



Dynamic Electronics Co., Ltd

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2021 ANNUAL REPORT

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

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Corporate Vision 、 Mission 、 Values and Business Philosophy

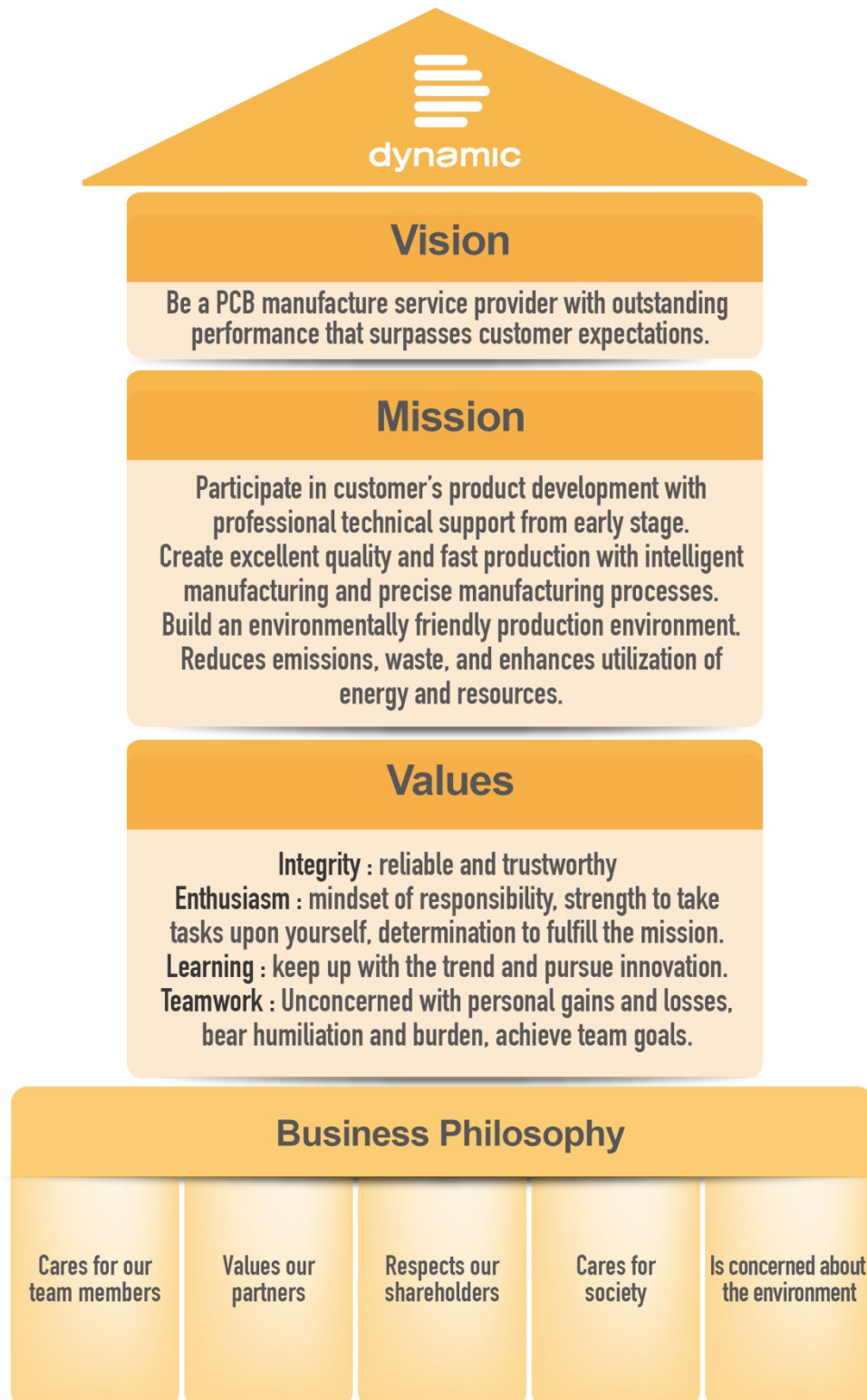


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I. Letter to Shareholders

Dear Shareholders:

2021 continued to undertake a number of challenges from the previous year, although the world is actively advocating COVID-19 vaccination, the recurrence of the epidemic and its variants disrupted the economic recovery more broadly. The economy and people's livelihood have been severely impacted. The occurrences of rare extreme weather continue to happen and cause serious casualties and property losses. The impact of climate warming has become more visible; the imbalance between supply and demand of semiconductor supplies, the shortfall in chips and petrochemical raw materials keeps getting into the way to economic recovery; The grounding of the Suez Canal cargo ships caused the delay of the freighter's voyage and the butterfly effect of the blocked port have caused direct and indirect economic losses in enormous amount, making the supply chain problem during the epidemic even worse. Although the geopolitical confrontation seems to have eased, as a fact it's still ongoing and expanding. However, due to the support of the monetary easing policies of all the governments and the strong demand for new applications, the global economic growth rate will reverse from -3.1% in 2020 to 5.9% in 2021.

The growth rate of the PCB industry also increased significantly from 6.4% in 2020 to 22.6% in 2021. The supporting demand is primarily from the ongoing X-From-Home trend; industrial, medical and automotive recovery; product upgrades such as server platform upgrades, automotive transition to EV and wider adoption of ADAS, preventive inventory replenishment, and the overall economic recovery, including reopening, financial support, and vaccinations.

In 2021, Dynamic also handed in an excellent report card, with a revenue growth of 24.79%; excluding the profit from the sale of the factory in 2020, the net profit after tax in 2021 increased by 86%. Except for the sharp rise in raw material prices in the first quarter which affected the gross profit margin, the revenue still increased and the profit stabilized in the second quarter. In the third quarter, the Huangshi plant I opened new production capacity for the product structure of high-end processes. In addition, Huangshi Plant II has also started construction since 2021 for HDI products and high-end manufacturing processes. The products will be used in electric vehicles, ADAS, servers and Netcom, etc. It is expected to start mass production in the third quarter of 2022. Step by step, we are confident and looking forward to the development of Dynamic.

Dynamic's ESG (environmental, social, and corporate governance) performance in 2021 includes:

1. In the 7th corporate governance evaluation held by the Financial Supervisory Commission, Dynamic Group has won the top 5% among the listed companies for five consecutive years.
2. Huangshi Plant was awarded Advanced Water-saving Enterprise, Advanced Company of High-Quality Development, High-tech Enterprise, a Demonstration Enterprise for Intelligent Transformation, and a National-level Green Factory.

3. Kunshan Plant was awarded Harmonious Labor Relationship Enterprise and a vocational skill level certified institution.
4. Automotive board for EV (green revenue) proportion of the revenue continued to increase from 8% in the previous year to 13% this year.
5. Passed ISO27001 Information Security Management System (ISMS) certification.

