual Report 143
C. Company's Shares Held or Transferred by Subsidiaries in the Most Recent Year and as of the Publishing Date of the Annual Report 143
D. Other Supplementary Information 143
E. Pursuant to the Article 36-2-2 of Security Exchange Act, Event Having Material Impact on Shareholders' Equity or Share Price in the Most Recent Year and as of the Publishing Date of the Annual Report 143
VIIII. Other Information Disclosures 144
A. Precautionary Measures for a Safe Working Environment and Personnel Security 144
B. Material Insider Information Non-Disclosure Procedure 146
X. Auditor's Report and 2018 Financial Statement 147

I. Letter to Shareholders

Dear Shareholders:

2018 is a bittersweet year. While the overall net loss after tax reaches 240 million Taiwan dollars, the analysis shows two non-operating factors that account for 88% of the loss. First, the depreciation of the RMB due to the US-China trade war results in an exchange loss amounted to 117 million Taiwan dollars. Second, the increased financial cost due to the expansion of our Huangshi Plant is close to 100 million Taiwan dollars. From the business perspective, there are still 4.6 million Taiwan dollars of the operating loss that mainly caused by the low season in the first and second quarters and the fact that the production of the Huangshi Plant has not yet reached the economies of scale. However, since Huangshi plant launched 800,000 square feet of capacity in the third quarter, not only the Huangshi plant began to make profits, but also The Group turned loss into gain in one season. The fourth quarter also showed a more brilliant result, giving us the confidence in the performance of year 2019.

The operating performance of the company in year 2018 includes:

1. In year 2018, the board of directors was completely re-elected, seven board directors were successfully selected, including four independent directors with one female independent director among them, which made the board structure of Dynamic more professional, independent and diversified, leading the group to sustainable development.
2. In the 4th Corporate Governance Review, Dynamic ranked the top 5% of listed companies for two consecutive years.
3. Dynamic Corporate Social Responsibility Report won the TCSA "TOP50 Taiwan Sustainable Enterprise Award" and "Enterprise Sustainability Report Bonus Award" in year 2018.
4. Dynamic won the “Year 2018 Outstanding Supplier Award” from Asus by providing Asus with high-tech HDI board for notebook computers, mobile phones and tablets, which are sold all over the world.
5. The proportion of strategic automotive products in revenue increased from 35% in year 2017 to 38.5% in year 2018.
6. Taoyuan plant won the “Excellent Performance of Cooperative Education and Cooperation Award” from the Ministry of Education.
7. Taoyuan Plant and Kunshan Plant were certified by AS9100D Aerospace Quality Management System in November 2018.
8. The Datamation of Huangshi plant leads the industry.
9. Huangshi Factory was rated as one of the top ten enterprises for high-quality development, became the practical teaching base of Hubei Institute of Technology, the Taiwan Youth Employment Internship Base of Huangshi City Taiwan Business Association, approved as the third-level enterprise (light industry) of safe production standardization, and the customs certification enterprise.
10. In October 2018, the “Dynamic 30th Anniversary Celebration Event” was held at the Huangshi Plant. There are 168 attendees including government units, customers,

suppliers, banks, etc. The celebration ended successfully and a further acquaintance was made with our stakeholders and business partners.

Looking into year 2019, our key projects include: strengthening the team with a high sense of commitment and responsibility; guiding all our cadres to take the initiative to challenge and breakthrough, to solve problems by thinking and by using the system, and to be fearless to try and innovate; transforming everyone in the team from "must do" to "want to do", to cherish and maintain the equipment, the facilities and the environment, and to stick to the SOP and stay positive, making the outstanding result happen again!

Our 2018 operating performance and 2019 business plan summary are shown as follows:

A. Operation Results in 2018

(A) Consolidated operation plan execution results in 2018

Unit: NTD thousands

Item	2017	2018	Growth Rate
Operating income	11,646,443	13,058,285	12.12 %
After-tax (loss) gain	9,094	(240,885)	(2,748.83)%
Profitability	0.08 %	(1.84)%	(2,400.00)%

(B) Consolidated budget implementation in 2018

Unit: NTD thousands

Item	2018 Budget	2018 Actual Performance	Achievement Rate
Operating income	12,990,220	13,058,285	100.52%
Operating cost	11,841,460	11,902,072	100.51%
Operating margin	1,148,760	1,156,213	100.65%
Operating expenses	1,142,602	1,160,808	101.59%
Operating profit	6,158	(4,595)	(174.62)%
Pre-tax profit	(226,472)	(236,822)	(4.57)%

(C) Revenue and profitability analysis

Unit: NTD thousands

Item			2017	2018
Financial revenues & expenses	Financial revenue		11,739,154	13,158,157
	Financial expenses		11,736,118	13,394,979
Profitability	Return on assets		0.74 %	(0.64)%
	Return on equity		0.21 %	(5.92)%
	Ratio to paid-in capital	Operating profit	1.48 %	(0.16)%
		Pre-tax profit	0.11 %	(8.43)%
	Net profit margin		0.08 %	(1.84)%
	Earnings (loss) per share in NTD		0.03	(0.86)

(D) Research and development status in 2018

To respond accordingly to the development of portable and wearable electronic products, the arrival of 5G era of interconnection of all things (IoT), the widespread use in automotive electronics, and the sales growth of Advanced Driver Assistance Systems (ADAS) and electric vehicles, we have strengthened the company's research and development capabilities by constantly importing new technology and equipment for products of niche market and future in year 2018 besides continuous improvement in quality and process capability. By doing this, we've strengthened the company's core competencies and increased our competitiveness in the industry.

Here we summarized our major R&D projects and results in 2018 in the following five points:

1. High-speed low signal loss products: we have successfully obtained certification of Insertion Loss -0.48dB/in (Frequency: 4Hz), Ultra low loss materials that apply to Server boards have passed sample test. The 20-layer board of thickness 3.0mm (ultra low loss) material has been approved by customers, and the related materials and technologies of 5G generation application are also under active development.
2. Thinned fine-line product: Process capability of 12 layers of any layer 24 mil thickness thinning is possessed and sample test is approved. In the meantime, successfully mass-produced products of 4 layers of 10 mil thickness thinning with cavity design and products of microphone module (MEMS) with 20mil deep cavity design.
3. Rigid-Flex board and routable products: The process capability of 3oz copper thick automotive charging station display product is possessed, sample has been sent for approval, high-reliability high-capacity SSD Rigid-Flex stack of 4 layer flex board with 12 layer rigid board product has completed sample approval. For medical product which used in the continuous blood glucose detection that implanted in human body complies with the US FDA and ISO 10993 medical certification products, has completed product functional testing.
4. High-frequency millimeter wave (mmWave) products: 24GHz automotive millimeter-wave radar has reached the mass production scale and continues to ship stably; 77&79GHz products have been approved by many major customers and are in the large-scale production in 2019. Other high-frequency products are used in satellite communications and 5G telecommunications-related products will continue to develop new materials and sample certification.
5. High heat radiation products: The thick copper and embedded copper used in communication high frequency receiver, electric vehicle charging pile and automobile engine control module/automobile relay have completed 4oz product sample test approval, 6oz/8oz products are under process improvement, meanwhile the products of 12oz are under the process of material and process development; the high-frequency power amplifier

product is in the process development stage; the Busbar product completes the sample development test and continues the process capability improving and optimizing.

B. Business Plan Summary for 2019

(A) Business Principles

1. Business Level:

(1) Environmental protection (social responsibility), transforming (automation), upgrade (production technology), and profit (internal growth) are the four goals of year 2019.

(2) To meet the new version of the Corporate Governance Blueprint (2018-2020), we continue to enhance the corporate governance in all aspects, including: deepening corporate governance and corporate social responsibility culture, effectively bringing the directors' function into full play, promoting shareholder activism, improving the quality of information disclosure, and strengthening the compliance with the relevant laws and regulations; set up the management post for corporate governance and give better support for directors, including: assisting directors with the information, related laws and regulations that are required for taking up their duties, pursuing further education and exercising their job function.

(3) Establish a corporate culture of business integrity, actively implement the business integrity policy and commitment, practically execute internal management and business activities, review implementation performance, and continue to improve in order to establish a good business operation model and create a sustainable development business environment.

(4) Give attention to corporate social responsibility; incorporate the various major economic, environmental, and social considerations and indicators important to the various stakeholders into the company's business strategy and management; especially improve the production safety and environmental conservation.

(5) Fortify a highly productive team that is aware of its mission and responsibility.

2. R&D Level:

(1) Primary product categories under development are as follows:

- IoT 5G high-frequency communication network base station and 200G/400G high-end high-speed transmission and storage device
- ADAS, LiDAR and engine control module
- Wearable device, MEMS microphone module, medical detection sensor
- Dual/triple lens module, ultra-high resolution screen module and Car lenses module
- Electric car charging pile and EV automotive relay

(2) Technology development schedule is as follows:

Year / Content	Product Application	2019				2020			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
mm Wave high frequency 400G high speed hybrid technology	Automotive active safety detection / Satellite Comm. / 5G comm./ 400G high speed								
Thick copper and buried and embedded copper cooling technology	Automotive engine / twin-lens module / EV automotive relay / charging pile/5G comm.								
Film type Embedded	Wearable devices / MEMS / High speed storage device								
1.6mil fine line	High-end mobile phones / wearable devices								

Program evaluation ·····▸
Prototyping – – –▸
Mass production ——▸

3. Marketing Level:
   (1) Extend the company's marketing strategy considerations into customer marketing and production lines. Gather information on upper, middle, and lower stream industries; competitors; the environment; and administrative regulation related information through multiple channels so that the operational level can carry out appropriate decisions and R&D strategies.
   (2) Fully communicate with the customer design and sales end and fully cooperate with their market and product positioning to avoid over- and under-product specifications as well as successfully establishing a market segment using precise and appropriate product quality and cost prices.
   (3) Use production bases to cover international customers worldwide; actively establish a global services network; and provide instant and effective post-sales marketing, technology, and quality services in order to get a better grip on customers' demand and build a firm relationship with the customers.
   (4) Participating in major international events, to open up the specific strategic markets.
   (5) Providing all kinds of resources for the research and development of the potential products which developed by emerging enterprises to establish a partnership basis, and to become their long-term collaboration partner once product development has matured and obtained a certain market share.

4. Management Level:
   (1) Respecting the value of employees and continuing to promote talent cultivation projects to improve the quality of all levels of leaders. Furthermore, to better implement corporate social responsibility (CSR) and improve the requirements of the Responsible Business Alliance (RBA) to root the company culture (integrity, responsibility, learning) in everyone's heart. Build a developmental organization structure to support the company's continued growth. In response to the company's new product development and plant expansion plan, actively recruit professional talents and train successors. Strengthen education and training, including internal and external training, general knowledge education, special education, professional education and certification training. Also carry out academic upgrading programs, cooperate with universities and colleges to develop entrance program for students graduated from vocational school, and entrance examination registration program of vocational school or university for students who have equivalent qualifications of high school in order to keep the good employee and enhance the company's overall academic level.
   (2) As for the continuous promotion of the performance management system, the President's crew "DynamicX iLearning", promoted the "Quantitative Performance of Team and Position" activity in March, 2018, all the members of the team work together to achieve goals and share the bonus brought by work performance. It is used to promote performance management downwards to the units and to individuals. The effects are obvious after 12 months of implementation, the turnover rate, production efficiency and quality are all improved, thereby competitiveness is boosted by cost reduction.
   (3) Planning knowledge management system, in addition to the basic data storage, it has a classification and management system for data searching, and also includes "Expert Network", that is, internal and external experts are also identified and classified as knowledge sources. With the points earning by entering knowledge and application knowledge to integrate performance or reward systems. Knowledge management system is a cross-plant platform within the scope of information confidentiality restrictions, knowledge sharing, no factory or geographical restrictions.
   (4) Taoyuan Plant and Kunshan Plant completed the AS9100D aviation aerospace quality management system certification, and established a complete manufacturing and quality control system for PCB of aviation and aerospace. In addition, to meet the needs of customers, it is planned to complete the setting and certification of ISO13485 medical device quality management system in year 2019, the highest management combined with the operating management to run the quality management system. Actively require the staff to fully carry out energy conservation and waste reduction, and to enhance safety and quality awareness.

(5) Actively plans to surpass the competition of traditional industries and move towards a new generation of automation, intelligence and information. Utilize smart factory as the carrier, intellectualization of key manufacturing links as the core, and network interconnection as the support. These aspects are embodied in the deep integration of various links of the manufacturing process and the new generation of information technology, such as Internet of Things, big data, cloud computing, etc.

(6) Actively promote environmental protection and energy conservation campaigns, including: reducing the use of natural resources and toxic substances and pollutants through green procurement; building 800 pin high-efficiency rooftop solar modules on the roof; using natural gas as a boiler fuel, and reduce the potential public disaster risk of a large amount of fuel oil storage; replace the old rotary-screw air compressor with a centrifugal air compressor to improve energy efficiency.

(7) In terms of waste reduction, we will continue to classify and find recycling pipelines for process outputs that cannot be recycled and reused at present, so as to improve recycling rate; continue to cooperate with the government's copper self-management plan to reduce harmful pollutant emissions. Install automatic inspecting equipment at the discharge port to ensure that the discharge water quality meets the regulations.

(8) Work with our suppliers to promote various policies such as labor, health and safety, environment, ethics and management systems, and implement corporate social responsibility.

(B) Anticipated Sales Volume and its Basis

The primary directions of growth in 2019 are as follows in accordance with the company's 2018 performance, estimates for 2019 and comprehensive assessment of the company's advantages and market trends:

1. Analysis based on technology types:
   (1) Estimated growth of overall sales areas about 3-5%.
   (2) Estimated growth of the sales areas of conventional board about 3-5%.
   (3) HDI board: Taoyuan Factory will mainly produce 2.36/2.36mil line width products, and start mass production of 2/2 mil line width products. High-end Anylayer technology products will be produced in small amount in Kunshan factory.
   (4) Rigid-flex board and Substrate: The main types of products that developed by Taoyuan Plant, will continue to improve costs and make them niche-type products. It is expected that revenue will gradually grow.
   (5) High-frequency radar board: Shipments of 24 GHz will grow rapidly in 2019; 77/79 GHz is scheduled to begin mass production and shipment in the second half of 2019.
   (6) 5G high-frequency high-speed products: It is scheduled to start mass production and shipment in the second half of 2019.

2. Analysis based on product application categories:

(1) Automotive boards

The demands for display systems, electronic surveillance and communication applications have increased owing to the continuous development of automotive networking and security technology, along with the fact that the global automotive industry goes into automation generations from electronic generations and further pushes up the demand for printed circuit board. Dynamic has stayed focused on developing automotive board. Apply HDI, thick copper, semi-flex, Rigid-Flex board and other high-end technology to AVN vehicle products, sensors, short-range radar, parking radar, central terminal box, parking assistance system, camera module and other products. Cooperate with Swiss companies to produce 24/77GHz radar antenna boards for high-frequency vehicles, which have been mass-produced and are actively developing products such as LiDAR/79GHz/SIW/SLOT antennas. The proportion of automotive products has accounted for 38% of the revenue in year 2018, and a continual breakthrough is foreseen in year 2019.

(2) High-resolution LCD TV and Display for Automotive

In recent years, 4K/8K high-resolution LCD TV shipments have remained a steady growth trend. The demand for high-end automotive displays has been expanded in mid- and low-end models. It is estimated that LCD panels will grow steadily in year 2019.

(3) 5G communication, server and large-capacity storage device

With the official operation of 5G , cloud applications continue to grow substantially, not only the server market is getting bigger, the layer technology and materials are also getting high-end. The application of 5G to communications, autonomous vehicles, audio and video, IoT streaming will drive a large and high-speed demand for data storage and computing in the future, so products such as servers, SWITCH, ROUTER, hard disk (HDD), solid state drive (SSD), DDR4, DDR5 and small base terminal are still optimistic in 2019.

(4) Wearable devices

Watch-type wearable devices (including basic and smart) have become the main force driving up the overall shipments of the wearable devices. With the development of various thin and light products such as wireless headphones, products under mass production including any layer design, Rigid-Flex boards and Cavity are expected to continue to grow in 2019.

(5) New energy products

Under the trend of green energy & environment requirements, this product has become one of Dynamic's key products, LED substrate will grow substantially, Mini LED will continue to be developed, and the demand for EV/PHEV vehicle charging piles and relays will also grow rapidly with the rising demand of the market, the revenue of this type of product will increase significantly in 2019.

(C) Critical Production Planning Policies

1. In response to the rapid changes in product demand, in year 2019, we will make automotive electronics, LCD panels, storage devices and consumer products the key products and to tie in rigid-flex PCB, substrate, high-frequency board, high end multi-layer board and other niche-type product development to lessen the impacts resulted from low season and market demand change. and to increase the company's revenue and profit.
2. In the year 2019, in line with the needs of the market and customers, the following short/medium/long-term plans are set:
   (1) Short-term: Taoyuan Plant will achieve stable orders and smooth output through technical upgrading, develop niche-type products to develop differentiated operations; Kunshan Plant will have rather weak capacity in the next year, it will focus on improving labor efficiency, technology transformation and process capability improvement; Huangshi Plant will sprint and achieve great success with the advantages of high equipment automation and information technology.
   (2) Medium and long-term: Turn Taoyuan Plant into a compact production base of high-tech products; propel Kunshan Plant towards profitability by its technology and added value of increased output ; the capacity of the Huangshi Plant will be expanded, and strengthen the competitiveness of Dynamic and all our partners in the industry 4.0 generation.

C. Impact on future development strategy by the external competitive environment, regulatory environment, and overall business environment

The International Monetary Fund (IMF) stated that after two consecutive years of steady expansion, global economic growth has slowed down earlier than expected, and risks are rising. Global economic growth is expected to fall back to 3.5% in 2019 from 3.7% in 2018. The economic growth rates in China and the US are 6.2% and 2.5% respectively. The outlook for the Eurozone is conservative, with an estimated growth rate of 1.6%. The tense relations of international trade, the slowdown of the Chinese economy caused by the US-China trade war, and the possible non-agreement of Brexit in the UK are major risks.

According to the Industrial Technology Research Institute (IEK), the global PCB industry continued the growth trend of 2017 in year 2018. Although the growth rate dropped from 11.68% to 6.31%, the output value reached US$69.1 billion, creating a new high in the record. The main reason for the continued high output value is the expansion of new products and new applications, including high-performance servers, big data, automotive electronics and smart phone peripheral products. In 2018, Taiwanese manufacturers still maintained a global leading position with a market share of 31%. Taiwan has always been ahead of other countries in terms of technology and market layout, so it sits in a leading position of the global industry for a long time; but mainland manufacturers are gradually approaching the position of the second largest market share 23%. Although the mainland's development is relatively slow, but with the power of government's policy, the ambition of manufacturers to expand production and acquisition, and the gearing effect of domestic brands have continuously improved the

overall competitiveness of land-based PCB manufacturers. The PCB market is expected to grow in year 2019, but the growth rate may be reduced due to the overall economic uncertainty.

In terms of regulatory environment, new Taiwan laws and regulations of year 2018 related to the company are: Company Law, labor Standards Act, Employment Service Act, Declaration Method of Factory Hazardous Substance, boiler air pollutant emission standard, air pollution prevention law, water pollution Prevention and control laws, hazardous chemicals labeling and general rules. In year 2018, China promoted the fully open practice in all aspects in the process of ruling the country according to law, such as implementing a negative list management system for foreign investment, and forming a more open and transparent investment environment. On January 1, 2018, the [Environmental Protection Tax Law] was officially implemented as The first green tax law, for air pollutants, water pollutants, solid waste and noise which have been levied by the environmental protection department in the past are changed to be levied by the taxation department for environmental taxes; modify the [Personal Income Tax Law] and [Personal Income Tax Law Implementation Regulations] by establishing an income tax system that combines comprehensive and classified policies. This modification also affects foreigners; regulates [Production Safety Regulation on Emergency Response to Accident], which stipulates that the principal responsible person of the production and operation unit is fully responsible for the emergency work of production safety accidents; In year 2018, instead of adjusting the minimum wage again, the Chinese government is discussing how to reduce the employment cost for enterprises. We are highly alert in the revision of laws, regulations, and policies. If there are anything related to the company's daily operation or long-term development, we will promptly evaluate and plan it carefully and incorporate it into the company's development strategy.

Every 8 to 10 years is an economic cycle. Coupled with the impact of the US-China trade war, 2019 will be a very challenging and difficult year. We need to be more alert and bring the best adaptability to survive this adversity. It is grateful to have everyone’s support and dedication to Dynamic in the past year. Wish you all the breakthroughs in your work and life in the new year. Let our family, customers, suppliers and shareholders raise their thumbs for us. It is the 30th anniversary of Dynamic, let us keep on moving forward hand in hand and make Dynamic stay active in the PCB industry for the next 30 years!

Finally, I want to wish everyone health and safety for yourselves and your families.

Chairman: Ken Huang President: Stoney Chiu Accounting Supervisor: Lily Chiang

II. Company Introduction

A. Founding Date
August 18, 1988, with capital of NT$12,000,000.

B. Company History

Year-Month	Company Development
1988.08	The company was established in Taoyuan County for paid-in capital of NT$12,000,000.
1993.05	Passed the UL product safety specification verification
1996.11	Processed a cash capital increase of NT$16,000,000 for paid-in capital of NT$28,000,000.
1996.12	Passed the quality management system ISO 9002 verification.
1998.04	Processed a cash capital increase of NT$70,000,000 for paid-in capital of NT$98,000,000.
1997.12	Processed surplus transfer into a capital increase of NT$40,000,000 for paid-in capital of NT$138,000,000.
2001.12	Processed surplus transfer into a capital increase of NT$110,400,000 and employee bonuses transfer into a capital increase of NT$2,600,000 for paid-in capital of NT$251,000,000.
2001.12	Reinvested and established subsidiary WINTEK(MAURITIUS) Co., Ltd.
2002.04	Indirectly reinvested and established Dynamic Electronics (KS) Co., Ltd.
2002.04	Processed cash capital increase of NT$40,000,000; surplus transfer into capital increase of NT$125,500,000; and employee bonuses transfer into capital increase of NT$3,500,000 for paid-in capital of NT$420,000,000.
2002.05	Passed the Automotive Industry Quality Management System QS9000 verification.
2002.05	Initial public offering on May 27, 2002.
2002.10	Officially registered in the emerging stock market and traded over the GreTai Securities Market.
2003.01	Reinvested in Germany to establish subsidiary Dynamic Electronics Europe GmbH in Germany.
2003.06	Processed surplus transfer into capital increase of NT$126,000,000 and employee bonuses transfer into capital increase of NT$14,000,000 for paid-in capital of NT$560,000,000.
2003.10	Kunshan plant officially began mass production and delivering shipments.
2003.10	Purchased the factory land and other buildings located on Shanying Road.
2003.06	Ranked number 649 among the top 1000 largest plants in the manufacturing industry by CommonWealth Magazine in 2003.
2003.07	Passed Environmental Management System ISO14001 Verification.
2004.09	Passed the Quality Management System ISO9000 Rev.2000 Verification.
2004.09	Passed the Automotive Industry Quality Management System TS16949 Verification when the Kunshan plant began producing automotive panels.
2004.10	Processed surplus transfer into capital increase of NT$56,000,000 and employee bonuses transfer into capital increase of NT$4,000,000 for paid-in capital of NT$620,000,000.
2004.11	Transferred capital reserve into capital increase of NT$30,000,000 with the capital of

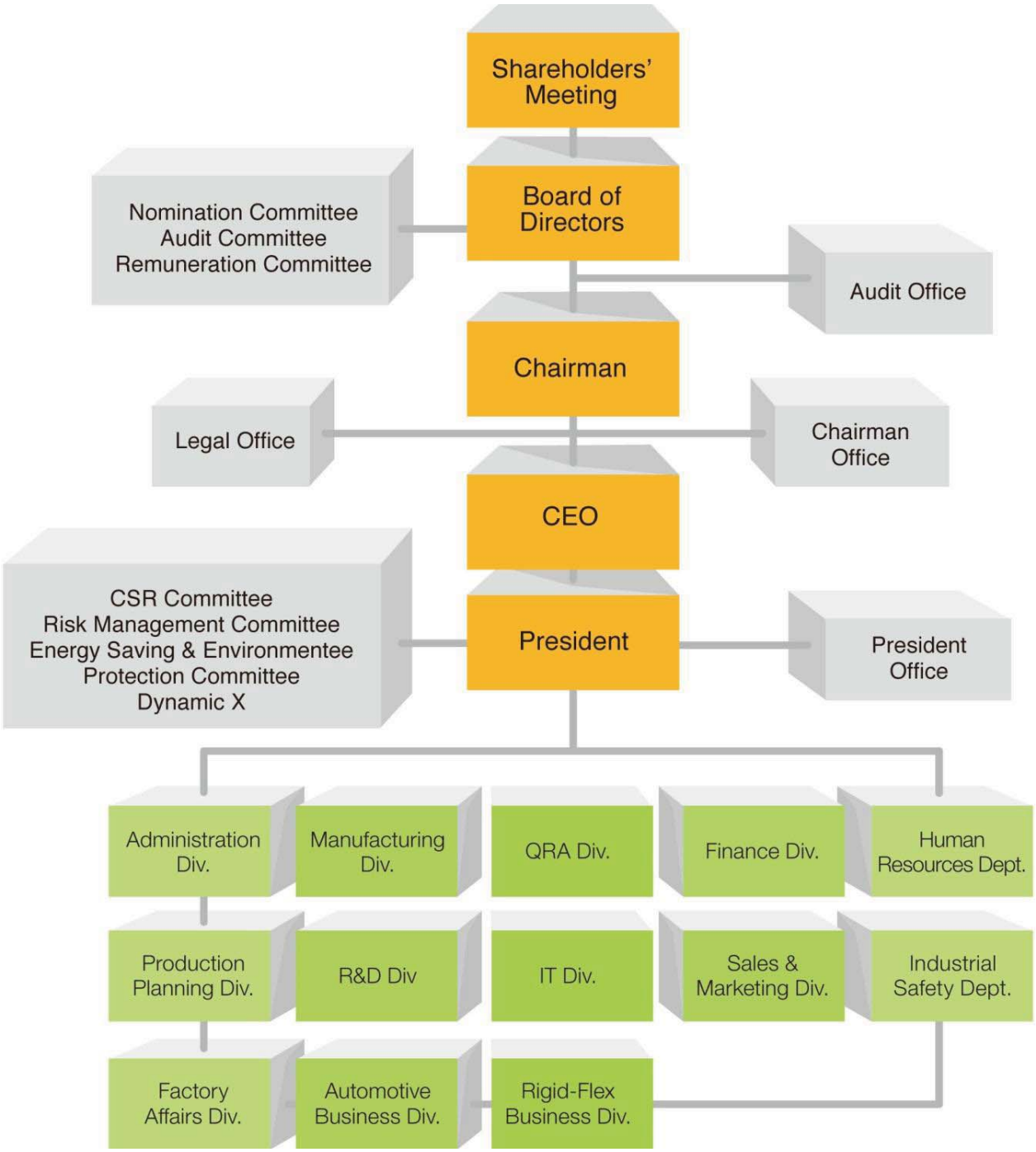
	NT$650,000,000.
2005.01	Processed the cash capital increase of NT$150,000,000 for paid-in capital of NT$800,000,000.
2005.05	Ranked number 392 among the top 10,000 largest plants in the manufacturing industry by CommonWealth Magazine in 2004; and considered as one of the 38 fastest growing companies in the manufacturing industry.
2005.06	Obtained ASUS Green Product GA Verification.
2005.08	Processed surplus transfer into capital increase of NT$224,000,000 and employee bonuses transfer into capital increase of NT$11,632,000 for paid-in capital of NT$1,035,632,000.
2005.09	Obtained the LG Love Green Certification.
2005.09	Reinvested in Japan and established subsidiary Dynamic Electronics Japan.
2006.11	Processed the cash capital increase of NT$176,000,000 with the paid-up capital of NT$1,211,632,000.
2006.09	Processed surplus transfer into capital increase of NT$363,490,000 and employee bonuses transfer into capital increase of NT$30,377,000 for paid-in capital of NT$1,605,499,000.
2006.10	Processed the cash capital increase of NT$168,750,000 with the paid-up capital of NT$1,774,249,000.
2006.12	Taoyuan plant began production for high density interconnect panels.
2007.02	Obtained SONY Green Partner Certification.
2007.06	Withdrew subsidiary Dynamic Electronics Japan.
2006.10	Passed the Hazardous Substance Process Management System QC080000 Certification.
2007.10	Processed surplus transfer into capital increase of NT$354,850,000 and employee bonuses transfer into capital increase of NT$22,841,000 for paid-in capital of NT$2,151,940,000.
2007.12	Indirectly reinvested and established Dynamic Electronics (Xiamen) Co., Ltd.
2008.04	Reinvested and established subsidiary Dynamic PCB Electronics Co., Ltd., in Seychelles.
2008.05	Ranked number 246 among the 1000 largest plants in the manufacturing industry by CommonWealth Magazine in 2007.
2008.10	Processed surplus transfer into capital increase of NT$215,194,000 and employee bonuses transfer into capital increase of NT$17,543,000 for paid-in capital of NT$2,384,678,000.
2008.10	Indirectly reinvested and established Kunshan Tybrake Industry Co., Ltd. and Kunshan BaoYing Electronics Technology Co., Ltd.
2009.03	Listed on the Taiwan Stock Exchange and processed the cash capital increase of NT$23,000,000 with the paid-up capital of NT$2,614,678,000.
2009.04	Reinvested in Abon Touchsystems Inc.
2009.06	Kunshan plant began production of high density interconnect panels.
2009.11	Passed work safety performance approval by the Council of Labor Affairs.
2009.12	Sold the indirectly reinvested Kunshan Tybrake Industry Co., Ltd. and Kunshan BaoYing Electronics Technology Co., Ltd.
2010.02	Passed ISO 14064-1 Greenhouse Gas Verification.

2010.03	Passed Occupational Health and Safety Management System OHSAS 18001 Verification.
2010.08	Issued the first domestic unsecured convertible bonds in the amount of NT$900,000,000.
2011.08	Processed surplus transfer into capital increase of NT$236,507,000 with the paid-up capital of NT$2,864,360,000.
2011.12	Taoyuan plant began producing rigid-flex board products.
2012.06	Taoyuan plant began production for 12L any-layer high density interconnect panels.
2012.11	Processed surplus transfer into capital increase of NT$71,234,000 with the paid-up capital of NT$2,935,594,000.
2013.02	Disposed of 100% equity of the indirectly reinvested company Tybrake Industry (Xiamen) Co., Ltd.
2013.07	Processed treasury shares capital reduction of NT$60,000,000 for paid-in capital of NT$2,875,594,000.
2013.12	Kunying Electron (Kunshan) Co., Ltd. is renamed as Dynamic Electronics (Kunshan) Co., Ltd.
2013.12	Processed treasury shares capital reduction of NT$15,000,000 for paid-in capital of NT$2,860,594,000.
2014.11	Passed Energy Management System ISO50001 Verification.
2014.12	Issued the first Corporate Social Responsibility Report that conformed to the GRI G4 and AA1000 first category moderate level assurance grade requirements.
2014.12	Change the company address from Taoyuan County Guishan Township to Taoyuan City Guishan district in response to the administrative zone changes.
2015.01	Reinvested and established subsidiary Dynamic Electronics Co., Ltd., in Seychelles.
2015.01	Reinvested and established subsidiary Dynamic Electronics Holding Pte. Ltd., in Singapore.
2015.03	Indirect investment in Sub-subsidiary company: Dynamic Electronics (Huangshi) Limited, which located in mainland China.
2015.06	Reinvested and established subsidiary Dynamic Electronics Trading Pte. Ltd., in Singapore.
2015.11	Processed treasury shares capital reduction of NT$50,000,000 for paid-in capital of NT$2,810,594,000.
2016.03	Disposal of Abon Touchsystems Inc.
2017.01	Liquidation with Dynamic Electronics Europe GmbH, the German subsidiary.
2017.05	In the third corporate governance assessment, Dynamic was honored to rank top 5% among all listed companies.
2017.09	Official mass-production and shipment by HuangShi Plant.
2018.11	Taoyuan Plant and Kunshan plant passed the AS9100D Aerospace Quality Management System Certification.

III. Corporate Governance

A. Organization System

(A) Organization structure



(B) Primary Operational Departments

Unit by Rank					Responsibility and in Charge of
Shareholders' Meeting					1. Highest decision-making unit in the company 2. Exercises authority according to corporate bylaws and related laws and regulations.
	Board of Directors				1. Exercises authority according to the decisions made by the board of shareholders and the charter. 2. Exercises authority according to the corporate bylaws and related laws and regulations. 3. Highest decision-making unit for daily operations within the company.
		Chairman			1. Chairman of the Board of Directors, represents the company. 2. Exercises authority within the scope and boundaries authorized by the Board of Directors. 3. Reviews and authorizes various investment and financing operations. 4. Authorizes bank payment and payment vouchers.
		Nomination committee			1. Develops nominating policy. 2. Reviews the structure, formation, and the number of individuals in the Board of Directors routinely, and offers suggestions to the Board of Directors. 3. Identifies suitable candidates who are qualified to serve as Directors, and offers opinions to the Board of Directors.
		Audit committee			1. Audits the accounting system, financial position, financial reporting procedures, and the procedures to handling major financial operations within the company accounts. 2. Audits the company financial report for truthfulness, completeness, and transparency. 3. Audits the acquisition or disposal of asset, transactions related to derivatives, loans to others, endorsement or the provision of guarantees for others, and merge, split, acquisitions, or transfer of shares, for compliance to the law, letters of administration, and internal company regulations.
		Remuneration committee			1. Reviews this report routinely and offers rectifications. 2. Develops and routinely assesses the company Directors and Managers' annual and long-term performance targets and remuneration policies, system, standards, and structure. 3. Assesses whether the company Directors and Managers have met their performance targets and their compensation packages.
		Auditing Office			1. Assist the Board of Directors and managers to check and review the internal control policy for faults and assess the effectiveness and efficiency in operations. 2. Assist managers to develop various internal control systems and management measures.

Unit by Rank					Responsibility and in Charge of
		Legal Office			1. Development or assessment of each contract. 2. Internal consultation for each law-related matters and the bridge of communications for external law-related matters. 3. Responsible for setting up business integrity policy and prevention programs. Supervising the implementation and reporting regularly to the Board.
			CEO		1. Sets the direction for the future of the company. 2. Sets the company's long, mid-range, and short-term management objectives, strategies, plans, targets, implementations, and reviews. 3. Decision-making for major operations in the company. 4. Participates in the decision-making of the Board of Directors, and carries out these decisions. 5. Reports operational situations to the Board of Directors routinely and submits the Annual Report.
			Presiden t		1. Supervises and manages company affairs, represents the company under the company charter or contractual agreement. 2. Design and implementation of the internal control system. 3. Authorizes personnel promotions. 4. Authorizes every budget, sales, or production planning. 5. Others – carries out approval rights for each task according to the rights given.
				Admin. Div.	1. Add-on or fix various production equipment and purchasing administrative products. 2. Purchasing various raw materials and consumables. 3. Bargaining for outsourcing semi-finished products according to production needs. 4. Management of all relevant general matters.
				Manufacturi ng Div.	1. Execution and management of every production task. 2. Execution and management of every IT task.
				QRA Div.	1. Establish and continuously update various quality assurance and reliability system. 2. Carry out production QA, handle customer complaints, and conduct improvement. 3. Take charge of customer’s certification, audit, and meet customer’s quality standard request.
				Finance Dept.	1. Accounting and the drawing up and assessment of financial statements. 2. Monetary collections and payments, and the review of these forms. 3. Planning and execution of investment and financing.
				Production Planning	1. Arrange input of materials and production planning according to sales orders.

Unit by Rank					Responsibility and in Charge of
				Div.	2. Production arrangement, utilization rate analysis, warehousing management of finished products. 3. Conduct performance evaluation of outsourcing suppliers according to production needs. 4. Warehousing management of raw materials.
				R&D Div.	1. Develop various R&D projects and oversee production of samples. 2. New technology process development and process capability improvement.
				IT Div.	1. Overall planning of the development of the company's information system. 2. Build and maintain the company's computerized information systems. 3. Set the units responsible for building and maintaining various databases. 4. Support the planning and servicing of the information system of each department.
				Sales & Marketing Div.	Execution of various marketing and sales activities.
				Factory Affairs Div.	1. Execution and supervision of equipment maintenance and repair. 2. Making schedule and plan for maintenance and repair. 3. Plant public facilities construction arrangements.
				HR Dept.	1. Research and analysis of company organizational system and division of tasks and responsibilities. 2. Maintaining and promoting the relationships between workforce and management. 3. Various enforcement of HR and remuneration tasks. 4. Promotion of staff appraisal, reward and punitive measures, educational and training etc.
				Industrial Safety Dept.	1. Planning and supervision of labor safety and health-related tasks. 2. Industrial safety management of contractors in plant area. 3. Planning and implementation of working environment inspection. 4. Planning and implementation of staff's health management. 5. Collection and discernment of safety and health laws and regulations.
				Automotive Business Div.	Execution of all the business relevant to automotive PCB: marketing, sales, quality control, quality assurance, etc.
				Rigid-flex Business Div.	Execution of all the business relevant to rigid-flex boards' development and production.

B. Information pertaining to the Directors, President, VP, AVP, and Supervisors in each department and branch office

(A) Directors

1. Information on the Directors

(1) Relevant Information and shares holding of the Directors

Mar. 26, 2019; Unit: Shares

Title	Nationality or Registered in	Name	Gender	Assumed office on	Duration of role	First elected on	Shares held when elected		Presently hold		Spouse, minor offspring presently hold		Shares held under others' names		Primary experience/ education	Other offices held in the Company or other companies	Supervisory or director roles held by spouse or other closely-relatives holding		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
Chairman	Taiwan, R.O.C.	Ken Huang	male	2018.05.30	3 years	2001.12.01	8,746,341	3.11%	8,746,341	3.11%	191,810	0.07%	0	0.00%	EMBA of National Chengchi University VP of Sales and Marketing Div. at Dynamic Electronics Co., Ltd.	CEO at Dynamic Electronics Co., Ltd. Chairman at Wintek (Mauritius) Co., Ltd. Executive Director at Dynamic Electronics (Kunshan) Co., Ltd. Executive Director at Dynamic Electronics (Huangshi) Co., Ltd. Chairman at Dynamic PCB Electronics Co., Ltd. Chairman at Dynamic Electronics Co., Ltd. (Seychelles) Chairman at Dynamic Electronics Trading Pte. Ltd. Chairman at Dynamic Electronics Holding Pte. Ltd.	None	None	None

Title	Nationality or Registered in	Name	Gender	Assumed office on	Duration of role	First elected on	Shares held when elected		Presently hold		Spouse, minor offspring presently hold		Shares held under others' names		Primary experience/ education	Other offices held in the Company or other companies	Supervisory or director roles held by spouse or other closely-relatives holding		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
Director	Taiwan, R.O.C.	Stoney Chiu	male	2018.05.30	3 years	2012.10.01	3,083,749	1.10%	3,083,749	1.10%	0	0.00%	0	0.00%	Chemical Engineering, Feng Chia University EMBA at CEIBS Assistant Manager at Manufacturing Dept., Texas Instruments President, Tripod Tech (Wuxi) Co., Ltd. COO, Tripod Tech Co., Ltd.	President at Dynamic Electronics Co., Ltd. Director at Dynamic Electronics Trading Pte. Ltd. Director at Dynamic Electronics Holding Pte. Ltd.	None	None	None
Corporate Director	Taiwan, R.O.C.	CDIB Venture Capital Corp. (Dismissal day: 2018.5.30)		2015.05.28	3 years	2009.06.19	3,285,131	1.15%	0	0.00%	0	0.00%	0	0.00%	-	-	None	None	None
Corporate Director Representative	Taiwan, R.O.C.	James Yin (Dismissal day: 2018.5.30)	male	-	-	-	0	0.00%	0	0.00%	0	0.00%	0	0.00%	MBA, University of California, Los Angeles Manager, Direct Investment Div., China Development Industrial Bank	Manager, Venture and Industry Investment Div., China Development Industrial Bank Corporate Director Representative of Macroblock Technology Co., Ltd.	None	None	None
Corporate Director	Taiwan, R.O.C.	Ming-Ji Investments Co. Ltd.		2018.05.30	3 years	2015.05.28	3,082,633	1.10%	3,082,633	1.10%	0	0.00%	0	0.00%	-	-	None	None	None

Title	Nationality or Registered in	Name	Gender	Assumed office on	Duration of role	First elected on	Shares held when elected		Presently hold		Spouse, minor offspring presently hold		Shares held under others' names		Primary experience/ education	Other offices held in the Company or other companies	Supervisory or director roles held by spouse or other closely-relatives holding		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
Corporate Director Representative	Taiwan, R.O.C.	Yuan-chuan Sun	male	-	-	-	0	0.00%	573	0.00%	5,588	0.00%	0	0.00%	Department of Statistics, National Chengchi University Independent Director at APCB GROUP	Director and CFO of PAL WONN (TAIWAN) CO., LTD.			
Independent Director	Taiwan, R.O.C.	Po-sheng Lin (Dismissal day: 2018.5.30)	male	2015 05.28	3 years	2015 05.28	0	0.00%	0	0.00%	0	0.00%	0	0.00%	PhD in Economics, Johns Hopkins University Director of the Chung-Hua International Trade Association Director of Hua Lu Venture Capital Co., Ltd. (Executive Yuan National Development Fund)	Part-time Professor, National Chengchi University Department of International Business Independent Director at Taiwan Semiconductor Independent Director at Tatung System Technologies Inc.	None	None	None
Independent Director	Taiwan, R.O.C.	Heng-yih Liu	male	2018 05.30	3 years	2015 05.28	0	0.00%	0	0.00%	0	0.00%	0	0.00%	PhD in College of Management, National Taiwan University Independent Director at Gudeng Precision Co., Ltd. Executive Director at Zebo Beauty Care International Corporation Supervisor at Wha Yu Industrial Co., Ltd.	Full-time Assistant Professor, International Business Studies Group of College of Management, Yuan Ze University Independent Director at Leofoo Development Co., Ltd. Director, Institute for Knowledge Services and Innovation(IKSI)	None	None	None

Title	Nationality or Registered in	Name	Gender	Assumed office on	Duration of role	First elected on	Shares held when elected		Presently hold		Spouse, minor offspring presently hold		Shares held under others' names		Primary experience/ education	Other offices held in the Company or other companies	Supervisory or director roles held by spouse or other closely-relatives holding		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
Independent Director	Taiwan, R.O.C.	Vincent Lin	male	2018 05.30	3 years	2015 05.28	0	0.00%	0	0.00%	0	0.00%	0	0.00%	PhD in Computer Science, National Chiao Tung University Host of the “Smart Home Robot” industry specialized plan (Ministry of Economic Affairs) Associate Director, BU1, Quanta Computer	Technical VP, Emotibot Technologies Limited	None	None	None
Independent Director	Taiwan, R.O.C.	Yi-chia, Chiu	male	2018 05.30	3 years	2018 05.30	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D. of Technology Management, National Chiao Tung University Director, Graduate Institute of Technology Management and Intellectual Property, Chengchi University	Vice President of Business School, Chengchi University Professor, Graduate Institute of Technology Management and Intellectual Property, Chengchi University CEO of EMBA, Chengchi University Independent Director of Wow prime and Globe Union Industrial Corp.	None	None	None
Independent Director	Taiwan, R.O.C.	Vivien Liu	female	2018 05.30	3 years	2018 05.30	0	0.00%	0	0.00%	0	0.00%	0	0.00%	University College London International Trading	Special Assistant of Chairman, Cheng Uei Precision Industry Co., Ltd. Chairman of Taiwan Fulin Investment Co., Ltd. Chairman of Chihte Investment Co., Ltd. Director of Power Quotient International Co., Ltd.	None	None	None

(2) Controlling Shareholders of Corporate Shareholders as Directors

Mar. 26, 2019

Corporate Shareholder Name	Controlling shareholders of Corporate Shareholders	
	Shareholders	Shareholding ratio %
Ming-Ji Investment Co., Ltd.	Hsiu-Chin Chen	67.69%
	Ming-Yu Ko	23.07%
	Chien-Yu Ko	4.62%
	Hsiang-Ting Ko	4.62%

2. Qualifications of Directors

Criteria / Name	Hold 5 years or more of working experience and these professional qualifications listed below			Meet these independence qualifications										Number of other public-listed companies that the individual serves as independent director
	Lecturer or above in business, law, finance, accounting, or another discipline related to company businesses in a private or public university	Passed national examination and attained certification for professionalism and technical expertise as a judge, prosecutor, lawyer, accountant, or another field deemed necessary by the company business	Working experience in business, law, finance, accounting, or company operations	1	2	3	4	5	6	7	8	9	10	
Ken Huang			v				v	v	v	v	v	v	v	0
Stoney Chiu			v				v	v	v	v	v	v	v	0
James Yin			v	v	v	v	v	v	v	v	v	v		0
Yuan-chuan Sun			v	v	v	v	v	v	v	v	v	v		0
Po-sheng Lin	v			v	v	v	v	v	v	v	v	v	v	2
Heng-yih Liu	v		v	v	v	v	v	v	v	v	v	v	v	1
Vincent Lin			v	v	v	v	v	v	v	v	v	v	v	0
Yi-chia Chiu	v			v	v	v	v	v	v	v	v	v	v	2
Vivien Liu			v	v	v	v	v	v	v	v	v	v	v	0

Note 1: Please tick the boxes below each criterion if a director has fulfilled these conditions two years prior to being elected and during his/her term of service.

1) Is not employed by the company or its affiliated corporations.
2) The independent directors who set to belong to the company, the parent company or the subsidiary conforming with this law or the local law are unrestricted.
3) Is not a shareholder that hold more than 1% of the company's total shares or rank among top-ten shareholders, this applies for the director him/herself, spouse, minor children, or shares held under others' names.
4) Is not a spouse, second-degree relative, or direct, blood-related five-degree relative of the personnel listed in the first three criterion.
5) Is not a director, supervisor, or employee of a corporate shareholder that holds more than 5% of the company's total shares, nor a director, supervisor, or employee of a top-five ranked corporate shareholder.
6) Is not a director, supervisor, manager, or a shareholder that holds more than 5% of shares at a company or institution that has financial or business exchanges with the company.
7) Is not a professional, a business owner, co-partner, director, supervisor, manager, or their spouse at a sole proprietor, partnership, company, or institution that offers services or consultancy for business, finance, or accounting etc. for the company or its affiliated firms. But remuneration committee members who enforce their obligations according to Article 7 of the Job Obligation Decree, in a listed company or a company that trades in the Securities and Stock Exchange, are not restrained.
8) Is not a spouse nor a second-degree relative with another director.
9) Is not involved in any of the sections in Section 30 of the corporate bylaws.
10) Is not elected as a government, corporation, or its representative under Section 27 of the corporate bylaws.

(B) President, VP, AVP, and departmental and branch office supervisors

Mar. 26, 2019

Title	Nationality	Name	Gender	Assumed office on	Shares held		Shares held by spouse or minor children		Shares held under others' names		Primary experiences/education	Offices presently held in other companies	Managers who are spouses or second-relation relatives		
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship
CEO	Taiwan R.O.C.	Ken Huang	male	2012.09.01	8,746,341	3.11%	191,810	0.07%	0	0.00%	ditto	ditto	None	None	None
President	Taiwan R.O.C.	Stoney Chiu	male	2012.10.01	3,083,749	1.10%	0	0.00%	0	0.00%	ditto	ditto	None	None	None
President of Taoyuan Plant	Taiwan R.O.C	Joup Lao (Dismissal day: 2018.12.01)	male	2018,02,26	0	0.00%	0	0.00%	0	0.00%	Tunghai University Department of Chemical Engineering Manufacturing VP of Hannstar Board Corporation VP of Unimicron Technology Shenzhen Corp VP of Tripot Technology Corp Furong Plant President of WuZhu Technology Dongguan Plant	None	None	None	None
President of Taoyuan Plant	Taiwan R.O.C.	Johnson Yang	male	2014.08.15	103,023	0.04%	0	0.00%	0	0.00%	Masters in Dept. of Information Management, Chung Yuan University Director, IT Div., Tripod Tech Co., Ltd.	None	None	None	None
VP of Kunshan Plant	Taiwan R.O.C.	Stephen Tsai	male	2018.07.27	170,804	0.06%	0	0.00%	0	0.00%	Chien Hsin University of Science and Technology Deputy Director of Engineering Department, Tripod Tech Co., Ltd.	VP at Dynamic Electronics (Kunshan) Co., Ltd.	None	None	None
VP	Taiwan R.O.C.	Jack Hsu	male	2007.02.01	298,864	0.11%	135,299	0.05%	0	0.00%	Chemical Engineering, Feng Chia University Processing Engineer and Section Chief of Wet Processes, Unitech. Plant Manager, HDI factory, Chin Poon (Suzhou) Electronics Co., Ltd	None	None	None	None
VP	Taiwan R.O.C.	Allen Chou	male	2012.01.01	131,944	0.05%	0	0.00%	0	0.00%	Chemical Engineering, Yuan Ze University Senior Engineer at R&D Dept., Unitech Account Manager, System QA Dept., Telecommunications Business, Foxconn	VP at Dynamic Electronics (Kunshan) Co., Ltd.	None	None	None
VP	Taiwan R.O.C.	Sabrina Teng	female	2018.01.01	140,862	0.05%	0	0.00%	0	0.00%	Institute of Chemistry of Sun Yat-Sen University Process Engineering Manager of Tripot Technology Corp. Materials Procurement Manager of Tripot Technology (Wuxi) Corp. Materials Operations Manager of of BenQ Co. AVP of Administration Center of Dynamic Electronics Co.	None	None	None	None
Finance Supervisor	Taiwan R.O.C.	Lily Chiang	female	2006.06.30	229,574	0.08%	0	0.00%	0	0.00%	National Taichung University of Science and Technology Finance Manager, Iteq Corporation AVP, Finance Dept., Uniplus Electronics Co., Ltd.	Director at Dynamic Electronics Trading Pte. Ltd. Director at Dynamic Electronics Holding Pte. Ltd.	None	None	None

Accounting Supervisor	Taiwan R.O.C.	Lily Chiang (Dismissal day: 2019.01.01)	female	2006.06.30	229,574	0.08%	0	0.00%	0	0.00%	National Taichung University of Science and Technology Finance Manager, Iteq Corporation AVP, Finance Dept., Uniplus Electronics Co., Ltd.	Director at Dynamic Electronics Trading Pte. Ltd. Director at Dynamic Electronics Holding Pte. Ltd.	None	None	None
Accounting Supervisor	Taiwan R.O.C.	Cathy Ni	female	2019.01.01	3,000	0.00%	0	0.00%	0	0.00%	Ming Chuan University Accounting Department Assistant manager of KPMG Head of financial dept. of FirstMed Manager of Financial Dept. of (Kindom Group) Global Mall	None	None	None	None
Auditing Supervisor	Taiwan R.O.C.	Angel Tsai	female	2013.06.01	20,260	0.01%	0	0.00%	0	0.00%	Bachelor in International Corporate Management, Chien Hsin University of Science and Technology Auditor at Wang Chiu-Hui Accounting Firm Department Section Chief of Accounting, Overseas Investment and Project Manager at Albatron Technology Co., Ltd. Senior Accountant, MJ Life Enterprise, Ltd.	None	None	None	None

C. Compensation for the Directors, President, and VPs for this fiscal year

(A) Compensation for Directors (including Independent Directors)

1. Compensation for Directors (including Independent Directors) (Disclosure of each director's name and compensating method)

Unit: NTD thousands

Title	Name (note 1)	Directors' compensation								% of sum of A,B,C, and D in the total net income (note 10)		Related compensation for directors who also serve as employees								% of sum of A, B, C, D, E, F, and G in the total net income (note 10)		Received reinvestment remuneration from outside of subsidiaries (note 11)
		Compensation (A) (note 2)		Pension (B)		Remuneration (C) (note 3)		Business-associated expenditure (D) (note 4)				Salary, bonus, and special fees (E) (note 5)		Pension (F)		Staff Remuneration (G) (note 6)						
																The Company		All companies in the financial statement (note 7)				
		The Company	All companies in the financial statement (note 7)	The Company	All companies in the financial statement (note 7)	The Company	All companies in the financial statement (note 7)	The Company	All companies in the financial statement (note 7)	The Company	All companies in the financial statement (note 7)	The Company	All companies in the financial statement (note 7)	The Company	All companies in the financial statement (note 7)	Cash amount	Share amount	Cash amount	Share amount	The Company	All companies in the financial statement (note 7)	
Chairman	Ken Huang	0	0	0	0	0	0	0	0	0	0	4,071	5,439	108	108	0	0	0	0	-1.73%	-2.30%	0
Director	Stoney Chiu	0	0	0	0	0	0	0	0	0	0	5,652	6965	108	108	0	0	0	0	-2.39%	-2.94%	0
Corporate Director	CDIB Venture Capital Corp. / James Yin	0	0	0	0	0	0	30	30	-0.01%	-0.01%	0	0	0	0	0	0	0	0	-0.01%	-0.01%	0
Corporate Director	Ming-Ji Investments Co., Ltd. / Yuan-chuan Sun	0	0	0	0	0	0	80	80	-0.03%	-0.03%	0	0	0	0	0	0	0	0	-0.03%	-0.03%	0
Independent Director	Po-sheng Lin	225	225	0	0	0	0	40	40	-0.11%	-0.11%	0	0	0	0	0	0	0	0	-0.11%	-0.11%	0
Independent Director	Heng-yih Liu	540	540	0	0	0	0	80	80	-0.26%	-0.26%	0	0	0	0	0	0	0	0	-0.26%	-0.26%	0
Independent Director	Vincent Lin	540	540	0	0	0	0	60	60	-0.25%	-0.25%	0	0	0	0	0	0	0	0	-0.25%	-0.25%	0
Independent Director	Yi-chia Chiu	315	315	0	0	0	0	40	40	-0.15%	-0.15%	0	0	0	0	0	0	0	0	-0.15%	-0.15%	0
Independent Director	Vivien Liu	315	315	0	0	0	0	40	40	-0.15%	-0.15%	0	0	0	0	0	0	0	0	-0.15%	-0.15%	0

Note 1: Directors' names and compensation are disclosed individually because our financial report has indicated after-tax losses for the last two fiscal years.
Note 2: This refers to directors' compensation (including director's salary, bonuses associated with paygrade, severance pay, various bonuses and incentives etc.) for the most recent fiscal year.
Note 3: This refers to the amount of remuneration for directors given, as agreed upon by the Board of Directors for the most recent fiscal year.
Note 4: This refers to the directors' business-associated expenditures for the most recent fiscal year (including material incentives such as transportation fees, special expenses, various allowances, boarding, and company cars etc.). If housing, cars and other methods of transportation, or customized individual spending are offered, the characteristics of the assets offered and costs, real or fair market value of rental expenses, gas, and other payments should be disclosed. If chauffer is offered to the directors, the associated fees paid to the chauffer by the company should be noted, but this should not be counted within the remunerations
Note 5: This refers to the material incentives including salaries, bonuses associated with paygrade, severance pay, various bonuses, incentives, transportation fees, special expenses, various allowances, boarding, and company cars etc. that have been endowed on the directors and those who also serve as employees (including serving as President, VP, other managers and staff) for the most recent fiscal year. If housing, cars, and other methods of transportation, or customized individual spending are offered, the characteristics of the assets offered and costs, real or fair market value of rental expenses, gas, and other payments should be disclosed. If chauffer is offered to the directors, the associated fees paid to the chauffer by the company should be noted, but this should not be counted within the remunerations. And the listed salary costs of IFRS2 "share-based payment", including the acquisition of employee stock option certificate, New Restricted Employee Shares and participation in subscription to an increase in capital stock, etc., should also be included in the remuneration.
Note 6: This refers to those directors who also serve as employees (including serving as President, VPs, other managers, and staff) and have received employee remuneration (including shares and cash), should disclose the remuneration amount to be paid to the employees that has been agreed upon by the Board of Directors for the most recent fiscal year. If unable to estimate, this year's intended amount should be calculated based on last year's actual paid amount, and fill out a separate form 1-3.
Note 7: The total amount paid to directors of The Company as various forms of incentives, from all companies (including The Company) included in this report should be disclosed in its entirety.
Note 8: The Company will disclose the names of directors according to their ranks for having paid each director the sum of various forms of incentives.
Note 9: The total amount of various forms of incentives paid by all companies in this report (including The Company) to each director of The Company should be disclosed in its entirety, and disclose the names of directors according to their ranks.
Note 10: Net income refers to the net income of the most recent fiscal year. The IFRS reporting method has been adapted, and net income means the net income of an individual or separate financial report in the most recent year.
Note 11: a. This column should clearly include the amount of remuneration given for reinvestment-related business that has been received by a director of The Company from outside of subsidiaries.
b. If a company director has received remuneration for reinvestment-related business from outside of subsidiaries, the amount received under this category should be included in the J column of the compensation table, and revise the column to show "All reinvestment businesses".
c. Remuneration refers to the compensation, incentives, staff dividends, and business-related expenses that have been incurred by the directors of The Company, when they have served as a director, supervisor, or manager for the reinvestment businesses outside the company's subsidiaries.
Note 12: The board of directors was re-elected on May 30th 2018. A total of seven directors with rich business or academic experiences were selected, including four independent directors.
Note 13: The compensation that the company paid the chairman's driver in 2018 is $1,059,440.
* The content of the compensation as disclosed in this report is different from the concept f income tax. Hence, this table is solely for the purpose of information disclosure, and not for tax filing purposes.