Our 2021 operating performance and 2022 business plan summary are shown as follows:

A. Operation Results in 2021

(A) Consolidated operation plan execution results in 2021

Unit: NTD thousands

Item	2020	2021	Growth Rate
Operating income	12,624,101	15,753,057	24.79%
After-tax (loss) gain	679,065	470,454	(30.72%)
Profitability	5.38%	2.99%	(44.42%)

(B) Consolidated budget implementation in 2021

Unit: NTD thousands

Item	2021 Actual Performance	2021 Budget	Achievement Rate
Operating income	15,753,057	15,501,432	101.62%
Operating cost	13,906,278	13,707,938	101.45%
Operating margin	1,846,779	1,793,494	102.97%
Operating expenses	1,197,479	1,178,937	101.57%
Operating profit	649,300	614,557	105.65%
Pre-tax profit	647,136	596,048	108.57%

(C) Revenue and profitability analysis in 2021

Unit: NTD thousands

Item		2020	2021
Financial revenues & expenses	Financial revenue	13,013,968	16,005,900
	Financial expenses	12,236,085	15,358,764
Profitability	Return on assets	6.05%	3.75%
	Return on equity	15.02%	8.83%
	Ratio to paid-in capital	Operating profit	23.40%
		Pre-tax profit	23.32%
	Net profit margin	5.38%	2.99%
	Earnings (loss) per share in NTD	2.58	1.70

(D) Research and development status in 2021

Due to the impact of the COVID 19 epidemic and the severe shortage of chips in 2021, the technological development direction of the electronics industry has also changed. Although the overall progress has been delayed due to the shortage of chips, the general direction of the application and development of new technologies has remained the same. On the other hand, due to the X-from-home /remote demand derived from the epidemic, the application development of network communication has been accelerated. 5G mobile communication, auto-driving, and satellite communication are still the main aim of the development of the electronics industry. In addition, in response to the high demand for heat dissipation of new energy vehicles and Mini-LED Display, there is also a strong market demand for heat dissipation technologies such as heavy copper, embedded copper coin, and copper paste. In 2021, in addition to continuous quality improvement and process capability enhancement, we have also successfully carried out early product design and development with a number of Netcom product companies with our professional capabilities in high-frequency/microwave products. /Technical capability development of microwave products, and the introduction of antenna independent testing technology and equipment to continuously improve the competitiveness in the future technical requirements of high frequency, high speed and high heat dissipation in the electronic industry.

The main R&D projects and achievements in year 2021 are summarized as the following six points:

1. High-speed and low-signal loss products: Ultra low loss materials have successfully obtained UL certification, and have been mass-produced and applied to 400G optical module products. The material particularly for application in the development of AI server and Data Center Server products has entered the sample production stage. The materials required for the 5G application on the Intel Eagle Stream platform have been certified. Low-etching brown-oxide chemicals and pulse plating process technology are also being actively developed.
2. High-end HDI and thin products: For high-end HDI, 16-layer Anylayer HDI has passed sample certification, 14-layer Anylayer mobile phone screen test module, notebook computer motherboard, and 12-layer Anylayer Cavity high-end notebook computer motherboard have completed certification and started mass production. Completed the development of the 12-layer Anylayer automotive central control motherboard, and successfully mass-produced the 14-layer smart grid control HDI board with a full 3oz design inside and outside. In addition, the research on materials that can withstand multiple laminations has been completed, so that the materials used by Anylayer can be more diverse and stable. The thin product Mini-LED 0.2mm board thickness has been certified and started production. In 2022, the R&D's focus will be on investing in

process capacity to improve the development and production of BT material products such as thinner thickness (0.15-0.1mm).

3. Mini-LED Display products: Currently developing towards higher resolution to meet the high density requirement of pad pitch of 0.04mm, and the molding tolerance of $\pm 0.05\text{mm}$ is also the focus of development, in order to enter the high-end display market and improve products added value. In terms of Mini-LED backlight, mass production has started, and we are proactively approaching and developing the related customers.
4. High-frequency mmWave products: Automotive mmWave radar 24GHz/60GHz/77GHz shipments are rising and the investment of capital and resources in it will be increased in year 2021. We will have more in-depth cooperation with customers for self-detection of antenna performance and the development of new antenna technology. In terms of satellite communications and microwave products, GEO (Geosynchronous Satellite) ground receiver stations stays stable mass production, and the large-scale developed LEO (Low Earth Orbit Satellite) ground receiver stations are also expected to be put into mass production in year 2022. The FWA (Fixed Wireless Access) and CPE (Customer Pre-Equipment) for 5G small base stations have been certified by many customers. Due to the overall progress of 5G millimeter wave being delayed by the epidemic, we are currently working with customers to conduct preliminary sample development and production testing for 28GHz and 39GHz products.
5. High heat dissipation products: Used in communication high frequency receivers, electric vehicle charging piles and automobile engine control modules. The 6oz-thick copper relays products for automotive are in mass-production, 8oz products have begun to be developed and designed with customers, and the material and process development for 12oz products has also been completed. The High-frequency receiver with copper inlay has passed sample certification. Copper paste heat dissipation process is currently under development. High-frequency power amplifier products are under sample development and process optimization stages. The sample development and test of Busbar products have completed. The official sample of the car lights has also been completed. The copper inlay design guideline/rule is finalized. We will continue to cooperate with customers to develop, and improve the manufacture experience and process capability of such related products.
6. Embedded active and passive component products: Using embedded component technology to jointly develop embedded component 48V integrated Belt Starter Generator (iBSG) products with customers, to proactively take a spot in the supply chain of mild-hybrid 48V automobile parts, the products are currently in trial production stage. The application of other embedded components for automotive products is currently being actively developed with customers, and processes for embedded components (passive components,

magnetic materials, etc.) in various other ways are also under simultaneous development.

B. Business Plan Summary for 2022

(A) Business Principles

1. Business Level:

- (1) Set sustainability (ESG), transformation (smart manufacturing), upgrade (precise process), and profitability (internal growth) as the four major goals for 2022.
- (2) The board of directors enhances the importance of ESG, assists the company to achieve sustainability and enhance shareholder rights.
- (3) Establish an ESG Sustainability Committee and report to the Board on a regular basis. Set short-, medium- and long-term carbon reduction goals, link high-level compensation with ESG performance, and make "sustainability" one of the factors that differentiate Dynamic.
- (4) All directors and senior executives sign the "Declaration of Compliance with Integrity Management Policy", establish a corporate culture of integrity management, actively implement integrity management policies and commitments, carry it out in internal management and business activities, and review the implementation results at any time and keep improving to create a sustainable business environment.
- (5) Strengthen the implementation and achievement of the four major projects of smart manufacturing, precision manufacturing, talent cultivation and enthusiasm.

2. R&D Level:

(1) Continuing the research and development direction in 2021

- 5G high-frequency communication network base station and CPE, RRU, Small Cell, satellite communication, 800G high-speed transmission
- Advanced Driver Assistance Systems (ADAS), LiDAR and Engine Control Modules
- Wearable device, 48V iBSG.
- MiniLED backlight/direct-lit module
- Electric car charging pile and EV automotive relay.

(2) Technology development schedule is as follows:

Year Content	Product Application	2021				2022			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
5G telecom/datacom small cell process capability development and samples	ADAS / Satellite Comm. / 5G comm./ 800G high speed	-	→						
Mini LED Display process capability	NB/TV/Display/LED screen (direct-lit)	-	-	→					

Year Content	Product Application	2021				2022			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
development and sample production									
Embedded component products	Wearable devices /48V iBSG	-	-	-	-	-	-	-	-
Heat dissipation management products (Coin, Cavity, Edge plating, copper paste, thick copper above 6oz)	Automotive/ Relays/charging piles for new energy vehicles /Medical/Defense/aerospace/5G communication /Satellite transmission	-	-	-	-	-	-	-	-
process capability development and samples									
High-frequency base station, satellite antenna product process capability development	Antenna for 5G base station /CPE/Small cell	...	-	-	-	-	-	-	-

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) 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 self-value realization of employees and continuing to promote talent cultivation projects to improve the quality of all levels of leaders. Carry out career development planning and design in both management and professional techniques. Furthermore, to better implement corporate social responsibility (CSR) and improve the requirements of the Responsible Business Alliance (RBA) to root the company culture (Integrity, Enthusiasm, Learning, Teamwork) 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 keep promoting 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. The turnover rate, production efficiency and quality are all improved; thereby competitiveness is boosted by cost reduction.
- (3) The planning knowledge management system, in addition to the basic function of system document storage, it also covers the group's development strategy technology database, post required course materials, LLCS failure cases and other internal knowledge as well as the international norms of the upstream and downstream industries related to the PCB industry, PCB and product technical documents, customer quality, product requirements and other external information. The knowledge management system is a cross-plant platform within the scope of information confidentiality. Knowledge sharing has no geographical limits. It has the function of classification and management of information search. The members of the iLearning Committee are committed to continuously enriching the information of the knowledge management system. promoting the habit of using KM and the application of the database to the staff in each plant area, and carrying out activities such as good article recommendation and monthly employee interviews to establish a corporate knowledge sharing culture and increase the using rate of the knowledge management system, so that the knowledge in the database can play its role of learning and communication.

- (4) 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.
- (5) Continue to maintain the system certification of occupational safety, environmental protection, energy and hazardous substances management. Change the energy types of air-conditioning humidification and hot water in living areas to reduce direct greenhouse gas production. Actively plan solar power generation areas and strengthen water resource management and reuse to save water consumption. Put environment-friendly action into practice by adding high-efficiency waste gas treatment facilities and improving the efficiency of VOC removal. Introduce clean energy to replace fossil fuels. Continuously evaluate and set up waste liquid and waste treatment facilities, and reduce the volume of high-concentration waste liquid and hazardous waste. Recycle reusable material.
- (6) 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

Based on the 2021 actual performance and 2022 annual forecast, comprehensively evaluate the company's advantages and market trends, and set the company's main directions for 2022:

1. Production capacity: According to the expansion of production capacity of Huangshi Plant, it is estimated that the overall sales area will increase by about 7.5%.
2. By technology types: including conventional board, HDI, high frequency board, thick copper board, Semi-flex board, etc.
3. By product application categories:
 - (1) Automotive PCB: The growth will come from advanced driver assistance systems (ADAS) and electric vehicles.
 - (2) Netcom & 5G-related: In response to the development of 5G, the demand for servers and Netcom-related increases.
 - (3) Storage devices: The demand for SSD and memory modules will increase.
 - (4) Display panel: Demand is stable and new display technologies will be ready for certification (OLED, mini-LED).
 - (5) Consumer electronics: mobile phone related products.
 - (6) Medical products: The demand stays stable. Striving for new sample approval.

(C) Critical Production Planning Policies

In the year 2022, in line with the needs of the market and customers, the following short/medium/long-term plans are set:

1. Short-term: Market demand continues to stabilize, but there are still uncertainties due to IC shortage, conflict between Russia and Ukraine, and recurrence of the epidemic in mainland China. Make order planning in advance, well-mastered customer needs and transportation timeliness and costs, to achieve well preparation for full production in the Kunshan Plant and Huangshi Plant I and trial production in Huangshi Plant II in Q3.
2. Mid/long-term: Promote accurate manufacturing processes to improve production process capabilities, developing high-end, high-tech and high added-value products; schedule the advanced process development of Huangshi plant-Building B; and continue to enhance the strengths of automation and intelligence to reinforce Dynamic and its partners' competitiveness of Industry 4.0.

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

According to the Global Economic Outlook report released by International Monetary Fund's (IMF) in April 2022, the Russian-Ukrainian war has triggered a costly humanitarian crisis that needs to be resolved peacefully as soon as possible. At the same time, the impact of this conflict has spread to the world, and the rapid rise in energy and commodity prices has also led to a significant slowdown in the global economy in 2022 and pushed up inflation. Global economic growth is forecast to decline from 6.1% in 2021 to 3.6% in 2022 and 2023; inflation in advanced economies is expected to be 5.7% in 2022, while inflation in emerging market and developing economies is projected was 8.7%.

The outbreak of COVID-19 in 2020 has completely changed people's daily life and economic activities, and it is not over yet. The virus is still raging and may cause more chaos. Supply chains, R&D, and production networks are all disrupted and need to be rebuilt. These weaken the other global challenges that we need to tackle together, such as the existential threat posed by climate change. Today we need more international inclusion and cooperation to face these indivisible challenges.

In the printed circuit board industry, according to Prismark's January 2022 report, the global PCB marked the record of 22.6% in 2021, a rare high growth rate over the years, and all parts of the supply chain are growing at a rate of 2 to 4 times the long-term average. In 2022 or beyond, a correction to the mean is increasingly likely, and we should prepare for the next cycle. From the perspective of the production areas of printed circuit boards, although mainland China will maintain a high growth rate in 2021, the terminal demand will be favorable to the product structure of Taiwan, Japan and South Korea. Therefore, driven by the dual engine of Japan and South Korea's assistance in substrate and Taiwan's HDI and substrate, the growth rate of Taiwan, South Korea, China and Japan are quite close. In terms of market share, Japan and South Korea have stopped falling, while the growth rate of mainland China has also slowed down.

In terms of the regulatory environment, the newly revised laws and regulations in Taiwan in 2021 related to companies are: Article 172-2 and Article 356-8 of the Company Act; Income Tax Act, Income Basic Tax Act; regulations related to public offering companies (Regulations Governing Information to be Published in Annual Reports of Public Companies, Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies, Regulations Governing Establishment of Internal Control Systems by Public Companies, Regulations Governing the Administration of Shareholder Services of Public Companies)...etc. China's revised laws and regulations in 2021 include: Noise Pollution Prevention and Control Law, Science and Technology Progress Law, Population and Family Planning Law, Implementation Regulations of the Land Management Law, Regulations on the Administration of Pollution Discharge Permits, and Jiangsu Province Water Pollution Prevention and Control Regulations. We remain high-degree of cautious about the revision of laws, regulations and policies. Those related to the company's daily operation or long-term development will be evaluated and planned immediately and prudently, and incorporate them into the company's development strategy and make appropriate adjustment in the company's internal management measures in a timely manner.