(B) Supervisors' compensation: Not applicable

This Company has undergone the total re-election of the board of directors on June 18, 2012, in which an audit committee has been established and supervisors have been abolished.

(C) Compensation for President and VP

1. Compensation for President and VP (A summarized disclosure of names by grade levels)

Unit: NTD thousands

Title	Name (note 1)	Salary (A) (note 2)		Pension (B)		Bonus and special expenses etc.(C) (note 3)		Staff remuneration (D) (note 4)				% of sum of A, B,C, and D on the net income (note 8)		Received reinvestment remuneration from outside of subsidiaries (note 9)
		The Company	All companies in the financial statement (note 5)	The Company	All companies in the financial statement (note 5)	The Company	All companies in the financial statement (note 5)	The Company		All companies in the financial statement (note 5)		The Company	All companies in the financial statement (note 5)	
								Cash amount	Share amount	Cash amount	Share amount			
CEO	Ken Huang	17,272	20,773	793	793	7,713	7,753	0	0	0	0	-10.70%	-12.17%	0
President	Stoney Chiu													
Plant President	Joup Lao													
Plant President	Johnson Yang													
Plant VP	Stephen Tsai													
VP	Jack Hsu													
VP	Allen Chou													
VP	Sabrina Teng													

*All positions equivalent to President or VP (for instance, Chairman, CEO, Director…etc.), should all be disclosed, regardless of titles.

2. Compensation Levels

Level of remuneration paid to each President and VP of The Company	Names of President and VPs	
	The Company (Note 6)	All companies included in the financial report E (note 7)
2,000,000 (inclusive) – 5,000,000 NTD	Ken Huang, Joup Lao, Johnson Yang, Stephen Tsai, Jack Hsu, Allen Chou, Sabrina Teng	Joup Lao, Johnson Yang, Stephen Tsai, Jack Hsu, Allen Chou, Sabrina Teng
5,000,000 (inclusive) – 10,000,000 NTD	Stoney Chiu	Stoney Chiu, Ken Huang,
Total	8 persons	8 persons

Note 1: The names of General and VPs should be shown separately, and each paid amount will be disclosed collectively.

Note 2: This refers to the General and VPs' salaries, bonuses associated with paygrade, and severance pay for the most recent fiscal year.

Note 3: This refers to the material incentives including salaries, bonuses associated with paygrade, severance pay, various bonuses, incentives, transportation fees, special expenses, various allowances, boarding, and company cars etc. that have been endowed on the General and VPs for the most recent fiscal year. If housing, cars, and other methods of transportation, or customized individual spending are offered, the characteristics of the assets offered and costs, real or fair market value of rental expenses, gas, and other payments should be disclosed. If chauffer is offered to the directors, the associated fees paid to the chauffer by the company should be noted, but this should not be counted within the remunerations. And the listed salary costs of IFRS2 "share-based payment", including the acquisition of employee stock option certificate, New Restricted Employee Shares and participation in subscription to an increase in capital stock, etc., should also be included in the remuneration.

Note 4: This refers to the amount of employee remuneration (including share and cash) that will be endowed on the General and VP, as agreed upon by the Board of Directors for the most recent fiscal year. If unable to estimate, this year's intended amount should be calculated based on last year's actual paid amount, and fill out a separate attachment form 1-3. Net income refers to the net income of the most recent fiscal year. The IFRS reporting method has been adapted, and net income means the net income of an individual or separate financial report in the most recent year.

Note 5: The total amount paid to General and VPs of The Company as various forms of incentives, from all companies (including The Company) included in this report should be disclosed in its entirety.

Note 6: The Company will disclose the names of each President and VP according to their ranks for having paid each director the sum of various forms of incentives.

Note 7: The total amount of various forms of incentives paid by all companies in this report (including The Company) to the President and each VP of The Company should be disclosed in its entirety, and disclose the names of directors according to their ranks.

Note 8: Net income refers to the net income of the most recent fiscal year. The IFRS reporting method has been adapted, and net income means the net income of an individual or separate financial report in the most recent year.

Note 9: a. This column should clearly include the amount of remuneration given for reinvestment-related business that has been received by the President and VPs of The Company from its subsidiary company.

b. If a President or VP of this company has received remuneration for reinvestment-related business from a subsidiary company, the amount received under this category should be included in the J column of the compensation table, and revise the column to show "All reinvestment businesses"

c. Remuneration refers to the compensation, incentives, staff dividends, and business-related expenses that have been incurred by the General and VPs of The Company, when they have served as a director, supervisor, or manager for the company's subsidiary for the purpose of reinvestment.

Note 10: Don Chen resigned on Jan 1st, 2018 due to personal reasons.

* The content of the compensation as disclosed in this report is different from the concept f income tax. Hence, this table is solely for the purpose of information disclosure, and not for tax filing purposes.

2. Names and status of managers who have been issued employee remuneration

Dec. 31, 2018; Unit: NTD thousands

	Title (note 1)	Name (note 1)	Amount of shares	Amount of cash	Total	% of total on the net income
Managers	CEO	Ken Huang	0	0	0	0
	President	Stoney Chiu				
	Plant President	Joup Lao				
	Plant President	Johnson Yang				
	Plant VP	Stephen Tsai				
	VP	Jack Hsu				
	VP	Allen Chou				
	VP	Sabrina Teng				
	Finance Supervisor	Lily Chiang				
	Audit supervisor	Angel Tsai				

Note 1: Individual names and titles should be disclosed separately, but the remuneration distribution can be disclosed holistically.

Note 2: This refers to the amount of employee remuneration (including share and cash) that will be endowed on the managers, as agreed upon by the Board of Directors for the most recent fiscal year. If unable to estimate, this year's intended amount should be calculated based on last year's actual paid amount. Net income refers to the net income of the most recent fiscal year. The IFRS reporting method has been adapted, and net income means the net income of an individual or separate financial report in the most recent year.

Note 3: The scope of a manager, according to No. 0920001301 rule and regulation of the Taiwan Finance Certificate, contains the following: a) President and the equivalent; b) VP and the equivalent; c) AVP and the equivalent; d) Financial supervisor; e) Accounting supervisor; f) others who manage company affairs and have signature right.

(D) Compare and illustrate the analysis of the ratio on the total compensation paid to the Directors, President, and VPs from the Company and all companies in the consolidated financial statement to the after-tax net income of individual financial statement, and explain the reimbursement policy, standard and combinations, procedures to dictate these reimbursements, and the correlation to management performance and future risks

Unit: NTD thousands

Year / Project	2017		2018	
	The Company	All companies in the financial statement	The Company	All companies in the financial statement
Ratio of total directors' compensation on net income	124.4%	153.8%	-5.08%	-6.20%
Ratio of total President and VPs' compensation on net income	276.5%	324.5%	-10.70%	-12.17%
Net income	9,094	9,094	-240,885	-240,885

1. Directors' compensation: Set in accordance to Articles of Corporations, with rights given to the members of the Board of Directors depending on the level of contributions they have made on The Company's operations, and set with reference to industry standards. Directors' compensation hasn't been remunerated for two years due to the unredeemed losses of 2017 and 2018
2. President and VPs: Compensation includes salaries, bonuses, and employee profit-sharing. The remuneration committee established by the Board will set up initial figures depending on their titles and responsibilities, and set with reference to industry standards. They are implemented after attaining approval from the Board.
3. With the exception to transportation fees, all directors' compensation will be distributed pending on the company's profitability; hence, they do not pose major risks to the company. In addition to fixed salaries, the President and VPs' bonuses are all distributed pending on the company's performance; hence, they do not pose major risks to the company.

D. Operations of Corporate Governance

(A) Information of Operations of Board of Directors

In the most recent fiscal year, the Board of Directors have held 9 meetings (A), and the attendance of the Directors are as follows:

Title	Name	Number of actual attendance (B)	Number of by proxy	Ratio of attendance [B/A]	Remarks
Director	Ken Huang	9	0	100.00	Reappointed as the chairman after re-election on May 30, 2018
Director	Stoney Chiu	9	0	100.00	Reappointed as the director after re-election
Corporate Director	CDIB Venture Capital Corp. Representative: James Yin	3	0	100.00	Dismissed from director post after re-election
Corporate Director	Ming-Ji Investment Co., Ltd. Representative: Yuan-chuan Sun	9	0	100.00	Reappointed as the director after re-election
Independent Director	Po-sheng Lin	3	0	100.00	Dismissed from director post after re-election
Independent Director	Heng-yih Liu	9	0	100.00	Reappointed as the director after re-election
Independent Director	Vincent Lin	8	1	88.89	Reappointed as the director after re-election
Independent Director	Yi-chia Chiu	6	0	100.00	Appointed as the director after re-election
Independent Director	Vivien Liu	6	0	100.00	Appointed as the director after re-election

Other items to be mentioned:

1. If any of the following circumstances occurs while functioning the board of directors, the Board meeting date, the Board meeting term, the contents of the motion, the opinions of all independent directors and the follow-up to the opinions of the independent directors should be elaborated:
   (1) The matters listed in Article 14-3 of the Securities Exchange Act: Not applicable as we have set up Audit Committee.
   (2) Besides the above-mentioned matters, the resolutions by the board of directors that have been objected to or reserved with record or written statement by other independent director: In year 2018, the independent directors had no objection or reservations to the major proposals in the board meetings.
2. The way that directors have abstained from motions that pose a conflict of interest, should elaborate on the director's name, the content of the motion, cause of the conflict of interest, and the status of the vote: none.
3. Goals (e.g. establishing audit committee, enhancing information transparency) primed to enhance the board of directors' professionalism and assessment on their effectiveness for that year and the most recent year:
   (1) Full re-election of three independent directors and officially established an audit committee on June 18, 2012.
   (2) Establishing Corporate Social Responsibility Committee on May 10, 2013.
   (3) The Board passed a revision and implemented the "Code of Ethical Business Conduct" on Dec.

26, 2014.

(4) To respond accordingly to the electronic voting which being adopted by the Board in year 2016, amended the “Articles of Incorporation” and “Rules and Procedures of Shareholders’ meeting” on Dec. 28, 2105.

(5) Amended the “Pending and Resuming Trading Operations Procedures” and “Code of Corporate Governance Practice” on Dec. 28, 2016.

(6) An external board performance assessment was performed in year 2017 by the entrusted external agency Ernst & Young Enterprise Management Advisory Services Co., Ltd. with three major aspects: the board structure, people, and process & information. The evaluation was through document review, self-assessment questionnaire and on-site interviews, including eight projects: the board structure and process, board members, corporate and organizational structure, roles and responsibilities, behavior and culture, director training and development, risk control supervision, and reporting & exposing & performance monitoring. After a comprehensive assessment of the company's performance in all three major aspects, it is at the level of “Advanced”. Ernst & Young provides advice for the board of directors and the board of directors. This assessment result will be a reference for the Board to continue enhancing its functions.

(7) The "Rules of Procedure of the Board of Directors" and "Rules of the Audit Committee Organization" were revised on February 26, 2018.

(8) On February 24, 2019, the Board of Directors passed the revision of the “Board Performance Evaluation Methods and Procedures” and “Compensation Committee Organization Regulations”.

(9) On March 18, 2019, the Board of Directors passed the “Corporate Governance Officer” personnel case of the Group and set the “Standard Operating Procedures of Directors' Requirements Processing”.

The above are for the establishment of a sound and effective corporate governance system and structure, implementing the policy and commitment to integrity management, and create a sustainable development of the business environment.

(B) Information of Operations of the Audit Committee

For the most recent year, the audit committee has held 7 meetings (A), below demonstrates the attendance of independent directors:

Title	Name	Number of actual attendance (B)	Number of by proxy	Ratio of attendance [B/A]	Remarks
Convener	Po-sheng Lin	2	0	100.00	The convener was dismissed after re-election on May 30, 2018
Member	Heng-yih Liu	7	0	100.00	Reappointed as the member after re-election
Member	Vincent Lin	6	1	85.71	Reappointed as the member after re-election
Convener	Yi-chia Chiu	5	0	100.00	Appointed as the convener after re-election
Member	Vivien Liu	5	0	100.00	Appointed as the member after re-election

Other items to be mentioned:

1. If any of the following circumstances occurs while functioning Audit Committee; the Board meeting date, the Board meeting term, the contents of the motion, the resolutions of Audit Committee, and the follow-up to the opinions of the Audit Committee should be elaborated: In year 2018, all the members of Audit Committee had passed the major proposals. No resolutions of Audit Committee were not passed but agreed by two-thirds of the Board. Please refer to the table below.
   (1) The matters listed in Article 14-5 of the Securities Exchange Act.
   (2) Besides the above-mentioned matters, the resolutions of Audit Committee are not passed but agreed by two-thirds of the Board.

Board of Directors	Proposals & Follow-up	Article 14-5 of the Securities Exchange Act	Resolutions of Audit Committee are not passed but agreed by two-thirds of the Board.
First BoD meeting in year 2018 2018/02/26	1. Annual financial statements and consolidated financial statements of year 2017.	v	
	2. The deficit compensation of year 2017.	v	
	3. The Company's annual budget of 2018.	v	
	4. The endorsement of conglomerate financing amount.	v	
	5. Considering the flexible use of the Group's long-term funds, it is proposed to submit an application for the subsidiary WINTEK (MAURITIUS) CO., LTD to fund loan to Mainland business Dynamic Electronics (Huangshi) Co. Ltd.	v	
	6. Considering the flexible use of the Group's long-term funds, it is proposed to submit an application for the subsidiary Dynamic Electronics (Kunshan) Co., Ltd. to fund loan to Mainland business Dynamic Electronics (Huangshi) Co. Ltd.	v	
	7. Add Mainland Investment.	v	
	8. Amendments to the Company's " Procedures for Lending Funds to Other Parties".	v	
	9. Issue "Internal Control System Statement".	v	
	Audit Committee Resolution (2018.02.26): All members of the Audit Committee agreed to adopt.		
	The Company's handling of the opinions of the Audit Committee: All the attended directors at the meeting agreed to pass.		
Third meeting in year 2018 2018/04/27	1. The consolidated financial statement of first quarter of year 2018.	v	
	2. Notional amount of derivative financial product transactions with the bank.	v	
	3. The endorsement of conglomerate financing amount.	v	
	Audit Committee Resolution (2018.04.27): All members of the Audit Committee agreed to adopt.		
	The Company's handling of the opinions of the Audit Committee: All the attended directors at the meeting agreed to pass.		
Fifth BoD meeting of the year 2018 2018/06/08	1. Add Mainland Investment.	v	
	2. Amendments to the " Procedures for Lending Funds to Other Parties" of Mainland business Dynamic Electronics (Kunshan) Co., Ltd.	v	
	Audit Committee Resolution (2018.06.08): All members of the Audit Committee agreed to adopt.		
	The Company's handling of the opinions of the Audit Committee: All the attended directors at the meeting agreed to pass.		
Sixth BoD meeting of year	1. The consolidated financial statement of the second quarter of year 2018.	v	
	2. Considering the flexible use of the Group's long-term funds, it is proposed to submit an application for the subsidiary Dynamic Electronics (Kunshan) Co., Ltd. to	v	

2018 2018/07/27	fund loan to Mainland business Dynamic Electronics (Huangshi) Co. Ltd.		
	3. The endorsement of conglomerate financing amount.	v	
	Audit Committee Resolution (2018.07.27): All members of the Audit Committee agreed to adopt.		
	The Company's handling of the opinions of the Audit Committee: All the attended directors at the meeting agreed to pass.		
Seventh BoD meeting of year 2018 2018/09/10	1. Considering the flexible use of the Group's long-term funds, it is proposed to submit an application for the subsidiary Dynamic Electronics Co., Ltd. (Seychelles) to fund loan to Mainland business Dynamic Electronics (Huangshi) Co. Ltd.	v	
	Audit Committee Resolution (2018.09.10): All members of the Audit Committee agreed to adopt.		
	The Company's handling of the opinions of the Audit Committee: All the attended directors at the meeting agreed to pass.		
Eighth BoD meeting of year 2018 2018/10/31	1. The consolidated financial statement of the third quarter of year 2018.	v	
	2. The endorsement of conglomerate financing amount.	v	
	Audit Committee Resolution (2018.10.31): All members of the Audit Committee agreed to adopt.		
	The Company's handling of the opinions of the Audit Committee: All the attended directors at the meeting agreed to pass.		
Ninth BoD meeting of year 2018 2018/12/28	1. The audit plan of 2019.	v	
	2. The independence assessment of the Company's accountants.	v	
	3. The annual business plan of year 2019.	v	
	4. The endorsement of conglomerate financing amount.	v	
	5. Amendments to the Company's "Acquisition or Disposal of Asset Processing Procedures".	v	
	6. Considering the flexible use of the group's long-term funds, it is proposed to submit application for the subsidiary WINTEK (MAURITIUS) CO., LTD. to fund loan to the Mainland business Dynamic Electronics (Huangshi) Co., Ltd.	v	
	7. The Change of the Company's Accounting supervisor.	v	
	Audit Committee Resolution (2018.12.28): All members of the Audit Committee agreed to adopt.		
	The Company's handling of the opinions of the Audit Committee: All the attended directors at the meeting agreed to pass.		

2. The way that independent directors have abstained from motions that pose a conflict of interest, should elaborate on the independent director's name, the content of the motion, cause of the conflict of interest, and the status of the vote: none.
3. Communications between the independent directors and the internal audit supervisors and accountants (should include communications over the significant matters of company financials, business operations, and ways to approach these topics and their results)

(1) The communication between independent directors and internal audit executives:

(a) The Auditing Office exercises internal audit cycles and management practices, and prepares the documents of "Internal Audit Report", "Summarized Monthly Report on internal audit" and "Contact form of advices on irregularities" every month. All the audit related documents would be delivered to each audit committee for review after the chairman's approval before the end of the second month upon the completion of the audit. If any doubts or instructions

occur, the audit committee will inquire or instruct the auditing executives to deal with the relevant matters via phone call or e-mail.

(b) The internal audit executives would attend every audit committee (at least once per quarter) to report the audit progress, and communicate with the independent directors face to face.

(c) When the internal auditors found significant violations or any major potential damages to the Company, a report would be made and submitted immediately. Each Audit Committee member would be notified at the same time.

(d) The communication between the independent directors and the internal auditing executives of the Company is good with smooth communication channel.

(2) The communication between independent directors and the accountants:

(a) Accountants report the results of financial statement verification and audit in the Audit Committee quarterly, as well as other communication subjects that required by the relevant laws and regulations. Any suggestions or advices that occur to the independent directors would be addressed for discussion, followed by further explanation by the accountants.

(b) In case of significant special situation, accountants would report to the Audit Committee instantly.

(c) The accountants would be invited to participate in providing professional advices to any important issues related to the board so as to increase the opportunity of interaction among the accountants, directors and independent directors.

(d) The communication between the independent directors and the accountants of the Company is good with smooth communication channel.

(3) Independent directors' communication with internal audit executives and accountants:

Date	Method	Main Content	Suggestion from independent directors	Results of Company execution
2018/02/06	Audit Committee	1. Dec. 2017 – Jan. 2018 Audit Operational Report 2. Issue "Internal Control System Statement". 3. Audit Scope and Audit Report of 2017 4. Independence of Accountants 5. Key audit matters in audit report 6. Major accounting and auditing issues 7. Concise income statement 8. Regulatory update of Security Supervision and Taxation 9. Annual financial statements and consolidated financial statements of year 2017. 10. The deficit compensation of year 2017. 11. The Company's annual budget of 2018. 12. The endorsement of conglomerate financing amount. 13. The subsidiary WINTEK (MAURITIUS) CO., LTD to fund loan to Mainland business Dynamic Electronics (Huangshi) Co. Ltd. 14. The subsidiary Dynamic Electronics (Kunshan) Co., Ltd. to fund loan to Mainland business Dynamic Electronics (Huangshi) Co. Ltd. 15. Add Mainland Investment. 16. Amendments to the Company's "Procedures for Lending Funds to Other Parties".	None	-

2018/ 04/27	Audit Committee	1. Feb. – Mar. 2018 Audit Operational Report 2. Audit Scope and Audit Report of Q1 2018 3. Major accounting and auditing issues 4. Concise income statement 5. Regulatory update 6. The consolidated financial statement of first quarter of year 2018. 7. Notional amount of derivative financial product transactions with the bank 8. The endorsement of conglomerate financing amount	None	-
2018/ 06/08	Audit Committee	1. Selection of the convener and chairman of the Audit Committee 2. Add Mainland Investment. 3. Amendments to the " Procedures for Lending Funds to Other Parties" of Mainland business Dynamic Electronics (Kunshan) Co., Ltd.	None	-
2018/ 07/27	Audit Committee	1. Apr. – Jun. 2018 Audit Operational Report 2. Audit Scope and Audit Report of Semi-annual report 2018 3. Major accounting and auditing issues 4. Concise income statement 5. Regulatory update 6. The consolidated financial statement of the second quarter of year 2018 7. The subsidiary Dynamic Electronics (Kunshan) Co., Ltd. to fund loan to Mainland business Dynamic Electronics (Huangshi) Co. Ltd. 8. The endorsement of conglomerate financing amount	None	-
2018/ 09/10	Audit Committee	The subsidiary Dynamic Electronics Co., Ltd. (Seychelles) to fund loan to Mainland business Dynamic Electronics (Huangshi) Co. Ltd.	None	-
2018/ 10/31	Audit Committee	1. Jul. – Sep. 2018 Audit Operational Report 2. Audit Scope and Audit Report of the first 3 quarters 2018 3. Major accounting and auditing issues 4. Concise income statement 5. Regulatory update 6. The consolidated financial statement of the third quarter of year 2018 7. The endorsement of conglomerate financing amount	None	-
2018/ 12/28	Audit Committee	1. Oct. – Nov. 2018 Audit Operational Report 2. The company's annual audit plan of year 2019 3. The independence assessment of the Company's accountants 4. The annual business plan of year 2019 5. The endorsement of conglomerate financing amount. 6. Amendments to the Company's " Acquisition or Disposal of Asset Processing Procedures" . 7. The subsidiary WINTEK (MAURITIUS) CO., LTD. to fund loan to the Mainland business Dynamic Electronics (Huangshi) Co., Ltd. 8. The Change of the Company's Accounting supervisor	None	-

(C) Information on the operations of the Remuneration Committee

1. Information on the members of the remuneration committee

Status (note 1)	Criteria / Name	Hold five years or more of work experience and the following professional qualifications			Meet these Independence qualifications (note 2)								Number of other listed companies the person is also serving on the remuneration committee
		Lecturer or above in business, law, finance, accounting, or another discipline related to company businesses in a private or public university	Passed national examination and attained certification for professionalism and technical expertise as a judge, prosecutor, lawyer, accountant, or another field deemed necessary by the company business	Working experience in business, law, finance, accounting, or company operations	1	2	3	4	5	6	7	8	
Independent Director	Vivien Liu			v	v	v	v	v	v	v	v	v	0
Independent Director	Yi-chia Chiu	v			v	v	v	v	v	v	v	v	2
Independent Director	Heng-yih Liu	v		v	v	v	v	v	v	v	v	v	1
Independent Director	Vincent Lin			v	v	v	v	v	v	v	v	v	0

Note 1: For Status, please identify whether the person is a director, independent director, or other.

Note 2: Please tick the boxes below each criterion if a member has fulfilled these conditions two years prior to being elected and during his/her term of service.

(1) Is not employed by the company or its affiliated corporations.

(2) Is not a director or supervisor at the company or its affiliated corporations. But the independent directors who set to belong to the company, the parent company or the subsidiary conforming with this law or the local law are unrestricted.

(3) Is not a shareholder that hold more than 1% of the company's total shares or rank among top-ten shareholders, this applies for the director him/herself, spouse, minor children, or shares held under others' names.

(4) Is not a spouse, second-degree relative, or direct, blood-related five-degree relative of the personnel listed in the first three criterion.

(5) Is not a director, supervisor, or employee of a corporate shareholder that holds more than 5% of the company's total shares, nor a director, supervisor, or employee of a top-five ranked corporate shareholder.

(6) Is not a director, supervisor, manager, or a shareholder that holds more than 5% of shares at a company or institution that has financial or business exchanges with the company.

(7) Is not a professional, a business owner, co-partner, director, supervisor, manager, or their spouse at a sole proprietor, partnership, company, or institution that offers services or consultancy for business, finance, or accounting etc. for the company or its affiliated firms.

(8) There is no circumstance of Article 30 of the Company Law's Article 30.

2. Information on the operations of the remuneration committee

(1) The Company has three members in the remuneration committee.

(2) Duration of role: 2018/05/30 – 2021/05/29. The remuneration committee has held 3 meetings (A) for the most recent fiscal year (2018). The attendance records of committee members are as followings:

Title	Name	Number of actual attendance (B)	Number of by proxy	Ratio of attendance [B/A]	Remarks
Convener	Po-sheng Lin	1	0	100.00	The convener was dismissed after re-election on May 30, 2018
Member	Heng-yih Liu	3	0	100.00	Reappointed as the member after re-election
Member	Vincent Lin	3	0	100.00	Reappointed as the member after re-election
Convener	Vivien Liu	2	0	100.00	Appointed as the convener after re-election
Member	Yi-chia Chiu	2	0	100.00	Appointed as the member after re-election

Other items to be mentioned:

1. In case the board of directors did not take in or make necessary rectifications according to the remuneration committee's suggestion, the date, number, content of the motion, the results passed by the board of directions and the ways the company handled the remuneration committee's opinions should be elaborated (for instance, if the compensation package passed by the board of directors is higher than the suggestion of the remuneration committee, the difference and its causes should be explained): none.

Remuneration Committee	Contents of the Motion and Follow-up	Resolution	Company's handling of the opinions of Remuneration committee
The 4th session 1st of year 2018 (2018. 02.26)	1. Review the actual issuance of salary and remuneration for directors and managers of year 2017. 2. Review the plan of directors' compensation and employee compensation of year 2017 3. Review the actual performance appraisal of senior managers of year 2017. 4. Review the salary and welfare	Consented and passed by all the members of the committee	The board of directors is approved by all the attending directors
The 5th session 2nd of year 2018 (2018. 07.27)	Review the salary and welfare examination case of the newly appointed high-level personnel.	Consented and passed by all the members of the committee	The board of directors is approved by all the attending directors
The 5th session 3rd of year 2018 (2018. 12.28)	1. Review the salary and welfare changes examination case of the high-level personnel. 2. Review each salary compensation project that the company intends to implement in year 2019. 3. Review the examination case of senior executive performance appraisal indicators of year 2019 4. Review the work plan of the Remuneration Committee of year 2019	Consented and passed by all the members of the committee	The board of directors is approved by all the attending directors

2. For the decisions made by the remuneration committee, if there are members who vetoed or withheld from the decision and there are documented records, the date, number, content of the motion, all members' opinions, and ways in handling these opinions should be elaborated: none.

(D) The differences and causes between the company's operations and the corporate governance code of practice of listed companies

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
1. Has the company established a corporate governance code of practice according to the corporate governance code of practice required by all listed companies?	V		On Dec. 28, 2016, The Company has passed the amendment of “Corporate Governance Code of Practice”. This code can be either downloaded from the Company website or the MOPS.	None
2. Company share structure and shareholders' interest a. Has the company established internal procedures to handle shareholder's opinions, questions, problems, and litigation issue, and implemented these measures accordingly? b. Is the company aware of the controlling shareholders and maintain the list of the final controllers of the main shareholders? c. Has the company established and carried out risk control and firewall measures to affiliated corporations?	V		a. According to article 13 of Code of Corporate Governance Practice, the Company has instructed the 【Legal Office】(under direct supervision of the Board) and the 【Chairman Office】(under direct supervision of the Chairman) to handle phone calls, emails and letters regarding opinions, questions, problems, and litigation issues from the shareholders. They directly handle these issues and report to the Chairman and the Board. b. The 【Chairman office】, under immediate supervision of the Chairman, is in charge of maintaining the lists of the controlling shareholders and the final controllers of the main shareholders. c. The Company has established systems to manage over these problems according to the law pertaining to "operational procedures in dealing with affiliated corporations, group enterprises, specific company, and affiliated individuals "as well	None

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
d. Has the company established internal regulations to ban company personnel from selling and buying securities with undisclosed information?			as our internal control system. d. Regulated in the Company's " Material Insider Information Non-Disclosure Procedure".	
3. Organization and responsibility of the Board of Directors a. Has the Board established and implemented diversification measures in its member setup?	V		a. The Company's Code of Corporate Governance Practices article 20 indicates that the composition of the board of directors shall be diversified. Besides not exceeding one-third of the board of directors for the director who is a company manager at the same time, one should also formulate an appropriate diversification policy for his/her own function, operational style and development needs, including but not limited to the following two standards: 1. Basic conditions 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 industry experience. The board members should generally possess the necessary knowledge, skills and literacy to perform	None

<table>
<tr><th rowspan="2">Item to be assessed</th><th colspan="3">Operational status (note 1)</th><th rowspan="2">Deviations from the corporate governance code of practice of listed companies and causes</th></tr>
<tr><th>Y</th><th>N</th><th>Abstract</th></tr>
<tr><td></td><td></td><td></td><td>their duties. In order to achieve the ideal goal of corporate governance, the overall ability of the board of directors should be as follows:
1. Good judgement in operations.
2. Accounting and financial analysis capabilities.
3. Business management capabilities.
4. Crisis handling abilities..
5. Industrial knowledge.
6. Vision to international market.
7. Leadership.
8. Decision-making ability.

The board of directors is composed of seven directors with rich management or academic experience, including four independent directors, and one of the four directors was female. The background and expertise of the present four independent directors cover business, finance, strategy, industry analysis and technology.

<table><tr><th>Diversification / Name</th><th>Operation Management</th><th>Leadership & Decision-making</th><th>Finance & Accounting</th><th>Strategy & Risk Planning</th><th>Trend analysis of the industry</th><th>Technology Development of the industry</th></tr></table></td><td></td></tr>
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<tr><th rowspan="2">Item to be assessed</th><th colspan="3">Operational status (note 1)</th><th rowspan="2">Deviations from the corporate governance code of practice of listed companies and causes</th></tr>
<tr><th>Y</th><th>N</th><th>Abstract</th></tr>
<tr><td>b. In addition to setting up a remuneration committee and audit committee in accordance with the law, has the company voluntarily established other functional committees?</td><td></td><td></td><td>
<table>
<tr><td>Ken Huang</td><td>v</td><td>v</td><td></td><td></td><td>v</td><td></td></tr>
<tr><td>Stoney Chiu</td><td>v</td><td>v</td><td></td><td>v</td><td></td><td></td></tr>
<tr><td>Yuan-chuan Sun</td><td>v</td><td></td><td>v</td><td></td><td>v</td><td></td></tr>
<tr><td>Yi-chia Chiu</td><td></td><td></td><td>v</td><td>v</td><td></td><td>v</td></tr>
<tr><td>Vivien Liu</td><td>v</td><td></td><td>v</td><td></td><td>v</td><td></td></tr>
<tr><td>Heng-yih Liu</td><td>v</td><td></td><td></td><td>v</td><td>v</td><td></td></tr>
<tr><td>Vincent Lin</td><td></td><td>v</td><td></td><td></td><td>v</td><td>v</td></tr>
</table>
b. The company has already established a Nomination Committee in 2007. All four members are independent directors. The committee's authority is as follows, and the recommendations are submitted to the board for discussion.
1. To develop the diversified background and independence standards of professional knowledge, technology, experience and gender required by board members and senior managers, and to seek, review and nominate directors and senior managers candidates.
2. To construct and develop the organizational structure of the board of directors and</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Item to be assessed</th><th colspan="3">Operational status (note 1)</th><th rowspan="2">Deviations from the corporate governance code of practice of listed companies and causes</th></tr>
<tr><th>Y</th><th>N</th><th>Abstract</th></tr>
<tr><td>c. Has the company established a performance rating method for the board of directors, and conduct performance rating accordingly on an annual basis?</td><td></td><td></td><td>committees, to conduct performance evaluations of the board of directors, committees, directors and senior managers, and to assess the independence of independent directors.
3. To determine and regularly review the director's progress plan and the succession plan for directors and senior managers.
4. Formulating the company's corporate governance code of practice.

<table><tr><th>Names of Independent directors</th><th>Audit Committee</th><th>Remuneration Committee</th><th>Nomination Committee</th><th>Risk Management Committee</th></tr><tr><td>Yi-chia Chiu</td><td>v (chairman)</td><td>v</td><td>v</td><td>v</td></tr><tr><td>Vivien Liu</td><td>v</td><td>v (chairman)</td><td>v</td><td>v</td></tr><tr><td>Heng-yih Liu</td><td>v</td><td>v</td><td>v</td><td>v (chairman)</td></tr><tr><td>Vincent Lin</td><td>v</td><td>v</td><td>v (chairman)</td><td>v</td></tr></table>
c. The Company passed the amendments to “Measures and Procedures for the Evaluation of Board Performance” on Feb. 24, 2019 by the Board of Directors. Considering the company's situation and needs, the performance evaluation</td><td></td></tr>
</table>

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			measurements of the board of directors are established, and at least include the following five aspects: 1. The degree of participation in the Company's operation. 2. To enhance decision-making quality of the Board. 3. The composition and structure of the board. 4. Selection and further education of directors. 5. Internal control. The assessment of the performance evaluation of the directors' members shall at least include the following six aspects: 1. The mastery of the Company's goal and mission. 2. The recognition of directors' responsibilities. 3. The degree of participation in the Company's operation. 4. The effort and communication of internal relationship. 5. Directors' profession and further education. 6. Internal control. The measurement of the performance evaluation of the functional committee should include at least the	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			following five aspects: 1. The degree of participation in the company's operations. 2. The recognition of the functional committee's duties. 3. Improve the decision-making quality of the functional committee. 4. the composition of the functional committee and the selection of members. 5. Internal control. The Procedure also states that the Board of Directors should perform an internal performance evaluation at least once a year and should perform an external performance evaluation by an independent institute or expert team at least every three years and expose the results of the evaluation on the company's website. The year 2018 evaluation is processed by the company's corporate governance staff. The scope of the assessment includes the overall board of directors, individual board members, and functional committees. The assessment method is self-assessed by the questionnaire. The evaluation	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			result is “excellent” and reported to the board of directors on Feb.24th 2019. The main recommendations and improvements to the Board and the Functional Committee are as follows: 1. Properly arrange the management team to report to the board of directors. 2. The directors should try to propose the potential risks in the areas of their professions for the management team to evaluate. 3. The compensation committee is held quarterly to review the management performance of the management team and reward and punishment in a timely manner. 4. The operation status and adversity trend report are provided monthly. 5. The Remuneration Committee proposes at least one annual review of the policies, systems, standards and structures for the performance appraisal and salary remuneration of directors and managers. The above performance evaluation results will serve as a reference for selecting and nominating directors and functional committee members. In terms of the connection between the directors	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			performance assessment and salary and compensation, the remuneration of the directors of the company is based on the provisions of the Corporate Charter, article 26 that the remuneration of the directors shall not exceed 3% of the profit, which resolved by the board of directors. As for the procedures for emoluments setting, it is based on the “Director and Manager Performance Evaluation Method” of the Company as a basis for assessment. In addition to reviewing the company’s overall operating performance, industrial operating risks and development trends, it also considers the individual's performance achievement rate and his/her contribution to the company's performance before giving reasonable remuneration. All relevant performance appraisal and compensation rationality are reviewed by the Compensation Committee and the Board of Directors, and the remuneration system is reviewed at any time depending on the actual operating conditions and the relevant laws to balance the company's sustainable development and risk control.	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
d. Has the company assessed the independence of its certified public accountant routinely?			d. The Finance Div. of the company has started to conduct yearly assessment of the independence of company's designated certified accountants since year 2015, the assessment includes 15 items below: 1. Up to the latest certification practice, there's no such circumstance with working for the company for seven years in a row. 2. No major financial interested relationship with the client. 3. Avoiding any improper relationship with the client. 4. The accountant should supervise their assistants to strictly comply with honesty, justice and independence. 5. The accountant is prohibited from auditing certification for the company's financial report where he/she has served in within the previous two years. 6. The accountant's identification is forbidden to be infringed by another individual. 7. The accountant does not hold any shares in the company or in its subsidiaries. 8. The accountant does not owe any debt to the company or its subsidiaries.	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			9. The accountant is not in any joint investment or benefit-sharing relationship with the company or its subsidiaries. 10. The accountant is not employed and paid regularly by the company or its subsidiaries. 11. The accountant does not interfere with any management function towards decision-making in the company or its subsidiaries. 12. The accountant does not run any business which will probably deprive him/her of audit independence. 13. The accountant is not related to any of the company's management personnel in the following relations: Spouse, blood-related relatives, direct relatives by affinity, second-degree of blood-related relatives, collateral blood-related relatives. 14. The accountant does not receive any commission which is occupational-related. 15. Up to now, the accountant hasn't been punished for violating any audit independence principle. In the most recent assessment of certified accountants' independence and adaptability on	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			Dec. 18, 2018, the company found no certified accountant with any inadaptability or violations of independence. In addition, accounting firm Ernst & Young has also issued a "declaration of independence." This case was approved by the Audit Committee and the board on Dec. 28, 2018. The assessment result is also disclosed on the company website.	
4. Has the company set a specialized or part-time corporate governance unit or personnel, responsible for corporate governance related matters (including but not limited to providing directors with all required information to perform their jobs, handling the board and shareholders meetings, handling the alteration of company registration, making meeting minutes for the board and shareholders meetings etc.)?	V		The Board of Directors of the Company passed the resolution of appointing Jean Liu (Chairman's Office) as the head of corporate governance on March 18, 2019, who has more than three years of experience in management of public offering companies in stock affairs and conventions. The main duties of the Corporate Governance Supervisor are handling matters relating to the Board of Directors and the shareholders' meeting in accordance with the law, making reports of the board of directors and shareholders' meetings, to assist the directors in taking up their posts and further education, to provide the information required for the directors to perform their business, and to assist the directors in complying with the laws and regulations. The business implementation of year 2018 was as	None

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			follows: 1. Provide directors with information that required by their duty performances. 2. Arranging for further study of directors. 3. To draw up the agenda for the board of directors, inform the directors seven days in advance, convene the meeting and provide information for the meeting. Any issue concerns director's interests that required a particular director to avoid should be reminded beforehand and complete the meeting minutes of the board of directors within 20 days after the meeting. 4. Assist the board of directors and shareholders in the proceedings and compliance matters. 5. Responsible for reviewing material information announcement of important resolutions of the board of directors after the meeting, ensuring law conformity and correctness of the content of the material information. 6. The date of the shareholders' meeting shall be registered beforehand according to the law, the meeting notice, the proceedings handbook, and the journal shall be made during the statutory period, and the change of registration of the company shall be carried out along with the amendment to the	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			articles or the re-election of the directors. 7. Handle the annual performance evaluation of the board of directors and its members. 8. Responsible for corporate information disclosure, web page maintenance, etc. 9. Continuous training.	
5. Has the company established a communication channel with its stakeholders, and setup a stakeholder section on the company website, in addition to properly addressing key corporate social responsibility issues that are important to the stakeholders?	V		(1) Currently, all stakeholders have appropriate communication channels. For instance, Shareholders vs shareholders' manager and spokesperson; Employees vs HR; Customers vs sales, quality assurance, R&D; Suppliers vs purchasing, QA, R&D; Mortgagors vs finance personnel; Government vs departments of management, industrial safety, environmental safety; finally, Community and NGO vs management dept. and CSR office etc. (2) The Company website is set with a specific zone for the stakeholders and the contact person's phone and email. It is also available to leave a message at "Contact Us" page, the message will be sent to the responsible unit automatically. Furthermore, contact information of each exterior unit, phone number, email, can also be found on the website.	None
6. Has the company assigned professional common shares agency to take care of affairs related to the shareholders meetings?	V		We have assigned Taishin International Bank to take care of the share-related affairs.	None

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
7. Information disclosure a. Has the company setup a website to disclose information pertaining finance and corporate governance? b. Has the company utilized other methods of information disclosure (such as setting up a website in English, assigning someone to be responsible for the collection and disclosure of company information, implementing spokesperson system, demonstrating company website during corporate seminar)?	V		a. The Company website is www.dynamicpcb.com. The website has been equipped with pages designated to financial information and corporate governance for information disclosure on these aspects. b. The company has an English website, and has designated Chairman Office to be responsible for the collection and disclosure of company information. The company has assigned a spokesperson and a deputy spokesperson, and the contact information is on the company website, which serves as channels of communication for investors and shareholders and caters to their inquiries and needs. The company was invited to participate in two investors conferences in year 2018, related information is disclosed on the company's website.	None
8. Does the company have other important information pertaining to understanding the operations of the company's corporate governance (including but not limited to employee benefits, employee welfare, investor relations, supplier relations, stakeholders' interests, advanced studies of the director and supervisors, risk management policy and levels of implementation of risk assessment standards, levels of implementation of customer policies, and whether the company has purchased liability insurance for its directors and supervisors)? a. Employee benefits: In year 2018, besides keeping all the employees' rights and benefits, also particularly strengthening production safety, paying attention to employees' physical and mental health, and implementing labor rights, environmental responsibility, and				

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	

make sure the management systems and ethics are in compliance with the code of conduct of Responsible Business Alliance (RBA).

b. Employee welfare:

Taoyuan Plant in 2018

1. Dynamic promoted the certification of industrial talents. It was selected by the Ministry of Economic Affairs as the standard case of year 2018. A total of 56 people participated in the examination. The rate of certification for Dynamic was 74%, and 41% nationwide.
2. Employees were free to travel abroad, a total of 23 people participated in the traveling.
3. Dynamic's friendly working environment, the visually impaired employee Ding-wei Tsai was selected as the cover story of the sixth Labor Quarterly of Taoyuan City.

Kunshan Plant in 2018

1. Overseas travel points and prize draw, a total of 643 people traveled abroad for free, countries including: Taiwan, Thailand, Singapore + Malaysia, Philippines, Russia.
2. Corporate club activities, a total of 9 clubs, such as dance, yoga, jogging, swimming, chess, etc., more than 200 people participated in the activities.
3. Sending the Fund and birthday card to the employees mothers on the eve of the employees' birthday.
4. The 6th Golden Autumn Gala, a total of about 2,000 participants.

Huangshi Plant in 2018

1. Every department and its leaders carried out the year-end activities, a total of 974 employees of the plant participated in the event.
2. Mailing the piety fund to the parents of the employee whose birthday arrives.
3. The employees in/above 20th level of the whole factory are trained for safety production management, a total of 123 employees obtained the training certificate.
4. Spring activities and cherry blossoming activities: Cisse Mountain, Kor Mountain, and Tuanchengshan Park, with a total of 50 participants.
5. Launched the adult college entrance examinations for all the employees of the plant. A total of 66 students passed the examination and were accepted respectively from Hubei Normal University. Hubei Institute of Technology.
6. The development of overseas tour activities with a total of 200 participants.
7. "Buying watermelons from the poor and bringing refreshment to the employees" activity, which benefited about 1300 employees.
8. Carried out monthly birthday activity for the employees, a total of 457 employees received their birthday celebration from August to December.
9. The clubs of different activities were established, total 6 clubs including badminton, basketball, table tennis, running, yoga, and swimming. A total of 152

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	

people joined the clubs.
10. Employees in/above 30th level are trained in the activities of outdoor development, total of 63 colleagues participated in the training.
11. Dynamic running club plus other colleagues, a total of 45 people participated in Huangshi Zi Lake International Half Marathon.
12. Giving Christmas stockings for Christmas presents, totaling 1,494 people, 2,988 pairs.

c. Social Care of Dynamic group in 2018

1. Sponsored the talent learning cost (NT$400,700) for low-income family students in the archery team and art class of Taoyuan Municipal Jieshou Junior High School.
2. Using the handmade soap made by Starkid Workshop of Taoyuan City Autism Association as the souvenir of the shareholders' meeting, hoping to help the autistic children's life care and activity expenses. (Total purchase amount NT$450,000).
3. Cooperate with Taoyuan City Merry House sheltered workshop, Chinxin shelter restaurant, Eden Social Welfare Foundation, and social enterprise eco-green to provide employees Mid-Autumn Festival gift box. (NT$464,000).
4. Hosting "My Tribal Life" theme painting competition of Jieshou Junior High School, and printing 2019 desk calendar with award-winning works, giving each teacher and student a copy, encouraging children to continue their creation. (NT$25,000).
5. Sponsored the cost of archery learning for three low-income family students of National Hsinchu Commercial & Vocational High School (NT$144,000).
6. Continue to fund tuition fees of Tian-yi He, an impoverished college student in Kunshan Development Zone. (RMB 8,000).
7. Funding specialized students to learn the instruments. (RMB 50,000).
8. Buying 110 schoolchildren's lunch. (RMB 132,000).
9. Helping the poor farmers in Huangshi by purchasing their agricultural products and give them to the employees of Dynamic for free. (RMB 1,000).
10. Sponsored the Hubei Provincial Games. (RMB 100,000).

d. Investor relations: assigned spokesperson, deputy spokesperson, and personnel dedicated to handling matters pertaining shares to assist investors to understand the company's status and to communicate with them. Set up investor relations section on the company website to offer important information and contact information.

e. Supplier relations: While enhancing sustainable business and competitiveness, we establish mutual beneficial strategic partnerships with suppliers to jointly develop new products and solve problems of process technology and quality control. The two parties can be aware of the accuracy of market information at any time by regularly exchanging and sharing information on upstream and downstream market supply and demand conditions, fluctuations in raw material costs, capacity expansion, and quality control so as to timely adjust

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	

suppliers' production direction and meet the requirements of the purchasing end, also facilitates the two parties to control the inventory cost and water level of all materials, thereby establishing a win-win supplier relationship.

f. Stakeholders' interest: identify stakeholders and major issues, establish communication channels, include topics that various stakeholders care about, such as economics, environment, and social issues, into the company's operations strategy and management, and to sufficiently disclose information.

g. Advanced studies for the directors and managers

Status	Name	Date	Hosted by	Class	Hours of study
Director	Ken Huang	2018/03/16	Taiwan Corporate Governance Association	Critical check items and countermeasures that the board of directors should be aware of	3.0
Director	Ken Huang	2018/04/13	Taiwan Corporate Governance Association	Directors' integrity obligations and legal responsibilities: Focused on illicit depletion of assets and related party transactions	3.0
Director	Stoney Chiu	2018/09/19	Taiwan Corporate Governance Association	(Summit) 14th International Forum on Corporate Governance (all day)	6.0
Director	Yuan-chuan Sun	2018/05/15	Chinese National Association of Industry and Commerce, Taiwan	The corporate innovation, information technology and competitiveness that the directors and supervisors should know about	3.0
Director	Yuan-chuan Sun	2018/12/25	Taiwan Corporate Governance Association	The impact of recent corporate law amendments on corporate governance - starting with disputes	3.0
Independent Director	Heng-yih Liu	2018/12/19	Securities and Futures Institute	Corporate Governance and Board Operations	3.0
Independent Director	Heng-yih Liu	2018/12/19	Securities and Futures Institute	Tips for directors and supervisors to interpret financial information	3.0
Independent Director	Vincent Lin	2018/05/08	Taiwan Stock Exchange	Summit Forum for Listed company's new corporate governance blueprint	3.0
Independent Director	Vincent Lin	2018/10/15	Financial supervision and management committee	The 12th Taipei Corporate Governance Forum	3.0
Independent	Yi-chia Chiu	2018/10/05	Taiwan Corporate Governance Association	The entrusted duties of the directors and business	3.0

Item to be assessed			Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
			Y	N	Abstract	
Director					judgment criteria - case sharing	
Independent Director	Yi-chia Chiu	2018/11/28	Accounting Research and Development Foundation		Investigation on the fund flow of financial reports scam and related legal cases	3.0
Independent Director	Vivien Liu	2018/08/03	Taiwan Corporate Governance Association		The knack Directors lead enterprises to respond to the rapid changes in the environment of technology	3.0
Independent Director	Vivien Liu	2018/11/27	Securities and Futures Institute		Directors and Supervisors Practice Seminar - How do directors and supervisors of listed/over-the-counter companies perform their duties	3.0
Accounting Supervisor	Lily Chiang	2018/11/15-16	Accounting Research and Development Foundation		Continuous advanced education of principal accounting officers of Issuers, Securities firms, and Securities Exchanges	12.0
Internal Audit Supervisor	Hsin-Yi Tsai	2018/03/15-16	Accounting Research and Development Foundation		Public offering company internal auditors further training class	12.0

h. Risk management policy and levels of implementation of risk assessment standards: The Company set up a "Risk Management Committee" on Jun. 30, 2015 which reports directly to the Audit Committee and reports in the board meeting every quarter. The risk is divided into three levels to develop a response plan or an immediate action plan by the comprehensive risk figure (Severity x Occurrence frequency x Uncontrollable degree). Risk management issues are divided into four major categories: strategy, operation, finance and hazard. The head leader of relevant division/department is responsible for being executive committee of each category. The operation of the Risk Management Committee is as follows:

Chairman	1. Identify and approve priorities for each risk
	2. Supervise the improvement of risk management operations
General Director	1. Coordinate and promote risk management activities
	2. Conduct cross-departmental risk communication sessions
	3. Ensure adequate communication and coordination between the Chair and the Executive Committee
	4. Arrange the Executive Committee to report regularly to the Chair
	5. Report to the Audit Committee and the Board of Directors
Executive	1. Identify and assess risk

Item to be assessed		Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
		Y	N	Abstract	
Committee	2. Develop a risk response program				
	3. Perform a risk control plan				
	4. Identify the effectiveness of the risk control program				
	5. Report to the Chairman of the Risk Management Committee				

In year 2018, the Risk Management Committee assessed 10 risk subjects, including Chinese investors invading automotive PCB market at low prices, the risk of machine virus, the uncertainty of the overall economic environment resulting in unstable product demand, market competition and customers' request for regular price cuts resulting in lower profitability, higher production costs resulting in lower profitability, slow development of new products, large-scale labor inspection (Taoyuan Plant) is derived from the peer's safety problem, the government constant restriction on drainage (Kunshan Plant), the government intensifying the hazardous waste control(Kunshan Plant), The lack of handling capacity for heavy metal problem of wastewater treatment plant in HuangShi development zone(Huangshi Plant) and so on. The responsible units have proposed the response plans, which were reported in the board of directors after review by the audit committee, and will be followed up.

i. Levels of implementation of customer policies: the company designates sales and customer service to be in charge, maintain close contact on a daily basis, construe a fair communication channel with customers and satisfy their needs. Senior management will visit routinely to understand the customer's long-term needs, which will serve as the basis for the company's long-term strategy. The company will conduct customer satisfaction survey on an annual basis to understand levels of implementation and ways to improve.

j. The Company has already purchased liability insurance for its directors. The most recent insured period is from 00:00 March 1, 2019 to 00:00 March 1, 2020. The insured amount is USD $ 3,000,000. The coverage covers the duties of directors and supervisors and important staff, company compensation liability, company securities compensation liability, and company compensation liability for employment. The liability insurance is scheduled to be reported in the board of directors on May of 2019.

9. Give explanation of the improvement results according to the corporate governance assessment that issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd in the most recent year. Put forward the priority issues and measures for those who have not yet improved. (Companies who are not included in the assessment do not need to fill up)

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	

In the fifth corporate governance evaluation of year 2018, the company scored 103.9, ranking the top 5% for consecutive 3 years. The following six items did not score, and they are all being resolved in the mid to long-term measures.

2.3	Is the company's Chairman and President (executive director) not served by the same person or his/her spouse?
2.30	Does at least one of the company's internal auditors have the certificate of international internal auditor, international computer auditor or license proves the passing of accountant exam?
3.6	Does the company website or MOPS disclose the interim financial report (including financial statements and notes) in English?
3.8	Whether the company voluntarily announced the four-quarter financial forecast report and the relevant operations which have not been corrected by the authorities and the stock exchange or been recorded demerit by Taipei Exchange?
3.13	Does the company's annual report disclose the remuneration of individual directors and supervisors?
4.7	Does the company sign a group agreement with the union according to the Collective Agreement Act?

The Board of Directors of the company was re-elected in year 2018. A female independent director joined the board. There were four independent directors, which was more than one-half of the total number of seats. Dynamic is looking forward to leading the group towards sustainable development with more professional, independent and diverse structure of the board of directors.