I would like to thank all my associates and partners for going on this bumpy path with us because of the common vision we share. We will continue to strive for the sustainability of Dynamic, and fulfill our commitment to the environment and society. In 2022, the Board of Directors will be setting up ESG Corporate Sustainability Committee to further enhance and expand the importance of ESG. ESG performance will be linked with the remuneration of directors and senior executives, which we believe will help the company achieve sustainability and enhance shareholder rights. We will also continue to maintain good interaction with stakeholders, safeguard the best interests of stakeholders, and work together towards a better future!

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

A handwritten signature in black ink, appearing to read 'Ken Huang', with a stylized flourish at the end.

Ken Huang
Chairman

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.
2002.02	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 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.

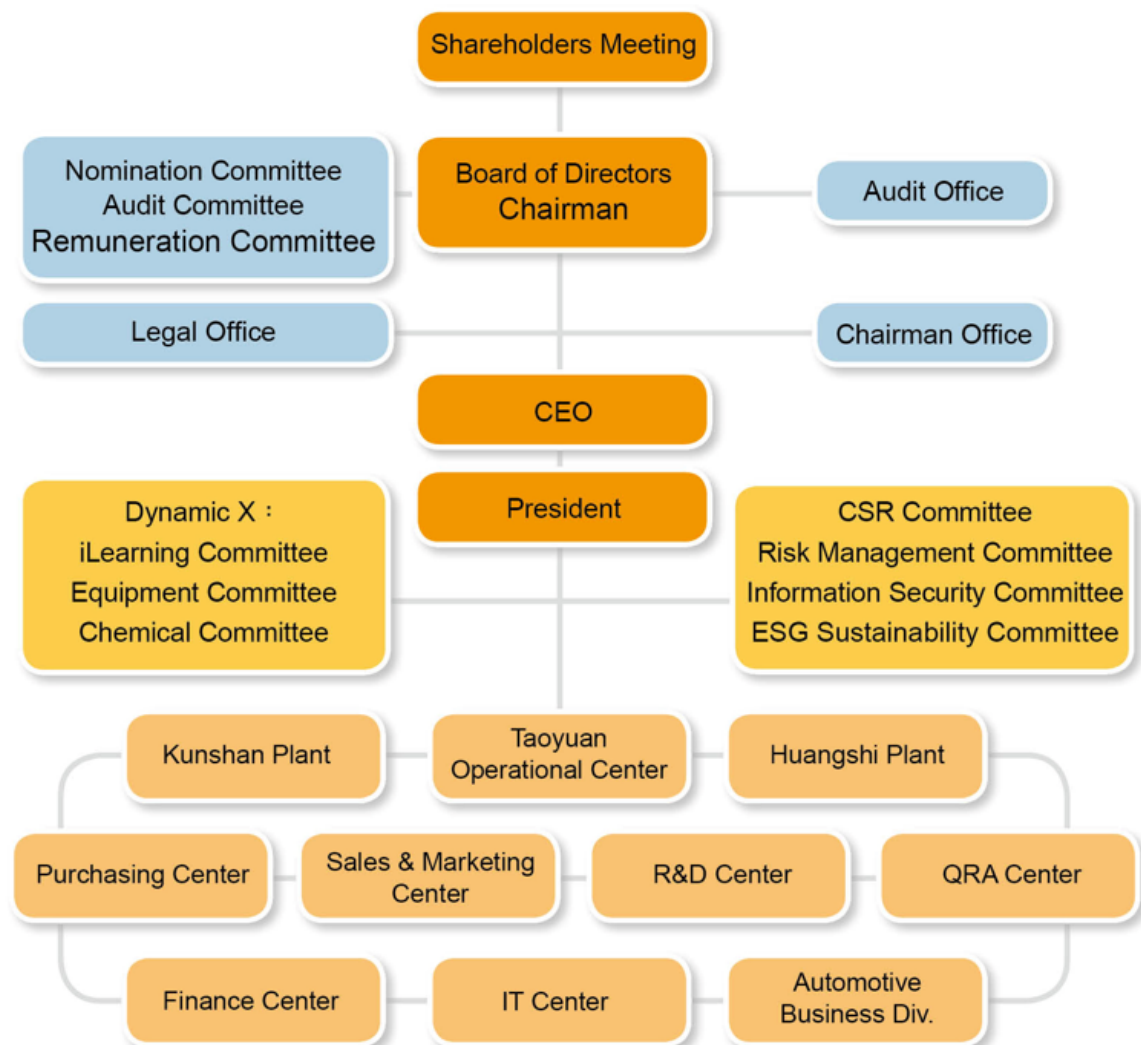
2005.05	Ranked number 392 among the top 10,000 largest plants in the manufacturing industry by CommonWealth Magazine in 2004; and considered as one of the 38 fastest growing companies in the manufacturing industry.
2005.06	Obtained ASUS Green Product GA Verification.
2005.08	Processed surplus transfer 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.
2008.01	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.
2014.10	Reinvested and established subsidiary Dynamic Electronics Co., Ltd., in Seychelles.
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 Holding Pte. Ltd., in Singapore.
2015.01	Reinvested and established subsidiary Dynamic Electronics Trading Pte. Ltd., in Singapore.
2015.11	Indirect investment in Sub-subsidiary company: Dynamic Electronics (Huangshi) Limited, which located in mainland China.
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. 09	Passed Automotive Quality Management System IATF16949 certification.
2018.11	Taoyuan Plant and Kunshan plant passed the AS9100D Aerospace Quality Management System Certification.
2019.08	In conjunction with the Group's production line consolidation, the production capacity of Taoyuan Plant was transferred to the overseas factories. The Taoyuan Operation Headquarters is fully devoted to R&D, product technology and Group's orders etc. businesses.
2019.08	Kunshan plant passed the ISO13485 Medical Devices Quality Management System Certification.
2019.10	Taoyuan plant is sold.
2020.01	The operating headquarters relocated to the 6th floor, No. 50, Minquan Road, Luzhu District, Taoyuan City.
2020.06	Implementing cash capital increase of NTD 300,000,000. The paid-in capital was NTD 3,110,594,000.
2020.11	Implementing capital reduction to make up for the loss of NTD 335,453,000. The paid-in capital was NTD 2,775,141,000.
2021.01	Huangshi plant starts production of HDI

2021.03	Passed the ISO45001 certification of occupational safety and health management system.
2021.05	Issued the second domestic unsecured convertible bond NTD500 million
2022.01	New shares were issued through the conversion of corporate bonds, and the paid-in capital was NTD2,775,183,610.
2022.01	Passed the ISO27001 certification of information security management system.
2022.03	Acquired 70% equity each of Chianan Tech. Corp. and Cheng Chong Technology Co., Ltd.

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.
			President		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.
				Taoyuan Operational Center	1. Making analysis of the company's organization structure, job responsibility, and distribution of authority and responsibilities. 2. Research and Development (including new product technology development). 3. Provide related businesses of product technical services and group orders etc.
				Kunshan Plant Huangshi Plant	1. Implementation and management of each production operations. 2. Implementation and management of each information operations.
				Purchasing Center	1. New production equipment arrangement and equipment repair. Procurement of office supplies. 2. Procurement of various raw materials and consumables. 3. Track the newly introduced equipment, raw materials and consumables.
				QRA Center	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	1. Accounting and the drawing up and assessment of

Unit by Rank					Responsibility and in Charge of
				Center	financial statements. 2. Monetary collections and payments, and the review of these forms. 3. Planning and execution of investment and financing.
				R&D Center	1. Develop various R&D projects and oversee production of samples. 2. New technology process development and process capability improvement.
				IT Center	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 Center	Execution of various marketing and sales activities.
				Automotive Business Div.	Execution of all the business relevant to automotive PCB: marketing, sales, quality control, quality assurance, etc.

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 numbers of share held of the Directors

Mar. 22, 2022; Unit: Shares

Title	Nationality or Registered in	Name	Gender/ Age	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			Remark
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship	
Chairman	Taiwan, R.O.C.	Ken Huang	Male/ 41-50	2021.07.20	3 years	2001.12.01	10,512,071	3.79%	11,162,071	4.02%	185,736	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 and President at Dynamic Electronics (Kunshan) Co., Ltd. Executive Director and President 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	As the same person as CEO, the number of independent directors has been increased to 4 people. And more than half of the directors did not serve as employees or managers.
Corporate Director	Taiwan, R.O.C.	Hung-Li Investments Co. Ltd.		2021.07.20	3 years	2020.05.28	9,497,735	3.42%	9,497,735	3.42%	-	-	-	-	-	-	-	-	-	

Title	Nationality or Registered in	Name	Gender/ Age	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			Remark
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship	
Corporate Director Representative	Taiwan, R.O.C.	Bill Nee	Male/ 61-70	2021.07.20	3 years	2020.05.28	305,217	0.11%	305,217	0.11%	71,898	0.03%	0	0.00%	Chemical Engineering Dept., Chung Yuan University AVP, HongShen, Foxconn Technology Group VP, Tripod (Wuxi) Technology Corp. VP, APCB (Thailand)	Plant President of Dynamic Electronics Co., Ltd.	None	None	None	
Corporate Director	Taiwan, R.O.C.	Chien-Hung Investment Co. Ltd.		2021.07.20 (newly appointed)	3 years	2021.07.20	3,069,023	1.11%	3,069,023	1.11%	-	-	-	-	-	-	-	-	-	
Corporate Director Representative	Taiwan, R.O.C.	Stephen Tsai	Male/ 41-50	2021.07.20 (newly appointed)	3 years	520,000	0.19%	0.00%	520,000	0.19%	0	0.00%	0	0.00%	Chien Hsin University of Science and Technology Tripod Technology Corp. Deputy Director of Engineering Department Dynamic Electronics (Kunshan) VP	Plant President of Dynamic Electronics Co., Ltd.	None	None	None	
Corporate Director	Taiwan, R.O.C.	Ming-Ji Investments Co. Ltd.		2021.07.20	3 years	2015.05.28	2,985,037	1.08%	2,976,037	1.07%	-	-	-	-	-	-	-	-	-	

Title	Nationality or Registered in	Name	Gender/ Age	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			Remark
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship	
Corporate Director Representative	Taiwan, R.O.C.	Yuan-chun Sun	Male/ 41-50	2021.07.20	3 years	2016.01.15	511	0.00%	511	0.00%	0	0.00%	0	0.00%	Department of Statistics, National Chengchi University Director of PAL WONN (TAIWAN) CO., LTD. Consultant of PAL WONN (TAIWAN) CO., LTD.	Finance Manager of Jain Shin Electronic Co., Ltd.	None	None	None	
Independent Director	Taiwan, R.O.C.	Heng-yih Liu	Male/ 51-60	2018 05.30 (dismissal date: 2021.07.20)	3 years	2015.05.28	0	0.00%	0	0.00%	0	0.00%	0	0.00%	PhD in International Business Division of National Taiwan University Independent Director at Gudeng Precision Co., Ltd.	Full-time Associate Professor, International Business Studies Group of College of Management, Yuan Ze University Independent Director at Leofoo Development Co., Ltd. Independent Director at Wha Yu Industrial Co., Ltd. Independent Director at TST Group-KY	None	None	None	
Independent Director	Taiwan, R.O.C.	Vincent Lin	Male/ 41-50	2021.07.20	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	

Title	Nationality or Registered in	Name	Gender/ Age	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			Remark
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship	
Independent Director	Taiwan, R.O.C.	Yi-chia, Chiu	Male/ 41-50	2021.07.20	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 CEO of EMBA, Chengchi University Independent Director of Globe Union Industrial Corp.	Vice President of Business School, Chengchi University Professor, Graduate Institute of Technology Management and Intellectual Property, Chengchi University Independent Director of Wowprime Independent Director of Flytech Technology Co., Ltd.	None	None	None	
Independent Director	Taiwan, R.O.C.	Vivien Liu	Female/ 51-60	2018 05.30 (dismissal date: 2021.07.20)	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	
Independent Director	Taiwan, R.O.C.	Cheryl Chien	Female/ 31-40	2021.07.20 (newly appointed)	3 years	2021.07.20	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor of Law, National Chung Cheng University Ownlyn Law Firm Lawyer	LST&C Legal Lawyer	None	None	None	

Title	Nationality or Registered in	Name	Gender/ Age	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			Remark
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relationship	
Independent Director	Taiwan, R.O.C.	Vincent Weng	Male/ 41-50	2021.07.20 (newly appointed)	3 years	2021.07.20	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Finance, Institute of Finance, Pace University Master of Computer Engineering, Fordham University Standard Chartered International Commercial Bank Executive Director Standard Chartered Bank (Hong Kong) Senior Vice President	Independent director of Dynamic Electronics Co. Ltd.	None	None	None	

Note 1: The company has been re-elected at the general meeting of shareholders on July 20, 2021. The number of independent directors has been increased in accordance with the law (4 independent directors in total), and half of the directors are not concurrently employees or managers.