(E) Implementation of Corporate Social Responsibility

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
1. Implementation of corporate governance a. Has the company established a corporate social responsibility policy or system, and assessed the effectiveness of implementations?	V		a. The Company established the "Corporate Social Responsibility Committee" as the corporate governance unit in year 2013. The chairman and the president assume the chairmanship and formulate the direction and strategy of CSR; the highest executives of each department serve as members, plan and respond to the following five major issues of CSR for all departments according to their functions - economy, environment, society, supply chain management, integrity and compliance; and then the CSR Office shall set up the KPI with each department respectively after approved by the Chairman. Promote the achievement of goals, review on a monthly basis, report in the board of directors every quarter and accept the supervision of the board of directors. For the corporate social responsibility governance structure of the company, please refer to the organizational structure of corporate governance in this annual report, the Company's CSR Repot and the CSR Committee organization chart in the website. The company's "CSR Committee" is responsible for the following:	None

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
			(1) Set up corporate social responsibility policies, systems and management guidelines. (2) Dialogue with interested parties and collect concerns of stakeholders. (3) Draw up the goals and strategies of corporate social responsibility and sustainable business operations, and respond to the concerns of stakeholders. (4) Supervise, evaluate, review implementation and report to the board of directors. (5) Prepare corporate social responsibility report. CSR policies: (1) In terms of corporate governance: follow business ethics, international standards, and laws and regulations; (2) In terms of value creation: focus on employee enhancement and development, encourage innovation, create value; (3) In terms of balanced profit: strive to attain a balance between employee, shareholders, stakeholders, and company's long-term development; (4) In terms of environmental protection: less CO_2 emission, protect the natural environment, value Earth's resources, and enhance sustainability of resources; (5) In terms of social welfare: offer a safe and healthy working environment for employees, participate in volunteer service in the community, and undertake charity events for the society. Dynamic Electronics encourages employees to participate in community service. Through integrating employee's strengths, we will serve the people and give back to the	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
b. Has the company organized regular education and training for corporate social responsibility? c. Has the Company set up a specialized or part-time unit to promote the affairs of CSR? Does the Board of Directors authorize higher-level management to handle it and have pertinent reports been made to the Board?			community! b. In addition to having external professional agency conduct CSR education training for the Company's senior to middle-level supervisors annually, the company also holds annual CSR promotion educational activities to enhance employees' recognition and participation in corporate social responsibility. c. The Corporate Social Responsibility Committee has been established with approval from the company's board of directors, with the Chairman and President presiding as the committee's chairmen. 【CSR office】 is established under the chairmen with the responsibility for implementing CSR related matters. Committee members include the chief supervisors of the 8 divisions and 2 departments, subsuming the five major issues of corporate social responsibility - economy, environment, society, supply chain management, integrity and law and regulation compliance, and confirming the relevant responsibilities of various departments. At the end of every year, the committee will examine the year's performance and take into consideration those topics of concern from stakeholders. The committee will also project the coming year's strategic orientation. The	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
d. Has the Company set a reasonable salary compensation policies and staff performance appraisal system and corporate social responsibility policy measures, and has it established a clear and effective system of rewards and discipline?			implementation progress and tracked performance will be reported to the board of directors afterwards. d. Article 26 of Corporate Charter specifies that if there is profit made in the year, 10% to 18% of the profit shall be allocated as employees compensation, and the board of directors shall decide to grant it by shares or cash, and the objects to be paid must be an employee of the company or its subsidiary who meets certain conditions. The company's remuneration policy also states that employees' remuneration includes the company's operating performance bonuses and the bonus is calculated according to the company's operating performance achievement and the individual's performance during the year. The company has established position-level management methods, establishes a system of payroll systems through a reasonable position-level system, and serves as a basis for wages and benefits, so that the payroll system is fair and enables employees to recognize the value of the company. When performance appraisal is conducted, the company gives an objective and fair assessment in accordance with the procedures and the actual work in order to achieve an incentive effect, and serves as a basis for	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
			promotion, salary adjustment and transfer. In the work policy, there is a clear incentive and disciplinary system.	
2. Developing a sustainable environment a. Does the company strive to enhance the utility rate of every resource, and use renewable materials that pose less impact on the environment? b. Has the company established a suitable environmental management system by referencing its industry's characteristics?	Y		a. Through the operation of the QC080000 Hazardous Substance Process Management System, the company ensures that products are free of harmful substances which regulated by international law or restricted by customers in order to reduce the impact of products on the environment; and it is committed to improving the utilization efficiency of various resources. Keep on improving the process through R&D, purchasing, manufacturing, quality assurance and all staff's input from the perspective of life cycle, introducing green materials to manufacturing process and producing the products that meet customer expectations; improve the reuse of waste through the detailed classification of scrap at terminal end; respond to Taoyuan City Government green procurement plan, preferentially purchase low-pollution products with eco-labels for office supplies. b. The Company has established ISO14001 environmental management system by referencing its industry characteristic. With the	None

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
c. Has the company paid attention to the impacts of weather changes on its operational activities, in addition, has it carried out checks on greenhouse gases, implemented strategies to lower of CO2 emissions and greenhouse gases?			system's operations primed for continuous improvement, the positive environmental performance continues to be enhanced. In year 2018, ISO9000, IATF16949 and ISO14001 have been updated to the latest version and the certificates have been obtained. In addition, the Huangshi plant passed the environmental impact assessment review and environmental management system certification. Under the continuous improvement of the system, the environmental performance is enhanced day by day. c. Dynamic has been participating in the Carbon Disclosure Project (CDP) since 2009 and inpsected the greenhouse gas emissions of direct emissions (Scope 1) and indirect emissions (Scope 2) based on GHG Protocol published by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). <u>Taoyuan plant</u> The total greenhouse gas emissions of the Taoyuan Plant in 2017 remained the same, but the emission intensity was reduced from 10.39 (tonnes of CO2e/capital million) to 10.10 (tonnes of CO2e/capacity), which was mainly due to the result of power saving. With 3% increase in the revenue, power consumption increased by only 0.2%. We will continue to improve the use of public facilities	

<table>
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<tr><td></td><td></td><td></td><td></td></tr>
</table>

such as air compressors, ice water machines, etc. in order to save electricity and reduce greenhouse gas emissions, while continuing to conduct regular greenhouse gas inspection verification. In 2017, the external verification agency was DQS, and the date of verification was July 24, 2018.

Year	Direct emissions in tons CO_2e	Indirect emissions in tons CO_2e	Total	Changes in comparison with the previous year %
2016	830	26,876	27,707	-3.1%
2017	873	26,836	27,709	0.0%

Kunshan plant

The total greenhouse gas emissions of the Kunshan plant in 2018 was 192,459 metric tons of CO2e which is 4.55% lower from the previous year because diesel fuel was completely replaced with clean energy such as natural gas, and the installation of power-saving devices and high-power motors. In year 2018, the external verification agency was Hangzhou WIT Assessment, and the verification date was April 2, 2019.

Year	Direct emissions in tons CO_2e	Indirect emissions in tons CO_2e	Total	Changes in comparison with the previous year %
2016	6,716	198,906	205,622	0.28%
2017	5,629	195,998	201,627	-1.98%
2018	4,414.	188,045	192,459	-4.55%

Huangshi plant

The greenhouse gas emissions of Huangshi Plant of year 2018 were internally inspected. Since it is a new plant, there is no historical data available for comparison.

<table>
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<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Year</th><th>Direct emissions in tons CO_2e</th><th>Indirect emissions in tons CO_2e</th><th>Total</th><th>Changes in comparison with the previous year %</th></tr>
<tr><td>2018</td><td>7,888</td><td>59,925</td><td>67,813</td><td>NA</td></tr>
</table>

Taoyuan plant has attained ISO50001 certification in Dec. 2014 and continuously carrying out energy conservation plan. The target set is to lower at least 1% of energy wastage annually. In year 2018, the electricity consumption is 50,828,800 degrees. The electricity consumption is the same as year 2017 with 3% increase in revenue. Energy conservation items in 2018/2019 as below:
<table>
<tr><th>Project</th><th>Rectification period</th><th>Content to be rectified</th></tr>
<tr><td>1</td><td>2018</td><td>Renewed air compressor #7#8# to reduce the energy consumption of the production equipment by 230,000 kWh/year, and the modification was completed in January 2018.</td></tr>
<tr><td>2</td><td>2019</td><td>Replacing all the air compressors by centrifugal air compressors to reduce the air pressure consumption by 1.8 million kWh/year. Replacement is expected to be finished in Nov. 2019.</td></tr>
</table>

Kunshan plant has attained ISO50001 certification in Dec. 2015 and continuously carrying out energy conservation plan. The target set is to lower at least 1% of energy wastage annually. The use rate of electricity has decreased by 3.79% in year 2018. Energy</td><td></td></tr>
</table>

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<tr><th>Project</th><th>Rectification period</th><th>Content to be rectified</th></tr>
<tr><td>1</td><td>2018</td><td>Screw air compressor are eliminated and replaced by centrifuge. The annual electricity consumption is saved about 24.8 million kWh..</td></tr>
<tr><td>2</td><td>2019</td><td>Steam is introduced to replace the humidification electricity of air conditioning, it’s estimated that 1.1 million kWh of electricity consumption will be saved per year.</td></tr>
<tr><td>3</td><td>2019</td><td>The reservoir pump is replaced with a permanent magnet motor water pump, electricity saving target: 64,000 kWh/year.</td></tr>
</table>
The average water, electricity and gas consumption of the Huangshi Plant in 2018 was RMB6.02/SF, and the energy saving target for year 2019 was 1% lower than the previous year.</td><td></td></tr>
<tr><td>3. Maintaining societal well-being
a. Has the company set up management policy and procedures according to related laws and regulation and the International Human Rights Treaty?</td><td>V</td><td></td><td>a. In order to fulfill corporate social responsibility and protect the basic human rights of all colleagues and all stakeholders, Dynamic follows the international human rights principles of UN Universal Declaration of Human Rights, the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN International Labor Organization and The UN</td><td>None</td></tr>
</table>

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
b. Has the company established employee grievance mechanism and channels, and handled these grievances appropriately?			Human Rights Norms For Business. Formulates policies to protect human rights, and abides by the labor-related laws and regulations of the territory where the company is located. Based on the Regulatory Compliance Management Procedures and the RBA Code of Conduct - Version 6.0, the company has established policies and procedures to protect human rights, committed to safeguarding the human rights of workers, and respecting them. The content includes: free choice of occupation, young labor, working hours, wages and benefits, humanitarian treatment, non-discrimination, freedom of association. Details are posted on the company website. b. In order to establish a fair and friendly work environment, in year 2013, The Company has set up a suggestion box for unfair treatment to facilitate staff to deal with personal rights or unfair treatment etc. at the workplace. Whenever a staff complaint is received, an HR supervisor will personally see the matter and maintain strict confidentiality on the individual's identity. In year 2018, Taoyuan plant received one report in the suggestion box regarding individual's rights protection. The case was clarified as the misunderstanding of an incidental matter.	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
c. Has the company offered a safe and healthy work environment for its staff, and routinely implement safety and health education for its staff?			After communicating with the related parties and excluding doubts. Kunshan Plant received 40 reports on unreasonable matters, including: 3 cases of individual's rights protection, 7 administrative work proposals, 10 unreasonable phenomena, 3 public safety recommendations, 4 in other aspects, and 13 anonymous opinions. All suggestions were answered, and unreasonable management was also corrected after the specific situations were identified. HuangShi received 45 reports on unreasonable matters and were responded and announced including the anonymous reports. c. The Company's safe and healthy work environment is conducted by two plants as follows: 1. Taoyuan Plant: Actively participated in the operation of the PCB Equipment Safety Committee convened by the Printed Circuit Board Association since year 2018. The factory facilities have been gradually improved by resolving on equipment safety regulations. The safety management of the factory has been enhanced as a result. The company implemented operation environment monitoring twice a year, implementation result and inspection plans are disclosed to the public. Improvement actions are taken according to the	

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<tr><td></td><td></td><td></td><td>monitoring results; implementing equipment auto-check to ensure the safe operation of each equipment; the filter of drinking fountains is replaced monthly, water is sent to examine once every three months; cafeteria is sanitized periodically, sample meal sample is reserved for 48 hours; industrial safety unit would give safety and health education lessons, and have Chang Gung Memorial Hospital's occupational disease specialized doctor station the plant monthly to assist staff in returning to work, fitting them in a more appropriate duty under proper health condition, and carrying out health management plan; health education magazine is dispatched by the factory nurse every month; health promotion seminars are held quarterly. In addition, employee health examination is done once a year. The result is analyzed and tracked by plant nurse.

2. Kunshan Plant:
(1) Systematic improvement of special project was carried out for the top three work injuries of year 2017, and the number of occurrences in year 2018 has dropped significantly.
<table><tr><th>Types of work Injury</th><th>Decrease in incident rate of 2018 comparing with 2017</th></tr><tr><td>Injury by Trolly</td><td>50%</td></tr></table></td><td></td></tr>
</table>

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	

Injury by equipment	36%
Injury by chemicals	29%
Overall injuries	22%

(2) The training of first-aid seed personnel reduced the incidence of casualties by providing immediate effective rescue during the accident.
(3) Implementation of security personnel training for all the supervisors of the plant so that the first-line personnel have the ability to judge and improve the safety hazards in the workplace.
(4) Regularly cooperating with the external counseling company and its safety technicians to carry out the safety hazard investigation of the whole workplace, reduce the blind spot situation of the safety area and promote the on-site personnel to obtain external safety knowledge.

3. Huangshi Plant:
(1) There were total 3 work-related injuries in year 2018, all of which were traffic accidents.
(2) All the cafeteria utensils are sterilized daily, and samples are kept for 48 hours each time.
(3) Supervisors above unit-level participating in first-aid training. In case of an accident, the injured can receive the immediate effective

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
			assistance and reduce the incidence of casualties. (4) Engaging external security experts to conduct safety hazard investigation and safety education and training on the workplace every month to reduce the blind spot of the safety area and promote on-site personnel to obtain external safety knowledge. (5) Conducting an environmental monitoring every year and announcing the inspection results, performing pre-job, on-the-job and off-the-job physical examinations for employees according to occupational health control evaluation. (6) Increased street lights on the roads around the development zone. The company internally called on the employees who commuted with motorcycle/electric vehicle to wear helmets, prohibiting unlicensed driving and drinking driving to ensure the safety of commuters.	
d. Has the company installed a communications system for routine communication with employees, and alerts operational changes that may pose significant impacts on its employees in a fair manner?			d. The company holds monthly operation meetings where employees can understand the operational changes that may have a significant impact on the company. At the same time, regular meetings of labor and capital, staff welfare committees, occupational health and safety committees, and industrial safety conferences are held every quarter to establish	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
			a regular communication mechanism.	
e. Has the company established an effective career developmental plan for its employees?			e. Current employees are able to achieve enhancement in professional knowledge and skills through internal or external training. For new employees and those that have just transferred to different roles, The Company offers expertise training or internship according to the nature of their work and needs. Through career-oriented learning development structure, all employees in each rank at The Company are able to attain appropriate development training. The Company provides aids for extended studies to assist employees to accumulate professional knowledge and enhance their managerial capacity.	
f. Has the company established consumer rights protection policy and complaint-filing procedures in terms of R&D, Purchasing, Production, Operations, and Consumer Support?			f. Throughout the product life cycle, customers' health and safety, and their consumer rights, are all our major concerns. In addition, the company has a specific department for customer service and develops an SOP for customer issues handling. The Company provides a transparent and effective mechanism of customer complaints, and give customers the most efficient service.	
g. For the marketing and labels on products and services, does the company comply with related laws, regulations, and international standards?			g. After we turn customers' design and specifications into a printed circuit board, we will proactively offer the raw material code, ingredients of the content, safety code, subsequent handling for the printed circuit	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
			boards and their impacts on the environment and society when the product is ready to be delivered, according to The Company's finished product quality control procedures. The Company will provide labels on the shipment boxes for customers to easily identify, and will customize according to client needs. All 100% of The Company's products are labeled according to finished products control procedures or according to client needs.	
h. Prior to conducting business with suppliers, has the company evaluated whether these suppliers hold any past records of impacts on the environment and the society?			h. The Company promotes "green purchasing" and requires the production of raw materials to provide a third-party, objective assessment report and SDS and sign a warranty that certifies products do not contain ingredients hazardous to the environment, starting from when the raw materials are being assessed by our R&D department. The warranty will promise strict compliance with environmental protection and laws pertaining to non-toxic materials, standards and laws both locally and internationally such as RoHS and REACH, and effectively control raw material and production, guarantee that the products it provides does not contain hazardous or materials that do not comply with standards.	
i. Does the company's contract with its primary supplier contain any immediate termination clause for when the supplier violates corporate			i. As for the supply chain partners who are unable to provide third-party objective assessment report and promise that its products do not	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
social responsibility and poses significant impacts to the environment and the society?			contain internationally-banned materials that are toxic to the environment, and have not signed the "products do not contain materials detrimental to the environment" warranty, The Company will consider the adjustment to purchasing method. For instance, the termination of partnership, and to look for alternative vendors that can comply with these needs. If the material from this vendor is difficult to replace, we will facilitate and guide to prevent and decrease the possible negative impacts on the environment, in order to maintain the effective operations of our supply chain.	
4. Strengthen information disclosure a. On the company's website and MOPS, has the company disclosed information pertaining to corporate social responsibility, which is related to the company's relevance and reliability?	V		a. The significant and reliable corporate social responsibility related information is disclosed in the “CSR” zone of the Company’s website and in the “Corporate Governance” zone of MOPS.	None
5. If the company has established its corporate social responsibility policy according to the listed company socially responsible code of practice, please elaborate on deviations of its operations from the established policy: none.				
6. Other important information to understand the operations of corporate social responsibility: The Company has set 【Corporate Social Responsibility Committee】and【CSR Office】to promote the activities of corporate social responsibility. Bringing issues of economy, environment and society into the company's business strategy and running them on the system, in the meantime to report the information in the Board of Directors. In addition, an annual CSR Report is published every year, which can be a review on the effectiveness of CSR execution and a communication bridge with the stakeholders. The company has set "public welfare donations measures", every month a certain amount of funds would be drawn and used for caring for education, charity, environmental protection, academic research, culture, sports etc. aspects.				
7. It should be stated if Corporate CSR Report is subject to verification standards by the relevant certification body:				

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
The fifth "Corporate Social Responsibility Report" published by the company in 2018 is based on the international integrated reporting framework and the latest GRI Standards issued by GRI, using the core option (Core) disclosure principles and we entrusted Ernst & Young, an independent and reliable certification body, to conduct limited assurance as required by the Assurance Cases of Non-Historical Financial Data Inspection or Review of Statement of Assurance No.1. After that, it conducted full communication with the governance unit for the related results. As for the assurance scope and conclusion, please refer to the Assurance Report of Independent Auditors in the Appendices Section.				

Note 1: whether "yes" or "no" is ticked in Operational Status, The Company should elaborate on its answers in Abstract.

Note 2: For companies that have already prepared a corporate social responsibility report, they are able to replace explanations in abstract with "please see the corporate social responsibility report" and provide page numbers.

(F) Implementation of Ethical Business Operations

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
1. Establish ethical operational policy and program a. Has the company clearly shown its ethical operational policy and methods in its regulations and external documents, in addition, have the board of directors and management level proactively implemented the promise of ethical business operations?			a. The company's corporate culture: integrity, responsibility and learning are well shown in the primary documents that the company issues internally and externally. The Company refers to the listed company's Code of Integrity Practice, and established the “Integrity Code of Practice” of the Company and disclosed it on the company’s website. The Board of Directors and all management personnel have actively implemented the operational policies.	
b. Has the company established preventative programs for unethical behavior, and clearly shown	V		b. To encourage employees and vendors and suppliers to voluntarily provide information pertaining to corruption, The company has set a “Reward Operating Measures of Reporting”, and set up CEO email (ceo@dynamicpcb.com) which is devoted to handling reporting on The Company's staff or vendors/suppliers' illegal activities from all sources. Every email will be personally read by the Chairman, and if the suspected crime is significant, it will be verified by the Legal Office. If proven to be true, the suspect will be handed over to police and prosecutors.	None

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
c. Has the Company adhered to Article 7, Paragraph 2 of the "Code of Integrity Management for Publicly Traded Companies," and other pertinent sections, adopting preventative measures applying to acts of bad faith and higher risk business activities?			The whistleblower will receive definite rewards. To increase reporting access in year 2016, new exclusive mobile lines were added in both Taoyuan plant and Kunshan plant, and all the suppliers were informed; meanwhile, adding the integrity provisions that are added to all external documents, and send an e-mail to notify the corresponding company employees. Manager of Legal Office is responsible to receive calls and messages. All reported information will be reported to the chairman for further investigation. The investigation results will be handled according to the above measures. c. Prior to conducting business, The Company always takes the licensors, suppliers, clients, or other business partners' legality and whether they have committed any unethical conducts into consideration, to avoid trading with unethical individuals. Moreover, The Company signs contracts with trading partners, in which compliance to ethical business policy is included. Should a trading partner exhibit unethical behavior, The Company can terminate the contract immediately.	
2. Implementation of ethical business operations	V			None

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
a. Has the company assessed the integrity records of its business partners, and specified ethical business policy in contracts with its trading partners?			a. The Company always assesses the integrity records of its trading partners and clearly specifies ethical business policy in contracts signed. The Company always signs quality assurance contract, purchasing commitment, honesty commitment, and warranty for prohibiting the usage of toxic matters etc. with its trading partners.	
b. Has the company established a unit devoted (or partly devoted) to promoting corporate ethical business that is directly under the board of directors, and routinely reports its implementations to the board?			b. To strengthen the management of ethical business operations, the 【Legal Office】, directly under the Board of Directors, is responsible for setting up and supervising the execution of the ethical business policy and preventative measures. Additionally, it reports to the Board quarterly.	
c. Has the company set up policies to prevent conflict of interest, offer and implement appropriate reporting channels?			c. The Company has set up policies to prevent conflict of interest, and offers appropriate channels for the directors, managers, and other stakeholders, or stakeholders within the board of directors, to proactively explain whether or not he/she poses potential conflict of interest with The Company and avoid getting involved in it.	
d. To implement ethical business policy, has the company established an effective accounting system and internal control system, and routinely asks the internal auditing unit to verify or entrusts			d. The Company has established an effective accounting system, internal control system, and they are routinely reviewed by our internal auditing unit.	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
accountant to verify? e. Does the company host routine internal and external ethical business operations training?			e. All new employees of the company are required to receive internal integrity education training. The relevant personnel are also scheduled to participate in Internal and external training related to integrity-related courses.	
3. Operations of the company's reporting system a. Has the company established a material reporting and rewarding system, set up a convenient reporting channel, and designates appropriate personnel to be in charge of investigating the case, depending on the identity of the person being reported?	V		a. The Company amended the "Rewards Operation of Violation Reporting" on May 12th 2016 and disclosed on the Company's website, which specifies material reporting channel, reward system, and personnel in charge of accepting the case, as follows: (1) Reporting channel (a) CEO mailbox (ceo@dynamicpcb.com) (b) Send email to unfair treatment mailbox or mailbox of other supervisors (2) Reward system (a) Reward will be given out after the case has been closed and the amount has been quantified. (b) Real-name whistleblower reports with evidence will be rewarded 50% of the restored amount, but no more than NT$ 10 million. (c) Real-name whistleblower reports without	None

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
b. Has the company set up SOP for accepting and investigating reporting cases and confidentiality structure?			evidence will be rewarded 25% of the restored amount, but no more than NT$ 5 million. (d) With permission from the Chairman, the monetary reward for reporting personnel who offer extra significant service can exceed the above limit. (3) Personnel in charge of accepting the case After confirmation from the Chairman, the Legal office will set up a project team to investigate. b. Handling procedures and relevant confidentiality structure (1) Handling procedures (a) Relevant plant, division and department, will collaborate with the Legal office in investigations. (b) After investigations, Legal office will remit a signed report to the Chairman to handle subsequent results, and hand out rewards accordingly. If the results pose violations to the law, the case will be handed over to the law enforcement. (c) Time constraint: normal cases should take two weeks, and complex cases will take four weeks. Whether the case is complex is up to the Chairman's discretion when the project	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
c. Has the company set up protection for the reporting individual to prevent the person being subjected to inappropriate measures from reporting on the case?			team is formed in Legal office. (2) Relevant confidentiality structure Maintain strict confidentiality to the case and the reporter (whistleblower) while handling the case. c. According to Article 21 of Integrity Management Code and Article 28-2 of Corporate Governance Code of Practice, the Company has set the “Whistleblower Channel and Protection Regulation Operating Procedure”, conforming to the approval of the board on Oct. 30, 2015, to set the whistleblower channel, encourage the whistleblower to report on crimes, and protect the whistleblower from being treated inimically by reporting on violations. The procedure book is disclosed on the Company’s website.	
4. Enhance information disclosure a. Has the company disclosed the contents and effectiveness of implementing its ethical corporate policy on its website and MOPS?	V		a. Both the Company's website and the MOPS contain information disclosure pertaining to the content of The Company's “Integrity Management Code”. The promotion results are detailed in the “Ethics and Integrity” under the chapter “Economic Performance and Corporate Governance” of the CSR Report. No complaint letter was received by	None

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
			CEO mailbox in year 2018.	
5. If the company has set Code of Ethical Business Conduct according to the Code of Practice for Listed Companies, please elaborate on the deviations of its operations from the policy: none.				
6. Other important information to understanding the operations of the company's ethical business operations (for instance, if the company has made revisions to its previously established ethical business policy etc.): none.				

Note 1: Whether "Yes" or "No" is ticked in the Operational status, the company should elaborate on its answer in Abstract.

(G) For details on The Company's Corporate Governance Code of Practice and other relevant policies, please see:
1. MOPS/Company Code of Practice section (http://mops.twse.com.tw/mops/web/t100sb04_1)
2. Dynamic website/Corporate Governance Special Zone (http://www.dynamicpcb.com/en/investment/rule.html)

(H) Other important information that can strengthen the understanding of the operations of the company's corporate governance: In the past two years, Dynamic had actively enhanced corporate governance performance to connect with international trends by the full support and guidance of the Board of Directors. The result of the fifth corporate governance assessment has given the company the final assessment score of 103.9, ranking the top 5%. The unreached items will be continuously improved, hoping to strengthen the ability of sustainable development while reducing operational risk, and earn the credit from the investors.

(I) The follows should be disclosed concerning the conditions of carrying out the internal control system:
1. Internal control statement: please see page 147 of this manual.
2. Those who entrust accountants to verify internal control system, should disclose the accountants' evaluation report: none.

(J) From the most recent year up until the date stated on this report, explain the conditions in which the company and its personnel have been punished by law, the company has punished its personnel for breaching internal control system, and primary failures and revisions:
On October 25, 2018, the Labor Inspection Department of the Taoyuan Municipal Government visited the plant and found a gap between the two railings around the fourth floor terrace was too large due to the damage of the construction. NTD60,000 was fined according to the occupational safety and health facilities rules, Article 224, Item 1 and Article 6, item 1 of the Occupational Safety and Health Law.
Reason for explanation:
The top floor terrace of the Taoyuan plant was originally equipped with a railing to prevent employees from falling. When the electroplated PTH process air duct was installed in the washing tower for exhaust treatment, the air duct went past the top railing, and the railing was removed for the duct to pass, resulting in the large gap.
Subsequent response:
The railing gap was corrected within three days, and the result of the correction was sent to the municipal government for resumption of work.

(K) Important decisions from the shareholder's meeting and the Board of Directors, from the most recent year to the date on the Annual Report

Board of Directors / Shareholder's meeting	Date of Board of Directors / Shareholder's meeting	Important Resolutions
Board of Directors	First BoD meeting in year 2018 2018/02/26	1. Passed annual financial statements and consolidated financial statements of year 2017.
		2. Passed the deficit compensation of year 2017.
		3. Passed the budget plan of year 2018.
		4. Passed the application for conglomerate financing amount of bank.
		5. Passed the endorsement of conglomerate financing amount.
		6. Passed the case of the subsidiary company WINTEK (MAURITIUS) CO., LTD., lending fund to Mainland business Dynamic Electronics (Huangshi) Co., Ltd.
		7. Passed the case of Mainland business Dynamic Electronics (Kunshan) Co., Ltd. lending fund to Mainland business Dynamic Electronics (Huangshi) Co., Ltd.
		8. Passed the increase of Mainland investment case.
		9. Passed issuing the Statement of Internal Control System.
		10. Passed the annual business report of year 2017.
		11. Passed the result of year 2017 the Board of Directors performance assessment.
		12. Passed the revision of Group successor plan.
		13. Passed the complete director re-election case.
		14. Passed the directors and independent director candidate nomination case.
		15. Passed the amendment to “Procedures for Lending Funds to Other Parties".
		16. Passed lifting non-compete of new-appointed director and the representative.
		17. Passed convening year 2018 shareholders meeting and accepting the shareholders proposal and nomination.
		18. Passed the amendment of “Rules and Procedures of the Board of Director Meeting”.
		19. Passed the amendment of "Organizational Regulations of Audit Committee"
		20. Passed salary and benefits review of senior supervisors.
		21. Passed the actual remuneration situation of directors and managers’ remuneration of year 2017.
		22. Passed the year 2017 annual Directors' compensation and employee compensation plan.
		23. Passed executive managers’ actual performance appraisal of year 2017.
Board of Directors	Second BoD meeting in year 2018 2018/04/03	1. Passed the examination of the director candidates’ qualifications.
		2. Passed the competition restrictions lifting motion for the new director and his representative.
Board of Directors	Third BoD meeting in year 2018 2018/04/27	1. Passed the consolidated financial statement of first quarter of year 2018.
		2. Passed notional amount of derivative financial product transactions with the bank.
		3. Passed the application for conglomerate financing amount of bank.
		4. Passed the endorsement of conglomerate financing amount.

Board of Directors / Shareholder's meeting	Date of Board of Directors / Shareholder's meeting	Important Resolutions
Board of Directors	Fourth BoD meeting in year 2018 2018/05/30	1. Passed the election of the Chairman of this session.
Board of Directors	Fifth BoD meeting in year 2018 2018/06/08	1. Passed the application for conglomerate financing amount of bank.
		2. Passed the increase of Mainland investment case.
		3. Passed the amendments to the " Procedures for Lending Funds to Other Parties" of Mainland business Dynamic Electronics (Kunshan) Co., Ltd.
		4. Passed the appointment of the fifth remuneration committee members of the Company and the selection of the remuneration committee convener and the Chairman of the meeting.
		5. Passed the recommendation of the members of the Nominating Committee and the selection of the Nominating Committee convener and the Chairman of the meeting.
		6. Passed the recommendation of the members of the Risk Management Committee, and the selection of convener of the Risk Management Committee and the chairman of the meeting.
Board of Directors	Sixth BoD meeting of year 2018 2018/07/27	1. Passed the consolidated financial statement of the second quarter of year 2018.
		2. Passed the case of Mainland business Dynamic Electronics (Kunshan) Co., Ltd. lending fund to Mainland business Dynamic Electronics (Huangshi) Co., Ltd.
		3. Passed the application for conglomerate financing amount of bank.
		4. Passed the endorsement of conglomerate financing amount.
		5. Passed salary and benefits review of senior supervisors.
Board of Directors	Seventh BoD meeting of year 2018 2018/09/10	1. Passed the case of the subsidiary Dynamic Electronics Co., Ltd. (Seychelles) to fund loan to Mainland business Dynamic Electronics (Huangshi) Co. Ltd.
Board of Directors	Eighth BoD meeting of year 2018 2018/10/31	1. Passed the consolidated financial statement of the third quarter of year 2018.
		3. Passed the application for conglomerate financing amount of bank.
		4. Passed the endorsement of conglomerate financing amount.
Board of Directors	Ninth BoD meeting of year 2018 2018/12/28	1. Passed the audit plan of year 2019.
		2. Passed the independence assessment of the Company's accountants.
		3. Passed the amendment to the budget plan of year 2018.
		4. Passed the annual business plan of year 2019.
		5. Passed the application for conglomerate financing amount of bank.
		6. Passed the endorsement of conglomerate financing amount.
		7. Passed Amendments to the Company's "Acquisition or Disposal of Asset Processing Procedures".
		8. Passed the subsidiary WINTEK (MAURITIUS) CO., LTD. to fund loan to the Mainland business Dynamic Electronics (Huangshi) Co., Ltd.
		9. Passed The Change of the Company's Accounting supervisor.
Board of Directors	First BoD meeting of year 2019 2019/02/24	1. Passed issuing the Statement of Internal Control System.
		2. Passed annual financial statements and consolidated financial statements of year 2018.
		3. Passed the deficit compensation of year 2018.
		4. Passed the budget plan of year 2019.

Board of Directors / Shareholder's meeting	Date of Board of Directors / Shareholder's meeting	Important Resolutions
		5. Passed the application for conglomerate financing amount of bank.
		6. Passed the endorsement of conglomerate financing amount.
		7. Passed the amendments to the Company Charter of Dynamic Electronics (Kunshan) Co., Ltd.
		8. Passed the reorganization of the executive director and supervisor of Dynamic Electronics (Kunshan) Co., Ltd.
		9. Passed the reorganization of the executive director and supervisor of Dynamic Electronics (Huangshi) Co., Ltd.
		10. Passed the annual business report of year 2018.
		11. Passed the result of year 2018 the Board of Directors performance assessment.
		12. Passed the revision of Group successor plan.
		13. Passed convening year 2018 shareholders meeting and accepting the shareholders proposal.
		14. Passed the amendments to the Company's "Articles of Incorporation".
		15. Passed the amendments to the Company's "Charter of the Nominating Committee".
		16. Passed the amendments to the Company's "Method and Procedures of Board of Directors Performance Assessment".
		17. Passed salary and benefits review of senior supervisors.
		18. Passed the implementation plan of payroll and compensation auditing of year 2019.
		19. Passed the auditing of executive managers performance appraisal indicators of year 2019.
		20. Passed the remuneration committee work plan of year 2019.
		21. Passed the actual remuneration situation of directors and managers' remuneration of year 2018.
		22. Passed the year 2018 annual Directors' compensation and employee compensation plan.
		23. Passed executive managers' actual performance appraisal of year 2018.
		24. Passed the amendments to the Company's "Organizational Regulations of Remuneration Committee".
Board of Directors	Second BoD meeting of year 2019 2019/03/18	1. Passed application for the company's short-term mortgage bank financing quota.
		2. Passed the personnel case of the Group's "Corporate Governance Officer" and the "Standard Operating Procedures for Directors' Requirements Handling".
Shareholder's meeting	Annual 2018/05/30	1. Recognizing annual business report, the individual financial statements and consolidated financial statements of year 2017. Implementation review: The business report and financial statements were recognized and approved by the shareholders meeting.
		2. Recognizing deficit compensation of year 2017. Implementation review: Deficit compensation was recognized, thus dividends of year 2017 was not granted.
		3. Passed the amendments to the "Procedures for Lending Funds to Other Parties". Implementation review: Proceeded according to the amendment content.

Board of Directors / Shareholder's meeting	Date of Board of Directors / Shareholder's meeting	Important Resolutions
		4. Election of Board Directors The elected directors are: Ken Huang, Stoney Chiu, Ming-Ji Investments Co., Ltd. The elected independent directors are: Yi-chia Chiu, Vivien Liu, Heng-yih Liu, Vincent Lin. Implementation review: On June 28, 2018, the Ministry of Economic Affairs approved the registration and it's announced on the company's website.
		5. Passed the release of the prohibition on new directors and their representatives from participation in competitive business. Implementation review: Mr. Yuan-chuan Sun, the legal representative of Ming-ji Investments Co., Ltd., successfully took the position of director.

(L) From the most recent year to the date on the annual report, the director that holds different opinions from the Board's decision and has documented this opinion, the main content of this opinion is: From year 2018 to the date on the annual report, there was no different opinion held by the directors from the Board's decision.

(M) From the most recent year to the date on the annual report, a summary of the resignation and dismissal of company personnel:

Title	Name	Assumed office on	Dismissal Date	Dismissal Reason
Director	CDIB Venture Capital Corp.	2015.05.28	2018.05.30	Re-election of the Board of Directors
Independent Director	Po-sheng Lin	2015.05.28	2018.05.30	Re-election of the Board of Directors
Accounting Supervisor	Lily Chiang	2006.07.01	2019.01.01	Internal job adjustment

Note: The Company personnel refer to Chairman, Directors, President, Accounting Supervisor, Finance Supervisor, Internal Audit Supervisor, and R&D Supervisor etc.

E. Information Regarding the Company's Audit Fee and Independence

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Remarks
Ernst & Young Taiwan	Ching-Piao Cheng	Mao-Yi Hung	2018/1/1~2018/12/31	-

Unit: NTD thousands

Fee range \ Fee items		Audit Fee	Non-audit Fee	Total
1	Less than 2,000 thousand NTD		v	230
2	2,000 thousands (inclusive) ~ 4,000 thousand			
3	4,000 thousand (inclusive) ~ 6,000 thousand	v		5,950
4	6,000 thousand (inclusive) ~ 8,000 thousand			
5	8,000 thousand (inclusive) ~ 10,000 thousand			
6	Over 10,000 thousand (inclusive)			

Accounting firm	Name of CPA	Audit Fee	Non-audit Fee				Period Covered by CPA's Audit	Remarks
			System design	Industrial/commercial registration	Human resources	Others	Sum	
Ernst & Young Taiwan	Ching-Piao Cheng / Mao-Yi Hung	5,950	0	80	0	150*	230	2018/1/1 ~ 2018/12/31	*Provide consulting services on Corporate Social Responsibility Report

(A) For companies whose non-audit shared expenses account for 1/4 or more of the audit shared expenses paid to CPA, audit firms of the CPA, or its affiliated firms, should disclose the amount of audit and non-audit shared expenses, and the service details of non-audit expenses: none.

(B) Companies that have switched accounting firms and whose annual audit shared expenses are less than that of the previous year prior to the switch: none.

(C) For companies whose audit shared expenses have decreased by 15% or more, the ratio of the decrease in audit shared expense and the reason should be disclosed: none.

F. Replacement of CPA: none.

G. Have any of the company's Chairman, President, or manager responsible for finance or accounting duties served in a CPA accounting firm or its affiliated company in the last year: none.

H. Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders
(A) Changes in Shareholding of Directors, Managers and Major Shareholders

Unit: Shares

Title	Name	2018		As of Mar. 26, 2019	
		Increase/decrease in shares held	Increase/decrease in equity pledges	Increase/decrease in shares held	Increase/decrease in equity pledges
Chairman	Ken Huang	0	0	0	0
Director	Stoney Chiu	0	0	0	0
Corporate Director	CDIB Venture Capital Corp. (Dismissal day: 2018/05/30)	0	0	NA	NA
Representative of Corporate Director	James Yin (Dismissal day: 2018/05/30)	0	0	NA	NA
Corporate Director	Ming-Ji Investments Co., Ltd.	0	0	0	0
Representative of Corporate Director	Yuan-chuan Sun	0	0	0	0
Independent Director	Po-sheng Lin (Dismissal day: 2018/05/30)	0	0	NA	NA
Independent Director	Heng-yih Liu	0	0	0	0
Independent Director	Vincent Lin	0	0	0	0
Independent Director	Yi-chia Chiu	0	0	0	0
Independent Director	Vivien Liu	0	0	0	0
CEO	Ken Huang	0	0	0	0
President	Stoney Chiu	0	0	0	0
VP	Don Chen (Dismissal day: 2018/01/01)	0	0	NA	NA
VP	Jack Hsu	44,379	0	(40,000)	0
VP	Allen Chou	(20,056)	0	0	0
VP	Johnson Yang (Promoted from VP to Plant President on 2018/12/01)	53,342	0	0	0
VP	Sabrina Teng	49,828	0	0	0
President of Taoyuan Plant	Joup Lao (Dismissal day: 2018/12/01)	0	0	NA	NA
Finance Supervisor	Lily Chiang	22,492	0	0	0
Accounting Supervisor	Lily Chiang (Dismissal day: 2019/01/01)	22,492	0	NA	NA
Accounting Supervisor	Cathy Ni	0	0	0	0
Internal Audit Supervisor	Hsin-Yi Tsai	9,907	0	0	0

(B) Shares Trading with Related Parties: none.

(C) Shares Pledge with Related Parties: none.

I. Information of the Relationship among the Top Ten Shareholders

As of Mar. 26, 2019

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Hsiu-Ching Chen	17,543,476	6.24%	0	0.00%	0	0.00%	Ming-Ji Investments Co., Ltd.	Company Chairman is this individual	
Ken Huang	8,746,341	3.11%	191,810	0.07%	0	0.00%	Hong-Li Investment Co., Ltd.	Chairperson of this firm is the sister of the spouse of this individual	
Citibank (Taiwan) Commercial Bank is entrusted with custody of BoLuNing Emerging Market Fund Company's investment account	6,093,900	2.17%	0	0.00%	0	0.00%	NA	NA	
Hong-Li Investment Co., Ltd. Representative: Li-Rou Chan	5,100,964	1.81%	0	0.00%	0	0.00%	Ken Huang	Spouse is the sister of company chairperson	
	22,897	0.01%	0	0.00%	0	0.00%	Ken Huang	Is her brother-in-law	
Citibank (Taiwan) Commercial Bank is entrusted with the custody of the Norwegian Central Bank Investment Account	4,262,568	1.52%	0	0.00%	0	0.00%	NA	NA	
Citi bank is entrusted with Sub-Emerging Market - Evaluation Fund Investment Account	4,199,324	1.49%	0	0.00%	0	0.00%	NA	NA	
Stoney Chiu	3,083,749	1.10%	0	0.00%	0	0.00%	none	none	
Ming-Ji Investments Co., Ltd. Representative: Hsiu-Ching Chen	3,082,633	1.10%	0	0.00%	0	0.00%	Hsiu-Ching Chen	Is the chairperson of the company	
	17,543,476	6.24%	0	0.00%	0	0.00%	Hsiu-Ching Chen	Is this individual	
Citi bank is entrusted with DFA emerging market - Core Securities Investment Account	2,804,583	1.00%	0	0.00%	0	0.00%	NA	NA	
JP Morgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	2,634,000	0.94%	0	0.00%	0	0.00%	NA	NA	

J. The number of shares held by the Company, the Company's directors, managers and the companies directly or indirectly controlled by the Company in the same investment business, and combined to calculate the comprehensive shareholding ratio

Unit: shares; %

Affiliated Enterprises (Note 1)	Ownership by the Company		the Company's directors, managers and the companies directly or indirectly controlled by the Company		Total Ownership	
	Shares	%	Shares	%	Shares	%
WINTEK (MAURITIUS) CO., LTD.	8,350,000	100.00%	-	-	8,350,000	100.00%
Dynamic PCB Electronics Co., Ltd.	50,000	100.00%	-	-	50,000	100.00%
Dynamic Electronics Co., Ltd. (Seychelles)	50,000	100.00%	-	-	50,000	100.00%
Dynamic Electronics Trading Pte. Ltd.	50,000	100.00%	-	-	50,000	100.00%
Dynamic Electronics Holding Pte. Ltd.	47,940,002	100.00%	-	-	47,940,002	100.00%
Dynamic Electronics (Kunshan) Co., Ltd.	-	100.00%	-	-	-	100.00%
Dynamic Electronics (Huangshi) Co., Ltd.	-	100.00%	-	-	-	100.00%

Note: The above refers to long-term investment made by The Company through utilizing the equity method.

IV. Capital Overview

A. Capital and Shares

(A) Source of equity

1. Issued Shares

Unit: NTD thousands; 1,000 shares

Month/ Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1988/08	1,000	12	12,000	12	12,000	Setup capital	-	
1996/11	1,000	28	28,000	28	28,000	Cash capital increase 16,000 thousand NTD	-	Note 1
1998/04	10	9,800	98,000	9,800	98,000	Cash capital increase 70,000 thousand NTD	-	Note 2
1998/12	10	13,800	138,000	13,800	138,000	Reinvested profit 40,000 thousand NTD	-	Note 3
2001/12	10	25,100	251,000	25,100	251,000	Reinvested profit 113,000 thousand NTD	-	Note 4
2002/04	10	42,000	420,000	42,000	420,000	Cash capital increase 40,000 thousand; reinvested profit 129,000 thousand NTD	-	Note 5
2003/09	10	80,000	800,000	56,000	560,000	Reinvested profit 126,000 thousand; reinvested employee dividend 14,000 thousand NTD	-	Note 6
2004/11	10	80,000	800,000	62,000	620,000	Reinvested profit 56,000 thousand; reinvested employee dividend 4,000 thousand NTD	-	Note 7
2004/12	10	80,000	800,000	65,000	650,000	Reinvested capital reserve 30,000 thousand NTD	-	Note 8
2005/02	10	80,000	800,000	80,000	800,000	Cash capital increase 150,000 thousand NTD	-	Note 9
2005/08	10	170,000	1,700,000	103,563	1,035,632	Reinvested profit 235,632 thousand NTD	-	Note 10
2005/11	10	170,000	1,700,000	121,163	1,211,632	Cash capital increase 176,000 thousand NTD	-	Note 11
2006/09	10	300,000	3,000,000	160,550	1,605,499	Reinvested profit 363,490 thousand; reinvested employee dividend 30,377 thousand NTD	-	Note 12
2006/10	10	300,000	3,000,000	177,425	1,774,249	Cash capital increase 168,750 thousand NTD	-	Note 13
2007/09	10	300,000	3,000,000	215,194	2,151,940	Reinvested profit 354,850 thousand; reinvested employee dividend 22,841 thousand NTD	-	Note 14
2008/10	10	300,000	3,000,000	238,468	2,384,678	Reinvested profit 215,194 thousand; reinvested employee dividend 17,543 thousand NTD	-	Note15
2009/03	10	300,000	3,000,000	261,468	2,614,678	Cash capital increase 230,000 thousand NTD	-	Note 16
2010/02	10	300,000	3,000,000	262,402	2,624,023	Employee stock option certificate 9,345 thousand NTD	-	Note 17
2010/05	10	300,000	3,000,000	262,760	2,627,603	Employee stock option certificate 3,580 thousand NTD	-	Note 18

2010/08	10	300,000	3,000,000	262,775	2,627,753	Employee stock option certificate 150 thousand NTD	-	Note 19
2010/11	10	400,000	4,000,000	262,785	2,627,853	Employee stock option certificate 100 thousand NTD	-	Note 20
2011/8	10	400,000	4,000,000	286,436	2,864,360	Reinvested profit 236,507 thousand NTD	-	Note 21
2012/10	10	400,000	4,000,000	293,559	2,935,594	Reinvested profit 71,234 thousand NTD	-	Note 22
2013/07	10	400,000	4,000,000	287,559	2,875,594	Treasury shares decrease by 60,000 thousand NTD	-	Note 23
2013/12	10	400,000	4,000,000	286,059	2,860,594	Treasury shares decrease by 15,000 thousand NTD	-	Note 24
2015/11	10	400,000	4,000,000	281,059	2,810,594	Treasury shares decrease by 50,000 thousand NTD	-	Note 25

Note 1: 1996/11/13; approval document no. 85 Chien San Keng Tzu 710053.
Note 2: 1998/04/04; approval document no. 87 Chien San Yi Tzu 143958.
Note 3: 2001/12/02; approval document no. Ching 87 Shang 142895.
Note 4: 2001/12/14; approval document no. Ching (090) Shang 09001487720.
Note 5: 2002/04/29; approval document no. Ching Shou Shang Tzu 09101147450.
Note 6: 2003/09/04; approval document no. Ching Shou Shang Tzu 09201259500;
2003/07/09; approval document no. Tai Tsai Cheng Yi Tzu 0920130533.
Note 7: 2004/11/02; approval document no. Ching Shou Shang Tzu 09301206230 ;
2004/10/20; approval document no. Chin Kuan Cheng Yi Tzu 0930147189.
Note 8: 2004/12/08; approval document no. Ching Shou Shang Tzu 09301232510 ;
2004/10/20; approval document no. Chin Kuan Cheng Yi Tzu 0930147189.
Note 9: 2005/02/17; approval document no. Ching Shou Shang Tzu 09401024410 ;
2004/12/24; approval document no. Chin Kuan Cheng Yi Tzu 0930146065.
Note 10: 2005/08/24; approval document no. Ching Shou Shang Tzu 09401164480 ;
2005/06/28; approval document no. Chin Kuan Cheng Yi Tzu 0940125941.
Note 11: 2005/11/21; approval document no. Ching Shou Shang Tzu 09401233030 ;
2005/08/25; approval document no. Chin Kuan Cheng Yi Tzu 0940135458.
Note 12: 2006/09/25; approval document no. Ching Shou Shang Tzu 09501215550 ;
2006/07/21; approval document no. Chin Kuan Cheng Yi Tzu 0950131965.
Note 13: 2006/10/13; approval document no. Ching Shou Shang Tzu 09501231670 ;
2006/08/07; approval document no. Chin Kuan Cheng Yi Tzu 0950135357.
Note 14: 2007/09/26; approval document no. Ching Shou Shang Tzu 09601233900 ;
2007/07/30; approval document no. Chin Kuan Cheng Yi Tzu 0960040075.
Note 15: 2008/10/15; approval document no. Ching Shou Shang Tzu 09701262170 ;
2007/07/29; approval document no. Chin Kuan Cheng Yi Tzu 0970038054.
Note 16: 2009/03/30; approval document no. Ching Shou Shang Tzu 09801059010 ;
2008/11/18; approval document no. Chin Kuan Cheng Yi Tzu 0970059731.
Note 17: 2010/02/09; approval document no. Ching Shou Shang Tzu 09901029760.
Note 18: 2010/05/04; approval document no. Ching Shou Shang Tzu 09901089700.
Note 19: 2010/08/02; approval document no. Ching Shou Shang Tzu 09901174390.
Note 20: 2010/11/02; approval document no. Ching Shou Shang Tzu 09901245330.
Note 21: 2011/08/29; approval document no. Ching Shou Shang Tzu 10001199020.
Note 22: 2012/10/16; approval document no. Ching Shou Shang Tzu 10101211780.
Note 23: 2013/07/18; approval document no. Ching Shou Shang Tzu 10201122700.
Note 24: 2013/12/17; approval document no. Ching Shou Shang Tzu 10201255080.
Note 25: 2015/11/25; approval document no. Ching Shou Shang Tzu 10401247230.

2. Type of Stock

Type of Share	Authorized capital			Remarks
	Issued Shares	Un-issued shares	Total	
Common stock	281,059,335	118,940,665	400,000,000	-

3. Information for Shelf Registration: not applicable.

(B) Shareholder Structure

As of Mar. 26, 2019

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	4	110	25,137	62	25,313
Shareholding (shares)	0	1,629,349	10,130,299	233,164,932	36,134,755	281,059,335
Percentage	0.00%	0.58%	3.60%	82.96%	12.86%	100.00%

(C) Shareholding Distribution Status

As of Mar. 26, 2019

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	12,472	730,191	0.26%
1,000 ~ 5,000	7,436	17,980,542	6.40%
5,001 ~ 10,000	2,284	17,949,416	6.39%
10,001 ~ 15,000	844	10,397,079	3.70%
15,001 ~ 20,000	587	10,963,686	3.90%
20,001 ~ 30,000	502	12,684,369	4.51%
30,001 ~ 40,000	246	8,846,547	3.15%
40,001 ~ 50,000	205	9,543,788	3.40%
50,001 ~ 100,000	384	27,176,964	9.67%
100,001 ~ 200,000	199	27,478,849	9.78%
200,001 ~ 400,000	77	22,242,625	7.91%
400,001 ~ 600,000	32	15,506,906	5.52%
600,001 ~ 800,000	12	8,384,162	2.98%
800,001 ~ 1,000,000	6	5,601,376	1.99%
1,000,001 or above	27	85,572,835	30.44%
Total	25,313	281,059,335	100.00%

(D) List of Major Shareholders (Top 10 in shareholding ratio)

Name \ Shareholding	Shares	Percentage
Hsiu-Ching Chen	17,543,476	6.24%
Ken Huang	8,746,341	3.11%
Citibank (Taiwan) Commercial Bank is entrusted with custody of BoLuNing Emerging Market Fund Company's investment account	6,093,900	2.17%
Hong-Li Investment Co., Ltd.	5,100,964	1.81%
Citibank (Taiwan) Commercial Bank is entrusted with the custody of the Norwegian Central Bank Investment Account	4,262,568	1.52%
Citi bank is entrusted with Sub-Emerging Market - Evaluation Fund Investment Account	4,199,324	1.49%
Stoney Chiu	3,083,749	1.10%
Ming-Ji Investments Co., Ltd.	3,082,633	1.10%
Citi bank is entrusted with DFA emerging market - Core Securities Investment Account	2,804,583	1.00%
JP Morgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	2,634,000	0.94%

(E) Fair market value, net worth, profit, dividend per share for the most recent two years and other relevant information

Item \ Year			2017	2018	2019/1/1~2019/3/31 (note 8)
Market price per share (note 1)	Highest		14.20	14.20	10.75
	Lowest		8.68	8.68	8.02
	Average		10.49	10.49	9.06
Net worth per share (note 2)	Before allocation		14.97	14.97	Not applicable
	After allocation		14.97	(note 9)	Not applicable
Earnings per share	Weighted average shares (thousand shares)		281,059	281,059	281,059
	Earnings per share (note 3)	Diluted Earnings Per Share	0.03	(0.86)	Not applicable
		Adjusted Diluted Earnings Per Share	0.03	(Note 9)	Not applicable
Dividend per share	Cash dividend		-	-	-
	Stock dividend	From retained earnings	-	-	-
		From paid-in capital	-	-	-
	Accumulated undistributed dividends (note 4)		-	-	-
Return on investment analysis	Price-earnings ratio (note 5)		349.67	(11.07)	Not applicable
	Price-dividend ratio (note 6)		NA	NA	Not applicable
	Yield on cash dividend (note 7)		NA	NA	Not applicable

Note 1: Shows the highest and lowest market value of common stock in each year, and calculates the average market value for each year based on transaction value and quantity.

Note 2: Please fill this by using the shares already issued by year-end as a basis, and also by referencing the allocation that the shareholders meeting has decided on for the subsequent year.

Note 3: If there are any retroactive adjustment needed due to stock grants, Earnings per share before and after the adjustment should be listed.

Note 4: If there are any conditions in issuing equity securities that allow for unpaid out dividend for the year to be accumulated to subsequent years in which there is profit, the company should separately disclose the accumulated unpaid out dividend up to that year.

Note 5: Price-earnings ratio = average price per share for that year/Earnings per share.

Note 6: Price-dividend ratio = average price per share for that year/cash dividend per share.

Note 7: Yield on cash dividend = cash dividend per share/average price per share for that year.

Note 8: For net worth per share and net Earnings per share, data from the latest quarter that has been verified by an accountant up until the date on the annual report should be filled. For all other columns, a company should fill that year's data up until the date on the annual report.

Note 9: Compensation for losses in 2018 have not yet been approved by the 2019 shareholders meeting, hence they have not been entered in the table.