(2) Controlling Shareholders of Corporate Shareholders as Directors

Mar. 22, 2022

Corporate Shareholder Name	Controlling shareholders of Corporate Shareholders	
	Shareholders	Shareholding ratio %
Hung-Li Investment Co., Ltd.	Perfect Advance Limited	100.00%
Chien-Hung Investment Co. Ltd.	Li-Hsien Tsan	100.00%
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%

(3) If any of these 10 largest shareholders is an corporate shareholder, the name of the corporate shareholder and the names of its 10 largest shareholders and the holding percentage of each shall be noted:

Corporate Name	Controlling shareholders of Corporate	
	Shareholders	Shareholding ratio %
Perfect Advance Limited	Top Insight Limited	100.00%

2. Director Qualifications

(1) Disclosure of information on the professional qualifications of directors and the independence of independent directors:

Criteria Name	Professional Qualifications and Experiences	Independence Situation	Number of other public-listed companies that the individual serves as independent director
Ken Huang	Current Post: CEO at Dynamic Electronics Co., Ltd. Chairman at Wintek (Mauritius) Co., Ltd. Executive Director and President at Dynamic Electronics (Kunshan) Co., Ltd. Executive Director and President 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. Education: EMBA of National Chengchi University Experience: VP of Sales and Marketing Div. at Dynamic Electronics Co., Ltd.	There is no case related to Article 30 of the Company Act.	0
Bill Nee	Current Post: Plant President of Dynamic Electronics Co., Ltd. Education: Chemical Engineering Dept., Chung Yuan University Experience: AVP, HongShen, Foxconn Technology Group VP, Tripod (Wuxi) Technology Corp. VP, APCB (Thailand)	There is no case related to Article 30 of the Company Act.	0

Stephen Tsai	Current Post: Dynamic Electronics (Kunshan) President Education: Chien Hsin University of Science and Technology Experience: Tripod Technology Corp. Deputy Director of Engineering Department Dynamic Electronics (Kunshan) Vice President	There is no case related to Article 30 of the Company Act.	0
Yuan-chun Sun	Current Post: Finance Manager of Jain Shin Electronic Co., Ltd. Education: Department of Statistics, National Chengchi University Experience: Director of PAL WONN (TAIWAN) CO., LTD. Consultant of PAL WONN (TAIWAN) CO., LTD.	There is no case related to Article 30 of the Company Act.	0
Yi-chia Chiu	Current Post: Vice President of Business School, Chengchi University Professor, Graduate Institute of Technology Management and Intellectual Property, Chengchi University Independent Director of Wowprime Independent Director of Flytech Technology Co.,Ltd. Education: Ph.D. of Technology Management, National Chiao Tung University Experience: Director, Graduate Institute of Technology Management and Intellectual Property, Chengchi University CEO of EMBA, Chengchi University Independent Director of Globe Union Industrial Corp.	There is no case related to Article 30 of the Company Act.	2
Vincent Lin	Current Post: Technical VP, Emotibot Technologies Limited Education: PhD in Computer Science, National Chiao Tung University Experience: Host of the "Smart Home Robot" industry specialized plan (Ministry of Economic Affairs) Associate Director, BU1, Quanta Computer	I, myself, my spouse, and my second degree of relatives do not serve as directors, supervisors or employees of the company or its affiliated companies. I, myself, my spouse, and my second relatives do not hold any shares of the company. Not serving as a director, supervisor or employee of companies that have a specific relationship with the company.	0
Cheryl Chien	Current Post: LST&C Legal Lawyer Education: Bachelor of Law, National Chung Cheng University Experience: Ownlyn Law Firm Lawyer	Not providing the company or its affiliated companies with any business, legal, financial, accounting and other services in the past two years.	0
Vincent Weng	Current Post: Independent director of Dynamic Electronics Co. Ltd. Education: Master of Finance, Institute of Finance, Pace University Master of Computer Engineering, Fordham University Experience: Standard Chartered International Commercial Bank Executive Director Standard Chartered Bank (Hong Kong) Senior Vice President		0

(2) Board diversity and independence:

(A) Board Diversity:

(a) Policy:

1. Basic conditions and values, such as gender, age, nationality and cultural diversity.
2. Diversification of professional knowledge, skills and industrial experience.

- (b) Target: At least one female director and independent directors with legal and financial expertise.
 - (c) Achievement status: The board of directors has been fully re-elected in 2021, adding a female lawyer and a male financial expert as independent directors to achieve the goal.
 - (d) Future Goal: Strengthen directors with ESG expertise.
- (B) Board independence: 4 independent directors have been re-elected in 2021, accounting for 50%. The board of directors is independent, and the directors do not have any of the conditions specified in Items 3 and 4 of Article 26-3 of the Securities and Exchange Act, and there is no relationship as spouses and second-degree relatives.

Diversity item Name of directors	Nationality	Gender	Concurrent ly served as an employee of the Company	Age (years old)	Time served as an independe nt director	Operation Manageme nt	Finance/ Accounting / Law	Leadership / decision making	Strategy and risk assessme nt	Industrial trend analysis	Industrial technology developme nt
Ken Huang	Taiwan ROC	Male	v	40 -50		v	v			v	v
Bill Nee	Taiwan ROC	Male	v	Above 50		v	v		v		
Stephen Tsai	Taiwan ROC	Male	v	40 - 50		v	v				v
Yuan-chun Sun	Taiwan ROC	Male		40 - 50		v		v		v	
Yi-chia Chiu	Taiwan ROC	Male		40 - 50	3-6 years			v	v		v
Vincent Lin	Taiwan ROC	Male		40 - 50	6-9 years		v		v		v
Cheryl Chien	Taiwan ROC	Female		30 - 40	0-3 years			v	v		
Vincent Weng	Taiwan ROC	Male		40 - 50	0-3 years	v		v		v	

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

Mar. 22, 2022

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			Remark
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
CEO/President	Taiwan R.O.C.	Ken Huang	male	2001.12.01	11,162,071	4.02%	185,736	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 and President at Dynamic Electronics (Kunshan) Co., Ltd. Executive Director and President 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	As the same person as Chairman, the number of independent directors has been increased to 4 people. And more than half of the directors did not serve as employees or managers.
Plant President	Taiwan R.O.C.	Bill Nee	male	2020.01.01	305,217	0.11%	71,898	0.03%	0	0.00%	Chemical Engineering Dept., Chung Yuan University Engineering Dept. Chief, Pacific K&S Corporation AVP, HongShen, Foxconn Technology Group VP, Tripod (Wuxi) Technology Corp. VP, APCB (Thailand)	None	None	None	None	
Plant President	Taiwan R.O.C.	Stephen Tsai	male	2018.07.27	520,000	0.19%	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 Co., Ltd.	None	None	None	None	
VP	Taiwan R.O.C.	Johnson Yang	male	2014.08.15	311,616	0.11%	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	Taiwan R.O.C.	Jack Hsu	male	2007.02.01	341,582	0.12%	120,708	0.04%	0	0.00%	Chemical Engineering, Feng Chia University Processing Engineer and Section Chief of Wet Processes, Unitech.	None	None	None	None	