(F) Dividend Policy and Implementation Status

1. Dividend policy

To counter fluctuations in the economy and to strengthen the company's financial structure, the Company utilizes balanced dividend policy, and the policy of dividend payout is the following:

(1) Because the Company is in a growth phase, dividend policy is primarily concerned about the Company's various investment funding needs in the future, financial structure, and profit etc., in each year, the Board of Directors will draw up an allocation plan based on that year's profit, and carry out the plan after the shareholders have reached a decision.

(2) In consideration of a balanced dividend policy, the Company will use investment needs and the level of dilution of profit in each share as basis, and pay out dividends in shares or cash accordingly, in which the pay out of cash dividend will use a limit of no less than 10% of the total dividend amount in that year. The dividend of divisible surplus ratio is zero to seventy-five percent.

2. Implementation Status

The Company's Board of Directors on Feb. 24, 2019 has decided to forward Deficit Compensation as follows to the shareholder's meeting in 2018:

Dynamic Electronics Co., Ltd.
Statement of Deficit Compensated in 2018

Unit: NTD

Item	Amount
Opening Loss Pending Compensation	(252,010,927)
Plus: Confirmed benefit plan re-measurement (2018)	2,136,992
Plus: Net Loss After Tax of Current Year	(240,885,108)
Close Loss Pending Compensation	(490,759,043)

3. Anticipated changes in dividend policy: none

(G) The impacts of issuing stock grants in this shareholder's meeting on the company's operational performance and dividend per share: we do not plan to issue stock grants in this shareholder's meeting.

(H) Remuneration for Employees and Directors

1. Company regulation specified in the Article of Corporation on the number or range of remuneration for employees and directors:

If the Company has annual profit, 10 percent to 18 percent should be drawn for employees as the remuneration. The board will decide whether to grant the employees with stock or cash. The personnel who receive the remuneration include the employees of subsidiaries who meet certain qualifications. According to the above mentioned annual profit, the board will make a resolution of granting the directors no higher than 3 percent of the profit as the

director remuneration. This distribution among the employees and directors should be reported in the shareholders' meeting.
But when there are accumulated losses, it should be reserved in advance to make up the amount, and then draw the mentioned proportion as the remuneration for the employees and directors.

2. In this period, when there is a difference between estimated column of employee and director's remuneration, basis for calculating shares for the purpose of paying out share dividends and actual payout figure, and the estimated column are different, what is the accounting procedure to handle this: This Company will not pay out employee and director's remuneration for the year of 2018, hence, there is no estimated columns.

3. Information on the Board of Directors passing the proposal to pay out employee and director's remuneration: The Board of Directors has passed that there will be no employee and director's remuneration payout for the year of 2018.

4. Actual allocations of employee and directors' remuneration in previous year: Did not pay out.

(I) Buyback of Treasury Stock: none.

B. Corporate bonds handling: none.
C. Preferred stock handling: none.
D. Global depository receipts handling: none.
E. Employee stock option and new restricted employee share rights handling: none.
F. Mergers or transferee to other companies and issuance of new shares: none.
G. Implementation on fund utilization planning: none.

V. Operations Overview

A. Business Content

(A) Scope of Business

1. Primary business focus and its ratio to the overall business

Unit: NTD thousands

Major Products	Consolidated for 2018	
	Sales Amount	Sales Ratio
Double-layer PCB	2,244,098	17.19%
Multi-layer PCB	10,777,169	82.53%
Others	37,018	0.28%
Total	13,058,285	100.00%

2. Dynamic concentrates on PCB products including traditional rigid board, high density connected board, Rigid Flex board, substrate, high-end multilayer board, thick copper board, built-in copper high heat sinking board and high-frequency microwave board. Dynamic will continue developing in this area. However, in terms of product applications, it's planned to develop IoT 5G communication networks and high-end high-speed storage devices, ADAS, LiDAR and engine control modules, wearable devices, high-end mobile phones, wireless charging modules, dual/triple lens modules, ultra-high-resolution display modules, medical equipment and detection sensor, Mini LED, 28GHz/39GHz communication high-frequency transceivers, electric vehicle charging piles, EV automotive relays, and aerospace/military with high reliability requirements.

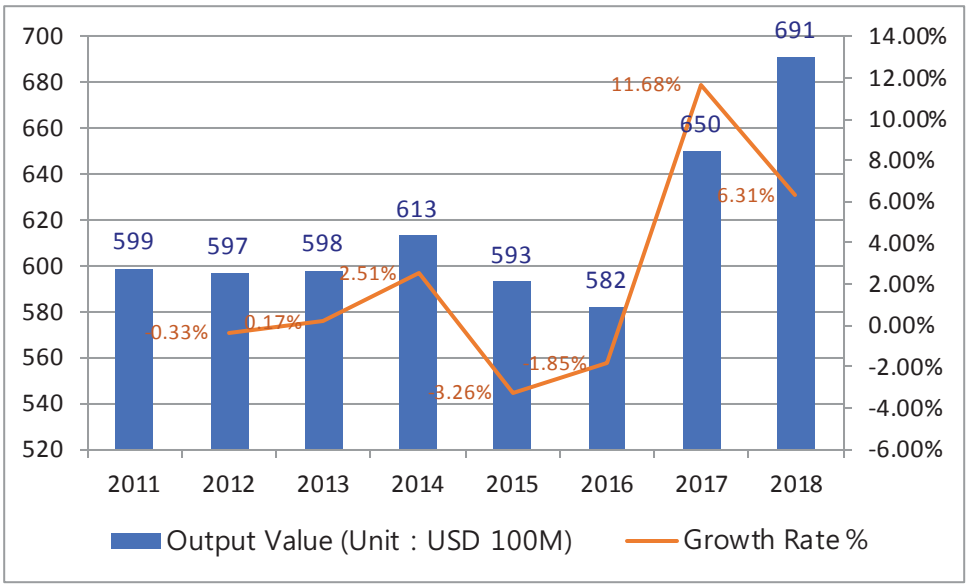
(B) Industry Overview

1. The industry's current situation and development

PCB (Printed Circuit Board, abbreviated PCB) is the base board before electronic components are assembled, and through the PCB, electrical routes are formed, and various electronic components can be connected to exert its overall capacity and to reach the objective of relay transmission. Its application is widespread, almost everything that uses electronic components would need to use a PCB. Therefore, PCB is known as "Mother of electronic products" Within Taiwan, the PCB industry has been developing for over 40 years, and not only does the industry structure include a comprehensive vertically integrated production chain, its affiliated industry system is also healthy. However, because of the factors of manpower supply and labor costs, the proportion of Taiwan's domestic production continued to decrease. Below is an explanation on the global and local PCB industry current situation and future trends:

(1) Global current situation and development

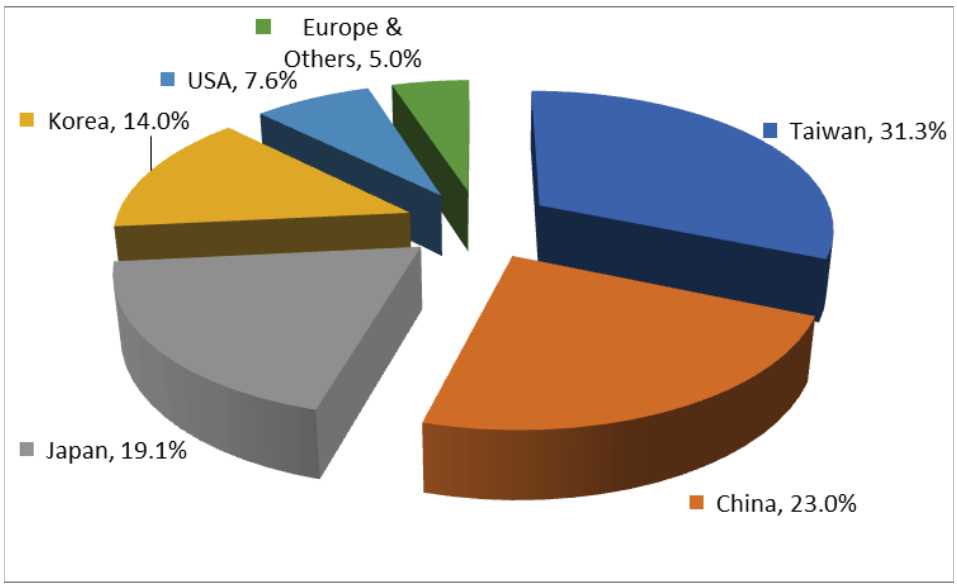
Trend of Global PCB Output Value Scale



Source: IEK (02/2019)

According to the Industrial Technology Research Institute (IEK), the global PCB industry continued the growth trend of 2017 in year 2018. Although the growth rate dropped from 11.68% to 6.31%, the output value reached US$69.1 billion, creating a new high in the record. The main reason for the continued high output value is the expansion of new products and new applications, including high-performance servers, big data, automotive electronics and smart phone peripheral products.

Global PCB Production Distribution by Manufacturer Country in 2018

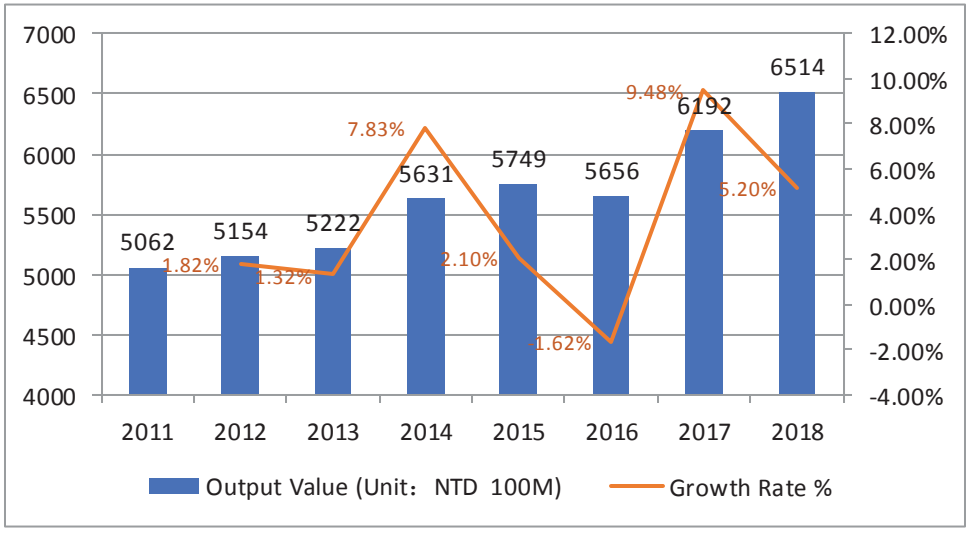


Source: IEK (02/2019)

In 2018, Taiwanese manufacturers still maintained a global leading position with a market share of 31%. Taiwan has always been ahead of other countries in terms of technology and market layout, so it sits in a leading position of the global industry for a long time; but mainland manufacturers are gradually approaching the position of the second largest market share 23%. Although the mainland's development is relatively slow, but with the power of government's policy, the ambition of manufacturers to expand production and acquisition, and the gearing effect of domestic brands have continuously improved the overall competitiveness of land-based PCB manufacturers. Its average net profit margin is higher than Taiwan, Japan, and South Korea, in addition, with the US-China trade, environmental protection restrictions and other unfavorable factors, it is still difficult to change the fact that mainland China becoming the main production cluster of the global circuit board in the short term; Japanese manufacturers are structurally transformed. The growth rate of substrate manufacturers' revenues has reached double digits, and the production of panel material and equipment has also been frequently expanded. The product structure of Korean manufacturers is more focused on flex boards, Rigid-Flex boards and substrate. In recent years, the growth rate of output value is low, but its terminal electronic brand still has market influence, so it's entitled to tell the direction of future product development.

(2) Taiwan current situation and development

Trend of Taiwan PCB Output Value Scale

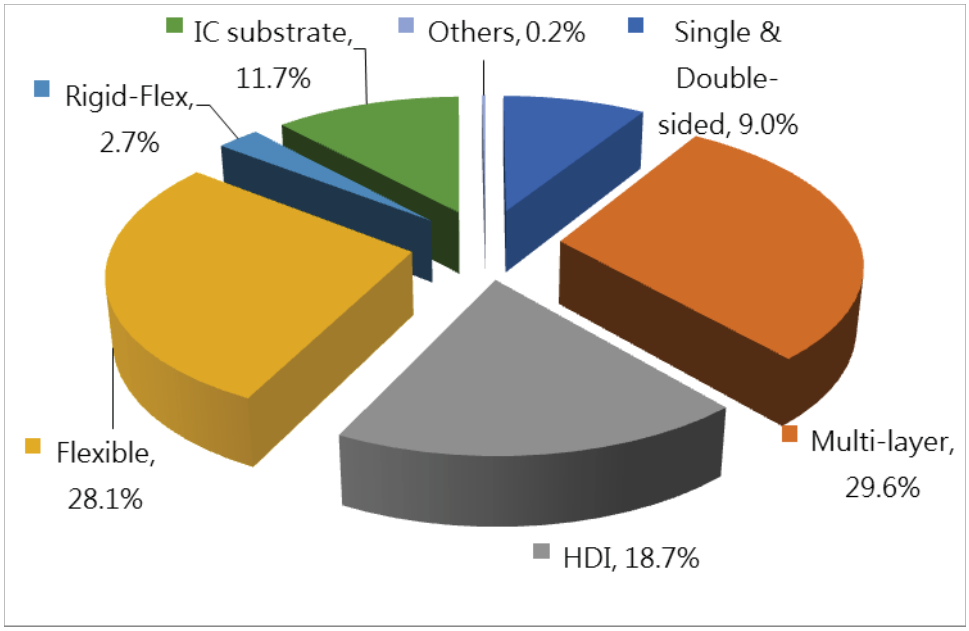


Source: TPCA, IEK (02/2019)

In year 2018, the total output value of Taiwan's PCB industry was NT$651.4 billion, which grew by 5.2% compared to year 2017. It also reached a new height in ten years, mainly due to every mobile phone supplier launched new phone in the second half of 2018, and drove the growth of the output value of communication applications. However, it is estimated that factors such as China's economic cooling and political interference in Britain and France will

affect the output value in 2019. In addition, the production proportion of Taiwanese companies in mainland China continues to rise, reaching 62% in 2018.

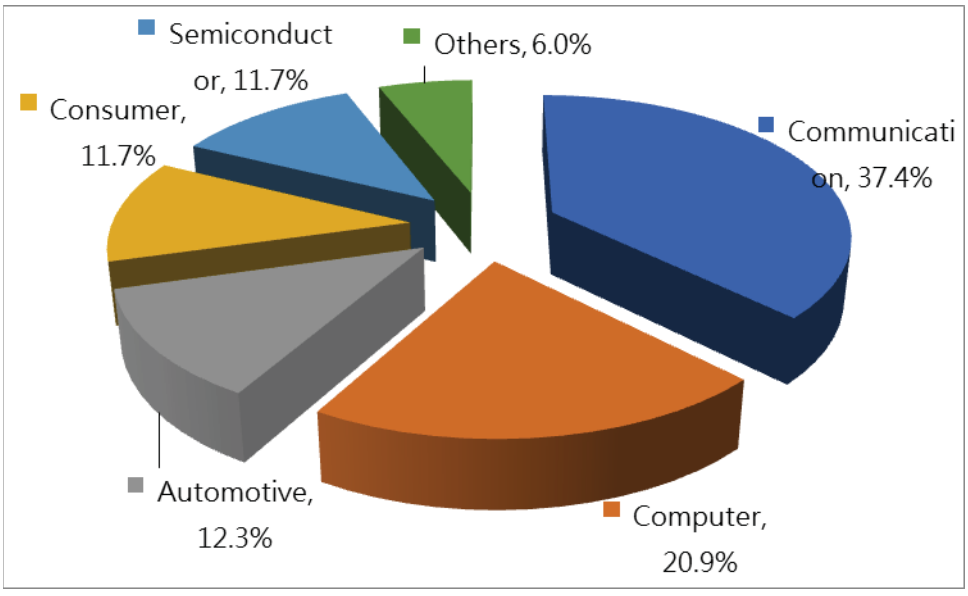
Cross - strait PCB Product Structure in 2018



Source: TPCA, IEK (02/2019)

The main types of products grown in 2018 included: Rigid-Flex boards, Flex boards and HDI. The Rigid-Flex board was mainly driven by the camera module and the hot sale of Apple wireless earphone; the Flex board was used in the module market of wireless charging and transmission, touch screen, antenna, 3D sensing, LCD screen, camera lens, etc.; the growth of HDI was mainly due to the increase in demand for smart phones.

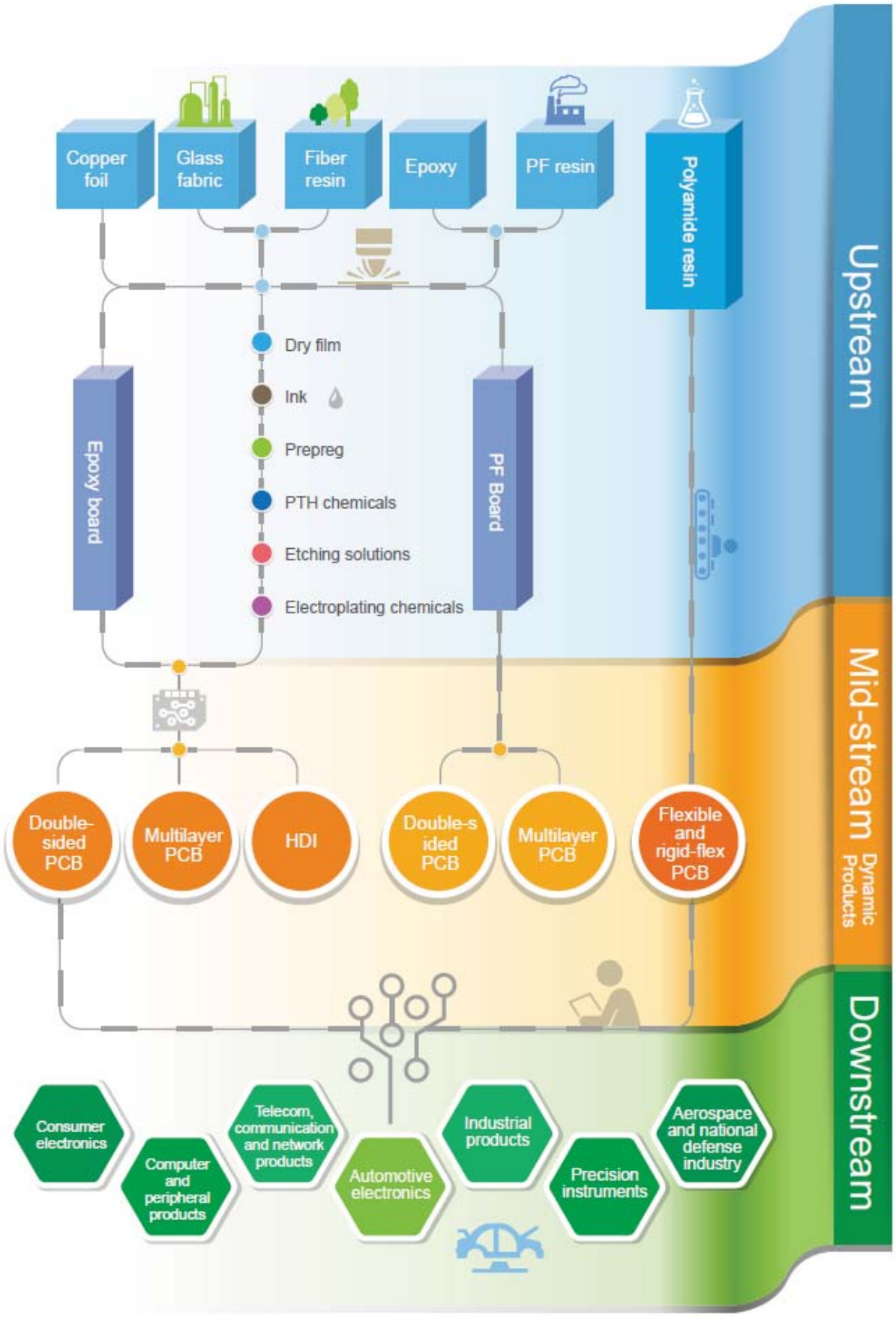
Cross - strait PCB Application Markets in 2018



Source: TPCA, IEK (02/2019)

In the application market, the main growing application categories in 2018 were communications and computer-related applications. The growth of communication applications was mainly due to the increase in the demand for Network communication; while the growth of computer-related applications came from the increased demand for server and network data centers in North America.

2. Relevance of upstream, middle, and downstream businesses in the industry
   The PCB that produced by the Company include the following upstream main raw materials: copper foil, substrate, resin, dry film, ink, etching fluid and other chemical materials. Industry covers petrochemical and metal ; downstream clients include consumer electronics, computer and peripheral products, telecommunications and Internet, automotive electronics, industrial products, precision instruments and air defense etc. Hereby listed the company's associated chart with up-and-down stream industrial structure as below:


Upstream
Mid-stream
Dynamic Products
Downstream
Copper foil
Glass fabric
Fiber resin
Epoxy
PF resin
Polyamide resin
Dry film
Ink
Prepreg
PTH chemicals
Etching solutions
Electroplating chemicals
Epoxy board
PF Board
Double-sided PCB
Multilayer PCB
HDI
Double-sided PCB
Multilayer PCB
Flexible and rigid-flex PCB
Consumer electronics
Computer and peripheral products
Telecom, communication and network products
Automotive electronics
Industrial products
Precision instruments
Aerospace and national defense industry

3. Product development trends and competitive situation

(1) Product development trends

In recent years, there are two major trends in the development of electronic products. First, all products are gradually becoming lighter and easy to carry. Second, high frequency millimeter wave and high speed technology is being developed, so that in addition to stronger heat dissipation, when the current passes, it should not be subjected to too much interference. Hence, PCB with micro via, thread, small pore, thin and multilayer structure, micro via lining and high electrical characteristics are the necessary trends to current product development. To cater to the development of 5G generation and the request from system vendors, boards using low DK, low DF, Ultra Low Loss, Ceramic substrates and flexible materials Modify PI/LCP (Liquid Crystal Polymer) are also gradually increasing. The development of environmentally friendly green vehicles PHEV/EV is also growing rapidly, and various tie-in products such as high-voltage products, fast charging, and battery management have also taken spots at the table. The 5G high-reliability products used in medical, satellite, aerospace and military industries are also booming.

(2) Competitive situation

Since PCB has been in a position of oversupply for a long time, the development of global economy has entered a slow-growing phase, price competition has always been fierce, especially for customers who require large quantities, who tend to dominate over the extent of lowering price and time. But to grasp business opportunities, satisfy customer needs, and to achieve even better economies of scale to lower cost, each firm is competing to set up new sites and opening new production capacity. Because of China market's strong domestic demand and complete industrial chain, most companies have still considered China to be the optimal production location. However, various environmental regulations in China are becoming more stringent, minimal wages have risen, the State Council has cleared various tax incentives etc., have severely impacted the operational cost of foreign investments in China. How to lower production cost has become the toughest challenge to the PCB industry. Owing to China government's vigor promotion of the autonomy of electronics supply chain in the recent years, red supply chain has risen as a result. They obtain big amount of fund by going public or by government's subsidies to seize the market with low prices, consequently the price of low-end technology products has plummeted. In addition, Chinese government agencies at all levels provided various subsidy measures for automation and intelligence to increase the establishment of highly intelligent, high-efficiency, high-value and fully automated unmanned factories by China-funded manufacturers. Taiwanese business is bound to tend to the high-tech, high-quality, high-reliability product segment.

(C) Technology and R&D Overview

1. R&D expenses from the most recent year to the date on the annual report

Unit: NTD thousands

Year	2017	2018	Up to Mar. 31, 2019
R&D Expenses	72,579	27,371	3,137

The decrease in research and development expenses in year 2018 was due to partial of the initial market development costs and product development costs for the main strategic products (automotive board) were apportioned.

2. Technology or products that have been successfully developed from the most recent year to the date of the annual report:
   Here we summarized our major R & D projects and results of 2018 in the following five points:
   (1) High-speed low signal loss products: we have successfully obtained certification of Insertion Loss -0.48dB/in (Frequency: 4Hz), Ultra low loss materials that apply to Server boards have passed sample test. The 20-layer board of thickness 3.0mm (ultra low loss) material has been approved by customers, and the related materials and technologies of 5G generation application are also under active development.
   (2) Thinned fine-line product: Process capability of 12 layers of any layer 24 mil thickness thinning is possessed and sample test is approved. In the meantime, we have successfully mass-produced products of 4 layers of 10 mil thickness thinning with cavity design and products of microphone module (MEMS) with 20mil deep cavity design.
   (3) Rigid-Flex board and routable products: The process capability of 3oz copper thick automotive charging station display product is possessed, sample has been sent for approval, high-reliability high-capacity SSD Rigid-Flex stack of 4 layer flex board with 12 layer rigid board product has completed sample approval. For medical product which used in the continuous blood glucose detection that implanted in human body complies with the US FDA and ISO 10993 medical certification products, has completed product functional testing.
   (4) High-frequency millimeter wave (mmWave) products: 24GHz automotive millimeter-wave radar has reached the mass production scale and continues to ship stably; 77&79GHz products have been approved by many major customers and are in the large-scale production in 2019. Other high-frequency products are used in satellite communications and 5G telecommunications-related products will continue to develop new materials and sample certification.
   (5) High heat radiation products: The thick copper and embedded copper used in communication high frequency receiver, electric vehicle charging pile and automobile engine control module/automobile relay have completed 4oz product sample test approval, 6oz/8oz products are under process improvement, meanwhile the products of 12oz are under the process of material and process development; the high-frequency power amplifier product is in the process development stage; the Busbar product completes the sample development test and continues the process capability improving and optimizing.

(D) Short and Long-term Business Development Plan

1. Short-term business plan

(1) Marketing plan

- Develop high margin products such as HDI, Rigid-Flex, green products, and high-frequency high-speed related applications.
- Expand niche products such as electronic products for automobiles, SSD, cloud server, 5G.
- Strengthen the ties with overseas locations and agents, grasp business opportunities, and cultivate customers.
- Strengthen the customer support for timely delivery, quality, technicality, and service.

(2) Production plan

- To respond to the plan of new products development and the plant expansion, successor training is being carried out actively, to prevent the talent shortage during the implementation of the plan.
- As for the continuous promotion of the performance management system, the President's crew “DynamicX iLearning“, promoted the “Quantitative Performance of Team and Position” activity in March, 2018, all the members of the team work together to achieve goals and share the bonus brought by work performance. It is used to promote performance management downwards to the units and to individuals. The effects are obvious after 12 months of implementation, the turnover rate, production efficiency and quality are all improved, thereby competitiveness is boosted by cost reduction.
- Taoyuan Plant and Kunshan Plant completed the AS9100D aviation aerospace quality management system certification, and established a complete manufacturing and quality control system for PCB of aviation and aerospace. In addition, to meet the needs of customers, it is planned to complete the setting and certification of ISO13485 medical device quality management system in year 2019, the highest management combined with the operating management to run the quality management system. Actively require the staff to fully carry out energy conservation and waste reduction, and to enhance safety and quality awareness.
- Focusing on the use of automation + intelligence + networking to reduce manpower demand and stabilize output and yield. By means of the new system’s capacity for collecting and analyzing data in large numbers. The information can be provided for the managers of various units to adjust and improve the precision of the products and the accuracy of the management to achieve efficient and accurate operational performance.
- Huangshi Plant II plans to introduce AGV (auto guided vehicle). The target is to have double-sided board go from material issuing to inventory within 72 hours.

- IE team collaborating with automation team and discuss with the manufacturing team about how to shorten the process and shorten the seconds of working hours, so the lead time from material purchase to delivery can be shortened, and create greater profits.
- Actively promote environmental protection and energy conservation campaigns, including: reducing the use of natural resources and toxic substances and pollutants through green procurement; building 800 pin high-efficiency rooftop solar modules on the roof; using natural gas as a boiler fuel, and reduce the potential public disaster risk of a large amount of fuel oil storage; replace the old rotary-screw air compressor with a centrifugal air compressor to improve energy efficiency.
- In terms of waste reduction, continue to classify and find recycling pipelines for process outputs that cannot be recycled and reused at present, so as to improve recycling rate; continue to cooperate with the government's copper self-management plan to reduce harmful pollutant emissions. Install automatic inspecting equipment at the discharge port to ensure that the discharge water quality meets the regulations.

(3) R&D plan
- Semi flex technology
- 2 mil / 1.6 mil fine lines
- High end 16 and more layer board registration technology
- 4~6 Oz thick copper and buried embedded copper technology
- Back-drilling and cavity technology
- Mix material for high speed high frequency product
- 24Ghz, 28GHz, 39GHz, 60GHz, 77Ghz, 79GHz microwave millimeter wave high frequency technology
- 10 layer and above Rigid-Flex Board

2. Long-term business plan

(1) Marketing plan
- Searching for highly niche products
- Establishing long-term relationship with customers
- Participating in major international events, to open up the specific strategic markets.
- Cooperating and exchanging professional resources with foreign PCB companies who possess technical competence and patent, in order to obtain recognition from the end customer.

(2) Production plan
- Huangshi Plant I has begun production, and is actively planning to build plant II. Besides building the general through-hole automotive board production line, Huangshi Plant II is planned to have a rigid-flex production line, HDI (high density interconnect) line, HLC (high layer count) line, and super high-frequency and high-speed radar board line.

(3) R&D plan

- <1.6 mil SLP fine line process development
- Multiple net via technology process development
- Low warpage laminate technology process development
- Embedded passive component process development
- LCP flexible high-frequency materials and millimeter wave high frequency alternative new material process development
- 12oz heavy copper high heat dissipation material process development
- New products and new processes of environmental protection, waste reduction and energy-saving

B. Market and Production/Sales Conditions

(A) Market Analysis

1. Sales Locations for Major Products

Unit: NTD thousands

Year / Sales Location		2018 Consolidated	
		Sales Amount	Ratio %
Domestic		744,613	5.70%
Export	China	5,475,582	41.93%
	Thailand	1,187,246	9.09%
	Korea	1,025,054	7.85%
	Germany	981,815	7.52%
	USA	841,828	6.45%
	Malaysia	551,039	4.22%
	Other countries	2,251,108	17.24%
Total		13,058,285	100.00%

Note: Revenue is categorized based on the location of the client who placed sales order.

2. Market Share

Unit: 100M NTD

Year / Item	2017	2018
Value of cross-strait Taiwanese businesses in PCB industry	6,192	6,514
Dynamic Electronics' consolidated revenue	116	131
Dynamic Electronics' consolidated revenue/value of cross-strait Taiwanese businesses in PCB industry (%)	1.87%	2.01%

Source: IEK of ITRI

3. Future Market Supply and Demand Conditions and Possibility of Growth

In the foreseeable future, PCB will still be in a situation of oversupply.

In terms of products, computer and tablet continue to shrink; smartphone grows slowly. In the next five years, it is estimated that the fast-growing new products will surround the use of 5G and green energy vehicles, including: Internet of things, auto pilot vehicles, unmanned aircraft, smart homes, wearable devices, virtual reality, medical care, robotics, high-frequency signal transceivers, 400G high speed transmission, wireless chargers, electric vehicle charging piles, medium-low orbit satellite, logistics and automatic storage.

4. Niche Competitiveness

Niche competitiveness of the Company includes:

(1) Quality products that have received widespread recognition both locally and internationally, allowing for market expansion and in developing clients.

(2) Obtained various certificates of quality system and management system such as ISO-9001, ISO-14001, ISO-14064-1, OHSAS18001, QC080000,

IATF16949, AS9100D, ISO50001 etc., which enhances the competitiveness of the Company's products in the global market, and allowing for the Company to successfully expand business scope.

(3) Possessing excellent production skills and R&D capability.

(4) Having established the model of dividing production tasks among cross-strait three plants to provide customers with quick delivery and services.

(5) Continues to expand high-end production competency and establish automation and industry 4.0.

(6) Established team performance management and reward system to create a lower turnover rate than peers.

(7) The newly-built Huangshi Factory has a high degree of automated production, automatic collection, analysis and control of electronic messages, Automated Guided Vehicle transporting system, as well as high degree electronic management of vehicle numbers, face recognition, etc.

5. Favorable and Unfavorable Factors for Future Development and Their Countermeasures

(1) Favorable factors

a. With the widespread popularity of the Internet and the development of wireless communication market and products, the personal mobile devices and their peripheral industries have developed throughout the world. Plus 5G is about to be released for trial use, the data transmission speed will be 10 times of 4G, and the expected amount of data will be 100 times of current amount. Moreover, with products such as cloud computing, Big Data, the Internet, wearable products continuing to innovate, the demand for PCB will continue to rise.

b. The increase in electronic products for automobiles, green energy vehicles and the development of electric vehicles and auto-driving technologies are bringing forth new market and opportunities for the PCB.

c. Conforming to industry development trends, the Company has continuously devoted itself into purchasing new machinery, strives toward new product development and the enhancement of production technology. Moreover, through the production procedure management accumulated over the years and catering to client needs, maintaining excellent quality and stability, the Company has enhanced the added-values of products and market competitiveness, and received widespread recognition from customers.

d. Most of the Company's clients are world-renowned large-scale firms. To offer comprehensive service for clients and to avoid impacts from price wars from competing firms, the Company actively expands and builds global marketing channels to gradually enhance the ratio of external sales. In addition to providing instant, on-the-spot customer technical support and after-sales service, strengthen business relationships, the Company will be able to collect local market information and grasp market and product development trends faster, continue to develop

potential new products and new clients, so that future business can experience long-term steady growth.

e. With advances in medical technology and the retirement of baby boomers, Medicare needs of elderly is gradually enlarged, the medical equipment products that the company has been planning on developing since long ago will continue to grow.
f. To meet the future development needs, the second production base in China has been built in Huangshi, Wuhan, and production started at the end of the third quarter of 2017. In year 2018, the quality, cost, and delivery period have stabilized, the competitiveness was clearly seen. Dynamic is committed to making Huangshi factory an automated and informative smart factory, which also attracts the favor of major international customers. The Huangshi Plant will be the focus of the Group's future development.
g. Owing to US-China trade war in year 2018, some customers' production bases gradually moved back from mainland China to Taiwan, creating new opportunities for Taoyuan plant and providing more diversified cooperation opportunities.

(2) Unfavorable factors and countermeasures

a. Oversupply, many competitors, and competitors wage price wars
Countermeasure: develop potentially niche products, avoid price wars in existing products, and actively attain various certifications, enter different fields and expand new business opportunities.
b. Clients demand routine price reduction, hurting profit
Countermeasure: exert labor efficiency, strengthen production management, enhance production yield, and lower production cost, making the most of the benefits of automation. Seeking long-term cooperation with excellent suppliers, signing long-term strategic partnership agreements, develop new customers, select suitable products, restructure product structure, and optimize product portfolio.
c. Labor shortage and labor cost is steadily rising over the years
Countermeasure: improve work environment, optimize welfare measures, enhance staff solidarity and recognition. Enhance staff training, reward system for raising proposals, and encourage innovation and improvement. Develop a mentoring system to reward senior employees for teaching and caring for new employees. Additionally, to accelerate the transitioning to the automation of manufacturing process and reduce the burden on manpower.
d. Environmental cost is steadily rising
Countermeasure: Enhancing the management mechanism of energy saving and waste reduction, reduce waste water discharge; Increase plant’s disposal equipment and capacity, adding water reuse equipment and special condense wastewater silt drying equipment to reduce producing hazardous wastes and reduce disposal costs.

e. Fluctuations in exchange rates affect the Company's operations and profitability
Countermeasures: maintain close contact with the foreign exchange units of banks, attain information pertaining to fluctuations in exchange rates and suggestions on ways to hedge these risks at any given time. Reasonably adjust the accounts that consist of solely foreign currency to lower the risk of fluctuations in exchange rates.

f. The debt ratio is too high
Proactively improve profitability, and no capacity expansion for the time being.

g. Raw materials shortage and price increases
Countermeasure: Maintain long-term business relationship with strategic suppliers, remain high interaction between two sides to avoid the crisis of material cutoff, continue to develop new suppliers to increase the supplier selection; strengthen the internal cost management system to reduce idle material and avoid wasting, to maintain the positive inventory. Maintain stable and close cooperative relations with key vendors to grasp the upstream and downstream raw materials price trends and capacity changes, in order to adjust the factory inventory level in advance and to reduce the impact of price increases.

h. Valuing work safety awareness
Countermeasures: Continue self-checking and self-correction of unsafe work factors in the workplace. Arrange all levels of supervisors to perform safety staff training to raise safety awareness across the plant. The factory head supervisor takes the lead to audit hidden dangers on-site so as to demonstrate the determination of improvement. Outsource external experts to perform factory audit.

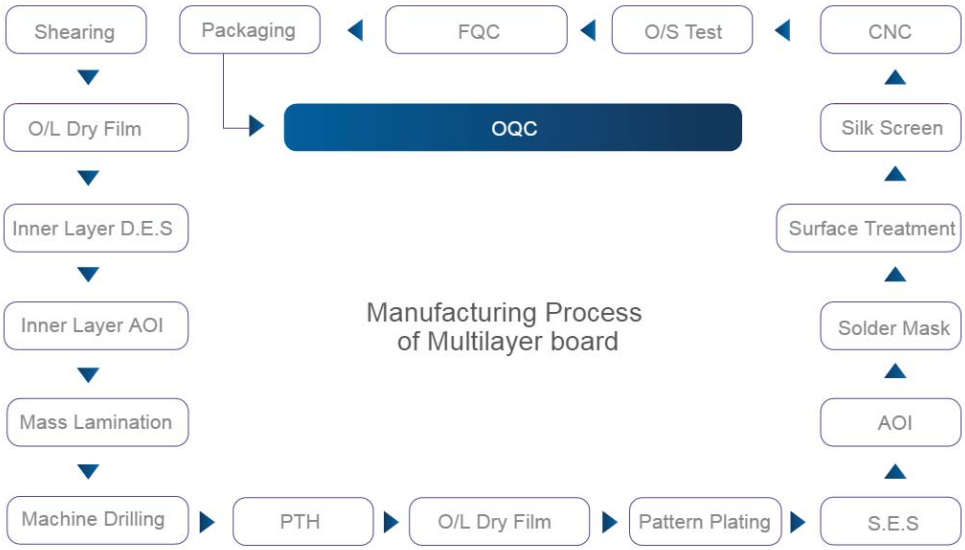
(B) Important Applications and Production Processes of Major Products

1. Important Applications of Major Products

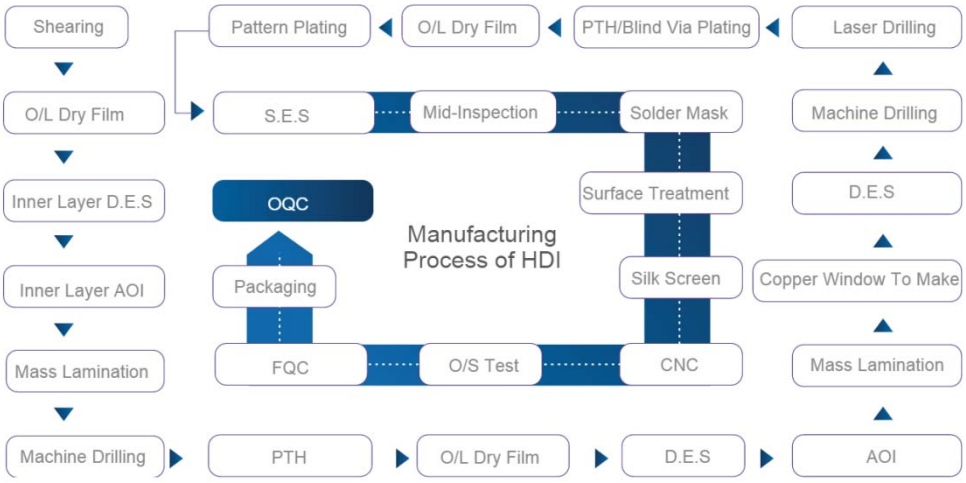
Product Type	Major Applications
Double-sided PCB	LED substrate, Automotive, TV controller etc.
Multilayer PCB	Storage devices, TFT-LCD, Set-top box, Communication board, Automotive, Notebook, Server, Industrial computers etc.
HDI	Car GPS/ADAS/Camera module , TFT-LCD, Tablet, Communication board, Medical products etc.
Rigid-Flex	Camera modules, TFT-LCD, Game console, Wearable devices etc.
High-frequency PCB	Car Radar, Power amplifiers, Filters, Smart homes, Smart road networks, Antennas, etc.

2. Manufacturing Process

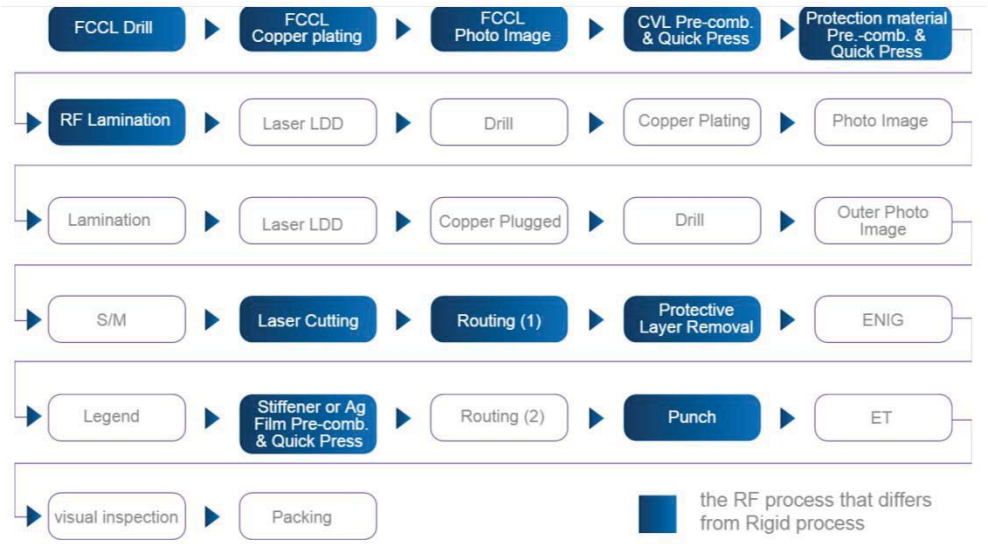
(1) Conventional



(2) HDI



(3) Rigid-Flex



(C) Supply Status of Major Raw Materials

The Company's primary raw materials include laminate, copper foil, and prepreg etc. Primary purchasing sources are domestic vendors that have all established long-term, stable relationships with the Company to assure quality, price, delivery date, service, and stable availability. The primary vendors of each of the primary raw material are listed below:

Major Raw Material	Major Supplier
Core	Iteq, Nanya, Elite, Sheng-yi, TUC, Panasonic Industrial Devices Material Taiwan
PP	Iteq, Nanya, Elite, Sheng-yi, TUC, Panasonic Industrial Devices Material Taiwan
FCCL	Panasonic, Doosan, ThinFlex, Nippon Steel
CVL	TaiFlex, ThinFlex, Microcosm Technology
Dry Film	Eternal Materials, Chang Chun, Hitachi, DuPont, Asahi Kasei
Copper Foil	Nanya, Chang Chun, Co-Tech

(D) For the recent two years, please list all vendors/ customers who have exceeded 10% of the Company's total purchasing/ selling for any given year, including the amount of its purchase/ sales amount and ratio, and explain the reasons of the changes in decreases/ increases.

1. Major vendors for the most recent two years:

Unit: NTD thousands

	2017 Consolidated				2018 Consolidated			
Item	Name	Amount	% of that year's net purchasing	Relationship with the issuer	Name	Amount	% of that year's net purchasing	Relationship with the issuer
1	A	978,503	15.33%	None	A	1,244,631	16.54%	None
2	B	657,592	10.30%	None	B	577,444	7.68%	None
3	Others	4,747,197	74.37%	None	Others	5,701,630	75.78%	None
	Net purchasing	6,383,292	100.00%		Net purchasing	7,523,705	100.00%	

Analysis: The Company's major purchases are core, PP, copper foils, etc. In the most recent two years, only one to two suppliers accounted for more than 10% of net purchases in the whole year. And the highest proportion is 16.54%, not having significant impact on the company.

2. Major customers for the most recent two years:

Unit: NTD thousands

	2017 Consolidated				2018 Consolidated			
Item	Name	Amount	% of that year's net sales	Relationship with the issuer	Name	Amount	% of that year's net sales	Relationship with the issuer
1	A	1,112,313	9.55%	None	A	1,241,079	9.51%	None
2	B	933,435	8.01%	None	B	1,213,432	9.29%	None
3	Others	9,600,695	82.44%	None	Others	10,603,774	81.20%	None
	Net sales	11,646,443	100.00%		Net sales	13,058,285	100.00%	

Analysis: In the recent two years, no customer accounts for more than 10% of annual net sales, which posed no significant influence over the overall Company.

(E) Production output quantity and value for the past two years

Unit: thousands square feet; thousands piece; NTD thousands

Year / qty/value / Major products	2017			2018		
	Capacity	Quantity	Value	Capacity	Quantity	Value
Double-sided PCB	9,600	7,603	1,655,111	9,000	8,275	1,817,345
Multilayer PCB	23,600	21,563	7,198,424	29,400	26,896	9,010,378
Total	33,200	29,166	8,853,535	38,400	35,171	10,827,723

Note 1: Production capacity means after factoring necessary halts and holidays, the quantity that the Company is capable of producing under normal operations with present production equipment.

Note 2: Since production of each layer of product can replace and support each other, hence the overall production capacity is disclosed.

(F) Sales volume for the past two years

Unit: thousands piece; NTD thousands

Year / qty/value / Major products	2017				2018			
	Domestic sales		Export		Domestic sales		Export	
	Q'ty	Value	Q'ty	Value	Q'ty	Value	Q'ty	Value
Double-sided PCB	196	58,532	8,366	2,054,723	97	33,208	8,977	2,210,890
Multilayer PCB	1,535	737,456	22,003	8,795,732	935	707,349	24,990	10,069,820
Others	0	0	0	0	0	0	0	37,018
Total	1,731	795,988	30,369	10,850,455	1,032	740,557	33,967	12,317,728

C. From the most recent two years to the date on the annual report, the number of workers, average years of service, average age, and distribution ratios of education

Year - consolidated		2017	2018	2019/3/31
Number of workers	Direct workers	4,577	4,884	4,544
	Indirect workers	1,765	1,958	1,841
	Total	**6,342**	**6,842**	**6,385**
Average age		30.52	31.13	31.57
Average years of service		2.44	2.44	2.6
Distribution of education	Ph.D.	3	3	3
	Master	21	22	22
	University	939	1,111	1,091
	High school	1,350	1,386	1,302
	Below high school	4,029	4,320	3,967
	Total	**6,342**	**6,842**	**6,385**

Note: The increase in the number of people in 2018 was due to the increase in production of the HuangShi Plant in the year of 2018, and the increase in manpower demand;
The decrease in the number of people in the first quarter of 2019 was due to the decrease in working hours during the Spring Festival and the departure of staff after the Spring Festival.

D. Environmental Expenditure Information
   (A) Taoyuan plant: Total environmental expenditure of year 2018 was NTD 28.50 mil.
   (B) Kunshan plant: Total environmental expenditure of year 2018 was RMB 93.39 mil.
   (C) Huangshi plant: Total environmental expenditure of year 2018 was RMB 10.64 mil.

E. Employer and Employee Relations
   (A) List out various employee welfare measures, advanced studies, training, retirement plan and its implementation, as well as negotiations between the employers and employees and steps taken to maintain various employee benefits
      1. Employee welfare measures
         Employees are important Company assets. To provide adequate care to the employees, in addition to full compliance to the Labor Law, the Company has various other measures to take care of its employees.
         (1) Offers free meals.
         (2) Refined kitchenette with fair trade coffee.
         (3) Free uniform.
         (4) First-rate dormitories for foreign employees, offering satellite TV, newspapers in their native language, hot water for 24 hours, entertainment facilities, and gym etc.
         (5) Free parking lot.
         (6) The Company sponsors and encourages students to participate in healthy activities such as marathon.
         (7) Routinely hosts carnivals and sports days.
         (8) Set up suggestion box for unfair treatment and ensures that suggestions are answered.
         (9) Employee group insurance.
         (10) Implement year-end bonus, holiday bonuses, performance bonus, and dividend structure.
         (11) Whenever an employee of the Company gets married, gives birth, dies or becomes amputated, there is always aid or pension etc.
         (12) Employee health check-up on a routine basis every year.
         (13) Set up medical grade blood pressure and sphygmic-meters to help employees monitor their health.
         (14) Set up library and employees can borrow books for free.
         (15) On-site and external skills training program for employees.
         (16) Foreign language classes for employees.
         (17) Aid for continuing education training for employees, and professional class for senior management.
         (18) Various employee activities such as tourism and staff gatherings.
         (19) Employees self-organizing clubs of their references, the company grants subsidies, enriches life after work and enhances horizontal communication channels.

      2. Continuing studies and training system
         Our primary training plan includes educational training for new recruits, managerial capacity training, professional skills training, quality enhancement

training, liberal arts class training etc. And the Company also conducts transferred personnel job training and employee job rotation, so that employees can be familiar with different kinds of work and learn different techniques. The actual hours of education training of year 2018 is 19.5 hours per person.

3. Retirement Structure
   (1) Since Jul. 1, 2005, The Company has implemented labor retirement policy, and utilizes a defined contribution system. Upon implementation, an employee is able to choose from between retirement policies in the Labor Standards Act, or to use this policy and to keep the working years prior to its implementation. For the employees who choose this new policy, the Company has entrusted actuaries to calculate, and the Company will be responsible of allocating 2% - 15% of the employee's salary into retirement reserved funds, which is saved in the accounts for retirement funds in the Central Trust under the name of "Committee for Supervising the Employee Retirement Fund." The Company has also attained permission from the Taoyuan City government to host meetings for the Committee for Supervising the Employee Retirement Fund every three months. The Committee is responsible for supervising and verifying tasks such as setting aside the labor retirement reserved funds, savings and expenditures etc. After July 2005, complying with the government policy of using individual retirement reserved fund accounts, the Company sets 6% of labor salary as labor retirement reserved funds, and saves this amount in the individual labor retirement reserved fund account.
   (2) In order to offer employees more flexibility in planning their career and life, the Company has successfully established the management policy for the golden handshake, and reported this to the authorities for approval.
   (3) Under the planning of the remuneration committee in year 2010, the Company will entrust the manager retirement management policy, in order to establish a more comprehensive personnel retaining system.

4. Other important agreements and various measures to protect employee benefit
   (1) The employers and employees of the Company mostly utilize communications to solve various problems and maintain positive communication channels, in order to build mutual understanding and effectively enhance the coherence of all employees.
   (2) The Company routinely hosts employer-employee meetings, including various departmental meetings, employee benefit committee meetings, employer-employee meetings, retirement fund supervisory committee, Occupational Safety and Health Committee, and Industrial Safety Conference etc., with the objective of understanding employee needs and attaining mutual understanding.
   (3) In year 2018, the Kunshan factory did not have any labor lawsuits or litigation cases, nor was there any fine for the violation of the labor law. In addition, in accordance with the policy requirements, the dispute mediation room of labor was set up in the factory. Kunshan factory received a bronze medal from the

labor department of Kunshan Development Zone, and it is planned to apply for the title of “Kunshan Harmonious Enterprise” in year 2019, and with continuous good works, further application for Suzhou-level Harmonious Enterprise will be available as all.

(B) Clearly list out losses sustained from employee-related disputes from the most recent year to the date on the annual report, and disclose estimates (in dollar amount) of what could happen currently and in the future and their countermeasures. If unable to provide a reasonable estimate, a company should explain the facts that it is unable to rationally estimate.

1. In year 2018, the Kunshan factory encountered a case of employee death (considered the work-related injuries) and online gambling. After properly pacified the family of the deceased and dismissed the employee who organized the gambling in a reasonable and legal way, there was no loss resulted from labor disputes. In addition, the fire incident did not cause any casualties, and property losses were also confirmed and recovered in the short time.
2. In the future, the Company will continue to maintain positive employer-employee relationship through emphasizing employee benefit measures and providing smooth communication channels. The Company does not anticipate that any significant employee-related disputes will occur, nor will it lead to any significant losses in the future.

F. Important Contracts: none.

VI. Financial Overview

A. Concise Balanced Sheet and Income Statement for the past 5 years

(A) Concise Balance Sheet

1. Concise Balance Sheet - Consolidated

Unit: NTD thousands

Item \ Year		Financial Information for the past five years (Note 1)				
		2014	2015	2016	2017	2018
Current assets		5,799,053	6,073,389	6,267,294	6,828,137	7,761,251
Real estate, factories and equipment		5,042,156	4,505,619	3,425,029	4,845,857	5,940,726
Intangible assets		8,887	10,183	17,967	24,256	20,836
Other assets		167,485	178,429	467,895	499,141	585,792
Total assets		11,017,581	10,767,620	10,178,185	12,197,391	14,308,605
Current liabilities	Prior to allocation	4,968,770	5,418,099	5,430,727	5,479,622	7,963,984
	After distribution	4,968,770	5,418,099	5,430,727	5,479,622	(Note 2)
Non-current liabilities		1,224,224	749,963	472,865	2,510,000	2,415,121
Total liabilities	Prior to allocation	6,192,994	6,168,062	5,903,592	7,989,622	10,379,105
	After distribution	6,192,994	6,168,062	5,903,592	7,989,622	(Note 2)
Equity from parent company		4,778,544	4,554,287	4,274,593	4,207,769	3,929,500
Capital stock		2,860,594	2,810,594	2,810,594	2,810,594	2,810,594
Paid-in capital		1,060,950	1,061,873	1,061,873	1,061,873	1,061,873
Retained earnings	Before distribution	654,167	555,108	565,366	579,040	340,292
	After distribution	654,167	555,108	565,366	579,040	(Note 2)
Other equity		202,833	126,712	-163,240	-243,738	-283,259
Treasury stock		0	0	0	0	0
Non-controlling interest		46,043	45,271	0	0	0
Total equity	Before distribution	4,824,587	4,599,558	4,274,593	4,207,769	3,929,500
	After distribution	4,824,587	4,599,558	4,274,593	4,207,769	(Note 2)

Note 1: The above annual financial information has been verified by certified public accountant.
Note 2: The resolution is finalized after the resolution of the shareholders meeting.

2. Concise Balance Sheet - Individual

Unit: NTD thousands

Item \ Year		Financial information for the past five years (Note 1)				
		2014	2015	2016	2017	2018
Current assets		3,587,235	2,589,507	2,172,653	1,657,483	1,901,813
Investment using the Equity Method		4,014,866	4,195,000	4,246,831	4,485,504	4,116,359
Real estate, plants and equipment		832,192	793,098	650,262	618,245	540,973
Intangible assets		4,382	6,312	13,012	11,298	5,380
Other assets		119,232	130,697	157,258	199,853	257,645
Total assets		8,557,907	7,714,614	7,240,016	6,972,383	6,822,170
Current liabilities	Prior to distribution	3,022,194	2,578,138	2,597,306	1,963,885	2,169,308
	After distribution	3,022,194	2,578,138	2,597,306	1,963,885	(Note 2)
Non-current liabilities		757,169	582,189	368,117	800,729	723,362
Total liabilities	Prior to distribution	3,779,363	3,160,327	2,965,423	2,764,614	2,892,670
	After distribution	3,779,363	3,160,327	2,965,423	2,764,614	(Note 2)
Equity from parent company		4,778,544	4,554,287	4,274,593	4,207,769	3,929,500
Capital stock		2,860,594	2,810,594	2,810,594	2,810,594	2,810,594
Paid-in capital		1,060,950	1,061,873	1,061,873	1,061,873	1,061,873
Retained earnings	Before distribution	654,167	555,108	565,366	579,040	340,292
	After distribution	654,167	555,108	565,366	579,040	(Note 2)
Other equity		202,833	126,712	-163,240	-243,738	-283,259
Treasury stock		0	0	0	0	0
Total equity	Before distribution	4,778,544	4,554,287	4,274,593	4,207,769	3,929,500
	After distribution	4,778,544	4,554,287	4,274,593	4,207,769	(Note 2)

Note 1: The above annual financial information has been verified by certified public accountant.
Note 2: The resolution is finalized after the resolution of the shareholders meeting.

(B) Concise Income Statement

1. Concise Income Statement - Consolidated

Unit: NTD thousands

Item \ Year	Financial information for the past five years (Note 1)				
	2014	2015	2016	2017	2018
Revenue	10,755,314	11,150,214	11,791,838	11,646,443	13,058,285
Operating Margin	1,716,604	1,444,855	1,224,561	1,239,845	1,156,213
Operating Income	286,222	(160,129)	1,662	41,572	(4,595)
Non-operating income/expenses	8,408	67,159	40,784	(38,536)	(232,227)
Pre-tax net profit	294,630	(92,970)	42,446	3,036	(236,822)
Net profit for this period for continuing operating units	239,200	(92,971)	12,828	9,094	(240,885)
Loss from termination of business unit	0	0	0	0	0
Net profit (loss) for this period	239,200	(92,971)	12,828	9,094	(240,885)
Other accumulated profit/loss for this period (after-tax net value)	155,702	(81,314)	(290,394)	(75,918)	(37,384)
Total comprehensive profit (loss) for this period	394,905	(174,285)	(277,566)	(66,824)	(278,269)
Net profit for parent company	243,927	(93,866)	10,700	9,094	(240,885)
Net profit for non-controlling interest	(4,727)	895	2,128	0	0
Comprehensive profit/loss for parent company	399,632	(175,180)	(279,694)	(66,824)	(278,269)
Comprehensive profit/loss for non-controlling interest	(4,727)	895	2,128	0	0
Earnings per share	0.85	(0.33)	0.04	0.03	(0.86)

Note 1: The above annual financial information has been verified by certified public accountant.

2. Concise Income Statement - Individual

Unit: NTD thousands

Item \ Year	Financial information for the past 5 years (Note 1)				
	2014	2015	2016	2017	2018
Revenue	8,886,457	7,010,679	5,575,299	4,620,391	4,316,209
Operating Margin	428,366	413,154	275,720	173,907	127,809
Operating Income	(391,332)	(197,033)	(173,979)	(159,751)	(181,510)
Non-operating income/expenses	690,689	103,167	184,679	168,845	(97,126)
Pre-tax net profit	299,357	(93,866)	10,700	9,094	(278,636)
Net profit for this period for continuing operating units	243,927	(93,866)	10,700	9,094	(240,885)
Losses for terminated business unit	0	0	0	0	0
Net profit (loss) for this period	243,927	(93,866)	10,700	9,094	(240,885)
Other accumulated profit/loss for this period (after-tax net value)	155,705	(81,314)	(290,394)	(75,918)	(37,384)
Total comprehensive profit (loss) for this period	399,632	(175,180)	(279,694)	(66,824)	(278,269)
Earnings per share	0.85	(0.33)	0.04	0.03	(0.86)

Note 1: The above annual financial information has been verified by certified public accountant.

(C) CPA Names and Opinions for the Past Five Years

Year	CPA's Accounting Firm	Names of CPA	Opinion
2014	Ernst & Young Taiwan	Ching-Piao Cheng, Mao-Yi Hung	Unqualified opinion
2015	Ernst & Young Taiwan	Ching-Piao Cheng, Mao-Yi Hung	Unqualified opinion
2016	Ernst & Young Taiwan	Ching-Piao Cheng, Mao-Yi Hung	Unqualified opinion
2017	Ernst & Young Taiwan	Ching-Piao Cheng, Mao-Yi Hung	Unqualified opinion
2018	Ernst & Young Taiwan	Ching-Piao Cheng, Mao-Yi Hung	Unqualified opinion

B. Financial Analysis for the Past Five Years

(A) Financial Analysis - Consolidated

Item to be analyzed (Note 2) \ Year		Financial Analysis for the past five years (Note 1)				
		2014	2015	2016	2017	2018
Financial structure	Debt to asset ratio (%)	56.21	57.28	58.00	65.50	72.54
	Long-term funds to fixed asset ratio (%)	119.96	118.73	138.61	138.63	106.80
Debt payback ability	Liquidity ratio (%)	116.71	112.09	115.40	124.61	97.45
	Current ratio (%)	90.32	85.60	86.86	86.33	67.58
	Interest protection multiples	5.11	(0.66)	2.03	1.03	(0.21)
Operational ability	Receivables turnover (times)	3.22	3.23	3.42	3.44	3.54
	Average collection turnovers (days)	113	113	107	106	103
	Inventory turnover (times)	7.67	7.25	7.68	7.05	6.58
	Payables turnover (times)	5.05	5.06	4.91	4.60	5.12
	Average inventory turnover (days)	48	50	48	52	55
	Fixed asset turnover (times)	2.20	2.34	2.97	2.82	2.42
	Total asset turnover (times)	0.99	1.02	1.13	1.04	0.99
Profitability	Return on assets (%)	2.76	(0.43)	0.45	0.74	(0.59)
	Return on equity (%)	5.17	(1.97)	0.29	0.21	(5.92)
	Profit before tax to paid-in capital ratio (%)	10.30	(3.31)	1.51	0.11	(8.43)
	Net Profit Margin (%)	2.22	(0.83)	0.11	0.08	(1.84)
	Earnings per share (NTD)	0.85	(0.33)	0.04	0.03	(0.86)
Cash flow	Cash flow ratio (%)	17.95	16.08	9.98	1.53	(5.64)
	Cash flow adequacy ratio (%)	96.34	112.05	106.26	65.24	30.35
	Cash reinvestment ratio (%)	7.45	7.38	5.02	0.65	(3.49)
Leverage	Operating leverage	2.05	(6.23)	759.16	28.52	(282.52)
	Financial leverage	1.33	0.74	(0.04)	(0.88)	0.02

Explanation of reasons for changes in various financial ratios in the most recent two years (up or down by 20%)

1. Long-term funds as a percentage of real estate, plant and equipment: Mainly due to the increase in net amount of real estate, plant and equipment during the period.
2. Current ratio and quick ratio: Mainly due to the increase in short-term borrowings during the period.
3. Interest coverage ratio: Mainly due to the increase in loss and interest expense in the period.
4. Return on assets: Mainly due to the increase in loss and interest expenses in the period.
5. Return on equity, net profit ratio of paid-up capital before tax, net profit ratio, earnings per share: Mainly due to loss in the period.
6. Cash flow ratio, cash flow adequacy ratio, cash reinvestment ratio: Mainly due to the loss, and the net cash outflow of business activities during the period.
7. Operating leverage: Mainly due to operating losses during the period.
8. Financial leverage: Mainly due to the increase in operating losses and interest expenses.

Note 1: The above annual financial information has been verified by certified public accountant.
Note 2: The calculation formulas of financial ratios are as follows:

1. Financial structure
   (1) Debt to asset ratio = total liabilities / total asset
   (2) Long-term funds to fixed asset ratio (%) = (total equity + non-current liabilities) / net real estate, factory plants and equipment
2. Debt payback ability
   (1) Liquidity = current assets / Current liabilities
   (2) Current ratio = (current assets – inventory – prepaid expense) / Current liabilities
   (3) Interest protection multiple = income tax and net income before interest / interest expense for this period
3. Operational ability
   (1) Receivable (including accounts receivable and bills receivable from operations) turnover ratio = net sales / accounts receivables and outstanding bills receivable
   (2) Average collection turnovers = 365/accounts receivable ratio
   (3) Inventory turnover = cost of goods sold / amount of average stock
   (4) Payables turnover ratio = payables (including accounts payable and bills payable from operations) cost of goods sold / accounts payables and bills payables
   (5) Average inventory turnover = 365 / payables turnover ratio
   (6) Fixed asset turnover = net sales / net fixed asset
   (7) Total asset turnover = net sales / average total asset
4. Profitability
   (1) Return on assets = (profit or loss after tax + interest expense x (1 – interest rate))/average total asset
   (2) Equity ratio = profit or less after tax / average total equity
   (3) Net profit margin = profit or loss after tax / net sales
   (4) Earnings per share (EPS) = (equity from parent company – preferred stock dividend) /weighted average of issued shares (note 3: preferred stock dividend)
5. Cash flow
   (1) Cash flow ratio = net operational cash/Current liabilities
   (2) Net cash flow adequacy ratio (%) = net operating cash flow for the past 5 years / (capital expenditure + increase in inventory + cash dividend for the past 5 years)
   (3) Cash reinvestment ratio = (net operating cash flow – cash dividend) / (fixed asset + long-term investment + other non-current assets + operational funds) (note 4)
6. Leverage
   (1) Operational leverage = (net revenue – changes in operating cost and expenses) /operating profit
   (2) Financial leverage = operational income / (operational income – interest expense)

Note 3: When considering the calculation formula of EPS, please pay special notice to the following:
1. This uses weighted average number of common stock as basis, rather than the issued stock by year end.
2. Those that have increases in cash or treasury stock should consider its circulation period in calculating weighted average number of shares.
3. Those that have reinvestment from earnings or increases in paid-in capital, in calculating EPS for past years and half-year, should adjust retroactively according to the ratio of increases, and do not need to take their release period into consideration.
4. If preferred stocks are accumulated preferred stock that cannot be transferred, then the share dividend (whether paid out) for that year should be subtracted from the profit after tax, or add onto loss after tax. If the preferred stock is non-accumulative in nature, when there is profit after tax, the dividend from preferred stock should be subtracted from profit after tax, but if there is loss, then no adjustment is necessary.

Note 4: When taking cash flow analysis into consideration, please pay special attention to the following:
1. Net operational cash flow refers to the operational net cash flow inflow in the cash flow statement.
2. Capital expenditure refers to the amount of cash outflow of capital investment each year.
3. Inventory increase is not calculated until when the ending inventory is greater than the opening balance. If inventory decreases by year end, this will be counted as zero.
4. Cash dividend includes cash dividend for common and preferred stock.
5. Gross fixed asset refers to the total fixed asset after deducting fixed asset prior to accumulated depreciation.

(A) Financial Analysis - Individual

Item to be analyzed (Note 2) \ Year		Financial Analysis for the past five years (Note 1)				
		2014	2015	2016	2017	2018
Financial structure	Debt to asset ratio (%)	44.15	40.97	40.96	39.65	42.4
	Long-term funds to fixed asset ratio (%)	665.00	647.44	713.72	810.12	860.09
Debt payback ability	Liquidity ratio (%)	118.70	100.44	83.65	84.40	87.67
	Current ratio (%)	98.72	86.31	71.59	68.68	74.8
	Interest protection multiples	20.34	(3.88)	1.57	1.45	(9.28)
Operational ability	Receivables turnover (times)	3.58	3.07	2.97	3.04	3.15
	Average collection turnovers (days)	102	119	123	120	116
	Inventory turnover (times)	15.17	13.74	16.72	16.09	17.01
	Payables turnover (times)	4.36	3.56	3.61	3.69	4.24
	Average inventory turnover (days)	24	27	22	23	21
	Fixed asset turnover (times)	11.25	8.63	7.73	7.28	7.45
	Total asset turnover (times)	1.11	0.86	0.75	0.65	0.63
Profitability	Return on assets (%)	3.21	(0.96)	0.35	0.36	(3.17)
	Return on equity (%)	5.33	(2.01)	0.24	0.21	(5.92)
	Profit before tax to paid-in capital ratio (%)	10.46	(3.34)	0.38	0.32	(9.91)
	Net Profit Margin (%)	2.74	(1.34)	0.19	0.20	(5.58)
	Earnings per share (NTD)	0.85	(0.33)	0.04	0.03	(0.86)
Cash flow	Cash flow ratio (%)	(1.34)	7.15	(1.19)	6.89	(19.15)
	Cash flow adequacy ratio (%)	122.68	164.35	104.80	122.62	(34.33)
	Cash reinvestment ratio (%)	(0.62)	2.97	(0.54)	2.19	(7.09)
Leverage	Operating leverage	(1.24)	(3.18)	(3.43)	(2.94)	(2.36)
	Financial leverage	0.96	0.91	0.90	0.89	0.87

Explanation of reasons for changes in various financial ratios in the most recent two years (up or down by 20%)
1. Interest coverage ratio: Mainly due to the increase in loss and interest expense in the period.
2. Return on assets: Mainly due to the increase in loss and interest expenses in the period.
3. Return on equity, net profit ratio of paid-up capital before tax, , net profit ratio, earnings per share: Mainly due to the losses in the period.
4. Cash flow ratio, cash flow adequacy ratio, cash reinvestment ratio: Mainly due to the loss, and the net cash outflow of business activities during the period.

Note 1:The above annual financial information has been verified by certified public accountant.
Note 2: The calculation formulas of financial ratios are the same as above.

C. The audit report from the audit committee for the financial report of the most recent year
Please see page 148 in this report.

D. The financial statement of the most recent year, including accountant's audit report, balance sheet with two-year comparison, income statement, changes in equity, cash flow statement, and notes and attached tables.
Please see pages 149 ~ 249 in this report.

E. The Company's individual financial report of the most recent year with CPA’s check and verification, excluding detailed table of important accounting items.
Please see pages 250 ~ 343 in this report.

F. From the most recent year to the date on this report, if any financial difficulties or turnover problems should occur to the Company and its affiliated firms, please list out their impacts on the financial conditions of the Company: none.

VII. Review and Analysis of Financial Conditions and Performance, and Risk Management

A. Analysis of Financial Conditions

Unit: NTD thousands

Item \ Year	2017 (Consolidated)	2018 (Consolidated)	Variance	
			Amount	%
Current Assets	6,828,137	7,761,251	933,114	13.67%
Property, Plant and Equipment	4,845,857	5,940,726	1,094,869	22.59%
Other Assets and Intangible Assets (Including Funds and Investments)	523,397	606,628	83,231	15.90%
Total Assets	12,197,391	14,308,605	2,111,214	17.31%
Current Liabilities	5,479,622	7,963,984	2,484,362	45.34%
Non-current liabilities	2,510,000	2,415,121	(94,879)	(3.78)%
Total Liabilities	7,989,622	10,379,105	2,389,483	29.91%
Common Stock	2,810,594	2,810,594	0	-%
Capital Surplus	1,061,873	1,061,873	0	-%
Retained Earnings	579,040	340,292	(238,748)	(41.23)%
Other Equity	(243,738)	(283,259)	(39,521)	(16.21)%
Total Equity	4,207,769	3,929,500	(278,269)	(6.61)%

Explanation and analysis on percentage changes:

1. Increase in real estate, plant and equipment: Mainly due to the increase in equipment added during the period.
2. Increase in current liabilities and total liabilities: Mainly due to the increase in short-term borrowings during the period.
3. Retained earnings reduction: Mainly due to the loss in the period.

B. Analysis of Financial Performance

(A) Main reasons of major changes in revenue, net operating profit and net profit before tax in the most recent two years

Unit: NTD thousands

Item \ Year	2017	2018	Variance	
			Amount	%
Net Operating Revenue	11,646,443	13,058,285	1,411,842	12.12%
Operating Cost	10,406,598	11,902,072	1,495,474	14.37%
Gross Profit	1,239,845	1,156,213	(83,632)	(6.75)%
Operating Expense	1,198,273	1,160,808	(37,465)	(3.13)%
Operating Income (Loss)	41,572	(4,595)	(46,167)	(111.05)%
Non-Operating Income and Expenses	(38,536)	(232,227)	(193,691)	502.62%
Income Before Tax (Loss)	3,036	(236,822)	(239,858)	(7,900.46)%
Income Tax (Fee) Interests	6,058	(4,063)	(10,121)	167.07%
Net Income (Loss)	9,094	(240,885)	(249,979)	(2,748.83)%
Other Comprehensive Income (Net Income After Tax)	(75,918)	(37,384)	38,534	50.76%
Total Comprehensive Income	(66,824)	(278,269)	(211,445)	(316.42)%

Explanation and analysis on percentage changes:

1. Operating profit (loss): Mainly due to the decrease in the gross profit margin.
2. Non-operating income and expenses: Mainly due to the increase in net foreign currency exchange losses and interest expenses.
3. Decrease in net profit before tax (loss) and net profit (loss) in the period: Mainly impacted by the above-mentioned operating interests (loss), non-operating income and expenses.
4. Increase in income tax expenses: Mainly due to the income tax of the subsidiary's earnings repatriation.
5. Other comprehensive profit and loss (net after tax) of the period: The loss from exchange difference calculated by the main foreign institution's financial statements is reduced due to exchange rate fluctuations.
6. The decrease in the total comprehensive profit and loss of the period: mainly impacted by the above-mentioned operating income (loss), non-operating income and expenses and other comprehensive profit and loss (net amount after tax) of the period.

(B) Analysis of changes in gross profit by product type

Unit: NTD thousands

Product Type	Increase/Decrease of Gross Profit	Reason for Difference			
		Price Difference	Cost Difference	Sales Mix Difference	Quantity Difference
Double-sided PCB	($26,561)	$4,500	($44,179)	($6,699)	$19,817
Multi-layer PCB	57,257	277,130	(317,210)	10,658	86,679
Total	$30,696	$281,630	($361,389)	$3,959	$106,496
Cost of goods sold-Inventory Loss	($13,155)	favorable	unfavorable	favorable	favorable
Other	(101,173)				
Total	($83,632)				

With the growth in demand for major product markets, the difference in selling price and the number of sales were positive, which was favorable; in terms of cost differences, the production cost of the Kunshan plant increased, which was unfavorable; the overall gross margin of the year increased compared with last year, but other factors (such as the income from scraps decreased) led to the decline in the overall gross profit.

(C) The expected number of sales and its basis, the possible impact on the company's future financial business and the response plan

In year 2019, the overall order is estimated to grow by about 3-5% shared by three plants. Taoyuan Plant will be focusing on Rigid Flex boards and new energy products, Kunshan Plant will continue to focus on automotive board, network communication products, cloud server, HDI and high-frequency board. Huangshi Plant will first start with TFT-LCD, consumer, storage devices, and develop automotive board at the same time. It is expected that there will be a steady growth in sales volume in the year 2019, which will have a positive effect on the company's future financial business.

C. Cash Flow

(A) Analysis of changes in cash flow in the most recent year

Item \ Year	2017	2018	Growth %
Cash flow percentage	1.53	(5.64)	(468.63)%
Cash flow adequacy ratio	65.24	30.35	(53.48)%
Cash reinvestment ratio	0.65	(3.49)	(636.92)%
Analysis of changes in growth percentage: In year 2018, the net cash from operating activities was an outflow due to losses, resulting in a decrease in cash flow, cash adequacy flow and cash reinvestment ratio in year 2018.			

(B) Improvement plan for insufficient cash flow: not applicable

(C) Analysis of cash liquidity for the coming Year

Cash amount from beginning of the period (A)	Projected Net Cash Flow from the Year's Operation (B)	Projected Cash Outflow for the Entire Year (C)	Projected Cash Balance (A + B – C)	Contingency Plans for Projected Insufficient Cash Position	
				Investment Plan	Financial Management Plan
$844,983	$2,383,223	$(2,066,509)	$1,161,697	0	0

D. Impacts of Major Capital Expenditures in the Most Recent Year on Financial Operation: Not applicable.

E. Reinvestment Policies, Main Reasons of Profit and Loss and Improvement Plans in the Most Recent Year and Investment Plans for the Coming Year

Unit: NTD thousands

Description / Item	Amount of reinvestment profit (loss)	Policy	Major reasons of profit or loss	Improvement plan	Investment plan for the coming year
WINTEK (MAURITIUS) CO., LTD.	(265,501)	Investment Holdings	Recognized as investment income of the reinvested Dynamic (Kunshan) Electronics Co. Ltd. in mainland and Dynamic Electronics Holding Pte. Ltd. in Singapore.	-	-
Dynamic PCB Electronics Co., Ltd.	7	Triangle Trade	Local government administration expenses.	-	-
Dynamic Electronics Co., Ltd. (Seychelles)	163,123	Trading business	Increased sales in the mainland led to profitability of this term.	-	-
Dynamic Electronics Trading Pte. Ltd.	68	Management & operation services	Income from offering management & operation services	-	-
Dynamic Electronics Holding Pte. Ltd.	(54,007)	Investment business	Recognized as investment loss of the reinvested mainland business-Dynamic Electronics (Huangshi) Co. Ltd.	-	-
Dynamic Electronics (Kunshan) Co., Ltd.	(153,735)	Production Site	The increase in operating costs and recognition of exchange losses caused losses in the current period.	Improve production efficiency and implement cost control to improve operational conditions.	-
Dynamic Electronics (Huangshi) Co., Ltd.	(53,499)	Production Site	The plant establishment did not reach the economic scale in the initial period, which was in the phase of loss.	-	-

F. Sources of Risk

(A) Impacts of interest rate, currency exchange rate fluctuation and inflation on the Company's income and response measures in the future

Unit: NTD thousands

Item	Impacts on Company's profit/loss			Response Measures
	Year / Item	2017	2018	
Interest Rate	Interest Income	17,766	14,508	The Company periodically observes market interest trends and evaluates capital sources according to bank deposit savings and applicable capital planning to reduce operation risks.
	Interest Expense	88,628	195,286	
Changes in Exchange Rate	Net profit/loss from Exchange	(10,487)	(116,783)	1. Company products are mainly for export. In terms of raw material, with the exception of special raw materials that need to be purchased and manufactured in China, all other raw materials originate from domestic suppliers, therefore changes in exchange rates have a substantial level of impact on the Company's revenue and profit. 2. The proportion of the company's overseas business is high, exchange gains and losses can impact the revenue and profit, in order to avoid company's profit being slashed by excessive fluctuations in exchange rates, the Company strengthened the exchange rate risk control, and to take the following measures: A. Collect daily exchange rate information in order to fully grasp the exchange rate trend and make timely decision on converting or holding foreign currency to reduce exchange rate risks. B. In terms of foreign exchange capital allocation, exchange rate risk can be reduced by the offset of foreign currency claims and liabilities through regular export and imported goods transaction. C. For payables denominated in foreign currencies, determine the exchange rate movements and analyze exchange gains and losses, decide whether to repay early or to pay with a bank loan, in order to avoid the risk of exchange rate fluctuations, and to achieve the purpose of cost savings. D. Consult with bank foreign exchange sector about hedging strategy, make decision for foreign currency according to funding requirements and the exchange rate situation, in order to reduce operational risk. E. When the exchange rate has a greater volatility, use other tools to avoid exchange risks, such as the transaction of forward foreign exchange and other manipulations, in order to avoid the risk of changes in exchange rates.
Inflation	-	-	-	In recent years, domestic and foreign markets are facing the problem of inflation, although both have a negative impact on the overall economy and individual; the company may have the relative change in the product cost, selling price and market demand, but so far, no significant influence has occurred; the company will continue to observe and respond to market changes with appropriate adjustments.

(B) Major Reasons for Transaction Policies, Profit or Loss from Engaging in High-risk and Hyper-leveraged Investments, Fund Lending, Endorsement/ Guarantee and Derivatives and Correspondent Procedures and Response Measures

1. In the most recent year and as of the publishing date of the annual report to the public, the Company has not been engaged in any high-risk or hyper-leveraged investments. In the future, the Company will focus on development of its main industry focus. Under circumstances without prudent evaluation and decisions made by the board of directors, the Company will not be engaged in any kind of high-risk or hyper-leveraged investments.

2. Situation of the Company's Lending of Funds:

Unit: NTD thousands

Fund Lender	Borrower	Reason for Fund Lending	2018 end of year balance
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	The working capital for the initial plant construction.	222,350
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics (Huangshi) Co., Ltd.	The working capital for the initial plant construction.	1,379,925
Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics (Huangshi) Co., Ltd.	The working capital for the initial plant construction.	153,325

3. Situation of the Company's Endorsements and Guarantees:

Unit: NTD thousands

Entity making the Endorsement/ Guarantee	Entity for which the Endorsement/Guarantee is made	Reason for Endorsement/ Guarantee	2018 end of year balance	Ways of improvement
Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	No factory operation, unable to provide collateral for the bank..	153,325	In response to the principle of risk control, apply for working capital amount for this subsidiary, the financing amount of its bank shall be adjusted and reduced depending on its demand for the working capital in the future.
	Dynamic Electronics (Kunshan) Co., Ltd.	Cross-strait laws and regulations are not able to provide security for local banks in Taiwan.	613,300	In response to the principle of risk control, establish the cross-strait bank financing amount for this subsidiary to balance the risk of bank financing that might resulted from the cross-strait policy.
	Dynamic Electronics (Huangshi) Co., Ltd.	Cross-strait laws and regulations are not able to provide security for local banks in Taiwan.	272,930	In response to the principle of risk control, establish the cross-strait bank financing amount for this subsidiary to balance the risk of bank financing that might resulted from the cross-strait policy.

4. Situation of the Company's Derivatives Trading:
   The Company's main derivatives exchange primarily involve forward transactions in order to reduce foreign exchange risks; the Company periodically evaluates risks and reports to the board of directors at every board meeting. In the future, the Company will continue to observe foreign currency exchange rate trends, conduct forward transaction operations within the board of directors authorized limits, in order to reduce company risks in holding USD capital.

(C) R&D Plans and Estimated Expenses in Coming Years
1. 2019 R&D Plans: mm Wave high frequency 400G high speed hybrid technology, thick copper and buried and embedded copper cooling technology, film type Embedded, 1.6mil fine line.
2. It is expected that the R&D budget to be invested in 2019 will be NTD18,450,000. (The reason for the decrease comparing to year 2018 is the main strategic product – automotive PCB, the initial market development and product development cost of it have all been apportioned.)

(D) Effects of domestic/foreign policy changes and law amendments on the Company's finance and response measures
1. In terms of regulatory environment in Taiwan, new Taiwan laws and regulations of year 2018 related to the company are: Company Law, labor Standards Act, Employment Service Act, Declaration Method of Factory Hazardous Substance, boiler air pollutant emission standard, air pollution prevention law, water pollution Prevention and control laws, hazardous chemicals labeling and general rules. We are constantly paying attention to the amendment of laws, regulations and policies, and the company's long-term development and daily operation situation, and making accordant adjustments in the company's governance and management development strategy at appropriate time.

2. In terms of regulatory environment in China, in year 2018, China promoted the fully open practice in all aspects in the process of ruling the country according to law, such as implementing a negative list management system for foreign investment, and forming a more open and transparent investment environment. On January 1, 2018, the [Environmental Protection Tax Law] was officially implemented as The first green tax law, for air pollutants, water pollutants, solid waste and noise which have been levied by the environmental protection department in the past are changed to be levied by the taxation department for environmental taxes; modify the [Personal Income Tax Law] and [Personal Income Tax Law Implementation Regulations] by establishing an income tax system that combines comprehensive and classified policies. This modification also affects foreigners; regulates [Production Safety Regulation on Emergency Response to Accident], which stipulates that the principal responsible person of the production and operation unit is fully responsible for the emergency work of production safety accidents; In year 2018, instead of adjusting the minimum wage again, the Chinese government is discussing how to reduce the employment cost for enterprises.

(E) Effects of technology development and industry changes on the Company's finance and response measures

Following the electronic technology expanding to communications, personal mobile devices and Internet communities, the company's PCB have also been successfully extended to smart phones, wearable devices, the Internet, pre-safe automotive electronics, 5G communications and medical equipment and other fields. The company pays close attention to the changes in technology and industry, while constantly sophisticated our technology development and process capabilities, also to adjust the strategy to cope with the changes in the market at all time.

(F) Effects of changes of corporate images on the Company's crisis management and response measures: Not applicable

(G) Expected Benefits, Risks and Response Measures in Mergers and Acquisitions: Not applicable

(H) Possible risks and response measures and expected benefits from plant expansion:

The Company properly planned and maintained the flexibility of the production capacity when expanding the Huangshi plant. When the demand for products is effectively grasped, the Company will enhance the production process and output to avoid the risk of idle production capacity. The possible risk and response measures are as follows:

1. Risk of raising working capital
   Response measures: own funds, bank loans, mainland government subsidies.
2. Risk of customer orders
   Response measures: Strengthening the yield, quality and technical capacity, developing high-end, high value-added niche-type products, meantime planning alternative products.

(I) Risks and Response Measures in Concentration in Purchase and Sales

In the recent two years, only one to two of the company's suppliers account for over 10% of the company's purchasing net amount, and the highest percentage is 16.54% of the company's total purchase amount, so there is no risk caused by excessive concentration. In the recent two years, none of the company's customers accounts for over 10% of the company's sales net amount, so there is no risk caused by excessive concentration.

(J) Impacts, Risks and Response Measures in Changes or Transfer in Directors, Supervisors and Substantial Shareholders with Shareholdings Greater than 10%: Not applicable.

(K) Impact, Risks and Response Measures in Changes of Ownership: Not applicable.

(L) With regard to litigation or non-litigation events, the name of its board directors, supervisors, Presidents, major shareholders holding greater than 1% of outstanding

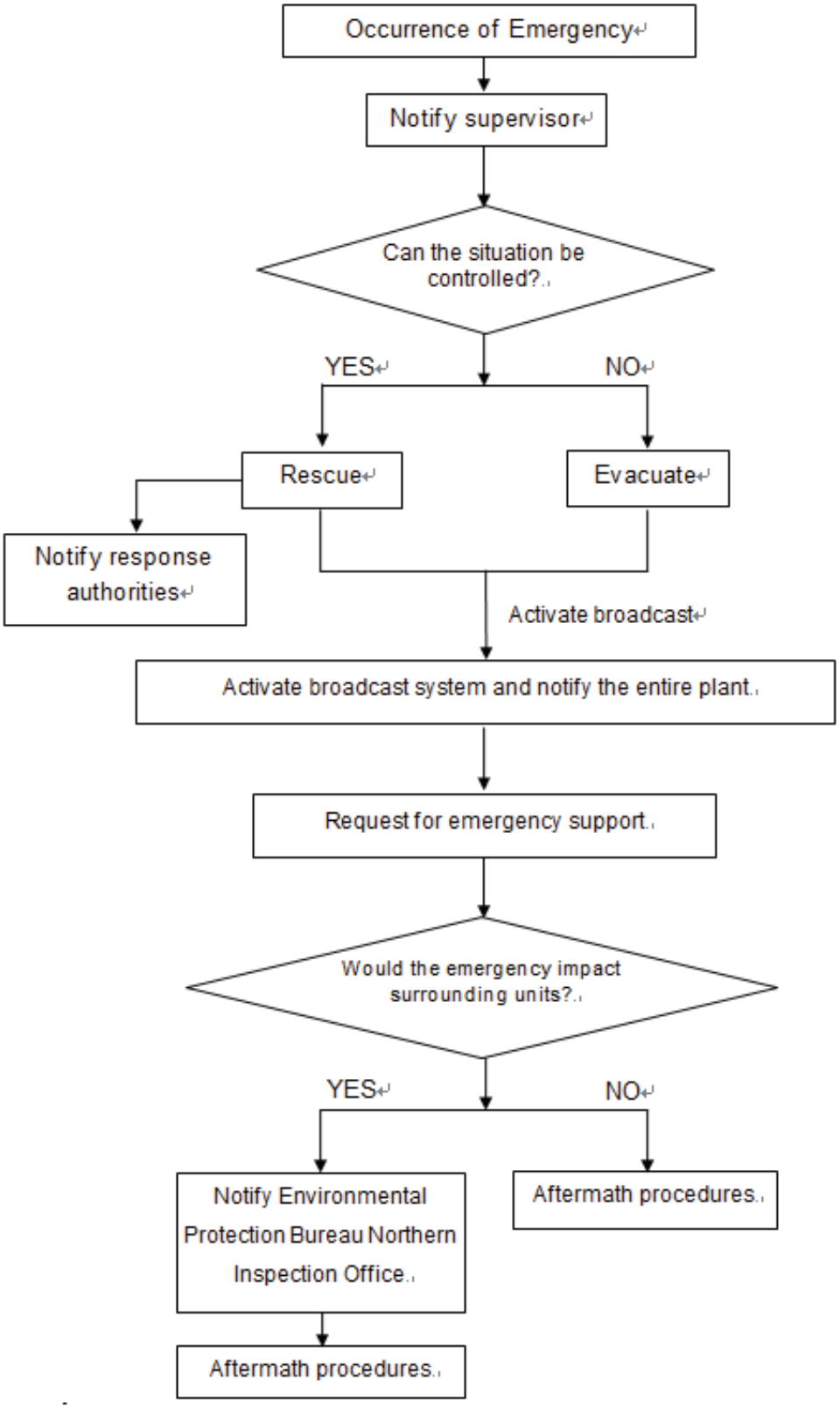
shares and the Company's subsidiaries should be stated. With regard to litigation (whether pending or for which a verdict has been reached), non-litigation or administrative appeals involving the Company, and the results may greatly affect the rights of its shareholders and bond prices, the Company shall disclose the details of the disputes, the amount involved, the litigation starting dates, primary litigants, and the status as of the publishing date of the annual report: Not applicable.

(M) Other Major Risks and Response Measures:

1. Assessment of Risk Issues

In year 2018, the Risk Management Committee assessed 10 risk subjects, including Chinese investors invading automotive PCB market at low prices, the risk of machine virus, the uncertainty of the overall economic environment resulting in unstable product demand, market competition and customers' request for regular price cuts resulting in lower profitability, higher production costs resulting in lower profitability, slow development of new products, large-scale labor inspection (Taoyuan Plant) is derived from the peer's safety problem, the government constant restriction on drainage (Kunshan Plant), the government intensifying the hazardous waste control(Kunshan Plant), The lack of handling capacity for heavy metal problem of wastewater treatment plant in HuangShi development zone(Huangshi Plant) and so on. The responsible units have proposed the response plans, which were reported in the board of directors after review by the audit committee, and will be followed up.

2. Preparations and Response Procedures for Emergency Situations



3. Other incidents impacting normal operation:

1	When short on staff	Divided into short-term and long-term responses: 1) Short-term: To flexibly arrange manpower among production lines, outsourcing may be arranged by the production planning depending on the situation to prevent impact on product delivery. 2) Long-term: through application channels, employ foreign labor or contract staff for training and management in order to meet manpower requirements.
2	During production equipment malfunction	1) When malfunction of production equipment occurs, first send the engineering personnel to understand the situation and make analysis, then to shut down the power for the malfunctioning equipment and hang the caution sign for "under maintenance." 2) If the engineering personnel is unable to handle the problem, the department in requirement is to submit an "Equipment maintenance application/purchase order form" and then the engineering department is responsible for contacting maintenance company to come for repair. 3) After the maintained equipment is confirmed by the manufacturing process supervisor, and has its "Repair/Maintenance record" recorded with its maintenance. If the repair cannot be complete smoothly, the production planning personnel will conduct production coordination. 4) Repair/Maintenance contracts should be signed with main production equipment and manufacturing suppliers. 5) To avoid the impact of major production equipment failure on the production capacity, the maintenance contracts for the key production equipment will be signed with the equipment manufacturers.
3	During supplier emergency situations	1) Check the inventories at factory and at supplier. 2) Seek information for suppliers with substitute products, when necessary buy from foreign suppliers in order to maintain regular product delivery to customers. 3) The Plant President is to assemble a response team to meet and discuss response strategies. 4) Depending on the type of situation, all department supervisors act up to the directions instructed by the response team.
4	During contingencies in public services: water/ electricity outage	1) Keep generators in good condition in order to maintain regular operations during emergency electrical outage. 2) Build additional water storage tank, obtain groundwater rights for temporary use in times of short-term water outage. 3) In times of water/electricity outage, in addition to taking emergency response measures, production modification plans should be made by the production manager or outsourced to legitimate manufacturers. 4) In times of contingencies, the production unit should immediately take control of products in the process of production and have the series labeled for future quality tracking.
5	Sudden environmental pollution incident	1) Formulate emergency plans and reserve emergency disposal supplies and personnel. 2) Ensure the emergency collection pool stays vacant and can be used when an environmental pollution incident occurs and not affect the external environment and the regular production capacity within the plant.
6	Sudden fire and safety accident	1) Formulate corresponding emergency plans and conduct regular dry run to clarify the duties of each participant. 2) Ensure that the fire detecting probe is functioning properly and effectively.

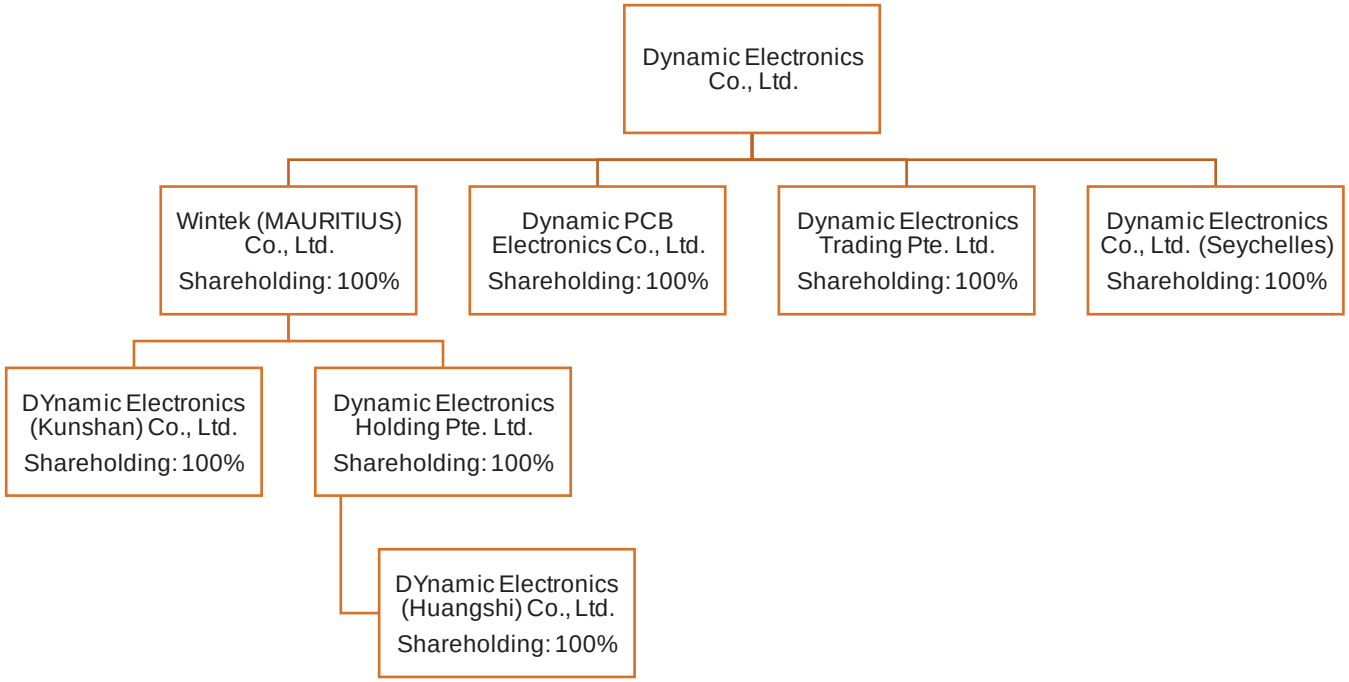
7	Public disaster (food poisoning)	1) The daily restaurant management is performed strictly and the food is sampled. 2) Sign an rescue agreement with the hospital nearby for immediate aid in the event of an accident.

G. Other Important Matters: none.

VIII. Affiliated Companies and Other Special Disclosures

A. Related Information on Affiliated Companies

(A) Subsidiaries and Affiliated Companies Business Organization Structure



(B) Basic Information of Subsidiary and Affiliated Companies:

Unit: thousand shares / thousand NTD; Dec. 31, 2018

Company Name	Date of Incorporation	Address	Paid-in Capital	Major Business Activities
WINTEK (MAURITIUS) CO., LTD.	2001.12	Level3,Alexander House,35 Cybercity,Ebene ,Mauritius	USD 83,500	Investment Holding
Dynamic PCB Electronics Co., Ltd.	2008.01	1st Floor,#5DEKK House,De Zippora Street, P.O.BOX 456 Providence Industrial Estate,Mahe,Republic of Seychelles	USD 50	Trading of Printed Circuit Board
Dynamic Electronics Co., Ltd. (Seychelles)	2015.01	1st Floor,#5DEKK House,De Zippora Street, P.O.BOX 456 Providence Industrial Estate,Mahe,Republic of Seychelles	USD 50	Trading of Printed Circuit Board
Dynamic Electronics Trading Pte. Ltd.	2015.06	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE (169876)	USD 50	Management and operational services
Dynamic Electronics Holding Pte. Ltd.	2015.12	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE (169876)	USD 47,940	Investment holding
Dynamic Electronics (Kunshan) Co., Ltd..	2002.02	No. 1688, Jinshajiang North Rd. Kunshan City, Jiangsu Province 215344, China	USD 80,000	Production and sales of Printed Circuit Board
Dynamic Electronics (Huangshi) Co., Ltd.	2016.03	Economic and Technological Development Zone, Jinshan Road 189, Huangshi, China	USD 47,940	Production and sales of Printed Circuit Board

(C) Companies with Control or Subsidiary Relationships according to Article 369-3 of the R.O.C. Company Law: none

(D) Business Operations within Company Affiliates and their Relationships: Investment, Shareholding, Manufacturing Operation and Trade.

(E) Information about Directors, Supervisors, and Managers of Subsidiary and Affiliates:

Unit: Shares; Dec. 31, 2018

Company Name	Title	Name or Representative	Holding of Shares	
			Shares	%
WINTEK(MAURITIUS) CO., LTD.	Director	Ken Huang	8,350,000	100.00%
Dynamic PCB Electronics Co., Ltd.	Director	Ken Huang	50,000	100.00%
Dynamic Electronics Co., Ltd. (Seychelles)	Director	Ken Huang	50,000	100.00%
Dynamic Electronics Trading Pte. Ltd.	Director	Ken Huang, Stoney Chiu, Lily Chiang, Wanhui Lim	50,000	100.00%
Dynamic Electronics Holding Pte. Ltd.	Director	Ken Huang, Stoney Chiu, Lily Chiang, Wanhui Lim	47,940,002	100.00%
Dynamic Electronics (Kunshan) Co., Ltd.	Executive Director Supervisor President	Ken Huang Jean Liu Stoney Chiu	-	100.00%
Dynamic Electronics (Huangshi) Co., Ltd.	Executive Director Supervisor President	Ken Huang Jean Liu Bill Nee	-	100.00%

(F) Operation Results of Affiliated Companies

Unit: thousand NTD; Dec. 31, 2018

Company Name	Paid-In Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Income	Net Income	EPS
Dynamic Electronics Co., Ltd.	2,810,594	6,822,170	2,892,670	3,929,500	4,316,209	(181,510)	(240,885)	(0.86)
WINTEK(MAURITI US) CO., LTD.	2,716,696	5,275,555	1,384,870	3,890,685	0	(74)	(265,501)	-
Dynamic PCB Electronics Co., Ltd.	1,555	2,346,217	2,344,206	2,011	8,734,729	(33)	7	-
Dynamic Electronics Co., Ltd. (Seychelles)	1,556	2,257,799	2,014,997	242,802	6,984,876	150,682	163,123	-
Dynamic Electronics Trading Pte. Ltd.	1,541	2,243	223	2,020	1,350	79	68	-
Dynamic Electronics Holding Pte. Ltd.	1,472,477	1,224,019	1,312	1,222,707	0	(507)	(54,007)	-
Dynamic Electronics (Kunshan) Co., Ltd.	2,457,200	7,513,264	4,849,126	2,664,138	9,781,250	(61,233)	(153,735)	-
Dynamic Electronics (Huangshi) Co., Ltd.	1,472,477	4,681,517	3,457,498	1,224,019	2,261,926	98,356	(53,499)	-

Note 1: Refer to foreign exchange rates to NTD:
For the balance sheet, USD=30.715, RMB=4.475318.
For the income statement, USD=30.16265, RMB=4.559032.

(G) The most recent year's report is prepared according to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". The Company's 2018 report (starting from January 1st, 2018 to December 31st, 2018) "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" should include consolidated business reports and consolidated financial statements of affiliated enterprises, and according to Article 27 of International Accounting Standards, the parent and subsidiary companies' consolidated financial statements should be identical, the consolidated business reports and consolidated financial statements of affiliated enterprises are already stated within the consolidated financial statements for the parent and subsidiary companies, therefore there will be no separate preparation for consolidated business reports and financial statements of affiliated enterprises.

B. Private Placement Securities in the Most Recent Year and as of the Publishing Date of the Annual Report: none.

C. Company's Shares Held or Transferred by Subsidiaries in the Most Recent Year and as of the Publishing Date of the Annual Report: none.

D. Other Supplementary Information: none.

E. Pursuant to the Article 36-2-2 of Security Exchange Act, Event Having Material Impact on Shareholders' Equity or Share Price in the Most Recent Year and as of the Publishing Date of the Annual Report: none.

VIIII. Other Information Disclosures

A. Precautionary Measures for a Safe Working Environment and Personnel Security

(A) To ensure prevention of workers being exposed to hazardous material, for exposed concentration to meet law regulated standards, the Company carries out operation environment inspection once per year in order to implement the supervision and monitor on work environment. Inspection plan is announced before putting it into practice, and the implementation result is disclosed to the public. Also the Company make environmental improvement in accordance with the monitoring results, in the meantime, combine with the staff health check report by the company's annual health check service and the help of occupational disease physician to identify the working conditions that need improvement and develop appropriate improvement measures for it. For the machines and equipment that may cause harm to the operator, the Industrial Safety Department should require the equipment operating unit to carry out periodical inspection on their own besides conducting the regular inspection by facilities standards, so that the occupational accidents due to equipment problem can be avoided; for the potential occurrence of accident and the risk factors that exist in the environment, the staff can know more through the education, training, bulletin board and regular-time announcement, which can remind employees and provide them with prevention solutions.

(B) In order to fully understand the health condition of our employees, assign the most suitable job, and prevent occupational illness, in addition to establishing medical care and emergency personnel according to law regulations, health examinations are conducted for new employees, periodic health examinations for active employees and special health examinations for workers exposed to hazardous operation. For employees with exceptionally abnormal results from the health examination, the plant nurse will provide tracking and care for their health conditions, and when necessary, they may consider adjustments or modifications to their job content.

(C) During the period between June and July every year, Taoyuan Plant would appoint a medical institution that approved by the Occupational Safety and Health Department to implement health check and specific health check for all the staff of Taoyuan plant. After implementation, a comparison report with all previous health status data will be provided for each employee to assist the employee in health management; A series of health talks will be held by appointed factory doctors and external lecturers based on the health check results and the factory characteristics, to enable the staff to acquire more knowledge of occupational disease prevention.

Kunshan plant will have the Industrial Safety and Health Department collect the health conditions comparison charts, exhibiting posters regarding occupational illness prevention and awareness through the exhibition portal every month, promoting employees' prevention and awareness of occupational illness.

Each year, the Huangshi Plant has a hospital accredited by the government's regulatory authorities to conduct occupational disease health checkups for employees involved in occupational hazards throughout the plant. After implementation, each employee's occupational health record is filed to assist in health management; Ministry of Environmental Protection organizes occupational

health knowledge education and training to improve employees' occupational health literacy every year.

(D) In the year of 2018, Taoyuan Factory successfully transferred the OHSAS18001 system to the ISO45001 system, and promoted occupational safety and health management as a strategic decision to reduce injuries and absence caused by illness. In the year of 2018, the Huangshi Plant successfully passed the ISO14001 & ISO45001 certification for the first time, ensuring that the environment and work safety management system of the Huangshi Plant remain operational.

(E) To enhance the safety awareness of the three plants, Industrial Safety/Environment Safety Dept. carry out a monthly security rating of the each class in two plants, as well as taking forward the relevant security activities. Hopefully the purpose of production safety will be achieved by the giving reward or punishment according to the rating result of each month.

(F) Year 2018 Industrial Safety Improvement Items of Taoyuan Plant:

1. Continued to inspect and maintain the fire circuit, added two flame detection sensors, and CO2 fire extinguishers.
2. Installed two HCN detection devices.
3. Set up the chemical warehouse
4. Took inventory of the anti-fall and anti-collision facilities of the whole plant following by improvement.
5. The floor drain is fully equipped with a stainless steel pattern lid to prevent accidental stepping in.
6. Plant-wide promotion for obtaining supervisor qualification of the C-class occupational safety and health business, so as to enhance the safety awareness of all employees. The statistics show that 51 people attended classes and 46 people were qualified.

(G) Year 2018 Industrial Safety Improvement Items of Kunshan Plant:

1. For the top three work injuries in year 2017, special system improvement work was carried out, and the number of occurrences in year 2018 significantly dropped.
2. The training of first-aid seed personnel reduced the incidence of casualties by providing immediate effective rescue during the accident.
3. Implementation of security personnel training for all the supervisors of the plant so that the first-line personnel have the ability to judge and improve the safety hazards in the workplace.
4. Regularly cooperating with the external counseling company and its safety technicians to carry out the safety hazard investigation of the whole workplace, reduce the blind spot situation of the safety area and promote the on-site personnel to obtain external safety knowledge.
5. Planned hazardous chemicals storage environment in the plant and corresponding safety measures. Increased the supplier's delivery frequency to reduce the volume on single delivery, and ensure that the volume of hazardous chemicals stored in the factory is within the scope of safety control.
6. Strengthened the management of construction manufacturers, implemented safety appraisal policy for construction manufacturers and the terms of unloading,

urge manufacturers to improve safety awareness and expelled manufacturers with weak safety awareness.

(H) Year 2018 Industrial Safety Improvement Items of Huangshi Plant:

1. Completion of three acceptance examinations for the safety construction and the plant's principle part construction simultaneously including design, construction, and operation, occupational control evaluation examination, and establishment of safety production standardization (level 3).
2. Installation of light curtain sensor and emergency stop facilities for the entire plant.
3. All fire protection facilities and emergency rescue facilities of the whole plant are included in the PAD system checkpoint.
4. Control and improvement in the storage conditions of hazardous chemicals workshops.
5. The monthly safety training of the construction company ensures the safe operation of the construction workers.
6. Established and improved employee level-3 safety education files and occupational health guarding files.
7. Specially-assigned person to supervise the qualification for special equipment and special operations personnel.
8. Added fire sprinkler and emergency stop system to the exhaust gas duct to reduce the risk of fire in the exhaust system.

B. Material Insider Information Non-Disclosure Procedure

The Company has established the "Material Insider Information Non-Disclosure Procedure", the authority【Chairman Office】should notify supervisors and employees to be aware of whether there is important information to be disclosed according to law regulations. Furthermore, in order to reduce risks of inside trading, 【Chairman Office】 should annually promote awareness to the supervisors and employees, and request all personnel above the level of management, related personnel of financial and audit departments signing the "Material Information Confidentiality Agreement".

X. Auditor's Report and 2018 Financial Statement

Dynamic Electronics Co., Ltd.

Statement on Internal Control System

Date: Feb 24, 2019

According to self-inspected results, the Company's internal control system of 2018 is stated in the following:

1. The Company understands the board of directors and Presidents' responsibility to establish, implement and maintain the Company's internal control system. The Company has established such regulations, intending to achieve objectives regarding effectiveness and efficiency (including profit, performance and ensuring asset security etc.) of operations, reliability, timeliness, transparency, and regulatory compliance of reporting, as well as compliance with applicable laws, regulations, and bylaws, providing reasonable guarantee.
2. The internal control system has its intrinsic limits, no matter how complete the design, effective internal control can only provide reasonable guarantee for meeting the three aforementioned objectives; along with environmental and conditional changes, effectiveness of internal control regulations may change also. However, self-inspection mechanisms have been established into the Company's internal control system, the Company will take actions to fix a deficiency once it has been identified.
3. According to the "Regulations Governing Establishment of Internal Control Systems by Public Companies", (hereafter referred to as the Guideline) regulating the criteria for internal control systems effectiveness, the Company has assessed the effectiveness of the design and implementation of its internal control system. Intended for management and control processes, the Guideline's criteria for assessing internal control systems is comprised of five constituent elements: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communications, and 5. Monitoring activities. Every element is comprised of further constituents. Please see "the Guideline "for the aforementioned elements.
4. The Company has assessed the effectiveness of the design and effectiveness of its internal control system according to the aforementioned internal control system criteria.
5. The assessment results show that as of December 31st , 2018, the Company's internal control system (including inspection and management of its subsidiaries), is effective in its design and implementation, meeting objectives including its effectiveness and efficiency (including profit, performance and ensuring asset security etc.) of operations, reliability, timeliness, transparency, and regulatory compliance of reporting, as well as compliance with applicable laws, regulations, and bylaws, providing reasonable guarantee in achieving the aforementioned objectives.
6. This Statement will become a main content item in the Company's Annual Report and its public announcements, and will be made public. Contents described above containing fraudulent materials, undisclosed items, or other illegalities, will incur legal responsibility under Articles 20, 32, 171, and 174 of the Securities Transaction Law.
7. This Statement was approved by the directors attending the Company's Board of Directors meeting on Feb. 24, 2019, among the 7 attendees, there were 0 dissenting opinions.

Dynamic Electronics Co., Ltd.

Chairman: Ken Huang Signature

President: Stoney Chiu Signature

Audit Committee's Review Report

It is agreed to and resolved by the Audit Committee and the Board of Directors that the company's 2018 Financial Statement was audited and certified by Ernest & Young, who is designated by the Board of Directors; and an audit report which refers to the Financial Statement was issued.

In addition, the Company's business report of 2018 and statement of Deficit Compensation which were submitted by The Board of Directors have been considered to be compliant with the relevant regulations of Company Law after having them reviewed by the Audit Committee of Dynamic Electronics Co., Ltd. According to article 219 of Company Law, we hereby submit this report.

To
2019 Annual Meeting of Shareholders of Dynamic Electronics Co., Ltd.