											Plant Manager, HDI factory, Chin Poon (Suzhou) Electronics Co., Ltd.					
VP	Taiwan R.O.C.	Allen Chou	male	2012.01.01 (dismissal date: 2021.09.01)	109	0.00%	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	None	Non e	Non e	Non e	
VP	HK China	Dat Wai Davio Lo	male	2020.01.01	0	0.00%	0	0.00%	0	0.00%	Business Administration Dept., Beijing Foreign Studies University, BFSU. Project Manager, Boford Development Limited (HK)	None	Non e	Non e	Non e	
VP	Taiwan R.O.C	Andy Lee	male	2020.01.01	438,370	0.16%	0	0.00%	0	0.00%	Tourism business Dept., Hsing Wu University MBA, University of Southern Queensland, Australia Factory Director, Abon Touchsystems Inc.	None	Non e	Non e	Non e	
VP	Taiwan R.O.C.	Lily Chiang	female	2006.06.30	284,903	0.10%	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.	Non e	Non e	Non e	Note. 1
VP	Taiwan R.O.C	Jessi Chiu	male	2020.01.01	184,727	0.07%	0	0.00%	0	0.00%	Accounting Dept., Chung Yuan Christian University Financial AVP, Compeq Manufacturing Co. Ltd. (HuiZhou Plant) Financial Director, Suzhou Gold Circuit Electronics Financial VP, Walter Electronics	Finance Supervisor at Dynamic Electronics (Kunshan) Co., Ltd. Finance Supervisor at Dynamic Electronics (Huangshi) Co., Ltd.	Non e	Non e	Non e	
VP	Taiwan ROC	Jack Lee	male	2022.03.01 (Newly appointed)	280,000	0.10%	60,669	0.02%	0	0.00%	Taipei Municipal Nei-hu vocational High School Electrical Engineering American Kingston Manager General Manager of COMPREHENSIVE SOLUTION CO., LTD.	Deputy Convener of TPCA Central China TPCA Continental Committee Member Executive Vice President of Huangshi Taiwan Association Vice President of Electronic Information Industry Association of Huangshi Economic and Technological Development Zone.	Non e	Non e	Non e	
VP	Taiwan ROC	Bert Peng	male	2022.03.01 (Newly appointed)	4,000	0.00%	0	0.00%	0	0.00%	Institute of Environmental Science, Tunghai University Deputy Manager of Unimicron Electronics (Shenzhen) Zhen Ding Technology Co., Ltd. Songgang Plant Director Deputy General Manager of Sunlord Electronics Deputy General Manager of Holitech Xinfeng Factory Director of GCE Changshu Plant II	None	Non e	Non e	Non e	
Financial &	Taiwan	Cathy	fema	2019.01.01	153,493	0.06%	0	0.00%	0	0.00%	Ming Chuan University Accounting Department	None	Non	Non	Non	Note 1

Accounting Director	R.O.C.	Ni	le								Assistant manager of KPMG Head of financial dept. of FirstMed Manager of Financial Dept. of (Kindom Group) Global Mall		e	e	e	
Auditing Director	Taiwan R.O.C.	Angel Tsai	female	2013.06.01	10,290	0.00%	0	0.00%	0	0.00%	Bachelor in International Corporate Management, Ching Yun 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	Non e	Non e	Non e	
Corporate Governance Director	Taiwan R.O.C.	Jean Liu	female	2019.03.18	576,514	0.21%	0	0.00%	0	0.00%	Economics Dept., Fugen Catholic University EMBA at CEIBS Overseas Div. II, Tatung Co. Sales Director, Suzhou Gold Circuit Sales Director, Tripod (Wuxi) Technology Corp.	Supervisor at Dynamic Electronics (Kunshan) Co., Ltd. Supervisor at Dynamic Electronics (Huangshi) Co., Ltd. Director at Dynamic Electronics Trading Pte. Ltd. Director at Dynamic Electronics Holding Pte. Ltd.	Non e	Non e	Non e	

Note 1: The Company's Financial Director shifted on 2022/01/01 due to the personnel reassignment within the group. The original financial director changed from Lily Chiang to Cathy Ni as the Financial & Accounting Director.

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

(A) Compensation for Directors and Independent Directors (A summarized disclosure of names by grade levels)

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 reinvestm ent remunera tion from outside of subsidiari es or parent company (note 11)
		Compensation (A) (note 2)		Pension (B)		Remuneration (C) (note 3)		Business-associ ated expenditure (D) (note 4)				Salary, bonus, and special fees (E) (note 5)		Pension (F)		Staff Remuneration (G) (note 6)						
		The Compa ny	All compa nies in the financia l statem ent (note 7)	The Compa ny	All compan ies in the financia l stateme nt (note 7)	The Compa ny	All compa nies in the financia l statem ent (note 7)	The Compa ny	All compa nies in the financia l statem ent (note 7)	The Company	All compan ies in the financia l stateme nt (note 7)	The Compa ny	All compa nies in the financia l statem ent (note 7)	The Company	All compa nies in the financia l statem ent (note 7)	The Company		All companies in the financial statement (note 7)		The Company	All compan ies in the financia l stateme nt (note 7)	
																Cash amount	Share amount	Cash amount	Share amount			
Chairman	Ken Huang	0	0	0	0	8,033	8,033	0	0	1.71%	1,71%	4,272	19,652	108	318	18,462	0	18,462	0	30,875 6.56%	46,466 9.88%	0
Corporate Director	Hung-Li Investment Co., Ltd.																					
	Bill Nee																					
Corporate Director	Ming-Ji Investments Co., Ltd.																					
	Yuan-chun Sun																					
Corporate Director	Chien-Hung Investment Co., Ltd.																					
	Stephen Tsai	2,160	2,160	0	0	2,450	2,450	0	0	0.98%	0.98%	0	0	0	0	0	0	0	0	4,610 0.98%	4,610 0.98%	0
Independent Director	Heng-yih Liu																					
Independent Director	Vincent Lin																					
Independent Director	Yi-chia Chiu																					
Independent Director	Vivien Liu																					
Independent Director	Cheryl Chien																					

Independent Director	Vincent Weng																			
1. Please state the remuneration policy, system, standards and structure of independent directors, and describe the relevance with the amount of remuneration according to the responsibilities, risks, time invested and other factors: Independent director's remuneration, explained in three parts: A. Remuneration: Providing independent directors with reasonable fixed monthly remuneration, which is the same as year 2020. B. In accordance with the resolution of the board of directors on February 23, 2022, in accordance with Article 26 of the company's articles of association, the director's remuneration NT\$10,483,237 was distributed in 2021, and then estimated based on the contribution of general directors and independent directors. (The profit in 2021 is NTD470 million, compared with the profit of the industry in 2020 of NTD253 million (excluding the profit of NTD426 million from the sale of the Taoyuan factory), a profit growth of 86%.) C. Business execution costs: Due to the new coronavirus epidemic in 2021, all the board of directors' meetings were held by video, so there was no transportation costs or other business execution costs. 2. In addition to the disclosures in the above table, the directors of the company in the most recent year have received remuneration for providing services to all companies in the financial report (such as serving as non-employee consultants): none																				