Chairman of the Audit Committee: Yi-chia Chiu

March 30, 2019

English Translation of Consolidated Financial Statements and a Report Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH AUDIT REPORT OF INDEPENDENT ACCOUNTANTS
AS OF DECEMBER 31, 2018 AND 2017
AND FOR THE YEARS THEN ENDED

Address: No. 356, Shanying Rd., Guishan Dist., Taoyuan City, Taiwan (R.O.C.)
Telephone: (03)349-3300

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

English Translation of Financial Statements and a Report Originally Issued in Chinese

MANAGEMENT REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Dynamic Electronics Co., LTD. as of December 31, 2018 and for the year then ended 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 Standard 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, Dynamic Electronics Co., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

DYNAMIC ELECTRONICS CO., LTD.

By

KEN HUANG
Chairman
February 24, 2019

English Translation of Consolidated Financial Statements and a Report Originally Issued in Chinese

AUDIT REPORT OF INDEPENDENT AUDITORS

To: the Board of Directors
Dynamic Electronics Co., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of Dynamic Electronics Co., LTD. (the "Company") and its subsidiaries as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2018 and 2017, and their consolidated financial performance and cash flows for the years then ended, 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 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 auditing standards generally accepted in 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. 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 2018 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.

Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's consolidated revenue amounting to NT$13,058,285 thousand for the year ended December 31, 2018 is a significant account to the Company's consolidated financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, Asia and Europe, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. We therefore conclude that there are significant risks with respect to the topic of revenue recognition.

Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, performing analytical review procedures on monthly sale revenues, and executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Note 4 and 6 to the consolidated financial statements.

Provision against inventory

We determine that provision against inventory is also one of the key audit matters. The Company and its subsidiaries' inventory in amount of NT$1,892,941 thousand, representing 13.23% of consolidated total assets, as of December 31, 2018 is significant to the Company's consolidated financial statements. The application market of the Company's main products, PCB, has been developing and changing rapidly and influenced significantly by end-customers' preference. The management therefore has to closely monitor the status of new products development and market demand for evaluating any significant impairment, including loss from market decline and slow-movement, incurred toward inventory. Also there was significant management judgement involved in determining the sufficiency of inventory loss provision. With respect to the key audit matter – provision against inventory, our audit procedures include, but not limit to, evaluating the appropriateness of inventory provision policy including how to identify the phased-out or slow-moving items, testing the correctness of inventory aging report, analyzing the reasons for slow-moving inventory, performing observation on the Company and its subsidiaries' inventory physical taking, and looking into the status of inventory utilization. Meanwhile, we have evaluated the appropriateness of the related disclosure in Note 5 and 6 to the consolidated financial statements.

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 audit committee or 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 auditing standards generally accepted in 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 auditing standards generally accepted in 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 2018 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.

Others

We have audited and expressed an unqualified opinion on the parent-company-only financial statements of the Company for the years ended December 31, 2018 and 2017.

Emphasis of Matter – Applying for New Accounting Standards

We draw attention to Note 3 of the consolidated financial statements, which describes the Company and its subsidiaries applied for the International Financial Reporting Standard 9, "Financial Instruments" and 15, "Revenue from Contracts with Customers" starting from January 1, 2018, and elected not to restate the consolidated financial statements for prior periods. Our conclusion is not modified in respect of this matter.

Cheng, Ching-Piao
Hong, Mao-Yi
Ernst & Young
February 24th, 2019
Taipei, Taiwan,
Republic of China

Notices to Readers

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			As of December 31, 2018		As of December 31, 2017	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$844,983	6	$1,350,015	11
1136	Financial assets carried at amortized cost	4, 6(2), 8	318,349	2	-	-
1147	Debt instrument investments for which no active market exists	4, 6(3), 8	-	-	30,201	-
1150	Notes receivable, net	4, 6(4)	190,183	1	160,786	2
1170	Accounts receivable, net	4, 6(5)	3,852,601	27	3,064,091	25
1200	Other receivables		155,802	1	112,848	1
1310	Inventories, net	4, 6(6)	1,892,941	13	1,497,780	12
1410	Prepayments		486,096	4	599,959	5
1470	Other current assets		20,296	-	12,457	-
11XX	Total current assets		7,761,251	54	6,828,137	56
	Non-current assets					
1600	Property, plant and equipment	4, 6(7), 8	5,940,726	42	4,845,857	40
1780	Intangible assets	4, 6(8)	20,836	-	24,256	-
1840	Deferred tax assets	4, 6(24)	297,188	2	197,706	2
1900	Other non-current assets	6(9), 8	288,604	2	301,435	2
15XX	Total non-current assets		6,547,354	46	5,369,254	44
1XXX	Total assets		$14,308,605	100	$12,197,391	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)

As of December 31, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2018		As of December 31, 2017	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(10)	$3,641,048	26	$2,067,173	17
2130	Contract liability		4,250	-	-	-
2170	Accounts payable		2,429,566	17	2,223,209	18
2200	Other payables	6(11)	1,368,019	10	1,089,225	9
2220	Other payables-related parties	7	-	-	47	-
2230	Current tax liabilities	4, 6(24)	9,664	-	12,769	-
2300	Other current liabilities-others		28,496	-	33,999	-
2322	Current portion of long-term loans	6(12), 8	398,350	3	53,200	1
2355	Lease payable	6(13)	25,092	-	-	-
2365	Refund liability	4, 6(14)	59,499	-	-	-
21XX	Total current liabilities		7,963,984	56	5,479,622	45
	Non-current liabilities					
2540	Long-term loans	6(12), 8	1,684,200	12	1,886,000	16
2570	Deferred tax liabilities	4, 6(24)	265,952	2	252,786	2
2613	Lease payable	6(13)	52,029	-	-	-
2630	Long-term deferred revenue	4, 6(15)	357,590	3	286,158	2
2640	Net defined benefit liability	4, 6(16)	1,359	-	1,143	-
2645	Guarantee deposits		53,991	-	83,913	1
25XX	Total non-current liabilities		2,415,121	17	2,510,000	21
2XXX	Total liabilities		10,379,105	73	7,989,622	66
31XX	Equity attributable to the parent company					
3100	Capital	6(17)				
3110	Common stock		2,810,594	20	2,810,594	23
3200	Capital surplus	6(17)	1,061,873	7	1,061,873	9
3300	Retained earnings	6(17)				
3310	Legal reserve		531,385	4	531,385	4
3320	Special reserve		299,666	2	299,666	2
3350	Accumulated profit or loss		(490,759)	(4)	(252,011)	(2)
3400	Other components of equity		(283,259)	(2)	(243,738)	(2)
3XXX	Total equity		3,929,500	27	4,207,769	34
	Total liabilities and equity		$14,308,605	100	$12,197,391	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Accounts	Notes	2018		2017	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(18)	$13,058,285	100	$11,646,443	100
5000	Operating costs	7	(11,902,072)	(91)	(10,406,598)	(89)
5900	Gross profit		1,156,213	9	1,239,845	11
6000	Operating expenses	7				
6100	Sales and marketing expenses		(654,332)	(5)	(663,757)	(6)
6200	General and administrative expenses		(474,681)	(4)	(461,937)	(4)
6300	Research and development expenses		(27,371)	-	(72,579)	(1)
6450	Expected credit gains (losses)	4, 6(19)	(4,424)	-	-	-
	Operating expenses total		(1,160,808)	(9)	(1,198,273)	(11)
6900	Operating income (loss)		(4,595)	-	41,572	-
7000	Non-operating income and expenses	6(22)				
7010	Other income		99,872	1	92,711	1
7020	Other gains and losses		(136,813)	(1)	(42,619)	-
7050	Finance costs		(195,286)	(2)	(88,628)	(1)
	Non-operating income and expenses total		(232,227)	(2)	(38,536)	-
7900	Income (loss) from continuing operations before income tax		(236,822)	(2)	3,036	-
7950	Income tax benefit (expense)	4, 6(24)	(4,063)	-	6,058	-
8200	Net income (loss)		(240,885)	(2)	9,094	-
8300	Other comprehensive income (loss)	6(23)				
8310	Not to be reclassified to profit or loss in subsequent periods					
8311	Remeasurement of defined benefit plans		2,137	-	4,580	-
8360	May be reclassified to profit or loss in subsequent periods					
8361	Exchange differences arising on translation of foreign operations		(45,661)	-	(96,985)	(2)
8399	Income tax related to items that may be reclassified subsequently to profit or loss		6,140	-	16,487	-
	Total other comprehensive income (loss), net of tax		(37,384)	-	(75,918)	(2)
8500	Total comprehensive income (loss)		$(278,269)	(2)	$(66,824)	(2)
8600	Net income (loss) attributable to:					
8610	Shareholders of the parent		$(240,885)	(2)	$9,094	-
8700	Total comprehensive income (loss) attributable to:					
8710	Shareholders of the parent		$(278,269)	(2)	$(66,824)	(2)
9750	Earnings (loss) per share - basic (In NT$)	6(25)	$(0.86)		$0.03	
9850	Earnings (loss) per share - diluted (In NT$)	6(25)	$(0.86)		$0.03	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2018 and 2017

(In Thousands of New Taiwan Dollars)

Code	Items	Equity Attributable to Shareholders of the Parent						
				Retained Earnings			Other Components of equtiy	
		Capital	Capital Surplus	Legal Reserve	Special Reserve	Accmulated profit or loss	Exchange differences arising on translation of foreign operations	Total Equity
		3110	3200	3310	3320	3350	3410	3XXX
A1	Balance as of January 1, 2017	$2,810,594	$1,061,873	$531,385	$299,666	$(265,685)	$(163,240)	$4,274,593
D1	Net income for 2017					9,094		9,094
D3	Other comprehensive income (loss) for 2017					4,580	(80,498)	(75,918)
D5	Total comprehensive income (loss)	–	–	–	–	13,674	(80,498)	(66,824)
Z1	Balance as of December 31, 2017	$2,810,594	$1,061,873	$531,385	$299,666	$(252,011)	$(243,738)	$4,207,769
A1	Balance as of January 1, 2018	$2,810,594	$1,061,873	$531,385	$299,666	$(252,011)	$(243,738)	$4,207,769
D1	Net loss in 2018					(240,885)		(240,885)
D3	Other comprehensive income (loss) in 2018					2,137	(39,521)	(37,384)
D5	Total comprehensive income (loss)	–	–	–	–	(238,748)	(39,521)	(278,269)
Z1	Balance as of December 31, 2018	$2,810,594	$1,061,873	$531,385	$299,666	$(490,759)	$(283,259)	$3,929,500

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2018	2017	Code	Items	2018	2017
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income (loss) before tax	$(236,822)	$3,036	B00040	Acquisition of financial assets measured at amortized cost	(318,349)	-
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(1,638,337)	(1,769,256)
A20010	Income and expense adjustments:			B02800	Proceeds from disposal of property, plant and equipment	10,179	10,745
A20300	Expected credit losses (gain on recovery)	4,424	-	B00600	Acquisition of debt instrument investments for which no active market exists	30,201	(28,784)
A20100	Depreciation	703,315	647,066	B04500	Acquisition of intangible assets	(10,808)	(17,582)
A20200	Amortization	14,148	11,163	B03700	Decrease (increase) in refundable deposits	1,368	(1,116)
A20900	Interest expense	195,286	88,628	B09900	Increase (dercease) in long-term deferred revenue	91,181	297,391
A21200	Interest revenue	(14,508)	(17,766)	BBBB	Net cash provided by (used in) investing activities	(1,834,565)	(1,508,602)
A22500	Loss on disposal of property, plant and equipment	8,685	11,996				
A23200	Loss (gain) on disposal of investment under equity method	-	(8,202)				
A23700	Impairment loss (reversal) on non-financial assets	(2,793)	5,189				
A29900	Earned revenue from government grants	(13,345)	(11,109)	CCCC	Cash flows from financing activities:		
A30000	Changes in operating assets and liabilities:			C00100	Increase in (repayment of) short-term loans	1,573,875	(77,997)
A31130	Notes receivable	(29,397)	65,500	C01600	Increase in long-term loans	153,575	1,939,200
A31150	Accounts receivable	(793,015)	12,960	C01700	Repayment of long-term loans	(53,200)	(293,808)
A31180	Other receivables	(42,954)	(43,489)	C03000	Increase (decrease) in guarantee deposits	(29,922)	(22,500)
A31200	Inventories	(395,161)	(224,895)	C03900	Increase (decrease) in lease payable	77,121	-
A31230	Prepayments	113,863	(322,689)	CCCC	Net cash provided by (used in) financing activities	1,721,449	1,544,895
A31240	Other current assets	(7,839)	(9,195)				
A31990	Long-term prepaid rent	11,463	12,222				
A32125	Contract liability	4,250	-				
A32150	Accounts payable	206,357	71,316				
A32160	Accounts payable-related parties	-	(54,653)				
A32180	Accrued expenses	24,121	(65,071)				
A32190	Other payables-related parties	(47)	(374)	DDDD	Effect of exchange rate changes on cash and cash equivalents	57,311	(32,250)
A32230	Other current liabilities	(5,503)	(17,216)				
A32240	Net defined benefit liability	2,353	4,796				
A32990	Refund liability	59,499	-				
A32000	Cash generated from operations	(193,620)	159,213				
A33100	Interest received	14,508	17,766				
A33300	Interest paid	(182,771)	(86,944)	EEEE	Net increase (decrease) in cash and cash equivalents	(505,032)	88,074
A33500	Income tax paid	(87,344)	(6,004)	E00100	Cash and cash equivalents at beginning of period	1,350,015	1,261,941
AAAA	Net cash provided by (used in) operating activities	(449,227)	84,031	E00200	Cash and cash equivalents at end of period	$844,983	$1,350,015

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

1.History and organization

Dynamic Electronics Co., Ltd. ("the Company") was incorporated in August 18, 1988. The main activities of the Company are engaged in the design, development, and manufacture of multi-layers PCB boards and electronics components. The Company's common shares were publicly listed on the Taiwan Stock Exchange (TWSE) in March 18, 2009. The Company's registered office and the main business location is at No. 356, Shanying Rd., Guishan Dist., Taoyuan City, Taiwan (R.O.C.)

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

The consolidated financial statements of the Company and its subsidiaries ("the Group") were authorized to be issued in accordance with a resolution of the Board of Directors' meeting held on February 24, 2019.

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 the 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, 2018. The nature and the impact of each new standard and amendment that has a material effect on the Group is described below:

(a) IFRS 15 "Revenue from Contracts with Customers" (including Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers")

IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations. In accordance with the transition provision in IFRS 15, the Group elected to recognize the cumulative effect of initially applying IFRS 15 at the date of initial application (January 1, 2018). The Group also elected to apply this standard retrospectively only to contracts that are not completed contracts at the date of initial application.

The Group's principal activities consist of the sale of goods. The impacts arising from the adoption of IFRS 15 on the Group are summarized as follows:

A. Please refer to Note 4 for both the accounting policies before and after January 1, 2018.

B. Before January 1, 2018, revenue from sale of goods was recognized when goods have been delivered to the buyer. Starting from January 1, 2018, in accordance with IFRS 15, the Group recognized revenue when (or as) the Group fulfills a performance obligation by transferring a promised good to a customer. IFRS 15 has no impact on the Group's revenue recognition for sale of goods. However, if the Group has transferred the goods to customers for some contracts but does not yet have a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. It is different from the accounting treatment of recognizing trade receivables before the date of initial application. Besides, loss allowance against contract assets should be assessed in accordance with IFRS 9. In summary, the GAAP difference between IFRS 15 and IAS 18 has no material impact on the Group's financial statements.

C. For some rendering of contracts, part of the consideration was received in advance from customers upon the contract being signed. The Group subsequently has an obligation to provide the sale of goods. Prior to January 1, 2018, the Group recognized the consideration received in advance from customers under the caption of other current liabilities in accordance with IAS 18. Starting from January 1, 2018, such an advanced receipt should be recorded under the caption of contract liabilities in accordance with IFRS 15. The amount reclassified from other current liabilities to contracts liabilities as of the date of initial application was NT$12,804 thousand. As of December 31, 2018, other current liabilities under IAS 18 decreased by NT$4,250 thousand while contract liabilities under IFRS 15 increased by NT$4,250 thousand.

   Prior to January 1, 2018, the Group recognized an allowance for sale return and discount as a contra-account to accounts receivable when partial or all considerations received might be returned or a chargeback is expected to occur. While, after adopting IFRS 15 on January 1, 2018, such an allowance for sales return and discount shall be presented under the caption of refund liabilities within other current liabilities. The aforementioned impacts lead to an increase in both net account receivable and refund liabilities, due to the allowance for sale return and discount being recasted, amounted to NT$82,239 thousand as of January 1, 2018 and NT$59,499 thousand as of December 31, 2018.

D. Please refer to Note 4, Note 5 and Note 6 for additional disclosure note required by IFRS 15.

(2) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. In accordance with the transition provision in IFRS 9, the Group elected not to restate prior periods at the date of initial application (January 1, 2018). The adoption of IFRS 9 has the following impacts on the Group:

(a) The Group adopted IFRS 9 since January 1, 2018 and it adopted IAS 39 before January 1, 2018. Please refer to Note 4 for more details on accounting policies.

(b) In accordance with the transition provision in IFRS 9, the assessment of the business model and classification of financial assets into the appropriate categories are based on the facts and circumstances that existed as at January 1, 2018. The classifications of financial assets and it carrying amounts as at January 1, 2018 are as follow:

IAS 39		IFRS 9	
Measurement categories	Carrying amounts	Measurement categories	Carrying amounts
At amortized cost		At amortized cost (including cash and cash equivalents, notes receivable, accounts receivable, financial assets measured at amortized cost and other receivables)	$4,717,126
Loans and receivables (including cash and cash equivalents, notes receivable, accounts receivable, debt instrument investments for which no active market exists and other receivables)	$4,717,126		

(c) The transition from IAS 39 to IFRS 9 as at January 1, 2018, the changes in the classifications of financial assets and financial liabilities are as follow:

IAS 39		IFRS 9			Retained earnings	Other components of equity
Class of financial instruments	Carrying amounts	Class of financial instruments	Carrying amounts	Difference	Adjusted amounts	Adjusted amounts
Loans and receivables (Note 1)						
Cash and cash equivalents	$1,349,200	Cash and cash equivalents	$1,349,200	$-	$-	$-
Debt instrument investments for which no active market exists	30,201	Financial assets measured at amortized costs	30,201	-	-	-
Notes receivable	160,786	Notes receivable	160,786	-	-	-
Accounts receivable	3,064,091	Accounts receivable	3,064,091	-	-	-
Other receivables	112,848	Other receivables	112,848	-	-	-
Total	$4,717,126	Total	$4,717,126	$-	$-	$-

Notes:

(1)In accordance with IAS 39, the cash flow characteristics for loans and receivables are solely payments of principal and interest on the principal amount outstanding. The assessment of the business model is based on the facts and circumstances that exited as at January 1, 2018. These financial assets were measured at amortized cost as they were held within a business model whose objective was to hold financial assets in order to collect contractual cash flows. Besides, in accordance with IFRS 9, there was no adjustment arised from the assessment of impairment losses for the aforementioned assets as at January 1, 2018. Therefore, there is no impact on the carrying amount as at January 1, 2018.

As at January 1, 2018, debt instrument investments for which no active market exists of NT$30,201 thousand were reclassified to financial assets measured at amortized cost.

(d) Please refer to Note 4, Note 5, Note 6 and Note 12 for the related disclosures required by IFRS 7 and IFRS 9.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 16 "Leases"	January 1, 2019
b	IFRIC 23 "Uncertainty Over Income Tax Treatments"	January 1, 2019
c	IAS 28 "Investment in Associates and Joint Ventures" - Amendments to IAS 28	January 1, 2019
d	Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 1, 2019
e	Improvements to International Financial Reporting Standards (2015-2017 cycle)	January 1, 2019
f	Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	January 1, 2019

(a) IFRS 16 "Leases"

The new standard requires lessees to account for all leases under one single accounting model (except for short-term or low-value asset lease exemptions), which is for lessees to recognize right-of-use assets and lease liabilities on the balance sheet and the depreciation expense and interest expense associated with those leases in the consolidated statements of comprehensive income. Besides, lessors' classification remains unchanged as operating or finance leases, but additional disclosure information is required.

(b) IFRIC 23 "Uncertainty Over Income Tax Treatments"

The Interpretation clarifies application of recognition and measurement requirements in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments.

(c) IAS 28 "Investment in Associates and Joint Ventures" - Amendments to IAS 28

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture before it applies IAS 28, and in applying IFRS 9, does not take account of any adjustments that arise from applying IAS 28.

(d) Prepayment Features with Negative Compensation (Amendments to IFRS 9)

The amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract, to be measured at amortized cost or at fair value through other comprehensive income.

(e) Improvements to International Financial Reporting Standards (2015-2017 cycle):

IFRS 3 "Business Combinations"

The amendments clarify that an entity that has joint control of a joint operation shall remeasure its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 "Joint Arrangements"

The amendments clarify that an entity that participates in, but does not have joint control of, a joint operation does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 "Income Taxes"

The amendments clarify that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

IAS 23 "Borrowing Costs"

The amendments clarify that an entity should treats as part of general borrowings any borrowing made specifically to obtain an asset when the asset is ready for its intended use or sale.

(f) Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

The amendments clarify that when a change in a defined benefit plan is made (such as amendment, curtailment or settlement, etc.), the entity should use the updated assumptions to remeasure its net defined benefit liability or asset.

The abovementioned standards and interpretations issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2019. Apart from item (a) explained below, the remaining standards and interpretations have no material impact on the Group.

(1) IFRS 16 "Leases"

IFRS 16 "Leases" replaces IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases - Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The impact arising from the adoption of IFRS 16 on the Group are summarized as follows:

A. For the definition of a lease, the Group elects not to reassess whether a contract is, or contains, a lease at the date of initial application (January 1, 2019) in accordance with the transition provision in IFRS 16. Instead, the Group is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

The Group is a lessee and elects not to restate comparative information in accordance with the transition provision in IFRS 16. Instead, the Group recognizes the cumulative effect of initially applying IFRS 16 at the date of initial application.

(a)Leases classified as operating leases

For leases classified as operating leases under IAS 17, the Group expects to reclassify the long-term prepaid rents of NT$287,453 for right-of-use asset on January 1, 2019.

(b)Leases classified as finance leases

For leases that were classified as finance leases applying IAS 17, the Group expects to reclassify the lease asset of NT$123,430 and the lease payable of NT$77,121 as measured by IAS 17 to the right-of-use asset of NT$123,430 and the lease liability of NT$77,121, respectively, on January 1, 2019.

B. The additional disclosures of lessee and lessor required by IFRS 16 will be disclosed in the relevant notes.

3. Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC at the date of issuance of the Group's financial statements are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
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	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2021
c	Definition of a Business (Amendments to IFRS 3)	January 1, 2020
d	Definition of Material (Amendments to IAS 1 and 8)	January 1, 2020

(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 (build ing 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 fulfilment cash flows comprise of the following:

(1)Estimates of future cash flows;
(2)Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
(3)A risk adjustment for non-financial risk.

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.

(c) Definition of a Business (Amendments to IFRS 3)

The amendments clarify the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business. The amendments clarify the minimum requirements for a business; add guidance to help entities assess whether an acquired process is substantive; and narrow the definitions of a business and of outputs; etc.

(d) Definition of a Material (Amendments to IAS 1 and 8)

The main amendment is to clarify new definition of material. It states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. " The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it

could reasonably be expected to influence decisions made by the primary users.

The abovementioned standards and interpretations issued by IASB 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 Group assessed all 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, 2018 and 2017 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC.

(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 presented in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Company 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 Company controls an investee if and only if the Company 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 Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee
(b) Rights arising from other contractual arrangements
(c) The Company's voting rights and potential voting rights

The Company re-assesses whether or not 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 Company 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 Company 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:

			Percentage of ownership (%)	
Investor	Subsidiary	Main businesses	2018.12.31	2017.12.31
The Company	WINTEK (MAURITIUS) CO., LTD.	The business of PCB	100.00%	100.00%
The Company	Dynamic Electronics Europe GmbH	Trading of PCB	(Note 1)	(Note 1)
The Company	Dynamic PCB Electronics Co., Ltd.	Trading of PCB	100.00%	100.00%
The Company	Dynamic Electronics Co., Ltd. (Seychelles)	Trading of PCB	100.00%	100.00%
The Company	Dynamic Electronics Trading Pte. Ltd.	Management operations services	100.00%	100.00%
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	100.00%	100.00%
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics Holding Pte. Ltd.	Investing activities	100.00%	100.00%
Dynamic Electronics Holding Pte. Ltd	Dynamic Electronics (Huangshi) Co., Ltd.	Manufacturing and selling of PCB	100.00%	100.00%

Note1: Dynamic Electronics Europe GmbH was liquidated in January 2017.

(4)Foreign currency transactions and translation of financial statements in foreign currency

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 (Before January 1, 2018: IAS 39 Financial Instruments: Recognition and Measurement) 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 New Taiwan dollar at the closing rate of exchange prevailing at the balance sheet 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 disposal of the 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 recognized.

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 NCIs in that foreign operation, instead of recognized in profit or loss. In partial disposal of an associate or jointly controlled entity 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.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6)Current and non-current distinction for assets and liabilities

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 comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including fixed-term deposits that have maturities equal to or less than three months from the date of acquisition).

(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 (Before January 1, 2018: IAS 39 Financial Instruments: Recognition and Measurement) 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 assets: Recognition and Measurement

The accounting policy from January 1, 2018 as follow:

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 note receivables, trade receivables 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 recognise 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 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 asset measured 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 as 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.

Besides, 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 cumulated 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 represents a recovery of part of the cost of investment.

Financial asset measured 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.

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.

The accounting policy before January 1, 2018 as follow:

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

Financial assets of the Group are classified as financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The Group determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated as at fair value through profit or loss.

A financial asset 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 asset at fair value through profit or loss; or a financial asset 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 assets, financial liabilities or both 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.

Financial assets at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss (including those received during the period of initial investment).

If financial assets do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group upon initial recognition designates as available for sale, classified as at fair value through profit or loss, or those for which the holder may not recover substantially all of its initial investment.

Loans and receivables are separately presented on the balance sheet as receivables or debt instrument investments for which no active market exists. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

(b) Impairment of financial assets

The accounting policy from January 1, 2018 as follow:

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

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.

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 trade receivables 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 been 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.

The accounting policy before January 1, 2018 as follow:

The Group assesses at each reporting date whether there is any objective evidence that a financial asset other than the financial assets at fair value through profit or loss is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset. The carrying amount of the financial asset impaired, other than receivables impaired which are reduced through the use of an allowance account, is reduced directly and the amount of the loss is recognized in profit or loss.

A significant or prolonged decline in the fair value of an available-for-sale equity instrument below its cost is considered a loss event.

Other loss events include:

A. Significant financial difficulty of the issuer or obligor; or
B. A breach of contract, such as a default or delinquency in interest or principal payments; or
C. It becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
D. The disappearance of an active market for that financial asset because of financial difficulties.

For loans and receivables measured at amortized cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exits for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Interest income is accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

In the case of equity investments classified as available-for-sale, where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss – is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

(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 (before January 1, 2018: IAS 39 Financial Instruments: Recognition and Measurement) 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 assets, financial liabilities or both 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.

Before January 1, 2018, if the financial liabilities at fair value through profit or loss do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial liabilities measured at cost on balance sheet and carried at cost as at the reporting date.

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 instruments

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.

(10)Inventories

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

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

Raw materials - By actual purchase cost with 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.

Starting from January 1, 2018, rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) 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 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	10～40 years
Machinery and equipment	1~10 years
Transportation equipment	4~6 years
Office equipment	3~6 years
Other equipment	1~9 years

An item of property, plant and equipment or 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.

(12) Leases

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

(13) 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 (CGU) 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.

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

	Computer software	Technology Expertise
Useful lives	3~5 years	5~6 years
Amortization method used	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired

(14) 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 recoverable amount of the asset or CGU. 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 the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

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

(15)Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable 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.

(16)Revenue recognition

The accounting policy from January 1, 2018 as follow:

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

Sale of goods

The Group mainly manufactures and sells of its products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is PCB and revenue is recognized based on the consideration stated in the contract. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the

discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

The credit period of the Group's sale of goods is from 60 to 150 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 trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

The accounting policy before January 1, 2018 was as follows:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

(a) The significant risks and rewards of ownership of the goods have passed to the buyer;
(b) Neither continuing managerial involvement nor effective control over the goods sold have been retained;
(c) The amount of revenue can be measured reliably;
(d) It is probable that the economic benefits associated with the transaction will flow to the entity; and
(e) The costs incurred in respect of the transaction can be measured reliably.

Interest income

For all financial assets measured at amortized cost (including loans and receivables and

held-to-maturity financial assets) and available-for-sale financial assets, interest income is recorded using the effective interest rate method and recognized in profit or loss.

Dividends

Revenue is recognized when the Group's right to receive the payment is established.

(17)Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(18)Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(19)Post-employment benefits

All regular employees of Kinsus and its domestic subsidiaries are entitled to pension plans that are 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 Kinsus 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, Kinsus 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 and the contribution is expensed as incurred.

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

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 tax

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 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 (loss);

(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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 ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed 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.

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 judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires the management to make judgments, 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.

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)The Fair Value of Financial Instruments

Where the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example, the discounted cash flow model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b)Accounts receivables-estimation of impairment loss

Starting from January 1, 2018:

The Group estimates the impairment loss of accounts receivables 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.

Before January 1, 2018:

The Group considers the estimation of future cash flows when there is objective evidence showed indications of impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. However, as the impact from the discounting of short-term receivables is not material, the impairment of short-term receivables is measured as the difference between the asset's carrying amount and the estimated undiscounted future 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.

(c)Inventory

Inventories are valued at the lower of cost and net realizable value item by item. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The change of market may also significantly influence the evaluation of inventory. For inventory details, please refer to Note 6 to the consolidated financial statements.

(d)Pension benefits

The cost of post-employment benefit pension plan and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including the change in the discount rate and expected salary level. The assumptions used for measuring pension cost and defined benefit obligation are disclosed in Note 6.

(e)Revenue recognition-sale returns and allowance

Starting from January 1, 2018:

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the

aforementioned sales returns and allowance, trevenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Please refer to Note 6 for more details.

Before January 1, 2018:

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. Please refer to Note 6 for more details.

(f)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 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.

6. Contents of significant accounts

(1)Cash and cash equivalents

	2018.12.31	2017.12.31
Cash on hand	$759	$815
Checking and savings	842,289	1,347,325
Fixed-term deposits	1,935	1,875

Total	$844,983	$1,350,015

(2)Financial assets measured at amortized cost

	2018.12.31	2017.12.31(Note)
Restricted cash - current	$314,540	
Fixed-term deposits	3,809	
Total	$318,349	
Current	$318,349	
Non-current	$-	

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provison in IFRS 9.

Please refer to Note 8 for more details on Financial assets measured at amortized cost under pledge.

(3)Debt instrument investments for which no active market exists

	2018.12.31(Note)	2017.12.31
Restricted cash- current		$27,701
Fixed-term deposits		2,500
Total		$30,201

Note:The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provison in IFRS 9.

The Group adopted IAS 39 before January 1, 2018 and classified certain financial assets as debt instrument investments for which no active market exists. Please refer to Note 8 for details on the above mentioned debt instrument investments under pledge.

(4)Notes receivable, net

	2018.12.31	2017.12.31
Notes receivables arising from operating activities	$190,183	$160,786
Less: loss allowance	-	-
Total	$190,183	$160,786

Notes receivables were not pledged.

The Group adopted IFRS 9 for impairment assessment since January 1, 2018. Please refer to Note 6 for more details on accumulated impairment and Note 12 for more details on credit risk.

(5)Accounts receivable

(a) Accounts receivable, net consist of the follow :

	2018.12.31	2017.12.31
Accounts receivable from operating activities	$3,870,789	$3,160,013
Less: loss allowance	(18,188)	(13,683)
Less: sales returns and allowance	(Note)	(82,239)
Total	$3,852,601	$3,064,091

Note: The Group has adopted IFRS 15 from January 1, 2018. The Group elected not to restate for period periods in accordance with the transition provision in IFRS 15.

(b)The Group evaluated sales returns and allowance based on experiences and other known factors and recorded it as a reduction against sales at the time of recognizing revenue.

(c)The receivables are generally on 60-150 day terms. The Group adopted IFRS 9 for impairment assessment since January 1, 2018. Please refer to Note 6 for more details on impairment of trade receivables. The Group adopted IAS 39 for impairment assessment before January 1, 2018. The movements in the provision for impairment of trade receivables are as follows: (Please refer to Note 12 for more details on credit risk management.)

	Individually impaired	Collectively impaired	Total
2017.01.01	$-	$13,683	$13,683
Charge for the current period	-	-	-
Write off	-	-	-
2017.12.31	$-	$13,683	$13,683

(d)Aging analysis of accounts receivable that is past due as at the end of the reporting period but not impaired is as follows:

		Past due but not impaired					
	Neither past due nor impaired	Less than 30 days	31~60 days	61~90 days	91~120 days	More than 121 days	Total
2017.12.31	$2,956,812	$88,154	$13,731	$4,951	$-	$443	$3,064,091

(e)Accounts receivable were not pledged.

(6)Inventories

(a)Details of inventories are as below :

	2018.12.31	2017.12.31
Raw materials	$162,753	$277,510
Supplies & parts	4,347	1,722
Work in progress	372,133	357,639
Finished goods	1,353,708	860,909
Total	$1,892,941	$1,497,780

(b)The cost of inventories recognized in expenses amounts to NT$11,902,072 thousand for the year ended December 31, 2018 while NT$10,406,598 thousand for the year ended December 31, 2017. The following losses were included in cost of sales :

	2018	2017
Loss from inventory market decline	$44,397	$48,095
Loss from physical taking	6,771	6,801
Total	$51,168	$54,896

(c)Inventories were not pledged.

(7)Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Leased assets	Construction in progress and equipment to be examined	Total
Cost:									
2018.01.01	$137,171	$1,281,539	$6,724,819	$23,207	$83,714	$1,217,803	$-	$2,190,106	$11,658,359
Additions	-	-	116,555	3,268	14,368	245,125	1,324	1,500,014	1,880,654
Disposals	-	-	(120,950)	(6,002)	(8,803)	(172,573)	-	-	(308,328)
Transfer	-	999,392	1,110,433	6,865	80,093	173,583	132,323	(2,502,689)	-
Exchange differences	-	(19,221)	(96,220)	(249)	(1,149)	(15,570)	-	(35,853)	(168,262)
Other changes	-	-	-	-	-	-	-	-	-
2018.12.31	$137,171	$2,261,710	$7,734,637	$27,089	$168,223	$1,448,368	$133,647	$1,151,578	$13,062,423
2017.01.01	$137,171	$1,299,489	$6,951,442	$21,497	$66,141	$1,157,049	$-	$312,375	$9,945,164
Additions	-	-	8,205	1,224	21,092	160,454	-	1,963,061	2,154,036
Disposals	-	-	(183,329)	(1,693)	(2,726)	(116,686)	-	-	(304,434)
Transfer	-	3,240	37,501	2,516	292	36,656	-	(80,205)	-
Exchange differences	-	(21,190)	(89,000)	(337)	(1,085)	(19,670)	-	(5,125)	(136,407)
Other changes	-	-	-	-	-	-	-	-	-
2017.12.31	$137,171	$1,281,539	$6,724,819	$23,207	$83,714	$1,217,803	$-	$2,190,106	$11,658,359
Depreciation and impairment:									
2018.01.01	$-	$471,244	$5,336,206	$17,310	$52,357	$935,385	$-	$-	$6,812,502
Depreciation	-	68,021	370,674	3,423	23,859	236,597	741	-	703,315
Impairment loss	-	-	(2,793)	-	-	-	-	-	(2,793)
Disposals	-	-	(107,199)	(5,502)	(7,745)	(169,018)	-	-	(289,464)
Transfer	-	-	-	-	-	-	-	-	-
Exchange differences	-	(7,855)	(77,473)	(222)	(1,062)	(15,074)	(177)	-	(101,863)
Other changes	-	-	(8,499)	-	-	(1,154)	9,653	-	-
2018.12.31	$-	$531,410	$5,510,916	$15,009	$67,409	$986,736	$10,217	$-	$7,121,697

2017.01.01	$-	$435,752	$5,149,563	$15,917	$46,645	$872,258	-	$-	$6,520,135
Depreciation	-	41,830	403,349	3,123	8,801	189,963	-	-	647,066
Impairment loss	-	-	5,189	-	-	-	-	-	5,189
Disposals	-	-	(163,918)	(1,498)	(2,442)	(113,835)	-	-	(281,693)
Transfer	-	-	-	-	-	-	-	-	-
Exchange differences	-	(6,338)	(57,977)	(232)	(647)	(13,001)	-	-	(78,195)
Other changes	-	-	-	-	-	-	-	-	-
2017.12.31	$-	$471,244	$5,336,206	$17,310	$52,357	$935,385	$-	$-	$6,812,502
Net carrying amount as at:									
2018.12.31	$137,171	$1,730,300	$2,223,721	$12,080	$100,814	$461,632	$123,430	$1,151,578	$5,940,726
2017.12.31	$137,171	$810,295	$1,388,613	$5,897	$31,357	$282,418	$-	$2,190,106	$4,845,857

Certain idle property, plant and equipment have been sold in 2018, resulting in a gain on reversal of impairment of NT$2,793 thousand. This has been recognized in the statement of comprehensive income.

In the year ended December 31, 2017, the Group wrote down the carrying value of certain idle property, plant and equipment to NT$0 by recognizing an impairment loss in amount of NT$5,189 thousand in the statement of comprehensive income.

Significant components of building include main building structure and additional expansion construction, which are depreciated over their useful lives of 30~40 years and 20 years, respectively.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(8)Intangible assets

	Computer software	Technology expertise	Total
Cost:			
2018.01.01	$42,899	$750	$43,649
Increase	10,808	-	10,808
Decrease	(10,085)	(750)	(10,835)
Exchange differences	(335)	-	(335)

2018.12.31	$43,287	$-	$43,287
2017.01.01	$27,033	$750	$27,783
Increase	17,582	-	17,582
Decrease	(1,543)	-	(1,543)
Exchange differences	(173)	-	(173)
2017.12.31	$42,899	$750	$43,649
Amortization:			
2018.01.01	$18,720	$673	$19,393
Amortization	14,071	77	14,148
Decrease	(10,085)	(750)	(10,835)
Exchange differences	(255)	-	(255)
2018.12.31	$22,451	$-	$22,451
2017.01.01	$9,262	$554	$9,816
Amortization	11,044	119	11,163
Decrease	(1,543)	-	(1,543)
Exchange differences	(43)	-	(43)
2017.12.31	$18,720	$673	$19,393
Net carrying amount as at:			
2018.12.31	$20,836	$-	$20,836
2017.12.31	$24,179	$77	$24,256

Amortization of intangible assets is as follows:

	2018	2017
Operating costs	$2,784	$2,444
Operating expenses	11,364	8,719
Total	$14,148	$11,163

(9)Other non-current assets

	2018.12.31	2017.12.31
Refundable deposits	$7,529	$8,897
Long-term prepaid rent－land use right	281,075	292,538

Total	$288,604	$301,435

Please refer to Note 8 for more details on Long-term prepaid rent under pledge.

(10)Short-term loans

(a) Short-term loans consist of the following:

	Interest Rates (%)	2018.12.31	2017.12.31
Unsecured bank loans	1.35%~4.785%	$2,708,199	$2,067,173
Secured bank loans	4.785%~4.795%	932,849	-
Total		$3,641,048	$2,067,173

(b) The Group's unused short-term lines of credits amounts to NT$3,284,365 thousand and NT$3,204,675 thousand as of December 31, 2018 and 2017, respectively.

(c) Please refer to Note 8 for more details on short-term loans under pledge.

(11)Other payables

Other payables consist of the following:	2018.12.31	2017.12.31
Accrued expenses	$636,162	$612,041
Accrued interest payable	16,302	3,946
Payables to equipment suppliers	715,555	473,238
Total	$1,368,019	$1,089,225

(12)Long-term loans

(a) Details of long-term loans as of December 31, 2018 and 2017 are as follows:

Lenders	2018.12.31	Interest Rate (%) (Note2)	Maturity and terms of repayment
JihSun Bank – Taoyuan Branch – Secured bank loans (Note1)	$249,067	The interest shall not be lower than Jihsun Bank's mortgage index interest rate plus 0.67%	The loan is repaid in 78 monthly installments, each at NT$3,462 thousand and last repayment NT$6,741, within 7 years with a grace period of 6 months.

JihSun Bank – Taoyuan Branch – Secured bank loans (Note1)	297,733	The interest shall not be lower than Jihsun Bank's mortgage index interest rate plus 0.67%	The loan is repaid in 78 monthly installments, each at NT$4,138 thousand and last repayment NT$8,059, within 7 years with a grace period of 6 months.
E. Sun Bank and credit unions	1,382,175	Interest is at LIBOR 3M+1.7%. If 3M TAIFX3 is higher than LIBOR 3M0.3%, interest is at 3M TAIFX3-0.3%+1.7% and subject to adjustments due to financial ratio.	The loan principal is repaid starting 24 months from the first usage date. The un-repaid loan shall be fully repaid in 3 semi-annual installments, 10% of unpaid balance for first and second and 80% for the third.
E. Sun Bank and credit unions	153,575	Interest is at LIBOR 3M+1.7%. If 3M TAIFX3 is higher than LIBOR 3M0.3%, interest is at 3M TAIFX3-0.3%+1.7% and subject to adjustments due to financial ratio.	The loan principal is repaid in 3 semi-annual installments, 10% for first and second and 80% for the third starting 24 months from the first usage date. Any portion of the repayments, if granted of a 2-year extension, shall be repaid starting 3 years from the first usage date in 5 semi-annual installments, 15% for first 4 and 40% for the fifth.
Total	2,082,550		
Less: Current portion of long-term loans	(398,350)		
Non-current portion of long-term loans	$1,684,200		

Lenders	2017.12.31	Interest Rate (%) (Note2)	Maturity and terms of repayment
JihSun Bank – Taoyuan Branch – Secured bank loans (Note1)	$273,300	The interest shall not be lower than Jihsun Bank's mortgage index interest rate plus 0.67%	The loan is repaid in 78 monthly installments, each at NT$3,462 thousand and last repayment NT$6,741, within 7 years with a grace period of 6 months.
JihSun Bank – Taoyuan Branch – Secured bank loans (Note1)	326,700	The interest shall not be lower than Jihsun Bank's mortgage index interest rate plus 0.67%	The loan is repaid in 78 monthly installments, each at NT$4,138 thousand and last repayment NT$8,059, within 7 years with a grace period of 6 months.
E. Sun Bank and credit unions	1,190,400	Interest is at LIBOR 3M+1.7%. If 3M TAIFX3 is higher than LIBOR 3M0.3%, interest is at 3M TAIFX3-0.3%+1.7% and subject to adjustments due to financial ratio.	The loan principal is repaid starting 24 months from the first usage date. The un-repaid loan shall be fully repaid in 3 semi-annual installments, 10% of unpaid balance for first and second and 80% for the third.
E. Sun Bank and credit unions	148,800	Interest is at LIBOR 3M+1.7%. If 3M TAIFX3 is higher than LIBOR 3M0.3%, interest is at 3M TAIFX3-0.3%+1.7% and subject to adjustments due to financial ratio.	The loan principal is repaid in 3 semi-annual installments, 10% for first and second and 80% for the third starting 24 months from the first usage date. Any portion of the repayments, if granted of a 2-year extension, shall be repaid starting 3 years from the first usage date in 5 semi-annual installments, 15% for first 4 and 40% for the fifth.
Total	1,939,200		

Less: Current portion of long-term loans	(53,200)
Non-current portion of long-term loans	$1,886,000

Note1: Please refer to Note 8 for more details regarding certain property, plant and equipment pledged for secured bank loans.

Note2: Interest rates of long-term loans are as follows:

	2018.12.31	2017.12.31
Interest Rates (%)	1.75%~4.68%	1.75%~3.60%

(b)The Group entered into an agreement of syndicated loans in credit line of USD50,000 thousand with E.Sun Bank, Mega International Commercial Bank and 7 other banks on March 17, 2017. According to the agreement, the Company's liquidity ratio, debt ratio and interest expenditure coverage derived from annual consolidated financial statements should meet certain criteria.

In the event that the Group's financial statements do not meet with any of the criteria or restrictions specified, the Company shall improve it in 9 months after the end of the fiscal year. The improvement documentation proposed by the Company shall also be reviewed by certified public accountants. During the period of improvement, (1) the unused credit line of underlying loan agreement shall be suspended from further usage until the Group's financial ratio meet the required criteria. ; (2) the interest shall be increased by 0.15% from the immediate interest payment date as notified by the managing bank to the interest payment date immediately after the issue has been improved. The borrower's right to utilize the credit line shall be suspended and punished in accordance with related covenants in the agreement immediately when the managing banks discover any breach of loan contract.

(13)Finance lease commitments

The Group has finance leases for certain machinery. Theses leases contain purchase options. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2018.12.31		2017.12.31	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Not later than one year	$29,010	$25,092	$-	$-
Later than one year and not later than five years	55,185	52,029	-	-
Total minimum lease payments	84,195	77,121	-	-
Less: finance charges on finance lease	(7,074)	-	-	-
Present value of minimum lease payments	$77,121	$77,121	$-	$-
Current	$25,092	$25,092	$-	$-
Non-current	52,029	52,029	-	-

(14)Refund liability

	2018.12.31	2017.12.31(Note)
Refund liability	$59,499	

Note: The Group adopted IFRS 15 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provison in IFRS 15.

(15)Long-term deferred revenue

Government grants

	2018	2017
Beginning balance	$286,158	$-
Received during the period	91,181	297,391

Released to the statement of comprehensive income	(13,345)	(11,109)
Exchange differences	(6,404)	(124)
Ending Balance	$357,590	$286,158

	2018.12.31	2017.12.31
Non-current deferred revenue - government grants related to assets	$357,590	$286,158

Government grants have been received for purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to the grants.

(16)Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2018 and 2017 amounted to NT$18,169 thousand and NT$17,383 thousand, respectively.

Additional pension expenses recognized for the executives commissioned by the Group amounted to NT$216 thousand both for the years ended December 31, 2018 and 2017.

Defined benefits plan

The Company 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 2% 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 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 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 mandation, 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 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.

As of December 31, 2018 and 2017, the maturities of the Company's defined benefit plan were expected in 2026 and 2027.

Pension costs recognized in profit or loss for the years ended December 31, 2018 and 2017:

	2018	2017
Current period service costs	$-	$869
Interest income or expense	(561)	(541)
Past service cost	7,831	1,127
Payments from the plan	-	-
Total	$7,270	$1,455

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	2018.12.31	2017.12.31	2017.01.01
Defined benefit obligation	$42,040	$38,477	$49,663
Plan assets at fair value	(77,256)	(78,826)	(85,750)
Other non-current liabilities - Accrued pension liabilities recognized on the consolidated balance sheets	$(35,216)	$(40,349)	$(36,087)

Reconciliation of liability (asset) of the defined benefit liability is as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
2017.01.01	$49,663	$85,750	$(36,087)
Current period service costs	869	-	869
Net interest expense (income)	745	1,286	(541)
Past service cost and gains and losses arising from settlements	1,127	-	1,127
Subtotal	2,741	1,286	1,455
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	776	-	776
Actuarial gains and losses arising from changes in financial assumptions	305	-	305
Experience adjustments	(6,065)	-	(6,065)
Return on plan assett assets	-	(404)	404
Subtotal	(4,984)	(404)	(4,580)
Payments from the plan	(8,943)	(8,943)	-
Contributions by employer	-	1,137	(1,137)
Effect of changes in foreign exchange rate	-	-	-
2017.12.31	38,477	78,826	(40,349)
Current period service costs	-	-	-
Net interest expense (income)	535	1,096	(561)
Past service cost and gains and losses arising from settlements	7,831	-	7,831
Subtotal	8,366	1,096	7,270

Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	35	-	35
Actuarial gains and losses arising from changes in financial assumptions	1,323	-	1,323
Experience adjustments	(1,211)	-	(1,211)
Return on plan assets	-	2,284	(2,284)
Subtotal	147	2,284	(2,137)
Payments from the plan	(4,950)	(4,950)	-
Contributions by employer	-	-	-
Effect of changes in foreign exchange rate	-	-	-
2018.12.31	$42,040	$77,256	$(35,216)

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2018	2017
Discount rate	0.86%	1.39%
Expected rate of salary increases	1.00%	1.00%

A sensitivity analysis for significant assumption is shown as below:

	Effect on the defined benefit obligation			
	2018		2017	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.5%	$-	$(1,258)	$-	$(1,918)
Discount rate decrease by 0.5%	1,619	-	2,182	-
Expected salary level increased by 0.5%	1,602	-	2,179	-
Expected salary level decreased by 0.5%	-	(1,262)	-	(1,934)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one

another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(17)Equities

(a)Common stock

As of December 31, 2018 and 2017, the Company's authorized capital was NT$4,000,000 thousand, each share at par of NT$10. The Company's paid-in capital were NT$2,810,594 thousand divided into 281,059,335 shares.

(b)Capital surplus

	2018.12.31	2017.12.31
Additional paid-in capital	$989,014	$989,014
Treasury share transactions	32,214	32,214
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	15,531	15,531
Gain on sale of assets	155	155
Employee stock option	5,249	5,249
Share options	19,710	19,710
Total	$1,061,873	$1,061,873

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, 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 either in cash or in the form of share dividend to its shareholders in proportion to the number of shares being held by each of them.

(c)Retained earnings and dividend policies

(1)Earning distribution

The Company's shareholders' meeting held on May 27, 2016 passed the resolution of amending the Articles of Incorporation, according to the revised Articles of Incorporations, 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.

(2)Dividend policy

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, financial structures and earnings etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting. The Company's Articles of Incorporation further provide that no more than 90% of the dividends to shareholders, if any, could be paid in the form of share dividends. Accordingly, at least 10% of the dividends must be paid in the form of cash.

(3)According to the Company Act, the Company shall set aside legal reserve from earnings unless where the amount of legal reserve reaches the total authorized 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 shareholders.

(4)Following the adoption of T-IFRS, the FSC on April 6, 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the T-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 an equal amount of special reserve. Following a company's adoption of the T-IFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, 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 in the preceding point, 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.

As of January 1, 2013, special reserve set aside for the first-time adoption of T-IFRS amounted to NT$349,310 thousand. Furthermore, the Company has reversed special reserve in the amount of NT$49,644 thousand to retained earnings during the year ended December 31, 2013 due to the use, disposal or reclassification of related assets.

As of December 31, 2018 and 2017, special reserve set aside for the first-time adoption of T-IFRS reduced to NT$299,666 thousand accordingly.

(5)There was no earnings distribution for the years ended December 31, 2018 and 2017.

Please refer to Note 6(21) for details on employees' compensation and remuneration to directors and supervisors.

(18)Operating revenues

	For the year ended December 31,	
	2018(Note)	2017
Revenue from contracts with customers		
Sales of goods	$12,992,531	$11,646,443
Other revenue	65,754	-
Total	$13,058,285	$11,646,443

Note: The Group has adopted IFRS 15 since January 1, 2018. The Group elected to recognize the cumulative effect of initially applying the standard at the date of initial application (January 1, 2018).

The Group has adopted IFRS 15 from January 1, 2018. Analysis of revenue from contracts with customers during the year is as follows:

A. Disaggregation of revenue

	PCB	Other	Total
Sale of goods	$12,992,531	$-	$12,992,531
Other	65,754	-	65,754
Total	$13,058,285	$-	$13,058,285

The timing for revenue recognition:

At a point in time	$13,058,285	$-	$13,058,285

B. Contract balances

(a) Contract liabilities – current

	Beginning balance	Ending balance	Difference
Sale of goods	$12,804	$4,250	$(8,554)

For the year ended December 31, 2018, contract liabilities decreased because certain performance obligations included in the beginning contract liability balance were satisfied and therefore recognized for revenues.

(19)Expected credit losses/ (gains)

	For the year ended December 31,	
	2018	2017 (Note)
Operating expenses – Expected credit losses/(gains)		
Account receivables	$4,424	

Note:The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provison in IFRS 9.

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

The Group measures the loss allowance of its trade receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31, 2018 is as follow:

A.The Group condsiders the grouping of trade receivables by counter parties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. Details are as follow:

	Not yet due	Past due					
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$3,895,529	$147,255	$4,942	$6,992	$487	$5,767	$4,060,972
Loss ratio	-%	-%	100%	100%	100%	100%	
Lifetime expected credit losses	-	-	(4,942)	(6,992)	(487)	(5,767)	(18,188)
Carrying amount of trade receivables	$3,895,529	$147,255	$-	$-	$-	$-	$4,042,784

Note: all the Group's notes receivable were not past due.

B.The movement in the provision for impairment of notes receivable and accounts receivable for the year ended December 31,2018 is as follows:

	Notes receivable	Accounts receivable
Beginning balance (in accordance with IAS 39)	$-	$13,683
Transition adjustment to retained earnings	-	-
Beginning balance (in accordance with IFRS 9)	-	13,683
Addition / (reversal) for the current period	-	4,424
Effect of exchange rate changes	-	81
Ending balance	$-	$18,188

(20)Operating leases - The Group as a lessee

The Group has entered into commercial leases on certain motor vehicles and items of land and buildings. These leases have an average life of three years with no renewal option included in

the contracts. There are no restrictions placed upon the Group by entering into these leases. Future minimum rentals payable under non-cancellable operating leases as of December 31, 2018 and 2017 are as follows:

	2018.12.31	2017.12.31
Within one year	$4,612	$354
Above one year to five years	2,034	-
Total	$6,646	$354

Operating lease expenses recognized are as follows:

	2018	2017
Minimum lease payments	$32,881	$31,596

(21)Summary of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2018 and 2017 is as follows:

	2018			2017		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$1,983,618	$256,911	$2,240,529	$1,627,946	$250,720	$1,878,666
Labor and health insurance	36,338	5,472	41,810	35,124	5,442	40,566
Pension	20,835	4,820	25,655	12,516	6,538	19,054
Other employee benefits expense	107,158	816	107,974	98,830	1,503	100,333
Depreciation	669,549	33,766	703,315	619,429	27,637	647,066
Amortization	2,784	11,364	14,148	2,444	8,719	11,163

According to the resolution, 10%~18% of profit of the current year is distributable as employees' compensation and no higher than 3% 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 a meeting of Board of Directors 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 Directors' 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.

For the years ended December 31, 2018 and 2017, the Group incurred accumulated losses and therefore did not intend to accrue the employees' compensation and remuneration to directors.

(22)Non-operating income and expenses

(a)Other income

	2018	2017
Interest income	Note	$17,766
Financial assets measured at amortized cost		
Interest income	$14,508	Note
Other income－others	85,364	74,945
Total	$99,872	$92,711

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provison in IFRS 9.

(b)Other gains and losses

	2018	2017
Gain (loss) on disposal of property, plant and equipment	$(8,685)	$(11,996)
Foreign exchange gains (losses), net	(116,783)	(10,487)
Gain on reversal of impairment	2,793	-
Impairment losses		
Property, plant and equipment	-	(5,189)
Gain on disposal of investment	-	8,202
Others losses－others	(14,138)	(23,149)
Total	$(136,813)	$(42,619)

(c)Finance costs

	2018	2017
Interest on borrowings from bank	$195,286	$88,628

(23)Components of other comprehensive income (loss)

For the year ended December 31, 2018

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$2,137	$-	$2,137	$-	$2,137
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	(45,661)	-	(45,661)	6,140	(39,521)
Total	$(43,524)	$-	$(43,524)	$6,140	$(37,384)

For the year ended December 31, 2017

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$4,580	$-	$4,580	$-	$4,580
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	(96,985)	-	(96,985)	16,487	(80,498)
Total	$(92,405)	$-	$(92,405)	$16,487	$(75,918)

(24)Income tax

(a)Based on an amendment to the Income Tax Act announced on Feburary 7, 2018, the Company's applicable corporate income tax rate changes from 17% to 20% and the surtax rate on undistributed earnings from 10% to 5% effective the year of 2018.

(b)The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	2018	2017
Current income tax expense (income):		
Current income tax charge	$67,312	$19,015
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(86,903)	-
Adjustments in respect of current income tax of prior periods	16,927	(25,073)
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	6,727	-
Total income tax expense (income)	$4,063	$(6,058)

Income tax relating to components of other comprehensive income

	2018	2017
Deferred tax expense (income):		
Exchange differences arising on translation of foreign operations	$(6,140)	$(16,487)

(c)A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	2018	2017
Accounting profit (loss) before tax from continuing operations	$(236,822)	$3,036
Tax at the domestic rates applicable to profits in the country concerned	$(37,800)	$19,554

Tax effect of expenses not deductible for tax purposes	9,193	(319)
Tax effect of deferred tax assets/liabilities	15,743	(220)
Prior years' tax adjustments	16,927	(25,073)
Total income tax expense (income) recognized in profit or loss	$4,063	$(6,058)

(d) Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2018

	Beginning balance as of January 1, 2018	Deferred tax income (expense) recognized in profit or loss	Effect of tax rate change	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2018
Temporary differences					
Unrealized loss on inventory valuation	$2,899	$1,259	$512	$-	$4,670
Loss on inventory written-off and obsolescence	337	1,816	60	-	2,213
Investments accounted for using the equity method	(252,786)	22,324	(41,618)	6,140	(265,940)
Over 2 years payables	73	-	13	-	86
Gain on disposal of property, plant and equipment	2,164	203	382	-	2,749
Unrealized exchange loss (gain)	355	(430)	63	-	(12)
Sales returns and allowances	6,956	108	1,227	-	8,291
Commission expense	8,514	3,806	1,502	-	13,822
Bad debt Expence	294	(346)	52	-	-
Unused tax losses	174,530	15,738	30,800	-	221,068
Employee benefits	1,584	-	280	-	1,864
Government grants revenue	-	42,425	-	-	42,425
Deferred tax income/ (expense)		$86,903	$(6,727)	$6,140	
Net deferred tax assets/(liabilities)	$(55,080)				$31,236
Reflected in balance sheet as follows:					
Deferred tax assets	$197,706				$297,188

Deferred tax liabilities	$(252,786)				$(265,952)

For the year ended December 31, 2017

	Beginning balance as of January 1, 2017	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Other	Ending balance as of December 31, 2017
Temporary differences					
Unrealized loss on inventory valuation	$2,651	$248	$-	$-	$2,899
Loss on inventory written-off and obsolescence	2,609	(2,272)	-	-	337
Investments accounted for using the equity method	(226,881)	(42,392)	16,487	-	(252,786)
Over 2 years payables	73	-	-	-	73
Gain on disposal of property, plant and equipment	2,505	(341)	-	-	2,164
Unrealized exchange loss (gain)	(40)	395	-	-	355
Sales returns and allowances	8,469	(1,513)	-	-	6,956
Commission expense	17,248	(8,734)	-	-	8,514
Bad debt Expence	-	294	-	-	294
Unused tax losses	120,215	54,315	-	-	174,530
Employee benefits	1,584	-	-	-	1,584
Deferred tax income/ (expense)		$-	$16,487	$-	
Net deferred tax assets/(liabilities)	$(71,567)				$(55,080)
Reflected in balance sheet as follows:					
Deferred tax assets	$155,354				$197,706
Deferred tax liabilities	$(226,921)				$(252,786)

(e) Unrecognized deferred tax assets

As of December 31, 2018 and 2017, deferred tax assets that have not been recognized amounts to NT$115,987 thousand and NT$73,953 thousand, respectively.

(f) The following tables contain information of the net operating losses of the Company:

Year incurred	Net Operating Loss	Expiration year
2013	$357,540	2023
2014	224,933	2024
2015	82,157	2025
2016	138,185	2026
2017	231,182	2027
2018(estimated)	134,785	2028
Total	$1,168,782	

(g) The assessment of income tax returns

As of December 31, 2018, the tax assessments on the Company's tax filings have been approved up to the year of 2016.

(25)Earnings per share

Basic earnings per share 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 are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) 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.

	2018	2017
(a) Basic earnings per share		
Profit (loss) attributable to ordinary equity holders of the Company (in thousand NT$)	$(240,885)	$9,094
Weighted average number of ordinary shares outstanding for basic earnings (loss) per share (in thousand shares)	281,059	281,059
Basic earnings (loss) per share (in NT$)	$(0.86)	$0.03

(b) Diluted earnings per share

Profit (loss) attributable to ordinary equity holders of the Company (in thousand NT$)	$(240,885)	$9,094
Profit (loss) attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$(240,885)	$9,094
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	281,059	281,059
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	281,059	281,059
Diluted earnings (loss) per share (in NT$)	$(0.86)	$0.03

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7.Related party transactions

(1) 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

Name of the related parties	Nature of relationship of the related parties
PALWONN ELECTRONICS (SUZHOU) CO., LTD.	Other related party
HONGLAN ELECTRONICS CO., LTD.	Other related party

(2) Significant transactions with related parties

(a) Purchases

	2018	2017
Other related parties	$-	$1,090

As the specifications of merchandise purchased from related parties are different from those from other third-party companies, the purchasing prices to related parties were not comparable. Payment terms for related parties were 90~120 days after monthly closing, and 60~120 days after monthly closing for general suppliers.

(b) Payables to related parties

	2018.12.31	2017.12.31
Other related parties	$-	$47

(c) Operating expenses incurred by the Group recognized from related parties in 2018 and 2017 amounted to NT$1,420 thousand and NT$1,899 thousand respectively.

(d) Key management personnel compensation

	2018	2017
Short-term employee benefits	$35,898	$34,101
Post-employment benefits	939	794
Total	$36,837	$34,895

8. Assets pledged as collateral

As of December 31, 2018 and 2017, the assets pledged for the Group's loans consist of the following:

Assets	Book value	Financial institutions	Purpose
2018.12.31			
Property, plant and equipment – land	$137,171	Jihsun Bank	Secured loans
Property, plant and equipment – buildings	85,043	Jihsun Bank	Secured loans
Property, plant and equipment – buildings	974,151	Bank of Communications	Secured loans
Property, plant and equipment –lease assets	121,947	CDIB International Leasing Corporation	Lease payable
Construction in progress	212,905	Bank of Communications	Secured loans
Land use right	253,431	Bank of Communications	Secured loans
Financial assets carried at amortized cost	307,150	Bank of Communications	Secured loans
Financial assets carried at amortized cost	7,390	Bank of Communications	Security deposit to custom authority
Total	$2,099,188		

Assets	Book value	Financial institutions	Purpose
2017.12.31			
Property, plant and equipment – land	$137,171	JihSun Bank	Secured loans
Property, plant and equipment – buildings	91,623	JihSun Bank	Secured loans
Debt instrument investments for which no active market exist	27,701	Bank of Communications	L/C guarantee
Total	$256,495		

9. Significant contingencies and unrecognized contract commitments

As of December 31, 2018, the Group's outstanding contracts relating to purchased property, plant and equipment were as follows:

Type of Asset	Total Amount	Amount paid	Amount unpaid
Machinery and construction contracts	$882,510	$588,038	$294,472

Amount paid was recorded under construction in progress and equipment to be examined.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12 .OTHERS

(1)Categories of financial instruments

Financial assets

	2018.12.31	2017.12.31
Financial assets measured at amortized cost (Note 2)	$5,361,159	(Note1)
Loans and receivables (Note 3)	(Note1)	$4,717,126

Total	$5,361,159	$4,717,126
Financial liabilities		

	2018.12.31	2017.12.31
Financial liabilities at amortized cost:		
Short-term loans	$3,641,048	$2,067,173
Payables	3,797,585	3,312,481
Long-term loans(including current portion)	2,082,550	1,939,200
Lease payable(including current portion)	77,121	-
Total	$9,598,304	$7,318,854

Note:

(1)The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provison in IFRS 9.

(2) The item includes cash and cash equivalents (excluding cash on hand), financial assets measured at amortized cost, notes receivable, accounts receivable and other receivables.

(3)The item includes cash and cash equivalents (excluding cash on hand), notes receivable, accounts receivable, debt instrument investments for which no active market exists and other receivables.

(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 activates. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before the Group enters into significant transactions, the Board of Directors and Audit Committee must carry out due approval process 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 variables. There are 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 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 foreign currency. The information of the sensitivity analyses is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended December 31, 2018 and 2017 is decreased/increased by NT$10,232 thousand and NT$9,043 thousand, respectively.

When NTD strengthens/weakens against RMB by 1%, the profit for the years ended December 31, 2018 and 2017 is decreased/increased by NT$22,895 thousand and NT$10,336 thousand, respectively.

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 loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable 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 investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 0.1% of interest rate in a reporting period could cause the profit for the years ended December 31, 2018 and 2017 to decrease/increase by NT$5,281 thousand and NT$3,202 thousand, respectively.

Equity price risk

As of December 31, 2018 and 2017, the Group does not hold equity securities at fair value; therefore the Group is not subject to equity price risk.

(4)Credit risk management

Credit risk is the risk that 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 receivables 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 Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2018 and 2017, accounts receivable from top ten customers represent 57.80%and 54.10% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

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 rating. Consequently, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses since January 1, 2018. Except for the loss allowance of trade receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or

loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(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, bank borrowings and finance leases. 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 of the end of the reporting period.

Non-derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
2018.12.31					
Loans	$4,168,146	$1,482,848	$190,366	$92,389	$5,933,749
Payables	3,797,585	-	-	-	3,797,585
Lease payable	29,010	55,185	-	-	84,195
2017.12.31					
Loans	$2,140,888	$1,630,208	$193,558	$186,774	$4,151,428
Payables	3,312,481	-	-	-	3,312,481

(6)Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2018:

	Short-term loans	Long-term loans	Refundable deposits	Lease payable	Total liabilities from financing activities
As of January 1, 2018	$2,067,173	$1,939,200	$83,913	$-	$4,090,286
Cash flows	1,573,875	100,375	(29,922)	77,121	1,721,449
Foreign exchange movement	-	42,975	-	-	42,975

As of December 31, 2018	$3,641,048	$2,082,550	$53,991	$77,121	$5,854,710

Reconciliation of liabilities for the year ended December 31, 2017:

Not applicable

(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:

i. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

ii. 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.

iii. 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).

iv. Fair value of debt instruments without market quotations, bank loans, bonds payable 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.)

v. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost 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 assets 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:

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. And the Group does not have assets or liabilities that are measured at fair value on a recurring basis.

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2018 and 2017, there were no transfers between Level 1 and Level 2 fair value measurements.

(9) Significant assets and liabilities denominated in foreign currencies (in thousand dollars)

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	2018.12.31			2017.12.31		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets						
Monetary items:						
USD	$139,557	30.715	$4,286,494	$124,775	29.76	$3,713,306
RMB	$221,434	4.4753	$990,989	$218,809	4.5545	$996,567
Financial liabilities						
Monetary items:						
USD	$153,833	30.715	$4,724,987	$129,182	29.76	$3,844,477
RMB	$733,028	4.4753	$3,280,534	$445,666	4.5545	$2,029,781

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

Since there were varieties of foreign currency transactions of the Group, the Group was

unable to disclose foreign exchange gain (loss) towards each foreign currency with significant impact. The Group recognized exchange gain (loss) amounted to NT$(116,783) thousand and NT$(10,487) thousand for the years ended December 31, 2018 and 2017, respectively.

(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. Other disclosures

(1) The following are additional disclosures for the Company as required by the R.O.C. Securities and Futures Bureau:

a. Financing provided to others for the year ended December 31, 2018: Please refer to Attachment 1.

b. Endorsement/Guarantee provided to others for the year ended December 31, 2018: Please refer to Attachment 2.

c. Securities held as of December 31, 2018 (excluding subsidiaries, associates and joint ventures): None.

d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of capital stock for the year ended December 31, 2018: None.

e. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of capital stock for the year ended December 31, 2018: None.

f. Disposal of individual real estate with amount exceeding the lower of NT$300 millions or 20% of capital stock for the year ended December 31, 2018: None.

g. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20% of capital stock for the year ended December 31, 2018: Please

refer to Attachment 3.

h. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock as of December 31, 2018: None.

i. Financial instruments and derivative transactions: None.

j. Significant intercompany transactions between the parent with subsidiaries or among subsidiaries: Please refer to Attachment 8.

(2) Information on investees :

A. If an investor controls operating, investing and financial decisions of an investee or an investor has the ability to exercise the ability to exercise significant influence over operating and financial policies of an investee, the related information for the investee is disclosed (not including investment in Mainland China): Please refer to Attachment 4.

B. An investor controls operating; investing and financial decisions of an investee, the related information Note13 for the investee shall be disclosed as below:

(a) Financing provided to others for the year ended December 31, 2018: Please refer to Attachment 1.

(b) Endorsement/Guarantee provided to others for the year ended December 31, 2018: None.

(c) Securities held as of December 31, 2018 (excluding subsidiaries, associates and joint ventures): None.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of capital stock for the year ended December 31, 2018: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of capital stock for the year ended December 31, 2018: Please refer to Attachment 5.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of capital stock for the year ended December 31, 2018: None.

(g) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20% of capital stock for the year ended December 31, 2018: Please refer to Attachment 6.

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock as of December 31, 2018: Please refer to Attachment 7.

(i) Financial instruments and derivative transactions: None.

(3) Information on investments in Mainland China:

a. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), carrying value of investments, cumulated inward remittance of earnings and limits on investment in Mainland China:

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018	Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	$2,457,200 (Note 2, 3及 6)	(Note 1)	$2,260,265	$-	$-	$2,260,265	$(156,550) (Note 2)	100%	$(156,550) (Note 2, 4, 5及 12)	$2,664,138 (Note 2, 4, 5及 12)	$1,852,299 (Note 2)	$2,260,265	$2,260,265	No upper limit (Note 11)

Dynamic Electronics (Huangshi) Co., Ltd.	Manufacturing and selling of PCB	$1,472,477 (Note 2, 7, 8)	(Note 9)	$444,530	$-	$-	$444,530	$(54,479) (Note 2)	100%	$(54,479) (Note 2, 4, 10, 12)	$1,224,019 (Note 2, 4, 10, 12)	$-	$444,530	$444,530	

Note 1: The Company indirectly invested 100% in Dynamic Electronics (Kunshan) Co. Ltd.

Note 2: Foreign currencies were converted into New Taiwan dollars based on exchanged rate of balance sheet date.

Note 3: Total amount of paid-in capital is USD 80,000 thousand.

Note 4: The investment income (loss) recognized under equity method and by calculation was based on audited financial statements.

Note 5: Recognized investment income and carrying value by WINTEK (MAURITIUS) CO., LTD.

Note 6: The difference between investments remitted from Taiwan in amount of USD 69,500 thousand and the received paid-in capital of USD 80,000 thousand was a capital injection of USD 10,500 thousand made by WINTEK (MAURITIUS) CO., LTD.

Note 7: The difference between the original investment of USD14,000 thousand remitted from Taiwan and the paid-in capital of USD47,940 thousand is a capital injection of USD33,940 thousand by using cash dividends received from Dynamic Electronics (Kunshan) Co. Ltd.

Note 8: Total amount of paid-in capital is USD47,940 thousand.

Note 9: The Company indirectly invested in its China subsidiary, Dynamic Electronics (Huangshi) Co. Ltd., through WINTEK (MAURITIUS) CO., LTD. and Dynamic Holding Pte. Ltd.

Note 10: WINTEK (MAURITIUS) CO., LTD. indirectly, through the holding on Dynamic Holding Pte. Ltd., recognized the investment loss of Dynamic Electronics (Huangshi) Co. Ltd.

Note 11: The Company meets the conditions of corporate operation headquarter in the Principle of Evaluation for Investment and Technical Cooperation in Mainland China. Thus, there is no upper limit on investment amount.

Note 12: Transactions between consolidated entities are eliminated in the consolidated financial statements.

b. Purchases and accounts payable with the related parties: Please refer to Attachment 8.

c. Sales and accounts receivable with the related parties: None.

d. The profit and loss produced by transaction of the property:

Type of Assets	Name of Related Parties	Book Value	Selling price	Gain	Price reference
2018					
Machinery	Dynamic Electronics (Kunshan) Co. Ltd.	$-	$3,358	$3,358 (Note)	Negotiated

Note: The gain was recorded as unrealized profit.

e. The purpose and balance of a note guarantee and a guarantee endorsement or providing for secure: Please refer to Attachment 2.

f. The amount of maximum financing, the balance interest rates, and lump sum interest expense: Please refer to Attachment 1.

g. The other events impact over current profit or loss or have the significant influence over the financial conditions, such as provided service or received service: Please refer to Attachment 8.

h. The aforementioned transaction had been eliminated in the consolidated financial statements. Please refer to Attachment 8.

14. Segment information

(1) For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

Taiwan PCB segment: The segment is primarily responsible for the manufacturing of PCBs and selling them to electronic producers.

China (Kunshan) PCB segment: This segment is primarily responsible for the manufacturing of PCBs and selling them to the parent company as well as electronic producers.

China (Huangshi) PCB segment: This segment is primarily responsible for the manufacturing of PCBs and selling them to the parent company as well as electronic producers.

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.

Reportable segment information for the years ended December 31, 2018 and 2017 were as follows:

	Taiwan PCB segment	China (Kunshan) PCB segment	China (Huangshi) PCB segment	Sub-total	Adjustments and eliminations (Note1)	Consolidated
2018						
Revenues						
External customers	$11,275,692	$1,751,852	$30,741	$13,058,285	$-	$13,058,285
Inter-segment	25,394	8,029,399	2,231,185	10,285,978	(10,285,978)	-
Interest revenue	66,425	13,731	1,317	81,473	(66,965)	14,508
Total	11,367,511	$9,794,982	$2,263,243	$23,425,736	$(10,352,943)	$13,072,793
Segment income (loss)	$(21,154)	$(163,047)	$(56,684)	$(240,885)	$-	$(240,885)
2017						
Revenues						
External customers	$10,090,308	$1,556,135	$-	$11,646,443	$-	$11,646,443
Inter-segment	23,785	7,270,377	25,576	7,319,738	(7,319,738)	-
Interest revenue	6,575	11,191	5,172	37,034	(19,268)	17,766
Total	$10,133,912	$8,838,555	$30,748	$19,003,215	$(7,339,006)	$11,664,209
Segment income (loss)	$10,636	$138,668	$(140,210)	$9,094	$-	$9,094

Note : Inter-segment revenues are eliminated upon consolidation and recorded under the "adjustments and eliminations" column.

Details of operational asset-related information as of December 31, 2018 and 2017 are as follows:

	Taiwan PCB segment	China (Kunshan) PCB segment	China (Huangshi) PCB segment	Sub-total	Adjustments and eliminations	Consolidated
2018.12.31						
Segment assets	$8,719,722	$7,513,263	$4,681,516	$20,914,501	$(6,605,896)	$14,308,605
2017.12.31						
Segment assets	$7,275,731	$6,956,016	$2,934,426	$17,166,173	$(4,968,782)	$12,197,391

(2) Geographical information

(a) Revenues from external customers (Note)

	2018	2017
China	$5,475,582	$4,568,301
Thailand	1,187,246	1,072,397
Germany	1,025,054	1,022,510
Other countries	5,370,403	4,983,235
Total	$13,058,285	$11,646,443

Note: The revenue information above is based on the location of the customer.

(b) Non-current assets

	2018.12.31	2017.12.31
Taiwan	$549,235	$631,690
China	5,700,931	4,539,858
Total	$6,250,166	$5,171,548

(3) Information about major customers

As the revenue generated from sales to Customer for the year 2018 and 2017 did not achieve 10% of the operating revenue of the Group, it was not disclosed.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Financing provided to others

For the year ended December 31, 2018

Attachment 1

(In Thousands of New Taiwan Dollars)

NO. (Note1)	Lender	Counter-party	Financial accounting account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 2)	Amount of sales to(purchases from) counter-party	Reason for financing	Loss Allowance	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co. Ltd.	Other receivables -related parties	Yes	$153,325	$-	$-	-%	2	$-	Business turnover	$-	-	$-	$3,929,500 (Note 3)	$3,929,500 (Note 3)
1	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co. Ltd.	Other receivables -related parties	Yes	$409,440	$222,350	$-	4.35%	2	$-	Business turnover	$-	-	$-	$1,598,483 (Note 4)	$1,598,483 (Note 4)
2	WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics (Huangshi) Co. Ltd.	Other receivables -related parties	Yes	$1,485,500	$1,379,925	$1,379,925	4.5%~4.68%	2	$-	Business turnover	$-	-	$-	$2,334,411 (Note 5)	$2,334,411 (Note 5)
3	Dynamic Electronics CO., LTD. (Seychelles)	Dynamic Electronics (Huangshi) Co., Ltd.	Other receivables -related parties	Yes	$154,525	$153,325	$153,325	3.8451%~4.3256%	2	$-	Business turnover	$-	-	$-	$242,802 (Note 6)	$242,802 (Note 6)

Note 1: Dynamic Electronics Co., Ltd. and subsidiaries are coded as follows:

1. Dynamic Electronics Co., Ltd. is coded "0".

2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of financing is coded as follows:

1.Need for operating is coded "1".

2.Need for short term financing is coded "2".

Note 3: Limit of total financing amount shall not exceed 100% of the lender's net assets of value as of December 31, 2018.

Limit of financing amount for individual counter-party shall not exceed 100% of the lender's net assets value as of December 31, 2018.

Note 4: Limit of total financing amount shall not exceed 60% of the lender's net assets of value as of December 31, 2018.

Limit of financing amount for individual counter-party shall not exceed 60% of the lender's net assets value as of December 31, 2018.

Note 5: Limit of total financing amount shall not exceed 60% of the lender's net assets of value as of December 31, 2018.

Limit of financing amount for individual counter-party shall not exceed 60% of the lender's net assets value as of December 31, 2018.

Note 6: Limit of total fiancing amount shall not exceed the lender's net assets of value as of December 31, 2018.

Limit of financing amount for individual counter-party shall not exceed the lender's net assets value as of December 31, 2018.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2018

Attachment 2

(In Thousands of New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3)	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
No. (Note 1)	Name	Name	Relationship (Note2)										
0	Dynamic Electronics Co., Ltd.	Dynamic Eelectronics (Huangshi) Co., Ltd.	2	$3,929,500	$273,630	$272,930	$259,736	$-	6.95%	$3,929,500	Y	N	Y
0	Dynamic Electronics Co., Ltd.	Dynamic Eelectronics Co., Ltd. (Seychelles)	2	$3,929,500	$154,525	$153,325	$-	$-	3.90%	$3,929,500	Y	N	N
0	Dynamic Electronics Co., Ltd.	Dynamic Eelectronics (Kunshan) Co., Ltd.	2	$3,929,500	$618,100	$613,300	$490,640	$-	15.61%	$3,929,500	Y	N	Y

Note 1: Dynamic Electronics Co., Ltd. and subsidiaries are coded as follows:

1. Dynamic Electronics Co., Ltd. is coded "0".

2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note2：The relationship between the guarantor of the endorsement and the object to be guaranteed is as follows:

1.The company with business contacts.

2.The company directly and indirectly holds more than 50% of the shares with voting rights.

3.Companies that directly and indirectly holds more than 50% of the shares of the company with voting rights.

4.The company directly and indirectly holds more than 90% of the shares with voting rights.

5.Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry.

6.A company whose co-investment relationship is endorsed by all shareholders in proportion to their shareholding ratio.

7.The performance guarantee of the preconstruction real estate contract between the same industry in accordance with the Consumer Protection Law is jointly guaranteed.

Note 3: According to the procedures of Endorsement and Guarantee, the limitation of endorsement or guarantee for other subsidiaries shall not exceed the current net value of the Company. Also, the limitation of endorsement or guarantee for one of the subsidiaries shall not exceed the current net value of Company.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Related Party Transactions for Purchases amd Sales Amounts exceeding the lower of NT$100 Million or 20% of Capital Stock

For the Year Ended December 31, 2018

Attachment 3

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchase	$2,469,661	76.82%	90~100 days after monthly closing	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 60~120 days after monthly closing	Accounts payable $667,480	72.36%	Note1

Note1: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Investees over Which the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As of December 31, 2018

Attachment 4

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Address	Main Business and Product	Original Investment Amount		Balance as of December 31, 2018			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of December 31, 2018	As of December 31, 2017	Shares	%	Carrying Value			
Dynamic Electronics Co., Ltd.	WINTEK (MAURITIUS) CO., LTD.	Suite 802, St James Court, St Denis Street, Port Louis, Mauritius	The business of PCB	$2,716,696	$2,716,696	8,350,000	100.00%	$3,883,269	$(265,501)	$(274,814) (Note 1)	Note4
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1st Floor, #5 DEKK House, De Zippora Street, P.O. Box 456, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	$1,555	$1,555	50,000	100.00%	$2,011	$7	$7	Note4
Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	1st Floor, #5 DEKK House, De Zippora Street, P.O. Box 456, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	$1,556 (Note 3)	$224,005	50,000	100.00%	$242,803	$163,123	$163,123	Note4
Dynamic Electronics Co., Ltd.	Dynamic Electronics Trading Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Management operations services	$1,541	$1,541	50,000	100.00%	$2,019	$68	$68	Note4
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics Holding Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Investing activities	$1,492,524	$945,490	47,940,002	100.00%	USD 39,779	USD (1,791)	USD (1,896) (Note 2)	Note4

Note1: Including investment loss recognized under equity method amounted to NT$265,501 thousand, realized loss on transaction between subsidiaries amounted to NT$1,897 thousand and unrealized profit on transaction between subsidiaries amounted to NT$7,416 thousand .

Note2: Including investment loss recognized under equity method amounted to USD1,791 thousand, realized loss on transaction between subsidiaries amounted to USD76 thousand and unrealized profit on transaction between subsidiaries amounted to USD29 thousand .

Note3: The Company's original investment in Dynamic Electronics Co., Ltd. (Seychelles) is USD7,200 thousand (NT$224,005thousand), Dynamic Electronics Co., Ltd. (Seychelles) reduced capital by cash in amount of USD7,150 thousand (NT$222,449 thousand) in January 2018.

Note4: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Acquisition of Individual Real Estate with Amount exceeding the lower of NT$300 Million or 20% of Capital Stock

For the Year ended December 31, 2018

Attachment 5

(In Thousands of Foreign Currency)

Acquiring Company	Name of Property	Transaction Date	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	Relationship with the Company	Transfer Date	Amount			
Dynamic Electronics (Huangshi) Co. Ltd.	Buildings Construction of Huangshi Plant	2016.06.20	RMB 167,568	RMB 143,416 thousand was paid as of December 31, 2018.	Fujian Huidong Construction Engineering Co., Ltd.	None	None	None	None	None	Bidding	Production expansion and operation planning	None

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Related Party Transactions for Purchases and Sales Amounts exceeding the lower of NT$100 Million or 20% of Capital Stock

For the Year Ended December 31, 2018

Attachment 6

(In Thousands of Foreign Currency)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Sales	RMB 1,765,411	82.29%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 60~150 days after monthly closing.	Accounts receivable RMB 473,828	71.77%	Note1
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Subsidiary	Purchases	RMB 334,615	30.61%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 90~120 days after monthly closing.	Accounts payable RMB 73,606	16.64%	Note1
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Sales	RMB 334,615	67.44%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 120 days after monthly closing.	Accounts receivable RMB 73,606	58.72%	Note1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Subsidiary	Purchases	USD 23,395	8.08%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 7,290	9.55%	Note1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	Sales	USD 207,709	71.73%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts receivable USD 54,590	71.53%	Note1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd.	Subsidiary	Sales	USD 81,878	28.27%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts receivable USD 21,731	28.47%	Note1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchases	USD 266,192	91.92%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 69,031	90.45%	Note1
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Sales	RMB 157,897	31.82%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 120 days after monthly closing.	Accounts receivable RMB 50,034	39.91%	Note1
Dynamic Electronics Co., Ltd (Seychelles)	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchases	USD 207,709	96.85%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 90 days after monthly closing.	Accounts payable USD 54,590	96.54%	Note1

Note1: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Receivables from Related Parties with Amounts exceeding the lower of NT$100 Million or 20% of Capital Stock

As of December 31, 2018

Attachment 7

(In Thousands of Foreign Currency)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	RMB 473,828 (Note1, 2)	4.03	$-	-	$-	$-
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd.	Subsidiary	USD 21,731 (Note1, 2)	3.52	$-	-	$-	$-
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	USD 54,590 (Note1, 2)	4.54	$-	-	$-	$-
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	RMB 50,034 (Note1, 2)	3.79	$-	-	$-	$-
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	RMB 73,606 (Note1, 2)	7.06	$-	-	$-	$-

Note1: Accounts receivable.

Note2: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Intercompany relationships and significant intercompany transactions

For the year Ended December 31, 2018

Attachment 8

(In Thousands of Foreign Currency / New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction				
				Financial Statement Account	Amount		Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
	Year 2018							
0	Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1	Purchases		$2,469,661	90 days after monthly closing	18.91%
0	Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1	Accounts payable		667,480	90 days after monthly closing	4.66%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	1	Accounts receivable		15,819	90 days after monthly closing	0.11%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	1	Other receivables		3,654	90 days after monthly closing	0.03%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	1	Processing revenue		23,125	90 days after monthly closing	0.18%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics Holding Pte. Ltd.	1	Other receivables		1,040	-	0.01%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	1	Other receivables		2,150	-	0.02%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	1	Other operating revenue		2,269	90 days after monthly closing	0.02%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	1	Interest income		3,397	-	0.03%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	3	Purchases	USD	266,192	90 days after monthly closing	62.61%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	3	Accounts payable	USD	69,031	90 days after monthly closing	14.82%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Purchases	USD	23,395	90 days after monthly closing	5.50%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Accounts payable	USD	7,290	90 days after monthly closing	1.56%
2	Dynamic Electronics Co., Ltd (Seychelles)	Dynamic PCB Electronics Co., Ltd.	3	Purchases	USD	207,709	90 days after monthly closing	48.86%
2	Dynamic Electronics Co., Ltd (Seychelles)	Dynamic PCB Electronics Co., Ltd.	3	Accounts payable	USD	54,590	90 days after monthly closing	11.72%
2	Dynamic Electronics Co., Ltd (Seychelles)	Dynamic Electronics Trading Pte. Ltd.	3	Other managing expenses	USD	45	-	0.01%
2	Dynamic Electronics Co., Ltd (Seychelles)	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other receivables	USD	8	-	-%
2	Dynamic Electronics Co., Ltd (Seychelles)	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other receivables	USD	5,000	-	1.07%
2	Dynamic Electronics Co., Ltd (Seychelles)	Dynamic Electronics (Huangshi) Co., Ltd.	3	Interest income	USD	56	-	0.01%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Purchases	RMB	334,615	90 days after monthly closing	11.47%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Accounts payable	RMB	73,606	90 days after monthly closing	2.30%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other receivables	RMB	982	-	0.03%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Interest income	RMB	907	-	0.03%
3	Wintek (Mauritius) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other receivables	USD	88	-	0.02%
3	Wintek (Mauritius) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other receivables	USD	45,000	-	9.66%
3	Wintek (Mauritius) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Interest income	USD	1,914	-	0.45%

Note 1: Dynamic Electronics Co., Ltd. and subsidiaries are coded as follows:

1. Dynamic Electronics Co., Ltd. is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows：

1. Investor to investee
2. Investee to investor.
3. Investee to investee.

Note 3: The percentage base with respect to the total consolidated revenue-weighted average (about income statement accounts) or total assets (about balance sheet accounts).

Note 4: Foreign currencies were converted into New Taiwan dollars based on exchanged rate of balance sheet date.

English Translation of Financial Statements and a Report Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD.

PARENT-COMPANY-ONLY FINANCIAL STATEMENTS
WITH AUDIT REPORT OF INDEPENDENT ACCOUNTANTS
AS OF DECEMBER 31, 2018 AND 2017
AND FOR THE YEARS THEN ENDED

Address: No. 356, Shanying Rd., Guishan Dist., Taoyuan City, Taiwan (R.O.C.)
Telephone: (03)349-3300

The reader is advised that these parent company only financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

English Translation of a Report Originally Issued in Chinese

AUDIT REPORT OF INDEPENDENT AUDITORS

To: the Board of Directors
Dynamic Electronics Co., LTD.

Opinion

We have audited the accompanying parent-company-only balance sheets of Dynamic Electronics Co., LTD. (the "Company") as of December 31, 2018 and 2017, and the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, 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, the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2018 and 2017, and their parent-company-only financial performance and cash flows for the years then ended, 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 auditing standards generally accepted in 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. 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 the most significance in our audit of parent-company-only financial statements for the year ended December 31, 2018. 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.

Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's revenue amounting to NT$4,316,209 thousand for the year ended December 31, 2018 is a significant account to the Company's financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, Asia and Europe, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. We therefore conclude that there are significant risks with respect to the topic of revenue recognition.

Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, performing analytical review procedures on monthly sale revenues, and executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Note 4 and 6 to the financial statements.

Provision against inventory

We determine that provision against inventory is also one of the key audit matters. The Company's inventory in amount of NT$229,287 thousand, representing 3.36% of total assets, as of December 31, 2018 is significant to the Company's financial statements. The application market of the Company's main products, PCB, has been developing and changing rapidly and influenced significantly by end-customers' preference. The management therefore has to closely monitor the status of new products development and market demand for evaluating any significant impairment, including loss from market decline and slow-movement, incurred toward inventory. Also there was significant management judgement involved in determining the sufficiency of inventory loss provision. With respect to the key audit matter - provision against inventory, our audit procedures include, but not limit to, evaluating the appropriateness of inventory provision policy including how to identify the phased-out or slow-moving items, testing the correctness of inventory aging report, analyzing the reasons for slow-moving inventory, performing observation on the Company's inventory physical taking, and looking into the status of inventory utilization. Meanwhile, we have evaluated the appropriateness of the related disclosure in Note 5 and 6 to the financial statements.

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 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 audit committee, 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 auditing standards generally accepted in 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 auditing standards generally accepted in 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 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 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 2018 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, wedetermine 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.

Emphasis of Matter – Applying for New Accounting Standards

We draw attention to Note 3 of the parent-company-only financial statements, which describes the Company applied for the International Financial Reporting Standard 9, "Financial Instruments" and 15, "Revenue from Contracts with Customers" starting from January 1, 2018, and elected not to restate the parent-company-only financial statements for prior periods. Our conclusion is not modified in respect of this matter.

Cheng, Ching-Piao
Hong, Mao-Yi
Ernst & Young
February 24th, 2019
Taipei, Taiwan,
Republic of China

Notice to Readers

The accompanying parent company only financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practice to audit such financial statements are those generally accepted and applied in the Republic of China on Taiwan.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD.

PARENT-COMPANY-ONLY BALANCE SHEETS

As of December 31, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			As of December 31, 2018		As of December 31, 2017	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$103,166	2	$141,020	2
1150	Notes receivable, net	4, 6(2)	2	-	8,716	-
1170	Accounts receivable, net	4, 6(3)	1,476,484	22	1,172,471	17
1180	Accounts receivable - related parties, net	4, 6(3), 7	15,819	-	202	-
1200	Other receivables		9,097	-	14,504	-
1210	Other receivables - related parties	7	6,844	-	860	-
1310	Inventories, net	4, 6(4)	229,287	3	253,210	4
1410	Prepayments		49,777	1	55,518	1
1470	Other current assets		11,337	-	10,982	-
11XX	Total current assets		1,901,813	28	1,657,483	24
	Non-current assets					
1550	Investment accounted for under equity method	4, 6(5)	4,116,359	60	4,485,504	64
1600	Property, plant and equipment, net	4, 6(6), 8, 9	540,973	8	618,245	9
1780	Intangible assets, net	4, 6(7)	5,380	-	11,298	-
1840	Deferred tax assets	4, 6(22)	254,763	4	197,706	3
1900	Other non-current assets	6(8)	2,882	-	2,147	-
15XX	Total non-current assets		4,920,357	72	5,314,900	76
1XXX	Total Assets		$6,822,170	100	$6,972,383	100

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD.

PARENT-COMPANY-ONLY BALANCE SHEETS(Continued)

As of December 31, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2018		As of December 31, 2017	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(9)	$913,793	13	$643,440	9
2170	Accounts payable		254,959	4	318,029	4
2180	Accounts payable - related parties	7	667,480	10	737,236	11
2200	Other payables	6(10)	187,208	3	196,869	3
2220	Other payables - related parties	7	-	-	4,057	-
2300	Other current liabilities		12,770	-	11,054	-
2322	Current portion of long-term loans	6(11), 8	91,200	1	53,200	1
2355	Lease payable	4, 6(12)	441	-	-	-
2365	Refund liability	4, 6(13)	41,457	1	-	-
21XX	Total current liabilities		2,169,308	32	1,963,885	28
	Non-current liabilities					
2540	Long-term loans	6(11), 8	455,600	6	546,800	8
2570	Deferred tax liabilities	4, 6(22)	265,952	4	252,786	4
2613	Lease payable	4, 6(12)	451	-	-	-
2640	Net defined benefit liabilities	4, 6(14)	1,359	-	1,143	-
25XX	Total non-current liabilities		723,362	10	800,729	12
2XXX	Total liabilities		2,892,670	42	2,764,614	40
3100	Capital	6(15)				
3110	Common stock		2,810,594	41	2,810,594	40
3200	Capital surplus	6(15)	1,061,873	16	1,061,873	15
3300	Retained earnings	6(15)				
3310	Legal reserve		531,385	8	531,385	8
3320	Special reserve		299,666	4	299,666	4
3350	Accumulated profit or loss		(490,759)	(7)	(252,011)	(4)
3400	Other components of equity		(283,259)	(4)	(243,738)	(3)
3XXX	Total equity		3,929,500	58	4,207,769	60
	Total liabilities and equity		$6,822,170	100	$6,972,383	100

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD.

PARENT-COMPANY-ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2018		2017	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(16), 7	$4,316,209	100	$4,620,391	100
5000	Operating costs	6(4), 7	(4,188,400)	(97)	(4,446,484)	(96)
5900	Gross profit		127,809	3	173,907	4
6000	Operating expenses	7				
6100	Sales and marketing expenses		(169,111)	(4)	(190,925)	(4)
6200	General and administrative expenses		(139,504)	(3)	(137,247)	(3)
6300	Research and development expenses		(704)	-	(5,486)	-
	Operating expenses total		(309,319)	(7)	(333,658)	(7)
6900	Operating loss		(181,510)	(4)	(159,751)	(3)
7000	Non-operating income and expenses	6(20), 7				
7010	Other income		27,079	1	33,218	-
7020	Other gains and losses		14,508	-	(19,027)	-
7050	Finance costs		(27,097)	(1)	(20,261)	-
7070	Share of profit or loss of subsidiaries, associates and joint ventures	4, 6(5)	(111,616)	(2)	174,915	3
	Non-operating income and expenses total		(97,126)	(2)	168,845	3
7900	Income (loss) from continuing operations before income tax		(278,636)	(6)	9,094	-
7950	Income tax benefit	4, 6(22)	37,751	-	-	-
8200	Net income (loss)		(240,885)	(6)	9,094	-
8300	Other comprehensive income (loss)	6(21)				
8310	Not to be reclassified to profit or loss in subsequent periods					
8311	Remeasurements of defined benefit plans		2,137	-	4,580	-
8360	May be reclassified to profit or loss in subsequent periods					
8361	Exchange differences arising on translation of foreign operations		(45,661)	-	(96,985)	(2)
8399	Income tax related to items that may be reclassified subsequently to profit or loss		6,140	-	16,487	-
	Total other comprehensive income (loss), net of tax		(37,384)	-	(75,918)	(2)
8500	Total comprehensive income (loss)		$(278,269)	(6)	$(66,824)	(2)
9750	Earnings (loss) per share - basic (in NT$)	6(23)	$(0.86)		$0.03	
9850	Earnings (loss) per share - diluted (in NT$)	6(23)	$(0.86)		$0.03	

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD.

PARENT-COMPANY-ONLY STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Capital	Capital Surplus	Retained Earnings			Other Components of equity	Total Equity
				Legal Reserve	Special Reserve	Accumulated profit or loss	Exchange differences arising on translation of foreign operations	
		3110	3200	3310	3320	3350	3410	3XXX
A1	Balance as of January 1, 2017	$2,810,594	$1,061,873	$531,385	$299,666	$(265,685)	$(163,240)	$4,274,593
D1	Net income for 2017					9,094		9,094
D3	Other comprehensive income (loss) for 2017					4,580	(80,498)	(75,918)
D5	Total comprehensive income (loss)	-	-	-	-	13,674	(80,498)	(66,824)
Z1	Balance as of December 31, 2017	$2,810,594	$1,061,873	$531,385	$299,666	$(252,011)	$(243,738)	$4,207,769
A1	Balance as of January 1, 2018	$2,810,594	$1,061,873	$531,385	$299,666	$(252,011)	(243,738)	$4,207,769
D1	Net loss for 2018					(240,885)		(240,885)
D3	Other comprehensive income (loss) for 2018					2,137	(39,521)	(37,384)
D5	Total comprehensive income (loss)	-	-	-	-	(238,748)	(39,521)	(278,269)
Z1	Balance as of December 31, 2018	$2,810,594	$1,061,873	$531,385	$299,666	$(490,759)	$(283,259)	$3,929,500

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD.

PARENT-COMPANY-ONLY STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2018 and 2017

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2018	2017	Code	Items	2018	2017
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income (loss) before tax	$(278,636)	$9,094	B01800	Acquisition of Investment accounted for under equity method	-	(152,200)
A20000	Adjustments:			B02400	Proceeds from capital reduction of investments accounted for under equity method	210,853	-
A20010	Profit or loss not effecting cash flows:			B02800	Acquisition of property, plant and equipment	(54,918)	(135,041)
A20100	Depreciation	139,326	160,699	B04400	Proceeds from disposal of property, plant and equipment	4,577	40
A20200	Amortization	6,221	7,834	B04500	Acquisition of intangible assets	(303)	(6,120)
A20900	Interest expense	27,097	20,261	B03700	Decrease (increase) in refundable deposits	(735)	(243)
A21200	Interest income	(3,920)	(292)	BBBB	Net cash provided by (used in) investing activities	159,474	(293,564)
A22400	Share of profit or loss of subsidiaries, associates and joint ventures	111,616	(174,915)				
A22500	Loss (gain) on disposal of property, plant and equipment	(2,614)	(2,046)				
A23200	Loss (gain) on disposal of investment under equity method	-	(8,202)				
A30000	Changes in operating assets and liabilities:						
A31130	Notes receivable	8,714	2,090				
A31150	Accounts receivable	(304,013)	489,557				
A31160	Accounts receivable - related parties	(15,617)	6,399				
A31180	Other receivable	5,407	1,734	CCCC	Cash flows from financing activities:		
A31190	Other receivable - related parties	(5,984)	(588)	C00100	Increase in (repayment of) short-term loans	270,353	(169,870)
A31200	Inventories	23,923	13,677	C01600	Increase in long-term loans	-	600,000
A31230	Prepayment	5,741	(9,074)	C01700	Repayment of long-term loans	(53,200)	(293,808)
A31240	Other current assets	(355)	(10,504)	C03900	Increase (decrease) in lease payable	892	-
A32150	Accounts payable	(63,070)	(59,041)	CCCC	Net cash provided by (used in) financing activities	218,045	136,322
A32160	Accounts payable - related parties	(69,756)	(241,699)				
A32180	Accrued expenses	(18,674)	(55,186)				
A32190	Other payables - related parties	(4,057)	1,767				
A32230	Other current liabilities	1,716	(1,305)				
A32240	Net defined benefit liabilities	2,353	4,796				
A32990	Refund liability	41,457	-				
A32000	Cash generated from operations	(393,125)	155,056				
A33100	Interest received	3,920	292				
A33300	Interest paid	(26,168)	(19,985)	EEEE	Net Increase (decrease) in cash and cash equivalents	(37,854)	(21,879)
A33500	Income tax paid	-	-	E00100	Cash and cash equivalents at beginning of period	141,020	162,899
AAAA	Net cash provided by (used in) operating activities	(415,373)	135,363	E00200	Cash and cash equivalents at end of period	$103,166	$141,020

(The accompanying notes are an integral part of the parent-company-only financial statements.)

1. History and organization

Dynamic Electronics Co., Ltd. ("the Company") was incorporated in August 18, 1988. The main activities of the Company are engaged in the design, development, and manufacture of multi-layers PCB boards and electronics components. The Company's common shares were publicly listed on the Taiwan Stock Exchange (TWSE) in March 18, 2009. The Company's registered office and the main business location is at No. 356, Shanying Rd., Guishan Dist., Taoyuan City, Taiwan (R.O.C.)

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

The financial statements of the Company were authorized to be issued in accordance with a resolution of the Board of Directors' meeting held on February 24, 2019.

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, 2018. The nature and the impact of each new standard and amendment have no material effect on the Company.

(a) IFRS 15 "Revenue from Contracts with Customers" (including Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers")

IFRS 15 replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations. In accordance with the transition provision in IFRS 15, the Company elected to recognize the cumulative effect of initially applying IFRS 15 at the date of initial application (January 1, 2018). The Company also elected to apply this standard retrospectively only to contracts that are not completed contracts at the date of initial application.

The Company's principal activities consist of the sale of goods. The impacts arising from the adoption of IFRS 15 on the Company are summarized as follows:

A. Please refer to Note 4 for both the accounting policies before and after January 1, 2018.

B. Before January 1, 2018, revenue from sale of goods was recognized when goods have been delivered to the buyer. Starting from January 1, 2018, in accordance with IFRS 15, the Company recognized revenue when (or as) the Company fulfills a performance obligation by transferring a promised good to a customer. IFRS 15 has no impact on the Company's revenue recognition for sale of goods. However, if the Company has transferred the goods to customers for some contracts but does not yet have a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. It is different from the accounting treatment of recognizing trade receivables before the date of initial application. Besides, loss allowance against contract assets should be assessed in accordance with IFRS 9. In summary, the GAAP difference between IFRS 15 and IAS 18 has no material impact on the Company's financial statements.

C. Prior to January 1, 2018, the Company recognized an allowance for sale return and discount as a contra-account to accounts receivable when partial or all considerations received might be returned or a chargeback is expected to occur. While, after adopting IFRS 15 on January 1, 2018, such an allowance for sales return and discount shall be presented under the caption of refund liabilities within other current liabilities. The aforementioned impacts lead to an increase in both net account receivable and refund liabilities, due to the allowance for sale return and discount being recasted, amounted to NT$40,918 thousand as of January 1, 2018 and NT$41,457 thousand as of December 31, 2018.

D. Please refer to Note 4, Note 5 and Note 6 for additional disclosure note required by IFRS 15.

(2) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. In accordance with the transition provision in IFRS 9, the Company elected not to restate prior periods at the date of initial application (January 1, 2018). The adoption of IFRS 9 has the following impacts on the Company:

(a) The Company adopted IFRS 9 since January 1, 2018 and it adopted IAS 39 before January 1, 2018. Please refer to Note 4 for more details on accounting policies.

(b) In accordance with the transition provision in IFRS 9, the assessment of the business model and classification of financial assets into the appropriate categories are based on the facts and circumstances that existed as at January 1, 2018. The classifications of financial assets and it carrying amounts as at January 1, 2018 are as follow:

IAS 39		IFRS 9	
Measurement categories	Carrying amounts	Measurement categories	Carrying amounts
At amortized cost		At amortized cost (including cash and cash equivalents, notes receivable, accounts receivable and other receivables)	$1,337,573
Loans and receivables (including cash and cash equivalents, notes receivable, accounts receivable and other receivables)	$1,337,573		

(c) The transition from IAS 39 to IFRS 9 as at January 1, 2018, the changes in the classifications of financial assets and financial liabilities are as follow:

IAS 39		IFRS 9				Other components of equity
					Retained earnings	
Class of financial instruments	Carrying amounts	Class of financial instruments	Carrying amounts	Difference	Adjusted amounts	Adjusted amounts
Loans and receivables (Note 1)						
Cash and cash equivalents	$140,820	Cash and cash equivalents	$140,820	$-	$-	$-
Notes receivable	8,716	Notes receivable	8,716	-	-	-
Accounts receivable	1,172,673	Accounts receivable	1,172,673	-	-	-
Other receivables	15,364	Other receivables	15,364	-	-	-
Total	$1,337,573	Total	$1,337,573	$-	$-	$-

Notes:

(1)In accordance with IAS 39, the cash flow characteristics for loans and receivables are solely payments of principal and interest on the principal amount outstanding. The assessment of the business model is based on the facts and circumstances that exited as at January 1, 2018. These financial assets were measured at amortized cost as they were held within a business model whose objective was to hold financial assets in order to collect contractual cash flows. Besides, in accordance with IFRS 9, there was no

adjustment arised from the assessment of impairment losses for the aforementioned assets as at January 1, 2018. Therefore, there is no impact on the carrying amount as at January 1, 2018.

(d) Please refer to Note 4, Note 5, Note 6 and Note 12 for the related disclosures required by IFRS 7 and IFRS 9.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 16 "Leases"	January 1, 2019
b	IFRIC 23 "Uncertainty Over Income Tax Treatments"	January 1, 2019
c	IAS 28 "Investment in Associates and Joint Ventures" - Amendments to IAS 28	January 1, 2019
d	Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 1, 2019
e	Improvements to International Financial Reporting Standards (2015-2017 cycle)	January 1, 2019
f	Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	January 1, 2019

(a) IFRS 16 "Leases"

The new standard requires lessees to account for all leases under one single accounting model (except for short-term or low-value asset lease exemptions), which is for lessees to recognize right-of-use assets and lease liabilities on the balance sheet and the depreciation expense and interest expense associated with those leases in the consolidated statements of comprehensive income. Besides, lessors' classification remains unchanged as operating or finance leases, but additional disclosure information is required.

(b) IFRIC 23 "Uncertainty Over Income Tax Treatments"

The Interpretation clarifies application of recognition and measurement requirements in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments.

(c) IAS 28 "Investment in Associates and Joint Ventures" - Amendments to IAS 28

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture before it applies IAS 28, and in applying IFRS 9, does not take account of any adjustments that arise from applying IAS 28.

(d) Prepayment Features with Negative Compensation (Amendments to IFRS 9)

The amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract, to be measured at amortized cost or at fair value through other comprehensive income.

(e) Improvements to International Financial Reporting Standards (2015-2017 cycle):

IFRS 3 “Business Combinations”

The amendments clarify that an entity that has joint control of a joint operation shall remeasure its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 “Joint Arrangements”

The amendments clarify that an entity that participates in, but does not have joint control of, a joint operation does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 “Income Taxes”

The amendments clarify that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

IAS 23 “Borrowing Costs”

The amendments clarify that an entity should treats as part of general borrowings any borrowing made specifically to obtain an asset when the asset is ready for its intended use or sale.

(f) Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

The amendments clarify that when a change in a defined benefit plan is made (such as amendment, curtailment or settlement, etc.), the entity should use the updated assumptions to remeasure its net defined benefit liability or asset.

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, 2019. Apart from item (a) explained below, the remaining standards and interpretations have no material impact on the Company.

(1) IFRS 16 “Leases”

IFRS 16 “Leases” replaces IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, SIC-15 “Operating Leases - Incentives” and SIC-27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”. The impact arising from the adoption of IFRS 16 on the Company are summarized as follows:

A. For the definition of a lease, the Company elects not to reassess whether a contract is, or contains, a lease at the date of initial application (January 1, 2019) in accordance with the transition provision in IFRS 16. Instead, the Company is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

The Company is a lessee and elects not to restate comparative information in accordance with the transition provision in IFRS 16. Instead, the Company recognizes the cumulative effect of initially applying IFRS 16 at the date of initial application.

(a) Leases classified as finance leases

For leases that were classified as finance leases applying IAS 17, the Company expects to reclassify the lease asset of NT$1,483 thousand and the lease payable of NT$893 thousand as measured by IAS 17 to the right-of-use asset of NT$1,483 thousand and the lease liability of NT$893 thousand, respectively, on January 1, 2019.

B. The additional disclosures of lessee and lessor required by IFRS 16 will be disclosed in the relevant notes.

3. Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC at the date of issuance of the Company's financial statements are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
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	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2021
c	Definition of a Business (Amendments to IFRS 3)	January 1, 2020
d	Definition of Material (Amendments to IAS 1 and 8)	January 1, 2020

(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 company of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

(1)Estimates of future cash flows;
(2)Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
(3)A risk adjustment for non-financial risk.

The carrying amount of a company 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.

(c) Definition of a Business (Amendments to IFRS 3)

The amendments clarify the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business. The amendments clarify the minimum requirements for a business; add guidance to help entities assess whether an acquired process is substantive; and narrow the definitions of a business and of outputs; etc.

(d) Definition of a Material (Amendments to IAS 1 and 8)

The main amendment is to clarify new definition of material. It states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either

individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The abovementioned standards and interpretations issued by IASB 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 all standards and interpretations have no material impact on the Company.

4.Summary of significant accounting policies

(1)Statement of Compliance

The Company's parent-company-only financial statements as of and for the years ended December 31, 2018 and 2017 were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (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 consolidated 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 its functional currency, New Taiwan Dollars (NTD). Items included in the parent-company-only financial statements are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Company at 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 (Before January 1, 2018: IAS 39 Financial Instruments: Recognition and Measurement) are accounted for based on the accounting policy for financial instrument

(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 NTD at the closing rate of exchange prevailing at the reporting date and the income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On 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 are accounted for as disposals even if an interest in the foreign operation is retained by the Company: the loss of control over a foreign operation, the loss of significant influence over a foreign

operation, or the loss of joint control over a foreign operation.

On 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 jointly controlled entity 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.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5)Current and non-current distinction for assets and liabilities

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;
(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 a 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 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 date. 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 investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (include fixed-term deposits that have matures of 3 months from the date of acquisition).

(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 (Before January 1, 2018: IAS 39 Financial Instruments: Recognition and Measurement) 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 assets: Recognition and Measurement

The accounting policy from January 1, 2018 as follow:

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

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, trade receivables 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 recognise 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 asset measured 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 as 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.

Besides, 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 cumulated 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 represents a recovery of part of the cost of investment.

Financial asset measured 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.

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.

The accounting policy before January 1, 2018 as follow:

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

Financial assets of the Company are classified as financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The Company determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated as at fair value through profit or loss.

A financial asset 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 asset at fair value through profit or loss; or a financial asset 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 Company of financial assets, financial liabilities or both 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.

Financial assets at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss (including those received during the period of initial investment).

If financial assets do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company upon initial recognition designates as available for sale, classified as at fair value through profit or loss, or those for which the holder may not recover substantially all of its initial investment.

Loans and receivables are separately presented on the balance sheet as receivables or debt instrument investments for which no active market exists. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

(b)Impairment of financial assets

The accounting policy from January 1, 2018 as follow:

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

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 trade receivables 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 been 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.

The accounting policy before January 1, 2018 as follow:

The Company assesses at each reporting date whether there is any objective evidence that a financial asset other than the financial assets at fair value through profit or loss is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of

impairment as a result of one or more loss events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset. The carrying amount of the financial asset impaired, other than receivables impaired which are reduced through the use of an allowance account, is reduced directly and the amount of the loss is recognized in profit or loss.

A significant or prolonged decline in the fair value of an available-for-sale equity instrument below its cost is considered a loss event.

Other loss events include:

A. Significant financial difficulty of the issuer or obligor; or
B. A breach of contract, such as a default or delinquency in interest or principal payments; or
C. It becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
D. The disappearance of an active market for that financial asset because of financial difficulties.

For loans and receivables measured at amortized cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exits for an individually assessed financial asset, whether significant or not, it includes the asset in a Company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Interest income is accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

In the case of equity investments classified as available-for-sale, where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss – is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

(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 (before January 1, 2018: IAS 39 Financial Instruments: Recognition and Measurement) 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 Company of financial assets, financial liabilities or both 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.

Before January 1, 2018, if the financial liabilities at fair value through profit or loss do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial liabilities measured at cost on balance sheet and carried at cost

as at the reporting date.

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 instruments

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 – By actual purchase cost with 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.

Starting from January 1, 2018, rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(10)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. Such adjustments were made after the Company considered the different accounting treatments to account for its investments in subsidiaries in the consolidated financial statements under IAS 10 "Consolidated and Separate Financial Statements" and the different IFRSs adopted from

different reporting entity's perspectives, and the Company recorded such adjustments by crediting or debiting to investments accounted for under the equity method, share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures.

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.

Under the equity method, the investment in the associate 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. After the interest in the associate 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. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate, 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 on a prorate basis.

When the associate issues new stock, and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in Additional Paid in Capital and Investment in associate. When the interest in the associate 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.

The financial statements of the associate 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 (before January 1, 2018: IAS 39 Financial

Instruments: Recognition and Measurement). 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, including the cash flows form 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 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, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(11)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	10～40 years
Machinery and equipment	1~10 years
Transportation equipment	4~6 years
Office equipment	3~6 years
Other equipment	1~9 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.

(12)Leases

Company as a lessee

Finance leases which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

(13)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.

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

	Computer software	Technology expertise
Useful lives	3~5 years	5~6 years
Amortization method used	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired

(14)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 Companys 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.

A cash-generating unit, or Companys of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (Company of units), then to the other assets of the unit (Company of units) pro rata on the basis of the carrying amount of each asset in the unit (Company of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

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

(15)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.

(16)Revenue Recognition

The accounting policy from January 1, 2018 as follow:

The Company's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follow:

Sale of goods

The Company mainly manufactures and sells of its products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is PCB and revenue is recognized based on the consideration stated in the contract. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

The credit period of the Company's sale of goods is from 60 to 150 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 trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

The accounting policy before January 1, 2018 as follow:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

(a) The significant risks and rewards of ownership of the goods have passed to the buyer;
(b) Neither continuing managerial involvement nor effective control over the goods sold have been retained;
(c) The amount of revenue can be measured reliably;
(d) It is probable that the economic benefits associated with the transaction will flow to the entity; and
(e) The costs incurred in respect of the transaction can be measured reliably.

Interest income

For all financial assets measured at amortized cost (including loans and receivables and held-to-maturity financial assets) and available-for-sale financial assets, interest income is recorded using the effective interest rate method and recognized in profit or loss.

Dividends

Revenue is recognized when the Company's right to receive the payment is established.

(17)Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(18) 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 Company'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.

(19)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 ventures, 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 ventures, 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 judgments, estimates and assumptions

The preparation of the Company's parent company only financial statements requires the management to make judgments, 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.

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) The Fair Value of Financial Instruments

Where the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example, the discounted cash flows model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Accounts receivables-estimation of impairment loss

Starting from January 1, 2018:

The Company estimates the impairment loss of accounts receivables 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.

Before January 1, 2018:

The Company considers the estimation of future cash flows when there is objective evidence showed indications of impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. However, as the impact from the discounting of short-term receivables is not material, the impairment of short-term receivables is measured as the difference between the asset's carrying amount and the estimated undiscounted future 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.

(c) Inventory

Inventories are valued at the lower of cost and net realizable value item by item. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The change of market may also significantly influence the evaluation of inventory. For inventory details, please refer to Note 6 to the financial statements.

(d) Pension benefits

The cost of post-employment benefit pension plan and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including the change in the discount rate and expected salary level. The assumptions used for measuring pension cost and defined benefit obligation are disclosed in Note 6.

(e) Revenue Recognition-Sales retruns and allowance

Starting from January 1, 2018:

The Company estimates sales returns and allowance based on historical experience and other

known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, trevenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Please refer to Note 6 for more details.

Before January 1, 2018:

The Company estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. Please refer to Note 6 for more details.

(f) 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 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.

6. Contents of significant accounts

(1) Cash and cash equivalents

	2018.12.31	2017.12.31
Cash on hand	$200	$200
Checking and savings	102,966	140,820

Total	$103,166	$141,020

(2) Notes receivable, net

	2018.12.31	2017.12.31
Notes receivables arising from operating activities	$2	$8,716
Less: loss allowance	-	-
Total	$2	$8,716

Notes receivables were not pledged.

The Company adopted IFRS 9 for impairment assessment since January 1, 2018. Please refer to Note 6 for more details on accumulated impairment. Please refer to Note 12 for more details on credit risk.

(3) Accounts receivable and Accounts receivable - related parties

(a) Accounts receivable, net consist of the follow:

	2018.12.31	2017.12.31
Accounts receivable from operating activities	$1,490,167	$1,227,072
Less: loss allowance	(13,683)	(13,683)
Less: sales returns and allowance	Note	(40,918)
Accounts receivable, net	1,476,484	1,172,471
Accounts receivable from related parties	15,819	202
Less: loss allowance	-	-
Accounts receivable from related parties, net	15,819	202
Total	$1,492,303	$1,172,673

Note: The Company has adopted IFRS 15 from January 1, 2018. The Company elected not to restate for period periods in accordance with the transition provision in IFRS 15.

(b) The Company evaluated sales returns and allowance based on experiences and other known factors and recorded it as a reduction aganist sales at the time of recognizing revenue.

(c) The receivables are generally on 60 to 120 day terms. The Company adopted IFRS 9 for impairment assessment since January 1, 2018. Please refer to Note 6 for more details on impairment of trade receivables. The Company adopted IAS 39 for impairment assessment before January 1, 2018. The movements in the provision for impairment of trade receivables and trade receivables-related parties are as follows: (Please refer to Note 12 for more details on credit risk management.)

	Individually impaired	Collectively impaired	Total
2017.01.01	$-	$13,683	$13,683
Charge (reversal) for the current period	-	-	-
Write off	-	-	-
2017.12.31	$-	$13,683	$13,683

(d) Aging analysis of accounts receivable and accounts receivable - related parties that are past due as at the end of the reporting period but not impaired is as follows:

		Past due but not impaired					
	Neither past due nor impaired	Less than 30 days	31~60 days	61~90 days	91~120 days	More than 121 days	Total
2017.12.31	$1,091,940	$70,190	$10,543	$-	$-	$-	$1,172,673

(e) Accounts receivable were not pledged.

(4) Inventories

(a) Details of inventories are as below:

	2018.12.31	2017.12.31
Raw materials	$15,452	$35,688
Supplies & parts	4,347	1,723
Work in progress	86,066	104,609
Finished goods	123,422	111,190
Total	$229,287	$253,210

(b) The cost of inventories recognized in expenses amounts to NT$4,188,400 thousand for the year ended December 31, 2018 while NT$4,446,484 thousand for the year ended December 31, 2017. The following losses were included in cost of sales:

	2018	2017
Inventory valuation losses	$33,095	$19,715
Physical inventory losses	6,771	6,801
Total	$39,866	$26,516

(c) Inventories were not pledged.

(5) Investments accounted for under the equity method

	2018.12.31		2017.12.31	
Investee companies	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investments in subsidiaries:				
WINTEK (MAURITIUS) CO., LTD.	$3,883,269	100.00%	$4,207,309	100.00%
Dynamic PCB Electronics Co., Ltd.	2,011	100.00%	1,942	100.00%
Dynamic Electronics Co., Ltd. (Seychelles)	242,803	100.00%	287,092	100.00%
Dynamic Electronics Trading Pte. Ltd.	2,019	100.00%	1,889	100.00%
Minus: Unrealized Profit	(13,743)		(12,728)	
Total	$4,116,359		$4,485,504	

(a)The Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary valuations and adjustments.

(b) No investment accounted for under the equity method was pledged as collerals.

(6) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Lease asset	Construction in progress and equipment to be examined	Total
Cost:									
2018.01.01	$137,171	$175,947	$1,399,574	$4,604	$10,316	$154,692	$-	$127,867	$2,010,171
Additions	-	-	-	-	-	-	1,324	61,678	63,002
Disposals	-	-	(50,447)	(1,983)	(1,888)	(14,005)	-	-	(68,323)
Transfer	-	-	85,788	922	125	17,239	900	(104,974)	-
2018.12.31	$137,171	$175,947	$1,434,915	$3,543	$8,553	$157,926	$2,224	$84,571	$2,004,850
									$1,949,548
2017.01.01	$137,171	$172,707	$1,420,503	$4,604	$10,041	$164,679	$-	$39,843	
Additions	-	-	-	-	-	-	-	128,682	128,682
Disposals	-	-	(41,807)	-	-	(26,252)	-	-	(68,059)
Transfer	-	3,240	20,878	-	275	16,265	-	(40,658)	-
2017.12.31	$137,171	$175,947	$1,399,574	$4,604	$10,316	$154,692	$-	$127,867	$2,010,171
Depreciation and impairment:									
2018.01.01	$-	$84,324	$1,162,963	$3,826	$9,941	$130,872	$-	$-	$1,391,926
Depreciation	-	6,580	110,019	469	283	21,234	741	-	139,326
Disposals	-	-	(49,609)	(1,873)	(1,888)	(14,005)	-	-	(67,375)
Transfer	-	-	-	-	-	-	-	-	-
2018.12.31	$-	$90,904	$1,223,373	$2,422	$8,336	$138,101	$741	$-	$1,463,877
									$1,299,286
2017.01.01	$-	$77,793	$1,075,428	$3,069	$9,017	$133,979	$-	$-	
Depreciation	-	6,531	129,342	757	924	23,145	-	-	160,699
Disposals	-	-	(41,807)	-	-	(26,252)	-	-	(68,059)
Transfer	-	-	-	-	-	-	-	-	-
2017.12.31	$-	$84,324	$1,162,963	$3,826	$9,941	$130,872	$-	$-	$1,391,926
Net carrying amount as at:									
2018.12.31	$137,171	$85,043	$211,542	$1,121	$217	$19,825	$1,483	$84,571	$540,973
2017.12.31	$137,171	$91,623	$236,611	$778	$375	$23,820	$-	$127,867	$618,245

Significant components of building include main building structure and additional expansion construction, which are depreciated over useful lives of 40 years and 20 years, respectively.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(7) Intangible assets

	Computer software	Technology expertise	Total
Cost:			
2018.01.01	$23,631	$750	$24,381
Increase	303	-	303
Decrease	(6,196)	(750)	(6,946)
2018.12.31	$17,738	$-	$17,738
2017.01.01	$17,811	$750	$18,561
Increase	6,120	-	6,120
Decrease	(300)	-	(300)
2017.12.31	$23,631	$750	$24,381
Amortization:			
2018.01.01	$12,412	$671	$13,083
Amortization	6,142	79	6,221
Decrease	(6,196)	(750)	(6,946)
2018.12.31	$12,358	$-	$12,358
2017.01.01	$4,997	$552	$5,549
Amortization	7,715	119	7,834
Decrease	(300)	-	(300)
2017.12.31	$12,412	$671	$13,083
Net carrying amount as at:			
2018.12.31	$5,380	$-	$5,380
2017.12.31	$11,219	$79	$11,298

Amortization of intangible assets is as follows:

	2018	2017
Operating costs	$2,404	$2,444
Operating expenses	3,817	5,390
Total	$6,221	$7,834

(8) Other non-current assets

	2018.12.31	2017.12.31
Refundable deposits	$2,882	$2,147

(9) Short-term loans

(a) Short-term loans consist of the following:

	Interest Rates (%)	2018.12.31	2017.12.31
Unsecured bank loans	1.35%~4.03%	$913,793	$643,440

(b) The Company's unused short-term lines of credits amounts to NT$493,558 thousand and NT$922,905 thousand as of December 31, 2018 and 2017, respectively.

(10) Other payables

Other payables consist of the following:	2018.12.31	2017.12.31
Accrued expenses	$163,051	$181,725
Accrued interest payable	1,868	939
Payables to equipment suppliers	22,289	14,205
Total	$187,208	$196,869

(11) Long-term loans

(a)Details of long-term loans as of December 31, 2018 and 2017 are as follows:

Lenders	2018.12.31	Interest Rate (%) (Note 2)	Maturity and terms of repayment
JihSun Bank － Taoyuan Branch－ Secured bank loans (Note1)	$249,067	The interest shall not be lower than Jihsun Bank's mortgage index interest rate plus 0.67%	The loan is repaid in 78 monthly installments, each at NT$3,462 thousand and last repayment NT$6,741, within 7 years with a grace period of 6 months.
JihSun Bank － Taoyuan Branch－ Secured bank loans (Note1)	297,733	The interest shall not be lower than Jihsun Bank's mortgage index interest rate plus 0.67%	The loan is repaid in 78 monthly installments, each at NT$4,138 thousand and last repayment NT$8,059, within 7 years with a grace period of 6 months.
Total	546,800		
Less: Current portion of long-term loans	(91,200)		
Non-current portion of long-term loans	$455,600		

Lenders	2017.12.31	Interest Rate (%) (Note 2)	Maturity and terms of repayment
JihSun Bank － Taoyuan Branch－ Secured bank loans (Note1)	$273,300	The interest shall not be lower than Jihsun Bank's mortgage index interest rate plus 0.67%	The loan is repaid in 78 monthly installments, each at NT$3,462 thousand and last repayment NT$6,741, within 7 years with a grace period of 6 months.
JihSun Bank － Taoyuan Branch－ Secured bank loans (Note1)	326,700	The interest shall not be lower than Jihsun Bank's mortgage index interest rate plus 0.67%	The loan is repaid in 78 monthly installments, each at NT$4,138 thousand and last repayment NT$8,059, within 7 years with a grace period of 6 months.
Total	600,000		
Less: Current portion	(53,200)		

of long-term loans	
Total	$546,800

Note1: Please refer to Note 8 for more details regarding certain property, plant and equipment pledged for secured bank loans.

Note2: Interest rates of long-term loans are as follows:

	2018.12.31	2017.12.31
Interest Rates (%)	1.75%	1.75%

(b)The Company entered into an agreement of syndicated loans in credit line of USD50,000 thousand with E.Sun Bank, Mega International Commercial Bank and 7 other banks on March 17, 2017. According to the agreement, the Company's liquidity ratio, debt ratio and interest expenditure coverage derived from annual consolidated financial statements should meet certain criteria.

In the event that the Company's financial statements do not meet with any of the criteria or restrictions specified, the Company shall improve it in 9 months after the end of the fiscal year. The improvement documentation proposed by the Company shall also be reviewed by certified public accountants. During the period of improvement, (1) the unused credit line of underlying loan agreement shall be suspended from further usage until the Gompany's financial ratio meet the required criteria. ；(2) the interest shall be increased by 0.15% from the immediate interest payment date as notified by the managing bank to the interest payment date immediately after the issue has been improved. The borrower's right to utilize the credit line shall be suspended and punished in accordance with related covenants in the agreement immediately when the managing banks discover any breach of loan contract.

(12) Finance lease commitments

The Commpany has finance leases for certain machinery. Theses leases contain purchase options. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2018.12.31		2017.12.31	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Not later than one year	$456	$441	$-	$-
Later than one year and not later than five years	456	451	-	-
Total minimum lease payments	912	892	-	-
Less: finance charges on finance lease	(20)	-	-	-
Present value of minimum lease payments	$892	$892	$-	$-
Current	$441	$441	$-	$-
Non-current	451	451	-	-

(13) Refund liability

	2018.12.31	2017.12.31 (Note)
Refund liability	$41,457	

Note: The Company adopted IFRS 15 since January 1, 2018. The Company elected not to restate prior periods in accordance with the transition provison in IFRS 15.

(14) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual

employee's salaries or wages to employees' pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2018 and 2017 amounted to NT$18,169 thousand and NT$17,383 thousand, respectively.

Additional pension expenses recognized for the executives commissioned by the Company amounted to NT$216 thousand both for the years ended December 31, 2018 and 2017.

Defined benefits plan

The Company 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 2% 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 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 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 mandation, 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 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.

As of December 31, 2018 and 2017, the maturities of the Company's defined benefit plan were expected in 2026 and 2027.

Pension costs recognized in profit or loss for the years ended December 31, 2018 and 2017:

	2018	2017
Current period service costs	$-	$869
Interest income or expense	(561)	(541)
Past service cost	7,831	1,127
Payments from the plan	-	-
Total	$7,270	$1,455

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	2018.12.31	2017.12.31	2017.01.01
Defined benefit obligation	$42,040	$38,477	$49,663
Plan assets at fair value	(77,256)	(78,826)	(85,750)
Other non-current liabilities - Accrued pension liabilities recognized on the balance sheets	$(35,216)	$(40,349)	$(36,087)

Reconciliation of liability (asset) of the defined benefit liability is as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
2017.01.01	$49,663	$85,750	$(36,087)
Current period service costs	869	-	869
Net interest expense (income)	745	1,286	(541)
Past service cost and gains and losses arising from settlements	1,127	-	1,127
Subtotal	2,741	1,286	1,455
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	776	-	776
Actuarial gains and losses arising from changes in financial assumptions	305	-	305

Experience adjustments	(6,065)	-	(6,065)
Return on plan assett assets	-	(404)	404
Subtotal	(4,984)	(404)	(4,580)
Payments from the plan	(8,943)	(8,943)	-
Contributions by employer	-	1,137	(1,137)
Effect of changes in foreign exchange rate	-	-	-
2017.12.31	38,477	78,826	(40,349)
Current period service costs	-	-	-
Net interest expense (income)	535	1,096	(561)
Past service cost and gains and losses arising from settlements	7,831	-	7,831
Subtotal	8,366	1,096	7,270
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	35	-	35
Actuarial gains and losses arising from changes in financial assumptions	1,323	-	1,323
Experience adjustments	(1,211)	-	(1,211)
Return on plan assets	-	2,284	(2,284)
Subtotal	147	2,284	(2,137)
Payments from the plan	(4,950)	(4,950)	-
Contributions by employer	-	-	-
Effect of changes in foreign exchange rate	-	-	-
2018.12.31	$42,040	$77,256	$(35,216)

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2018	2017
Discount rate	0.86%	1.39%
Expected rate of salary increases	1.00%	1.00%

A sensitinivity analysis for significant assumption is shown as below:

	Effect on the defined benefit obligation			
	2018		2017	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increased by 0.5%	$-	$(1,258)	$-	$(1,918)
Discount rate decreased by 0.5%	1,619	-	2,182	-
Expected salary level increased by 0.5%	1,602	-	2,179	-
Expected salary level decreased by 0.5%	-	(1,262)	-	(1,934)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(15) Equities

(a) Common stock

As of December 31, 2018 and 2017, the Company's authorized capital and issued capital were NT$4,000,000 thousand and NT$2,810,594 thousand, respectively, each share at par value of NT$10, divided into 281,059,335 shares.

(b) Capital surplus

	2018.12.31	2017.12.31
Additional paid-in capital	$989,014	$989,014
Treasury share transactions	32,214	32,214
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	15,531	15,531
Gain on sale of assets	155	155
Employee stock option	5,249	5,249
Share options	19,710	19,710

Total	$1,061,873	$1,061,873

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, 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 either in cash or in the form of share dividend to its shareholders in proportion to the number of shares being held by each of them.

(c) Retained earnings and dividend policies

(1)Earning distribution

The Company's shareholders' meeting held on May 27, 2016 passed the resolution of amending the Articles of Incorporation, according to the revised Articles of Incorporations, 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.

(2)Dividend policy

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, financial structures and earnings etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting. The Company's Articles of Incorporation further provide that no more than 90% of the dividends to shareholders, if any, could be paid in the form of share dividends. Accordingly, at least 10% of the dividends must be paid in the form of cash.

(3)According to the Company Act, the Company shall set aside legal reserve from earnings unless where the amount of legal reserve reaches the total authorized 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 shareholders.

(4) Following the adoption of T-IFRS, the FSC on April 6, 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the T-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 an equal amount of special reserve. Following a company's adoption of the T-IFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, 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 in the preceding point, 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.

As of January 1, 2013, special reserve set aside for the first-time adoption of T-IFRS amounted to NT$349,310 thousand. Furthermore, the Company has reversed special reserve in the amount of NT$49,644 thousand to retained earnings during the year ended December 31, 2013 due to the use, disposal or reclassification of related assets.

As of December 31, 2018 and 2017, special reserve set aside for the first-time adoption of T-IFRS reduced to NT$299,666 thousand accordingly.

(5)There was no earnings distribution for the years ended December 31, 2018 and 2017.

Please refer to Note 6(19) for details on employees' compensation and remunevation to directors and supervisors.

(16) Operating revenues

	For the year ended December 31,	
	2018 (Note)	2017
Revenue from contracts with customers		
Sale of goods	$4,254,645	$4,620,391
Other revenue	61,564	-
Total	$4,316,209	$4,620,391

Note: The Company has adopted IFRS 15 since January 1, 2018. The Company elected to recognize the cumulative effect of initially applying the standard at the date of initial application (January 1, 2018).

The Company has adopted IFRS 15 from January 1, 2018. Analysis of revenue from contracts with customers during the year is as follows:

Disaggregation of revenue

	PCB
Sale of goods	$4,254,645
Other	61,564
Total	$4,316,209

The timing for revenue recognition:

At a point in time	$4,316,209

(17) Expected credit losses/ (gains)

	For the year ended December 31,	
	2018	2017 (Note)
Operating expenses – Expected credit losses/(gains)		
Account receivables	$-	

Note: The Company adopted IFRS 9 since January 1, 2018. The Company elected not to restate prior periods in accordance with the transition provison in IFRS 9.

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

The Company measures the loss allowance of its trade receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2018 is as follow:

A. The Company condsiders the grouping of trade receivables by counter parties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. Details are as follow:

	Not yet due	Past due					
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=120 days	Total
Gross carrying amount	$1,417,889	$58,597	$5,263	$2,224	$429	$5,767	$1,490,169
Loss ratio	-%	-%	100%	100%	100%	100%	
Lifetime expected credit losses	-	-	(5,263)	(2,224)	(429)	(5,767)	(13,683)
Carrying amount of trade receivables	$1,417,889	$58,597	$-	$-	$-	$5,767	$1,476,486

Note: all the Company's notes receivable were not past due.

B. The movement in the provision for impairment of notes receivable and accounts receivable for the year ended December 31, 2018 is as follows:

	Notes receivable	Accounts receivable
Beginning balance (in accordance with IAS 39)	$-	$(13,683)
Transition adjustment to retained earnings	-	-
Beginning balance (in accordance with IFRS 9)	-	-
Addition / (reversal) for the current period	-	-
Effect of exchange rate changes	-	-
Ending balance	$-	$(13,683)

(18) Operating leases – The Company as a lessee

The Company has entered into commercial leases on certain motor vehicles and items of land and buildings. These leases have an average life of three years with no renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as of December

31, 2018 and 2017 are as follows:

	2018.12.31	2017.12.31
Within one year	$1,771	$354
Above one year to five years	2,026	-
Total	$3,797	$354

Operating lease expenses recognized are as follows:

	2018	2017
Minimum lease payments	$11,870	$11,098

(19) Summary of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2018 and 2017 is as follows:

	2018			2017		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$237,235	$197,215	$334,450	$251,062	$103,108	$354,170
Labor and health insurance	36,338	5,472	41,810	35,124	5,443	40,567
Pension	20,835	4,820	25,655	12,516	6,538	19,054
Directors' remuneration	-	1,665	1,665	-	1,920	1,920
Other employee benefits expense	106,968	330	107,298	98,606	836	99,442
Depreciation	136,413	2,913	139,326	155,493	5,206	160,699
Amortization	2,404	3,817	6,221	2,444	5,390	7,834

Note: The headcounts of the Company amounted to 693 and 703, respectively, as of December 31, 2018 and 2017. Among the Company's directors, there were 4 who were not the employees.

A resolution was passed at the shareholders' meeting of the Company held on May 27, 2016 to amend the Articles of Incorporation of the Company. According to the resolution, 10%~18% of profit of the current year is distributable as employees' compensation and no

higher than 3% 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 a meeting of Board of Directors 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 Directors' 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.

For the years ended December 31, 2018 and 2017, the Company incurred accumulated losses and therefore did not intend to accrue the employees' compensation and remuneration to directors.

(20)Non-operating income and expenses

(a)Other income

	2018	2017
Interest income	Note	$292
Financial assets measured at amortized cost		
Interest income	$3,920	Note
Other income－others	23,159	32,926
Total	$27,079	$33,218

Note: The Company adopted IFRS 9 since January 1, 2018. The Company elected not to restate prior periods in accordance with the transition provison in IFRS 9.

(b)Other gains and losses

	2018	2017
Gain (loss) on disposal of property, plant and equipment	$2,614	$2,046
Foreign exchange gains (losses), net	15,274	(15,290)
Gain on disposal of investments	-	8,202
Others losses-others	(3,380)	(13,985)
Total	$14,508	$(19,027)

(c)Finance costs

	2018	2017
Interest on borrowings from bank	$27,097	$20,261

(21) Components of other comprehensive income (loss)

For the year ended December 31, 2018

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$2,137	$-	$2,137	$-	$2,137
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	(45,661)	-	(45,661)	6,140	(39,521)
Total	$(43,524)	$-	$(43,524)	$6,140	$(37,384)

For the year ended December 31, 2017

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$4,580	$-	$4,580	$-	$4,580
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	(96,985)	-	(96,985)	16,487	(80,498)
Total	$(92,405)	$-	$(92,405)	$16,487	$(75,918)

(22)Income tax

(a)Based on an amendment to the Income Tax Act announced on February 7, 2018, the Company's applicable corporate income tax rate changes from 17% to 20% and the surtax rate on undistributed earnings from 10% to 5% effective the year of 2018.

(b)The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	2018	2017
Current income tax expense (income):		
Current income tax charge	$-	$-
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(44,478)	-
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	6,727	-
Total income tax expense (income)	$(37,751)	$-

Income tax relating to components of other comprehensive income

	2018	2017
Deferred tax expense (income):		
Exchange differences arising on translation of foreign operations	$(6,140)	$(16,487)

(c)A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	2018	2017
Accounting profit (loss) before tax from continuing operations	$(278,636)	$9,094
Tax payable at the enacted tax rates (The tax rates are 20% and 17% for the years ended December 31, 2018 and 2017, respectively.)	$(55,727)	$1,546
Tax effect of expenses not deductible for tax purposes	32	4
Tax effect of deferred tax assets/liabilities	17,944	(1,550)
Total income tax expense (income) recognized in profit or loss	$(37,751)	$-

(d)Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2018

	Beginning balance as of January 1, 2018	Deferred tax income (expense) recognized in profit or loss	Effect of tax rate change	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2018
Temporary differences					
Unrealized loss on inventory valuation	$2,899	$1,259	$512	$-	$4,670
Loss on inventory written-off and obsolescense	337	1,816	60	-	2,213
Investments accounted for using the equity method	(252,786)	22,324	(41,618)	6,140	(265,940)
Over 2 years payables	73	-	13	-	86
Gain on disposal of property, plant and equipment	2,164	203	382	-	2,749
Unrealized exchange loss (gain)	355	(430)	63	-	(12)
Sales returns and allowances	6,956	108	1,227	-	8,291
Commission expense	8,514	3,806	1,502	-	13,822
Bad debt expense	294	(346)	52	-	-
Unused tax losses	174,530	15,738	30,800	-	221,068
Employee benefits	1,584	-	280	-	1,864
Deferred tax income/ (expense)		$44,478	$(6,727)	$6,140	
Net deferred tax assets/(liabilities)	$(55,080)				$(11,189)
Reflected in balance sheet as follows:					
Deferred tax assets	$197,706				$254,763
Deferred tax liabilities	$(252,786)				$(265,952)

For the year ended December 31, 2017

	Beginning balance as of January 1, 2017	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2017
Temporary differences				
Unrealized loss on inventory valuation	$2,651	$248	$-	$2,899
Loss on inventory written-off and obsolescense	2,609	(2,272)	-	337
Investments accounted for using the equity method	(226,881)	(42,392)	16,487	(252,786)
Over 2 years payables	73	-	-	73
Gain on disposal of property, plant and equipment	2,505	(341)	-	2,164
Unrealized exchange loss (gain)	(40)	395	-	355
Sales returns and allowances	8,469	(1,513)	-	6,956
Commission expense	17,248	(8,734)	-	8,514
Bad debt expense	-	294	-	294
Unused tax losses	120,215	54,315	-	174,530
Employee benefits	1,584	-	-	1,584
Deferred tax income/ (expense)		$-	$16,487	
Net deferred tax assets/(liabilities)	$(71,567)			$(55,080)
Reflected in balance sheet as follows:				
Deferred tax assets	$155,354			$197,706
Deferred tax liabilities	$(226,921)			$(252,786)

(e) Unrecognized deferred tax assets

As of December 31, 2018 and 2017, deferred tax assets that have not been recognized amounts to NT$13,918 thousand and NT$21,806 thousand, respectively.

(f) The following table contains information of the net operating loss of the Company:

Year incurred	Net operating loss	Expiration year
2013	$357,540	2023
2014	224,933	2024

2015	82,157	2025
2016	138,185	2026
2017	231,182	2027
2018(estimated)	134,785	2028
Total	$1,168,782	

(g) The assessment of income tax returns

As of December 31, 2018, the tax assessments on the Company's tax filings have been approved up to the year of 2016.

(23) Earnings per share

Basic earnings per share 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 are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) 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.

	2018	2017
(a) Basic earnings per share		
Profit (loss) attributable to ordinary equity holders of the Company (in thousand NT$)	$(240,885)	$9,094
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	281,059	281,059
Basic earnings (loss) per share (in NT$)	$(0.86)	$0.03
(b) Diluted earnings per share		
Profit (loss) attributable to ordinary equity holders of the Company (in thousand NT$)	$(240,885)	$9,094
Profit (loss) attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$(240,885)	$9,094
Weighted average number of ordinary shares	281,059	281,059

outstanding for basic earnings per share (in thousand shares)		
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	281,059	281,059
Diluted earnings (loss) per share (in NT$)	$(0.86)	$0.03

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. Related party transactions

(1) 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

Name of the related parties	Nature of relationship of the related parties
Dynamic PCB Electronics Co., Ltd.	Subsidiary
Dynamic Electronics Co., Ltd. (Seychelles)	Subsidiary
Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary
Dynamic Electronics (Huangshi) Co., Ltd.	Subsidiary
Dynamic Electronics Holding Pte. Ltd.	Subsidiary
HONG LAN ELECTRONICS CO., LTD.	Other related party

(2) Significant transactions with related parties

(a) Purchases

	2018	2017
Dynamic PCB Electronics Co.,Ltd.	$2,469,661	$2,632,587
Subsidiaries	-	233
Total	$2,469,661	$2,632,820

As the specifications of merchandise purchased from the subsidiaries are different from those from other third-party companies, the purchasing prices to subsidiaries were not comparable. Payment terms for subsidiaries were 90~100 days after monthly closing while 60~120 days after monthly closing for general suppliers.

(b)The Company recognized operating revenue of processing performed for subsidiaries amounted to NT$23,125 thousand and NT$17,775 thousand for the years ended December 31, 2018 and 2017, respectively.

(c)For the year ended December 31, 2018, the Company recognized other operating revenue, due to procurement on behalf of subsidiaries in amount of NT$2,269 thousand.

For the year ended December 31, 2017, the Company recognized operating revenue, other income and operating expenses due to procurement on behalf of subsidiaries in amount of NT$6,010 thousand, NT$100 thousand and NT$(324) thousand, respectively.

(d)The Company recognized operating expenses for services provided by other related parties of NT$1,420 thousand and NT$1,899 thousand for the years ended December 31, 2018 and 2017, respectively.

(e)Transaction of assets

Type of Assets	Related Parties	Book Value	Selling price	Gain (Note)	Price reference
2018					
	Subsidiary	$-	$3,358	$3,358 (Note)	Negotiated
2017					
None.					

Note: The gains were recorded as unrealized profits.

(f) Accounts receivable-related parties

	2018.12.31	2017.12.31
Dynamic Electronics (Kunshan) Co., Ltd.	$15,819	$202
Less: loss allowance	-	-
Total	$15,819	$202

(g)Other receivables from related parties

	2018.12.31	2017.12.31
Dynamic Electronics (Kunshan) Co., Ltd.	$3,654	$-
Dynamic Electronics (Huangshi) Co., Ltd.	2,150	282
Dynamic Electronics Holding Pte. Ltd.	1,040	578
	$6,844	$860

(h)Accounts payable to related parties

	2018.12.31	2017.12.31
Dynamic PCB Electronics Co.,Ltd.	$667,480	$737,236

(i) Other payable to related parties

	2018.12.31	2017.12.31
Other related parties	$-	$47
Subsidiaries	-	4,010
Total	$-	$4,057

(j) Loan to related parties

Other receivables	The highest balance (Dr)	Balance at year end (Dr)	Interest rate	Total interest for the year
2018				
Subsidiaries	$153,325	$-	3.05%-3.65%	$3,397
2017				
None.				

Other payables	The highest balance (Cr)	Balance at year end (Cr)	Interest rate	Total interest for the year
2018				
None.				

2017				
Subsidiaries	$60,740	$-	3.38%-3.6%	$759

(k)As of December 31, 2018 and 2017, the Company provided endorsement/guarantee to its subsidiaries in total of NT$1,039,555 thousand and NT$742,570 thousand, respectively.

(l) Key management personnel compensation

	2018	2017
Short-term employee benefits	$31,983	$29,797
Post-employment benefits	939	794
Total	$32,922	$30,591

8. Assets pledged as collateral

	Book value		Purpose of
Assets	2018.12.31	2017.12.31	pledge
Property, plant and equipment – land	$137,171	$137,171	Secured loans
Property, plant and equipment – buildings	85,043	91,623	Secured loans
Total	$222,214	$228,794	

9. Significant contingencies and unrecognized contract commitments

(a) As of December 31, 2018, the Company's outstanding contracts relating to purchase of property, plant and equipment were as follows:

Type of Asset	Total Amount	Amount paid	Amount unpaid
Machinery	$85,724	$64,135	$21,589

Amount paid was recorded under construction in progress and equipment to be examined.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1)Categories of financial instruments

Financial assets

	2018.12.31	2017.12.31
Financial assets measured at amortized cost (Note 2)	$1,611,212	(Note 1)
Loans and receivables (Note 3)	(Note 1)	$1,337,573
Total	$1,611,212	$1,337,573

Financial liabilities

	2018.12.31	2017.12.31
Financial liabilities at amortized cost:		
Short-term loans	$913,793	$643,440
Payables	1,109,647	1,256,191
Lease payable (including current portion)	892	-
Long-term loans (including current portion)	546,800	600,000
Total	$2,571,132	$2,499,631

Note:
(1)The Company adopted IFRS 9 since January 1, 2018. The Company elected not to restate prior periods in accordance with the transition provison in IFRS 9.
(2)The item includes cash and cash equivalents, notes receivable, accounts receivable and other receivables.
(3)The item includes cash and cash equivalents, notes receivable, accounts receivable and other receivables.

(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 activates. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before the Company enters into significant transactions, the Board of Directors and Audit Committee must carry out due approval process 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 variables. There are 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 foreign currency. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended December 31, 2018 and 2017 is decreased/increased by NT$5,232 thousand and NT$2,385 thousand, respectively.

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 loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable 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 investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 0.1% of interest rate in a reporting period could cause the profit for the years ended December 31, 2018 and 2017 to decrease/increase by NT$1,358 thousand and NT$1,105 thousand, respectively.

Equity price risk

As of December 31, 2018 and 2017, the Company does not hold equity securities at fair value; therefore the Company is not subject to equity price risk.

(4)Credit risk management

Credit risk is the risk that 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 receivables 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 counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2018 and 2017 accounts receivable from top ten customers represent 65.50% and 64.30% of the total accounts receivables of the Company, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks and other financial instruments is managed by the Company's finance division in accordance with the Company's policy. The counterparties that

the Company transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions with investment-grade credit ratings. Consequently, there is no significant credit risk for these counter parties.

The Company adopted IFRS 9 to assess the expected credit losses since January 1, 2018. Except for the loss allowance of trade receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(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 and bank borrowings and finance leases. 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 of the end of the reporting period.

Non-derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
2018.12.31					
Loans	$1,018,087	$196,750	$190,366	$92,389	$1,497,592
Payables	1,109,647	-	-	-	1,109,647
Lease payable	456	456	-	-	912
2017.12.31					
Loans	$708,650	$199,942	$193,558	$186,774	$1,288,924
Payables	1,256,191	-	-	-	1,256,191

(6)Reconciliation of liabilities arising from financing activities

Reconciliation schedule of liabilities for the year ended December 31, 2018:

	Short-term loans	Long-term loans	Lease payable	Total liabilities from financing activities
As of January 1, 2018	$643,440	$600,000	$-	$1,243,440
Cash flows	270,353	(53,200)	892	218,045
As of December 31, 2018	$913,793	$546,800	$892	$1,461,485

Reconciliation schedule of liabilities for the year ended December 31, 2017:

Not applicable

(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:

i. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

ii. 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.

iii. 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).

iv. Fair value of debt instruments without market quotations, bank loans, bonds payable 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.)

v. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost 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 assets 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:

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. And the Company does not have assets or liabilities that are measured at fair value on a recurring basis.

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2018 and 2017, there were no transfers between Level 1 and Level 2 fair value measurements.

(9)Significant assets and liabilities denominated in foreign currencies (in thousand dollars)

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	2018.12.31			2017.12.31		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets						
Monetary tems:						
USD	$51,481	30.715	$1,581,226	$43,796	29.76	$1,303,372
Financial liabilities						
Monetary tems:						
USD	$34,446	30.715	$1,058,022	$35,780	29.76	$1,064,878

The above information is disclosed based on the carrying amount of foreign currency (after being converted to functional currency).

Since there were varieties of foreign currency transactions of the Company, the Company was unable to disclose foreign exchange gain (loss) towards each foreign currency with

significant impact. The Company recognized exchange gain (loss) amounted to NT$15,274 thousand and NT$(15,290) thousand for the years ended December 31, 2018 and 2017, 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.

13. Other disclosures

(1) The following are additional disclosures for the Company as required by the R.O.C. Securities and Futures Bureau:

a. Financing provided to others for the year ended December 31, 2018: Please refer to Attachment 1.

b. Endorsement/Guarantee provided to others for the year ended December 31, 2018: Please refer to Attachment 2.

c. Securities held as of December 31, 2018 (excluding subsidiaries, associates and joint ventures): None.

d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of capital stock for the year ended December 31, 2018: None.

e. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of capital stock for the year ended December 31, 2018: None.

f. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of capital stock for the year ended December 31, 2018: None.

g. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20% of capital stock for the year ended December 31, 2018: Please refer to Attachment 3.

h. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock as of December 31, 2018: None.

i. Financial instruments and derivative transactions: None.

(2) Information on investees :

A. If an investor controls operating, investing and financial decisions of an investee or an investor has the ability to exercise the ability to exercise significant influence over operating and financial policies of an investee, the related information for the investee is disclosed (not including investment in Mainland China): Please refer to Attachment 4.

B. An investor controls operating, investing and financial decisions of an investee. The related information for the investee shall be disclosed Note13(1) as below:

(a) Financing provided to others for the year ended December 31, 2018: Please refer to Attachment 1.

(b) Endorsement/Guarantee provided to others for the year ended December 31, 2018: None.

(c) Securities held as of December 31, 2018 (excluding subsidiaries, associates and joint ventures): None.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of capital stock for the year ended December 31, 2018: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of capital stock for the year ended December 31, 2018: Please refer to Attachment 5.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of capital stock for the year ended December 31, 2018: None.

(g) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20% of capital stock for the year ended December 31, 2018: Please refer to Attachment 6.

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock as of December 31, 2018: Please refer to Attachment 7.

(i) Financial instruments and derivative transactions: None.

(3) Information on investments in Mainland China:

a. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), carrying value of investments, cumulated inward remittance of earnings and limits on investment in Mainland China:

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018	Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	$2,457,200 (Note 2, 3, 6)	(Note 1)	$2,260,265	$-	$-	$2,260,265	$(156,550) (Note 2)	100%	$(156,550) (Note 2, 4, 5)	$2,264,138 (Note 2, 4, 5)	$1,852,299 (Note 2)	$2,260,265	$2,260,265	No upper limit (Note 11)
Dynamic Electronics (Huangshi) Co., Ltd.	Manufacturing and selling of PCB	$1,472,477 (Note 2, 7, 8)	(Note 9)	$444,530	$-	$-	$444,530	$(54,479) (Note 2)	100%	$(54,479) (Note 2, 4,10)	$1,224,019 (Note 2, 4, 10)	$-	$444,530	$444,530	

Note 1: Investment in Mainland China through companies in the third area established Dynamic Electronics (Kunshan) Co. Ltd.

Note 2: Foreign currencies were converted into New Taiwan dollars based on exchanged rate of balance sheet date.

Note 3: Total amount of paid-in capital is USD80,000 thousand.

Note 4: The investment income (loss) recognized under equity method and by calculation was based on audited financial statements.

Note 5: Recognized investment income and carrying value by WINTEK (MAURITIUS) CO., LTD.

Note 6: The difference between investmants remitted from Taiwan in amount of USD69,500 thousand and the received paid-in capital of USD80,000 thousand was a result of a capital injection of USD10,500 thousand made by WINTEK (MAURITIUS) CO., LTD.

Note 7: The difference between the original investment of USD14,000 thousand remitted from Taiwan and the paid-in capital of USD47,940 thousand is a capital injection of USD33,940 thousand by using cash dividends received from Dynamic Electronics (Kunshan) Co. Ltd.

Note 8: Total amount of paid-in capital is USD47,940 thousand.

Note 9: The Company indirectly invested in its China subsidiary, Dynamic Electronics (Huangshi) Co. Ltd., through WINTEK (MAURITIUS) CO., LTD. and Dynamic Holding Pte. Ltd.

Note 10: WINTEK (MAURITIUS) CO., LTD. indirectly, through the holding on Dynamic Holding Pte. Ltd., recognized the investment loss of Dynamic Electronics (Huangshi) Co. Ltd.

Note 11: The Company meets the conditions of corporate operation headquarter in the Principle of Evaluation for Investment and Technical Cooperation in Mainland China. Thus, there is no upper limit on investment amount.

b. Purchase and accounts payable with the related parties:

	Purchase		Accounts payable	
	Amount	%	Amount	%
Dynamic PCB Electronics Co., Ltd.	$2,469,661	76.82%	$667,480	72.36%

As the specifications of merchandise purchased from the subsidiaries are different from those from other third-party companies, the purchasing prices to subsidiaries were not comparable. Payment terms for subsidiaries were 90~100 days after monthly closing while 60~120 days after monthly closing for general suppliers.

c. Sales and accounts receivable with the related parties: None.

d. The profit and loss produced by transaction of the property:

Type of Assets	Name of Related Parties	Book Value	Selling price	Gain	Price reference
2018					
Machinery	Dynamic Electronics (Kunshan) Co., Ltd.	$-	$3,358	$3,358 (Note)	Negotiated

Note: The gain was recorded as unrealized profit.

e. The purpose and balance of a note guarantee and a guarantee endorsement or providing for secure: Please refer to Attachment 2.

f. The amount of maximum financing, the balance interest rates, and lump sum interest expense: Please refer to Attachment 1.

g. The other events impact over current profit or loss or have the significant influence over the financial conditions, such as provided service or received service:

The Company recognized operating revenue of processing performed for Dynamic Electronics (Kunshan) Co., Ltd. amounting to NT$23,125 thousand for the year of 2018. As of December 31, 2018, accounts receivable amounted to NT$15,819 thousand.

For the year ended December 31,2018, the Company recognized other operating revenue due to procurement on behalf of and Dynamic Electronics (Huangshi) Co., Ltd. in amount of NT$2,269 thousand. As of December 31, 2018, other receivables amounted to NT$2,150 thousand.

14. Segment information

The Company has provided the operating segments disclosure in the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD.

Financing provided to others

For the year ended December 31, 2018

Attachment 1

(In Thousands of New Taiwan Dollars)

NO. (Note1)	Lender	Counter-party	Financial accounting account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 2)	Amount of sales to(purchases from) counter-party	Reason for financing	Loss Allowance	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co. Ltd.	Other receivables -related parties	Yes	$153,325	$-	$-	-%	2	$-	Business turnover	$-	-	$-	$3,929,500 (Note 3)	$3,929,500 (Note 3)
1	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co. Ltd.	Other receivables -related parties	Yes	$409,440	$222,350	$-	4.35%	2	$-	Business turnover	$-	-	$-	$1,598,483 (Note 4)	$1,598,483 (Note 4)
2	WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics (Huangshi) Co. Ltd.	Other receivables -related parties	Yes	$1,485,500	$1,379,925	$1,379,925	4.5%~4.68%	2	$-	Business turnover	$-	-	$-	$2,334,411 (Note 5)	$2,334,411 (Note 5)
3	Dynamic Electronics CO., LTD. (Seychelles)	Dynamic Electronics (Huangshi) Co. Ltd.	Other receivables -related parties	Yes	$154,525	$153,325	$153,325	3.8451%~4.3256%	2	$-	Business turnover	$-	-	$-	$242,802 (Note 6)	$242,802 (Note 6)

Note 1: Dynamic Electronics Co., Ltd. and subsidiaries are coded as follows:

1. Dynamic Electronics Co., Ltd. is coded "0".

2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of financing is coded as follows:

1.Need for operating is coded "1".

2.Need for short term financing is coded "2".

Note 3: Limit of total financing amount shall not exceed 100% of the lender's net assets of value as of December 31, 2018.

Limit of financing amount for individual counter-party shall not exceed 100% of the lender's net assets value as of December 31, 2018.

Note 4: Limit of total financing amount shall not exceed 60% of the lender's net assets of value as of December 31, 2018.

Limit of financing amount for individual counter-party shall not exceed 60% of the lender's net assets value as of December 31, 2018.

Note 5: Limit of total financing amount shall not exceed 60% of the lender's net assets of value as of December 31, 2018.

Limit of financing amount for individual counter-party shall not exceed 60% of the lender's net assets value as of December 31, 2018.

Note 6: Limit of total fiancing amount shall not exceed the lender's net assets of value as of December 31, 2018.

Limit of financing amount for individual counter-party shall not exceed the lender's net assets value as of December 31, 2018.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD.

Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2018

Attachment 2

(In Thousands of New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3)	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
No. (Note 1)	Name	Name	Relationship (Note2)										
0	Dynamic Electronics Co., Ltd.	Dynamic Eelectronics (Huangshi) Co., Ltd.	2	$3,929,500	$273,630	$272,930	$259,736	$-	6.95%	$3,929,500	Y	N	Y
0	Dynamic Electronics Co., Ltd.	Dynamic Eelectronics Co., Ltd. (Seychelles)	2	$3,929,500	$154,525	$153,325	$-	$-	3.90%	$3,929,500	Y	N	N
0	Dynamic Electronics Co., Ltd.	Dynamic Eelectronics (Kunshan) Co., Ltd.	2	$3,929,500	$618,100	$613,300	$490,640	$-	15.61%	$3,929,500	Y	N	Y

Note 1: Dynamic Electronics Co., Ltd. and subsidiaries are coded as follows:

1. Dynamic Electronics Co., Ltd. is coded "0".

2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note2：The relationship between the guarantor of the endorsement and the object to be guaranteed is as follows:

1.The company with business contacts.

2.The company directly and indirectly holds more than 50% of the shares with voting rights.

3.Companies that directly and indirectly holds more than 50% of the shares of the company with voting rights.

4.The company directly and indirectly holds more than 90% of the shares with voting rights.

5.Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry.

6.A company whose co-investment relationship is endorsed by all shareholders in proportion to their shareholding ratio.

7.The performance guarantee of the preconstruction real estate contract between the same industry in accordance with the Consumer Protection Law is jointly guaranteed.

Note 3: According to the procedures of Endorsement and Guarantee, the limitation of endorsement or guarantee for other subsidiaries shall not exceed the current net value of the Company. Also, the limitation of endorsement or guarantee for one of the subsidiaries shall not exceed the current net value of Company.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD.

Related Party Transactions for Purchases amd Sales Amounts exceeding the lower of NT$100 Million or 20% of Capital Stock

For the Year Ended December 31, 2018

Attachment 3

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchase	$2,469,661	76.82%	90~100 days after monthly closing	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 60~120 days after monthly closing	Accounts payable $667,480	72.36%	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD.

Investees over Which the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As of December 31, 2018

Attachment 4

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Address	Main Business and Product	Original Investment Amount		Balance as of December 31, 2018			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of December 31, 2018	As of December 31, 2017	Shares	%	Carrying Value			
Dynamic Electronics Co., Ltd.	WINTEK (MAURITIUS) CO., LTD.	Suite 802, St James Court, St Denis Street, Port Louis, Mauritius	The business of PCB	$2,716,696	$2,716,696	8,350,000	100.00%	$3,883,269	$(265,501)	$(274,814) (Note 1)	
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1st Floor, #5 DEKK House, De Zippora Street, P.O. Box 456, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	$1,555	$1,555	50,000	100.00%	$2,011	$7	$7	
Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	1st Floor, #5 DEKK House, De Zippora Street, P.O. Box 456, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	$1,556 (Note 3)	$224,005	50,000	100.00%	$242,803	$163,123	$163,123	
Dynamic Electronics Co., Ltd.	Dynamic Electronics Trading Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Management operations services	$1,541	$1,541	50,000	100.00%	$2,019	$68	$68	
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics Holding Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Investing activities	$1,492,524	$945,490	47,940,002	100.00%	USD 39,779	USD (1,791)	USD (1,896) (Note 2)	

Note1: Including investment loss recognized under equity method amounted to NT$265,501 thousand, realized loss on transaction between subsidiaries amounted to NT$1,897 thousand and unrealized profit on transaction between subsidiaries amounted to NT$7,416 thousand .

Note2: Including investment loss recognized under equity method amounted to USD1,791 thousand, realized loss on transaction between subsidiaries amounted to USD76 thousand and unrealized profit on transaction between subsidiaries amounted to USD29 thousand .

Note3: The Company's original investment in Dynamic Electronics Co., Ltd. (Seychelles) is USD7,200 thousand (NT$224,005thousand), Dynamic Electronics Co., Ltd. (Seychelles) reduced capital by cash in amount of USD7,150 thousand (NT$222,449 thousand) in January 2018.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD.

Acquisition of Individual Real Estate with Amount exceeding the lower of NT$300 Million or 20% of Capital Stock

For the Year ended December 31, 2018

Attachment 5

(In Thousands of Foreign Currency)

Acquiring Company	Name of Property	Transaction Date	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	Relationship with the Company	Transfer Date	Amount			
Dynamic Electronics (Huangshi) Co. Ltd.	Buildings Construction of Huangshi Plant	2016.06.20	RMB 167,568	RMB 143,416 thousand was paid as of December 31, 2018.	Fujian Huidong Construction Engineering Co., Ltd.	None	None	None	None	None	Bidding	Production expansion and operation planning	None

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD.

Related Party Transactions for Purchases and Sales Amounts exceeding the lower of NT$100 Million or 20% of Capital Stock

For the Year Ended December 31, 2018

Attachment 6

(In Thousands of Foreign Currency)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Sales	RMB 1,765,411	82.29%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 60~150 days after monthly closing.	Accounts receivable RMB 473,828	71.77%	
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Subsidiary	Purchases	RMB 334,615	30.61%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 90~120 days after monthly closing.	Accounts payable RMB 73,606	16.64%	
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Sales	RMB 334,615	67.44%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 120 days after monthly closing.	Accounts receivable RMB 73,606	58.72%	
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Subsidiary	Purchases	USD 23,395	8.08%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 7,290	9.55%	
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	Sales	USD 207,709	71.73%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts receivable USD 54,590	71.53%	
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd.	Subsidiary	Sales	USD 81,878	28.27%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts receivable USD 21,731	28.47%	
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchases	USD 266,192	91.92%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 69,031	90.45%	
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Sales	RMB 157,897	31.82%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 120 days after monthly closing.	Accounts receivable RMB 50,034	39.91%	
Dynamic Electronics Co., Ltd (Seychelles)	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchases	USD 207,709	96.85%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 90 days after monthly closing.	Accounts payable USD 54,590	96.54%	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD.

Receivables from Related Parties with Amounts exceeding the lower of NT$100 Million or 20% of Capital Stock

As of December 31, 2018

Attachment 7

(In Thousands of Foreign Currency)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	RMB 473,828 (Note1)	4.03	$-	-	$-	$-
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd.	Subsidiary	USD 21,731 (Note1)	3.52	$-	-	$-	$-
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	USD 54,590 (Note1)	4.54	$-	-	$-	$-
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	RMB 50,034 (Note1)	3.79	$-	-	$-	$-
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	RMB 73,606 (Note1)	7.06	$-	-	$-	$-

Note1: Accounts receivable.

Dynamic Electronics Co., Ltd.

Chairman : Ken Huang

dynamic