Compensation Levels

Level of remuneration paid to each Director of The Company (NTD)	Names of Director			
	The total amount of the first four remunerations (A+B+C+D)		The total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial report H	The Company	All companies included in the financial report I
Below 1,000,000	Yuan-chun Sun 、 Bill Nee, Stephen Tsai, Cheryl Chien, Vincent Weng, Chien-Hung Investment Co., Ltd.	Yuan-chun Sun 、 Bill Nee, Stephen Tsai, Cheryl Chien, Vincent Weng, Chien-Hung Investment Co., Ltd.	Yuan-chun Sun 、 Cheryl Chien, Vincent Weng, Chien-Hung Investment Co., Ltd.	Yuan-chun Sun 、 Cheryl Chien, Vincent Weng, Chien-Hung Investment Co., Ltd.
1,000,000 (inclusive) - 2,000,000	Yi-chia Chiu 、 Vincent Lin, Ming-Ji Investment Co., Ltd.	Yi-chia Chiu 、 Vincent Lin, Ming-Ji Investment Co., Ltd.	Yi-chia Chiu 、 Vincent Lin, Ming-Ji Investment Co., Ltd.	Yi-chia Chiu 、 Vincent Lin, Ming-Ji Investment Co., Ltd.
2,000,000 (inclusive) - 3,500,000	Hung-Li Investments Co., Ltd., Ken Huang	Hung-Li Investments Co., Ltd., Ken Huang	Hung-Li Investments Co., Ltd., Bill Nee, Stephen Tsai	Hung-Li Investments Co., Ltd.

3,500,000 (inclusive) - 5,000,000				
5,000,000 (inclusive) - 10,000,000				Stephen Tsai
10,000,000 (inclusive) - 15,000,000				Bill Nee
15,000,000 (inclusive) - 30,000,000			Ken Huang	Ken Huang
30,000,000 (inclusive) - 50,000,000				
Total	11 people	11 people	11 people	11 people

- Note 1: The names of directors should be listed separately (corporate shareholder should list the name of the corporate shareholder and its representative separately). General directors and independent directors should be listed separately, and the payment amount should be disclosed in a summary manner.
- 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 chauffeur is offered to the directors, the associated fees paid to the chauffeur 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 chauffeur is offered to the directors, the associated fees paid to the chauffeur 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.
- 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 or parent company. (If no, please fill in "none".)
b. If a company director has received remuneration for reinvestment-related business from outside of subsidiaries or parent company, the amount received under this category should be included in the I column of the compensation table, and revise the column to show "parent company and 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 or parent company.
- Note 12: The compensation that the company paid the chairman's driver in 2021 is \$779,169.
- Note 13: Estimated based on the director's remuneration of NTD10,483,237 and employee remuneration (cash) of NTD52,386,078 approved by the board of directors on February 23, 2022, the actual payment is based on the approval of the Remuneration Committee and the Board of Directors.
- * The content of the compensation as disclosed in this report is different from the concept of 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, when 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 reinvestme nt
		The Company	All companie s in the financial statemen t (note 5)	The Company	All companie s in the financial statemen t (note 5)	The Company	All companie s in the financial statemen t (note 5)	The Company		All companies in the financial statement (note 5)		The Compa ny	All companies in the financial statement (note 5)	remunerat ion from outside of subsidiarie s or parent company (note 9)
								Cash amou nt	Share amou nt	Cash amou nt	Share amount			
CEO/ President	Ken Huang	5,581	28,723	216	1,019	1,133	12,654	29,029	0	29,029	0	35,959 7.64%	71,425 15.18%	None
Plant President	Bill Nee													
Plant President	Stephen Tsai													
VP	Johnson Yang													
VP	Jack Hsu													
VP	Allen Chou													
VP	Dat Wai Davio Lo													
VP	Andy Lee													
VP	Lily Chiang													
VP	Jessi Chiu													

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

*Estimated based on employee compensation approved by the board of directors on February 23, 2022.

*VP Allen Chou has resigned on Sep. 1st 2021.

2. Compensation Levels

Level of remuneration paid to each President and VP of The Company (NTD)	Names of President and VPs	
	The Company (Note 6)	All companies included in the financial report E (note 7)
Below 1,000,000 NTD	Jack Hsu, Allen Chou	-
1,000,000 (inclusive) – 2,000,000	Johnson Yang, Jessi Chiu, Dat Wai David Lo,	Allen Chou
2,000,000 (inclusive) – 3,500,000	Bill Nee, Stephen Tsai, Andy Lee	
3,500,000 (inclusive) – 5,000,000	Lily Chiang	Jack Hsu, Lily Chiang, Jessi Chiu, Dat Wai Davio Lo
5,000,000 (inclusive) – 10,000,000		Stephen Tsai, Andy Lee, Johnson Yang
10,000,000 (inclusive) – 15,000,000		Bill Nee
15,000,000 (inclusive) – 30,000,000	Ken Huang	Ken Huang
Total	10 people	10 people

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 chauffeur is offered to the directors, the associated fees paid to the chauffeur 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 or parent company that has been received by the President and VPs of The Company from its subsidiary company or parent company. (If no, please fill in "none".)

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

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

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

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

Dec. 31, 2021; Unit: NTD thousands

	Title (note 1)	Name (note 1)	Amount of shares	Amount of cash	Total	% of total on the net income
Managers	CEO/President	Ken Huang	0	31,340	31,340	6.66%
	Plant President	Bill Nee				
	Plant President	Stephen Tsai				
	VP	Johnson Yang				
	VP	Jack Hsu				
	VP	Allen Chou				
	VP	Dat Wai Davio Lo				
	VP	Andy Lee				
	VP	Lily Chiang				
	Accounting Supervisor	Cathy Ni				
	AVP and Finance Supervisor of Kunshan and Huangshi plants	Jessi Chiu				
	Audit Supervisor	Angel Tsai				
	Corporate Governance Supervisor	Jean Liu				

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.

Note 4: Estimated based on employee compensation approved by the board of directors on February 23, 2022.

4. The remuneration of the top five remunerated supervisors (Disclosure of each name and compensating method): not applicable

- (D) Compare and elaborate 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 unconsolidated financial statement, and explain the remuneration policy, standard and combinations, procedures to dictate these remuneration, and the correlation to management performance and future risks

Unit: NTD thousands

Item Title	The Company				All the companies within the consolidated financial statement			
	2020		2021		2020		2021	
	Total amount	Ratio on net income	Total amount	Ratio on net income	Total amount	Ratio on net income	Total amount	Ratio on net income
Directors' compensation	29,282	4.31%	35,485	7.54%	32,869	4.84%	51,076	10.86%
President and VPs' compensation	41,147	6.06%	35,959	7.64%	48,875	7.20%	71,425	15.18%
Net income	679,065	679,065	470,454	470,454	679,065	679,065	470,454	470,454

The net profit after tax in 2020 is NTD679 million. After deducting the profit NTD426 million from the sale of the Taoyuan factory, the operating net profit is NTD253 million.

The net profit after tax in 2021 is NTD470 million, an increase of 86% compared with the operating profit in 2020 of NTD253 million.

In addition, two more directors joined the board in 2021, and the number of president and vice presidents in 2021 has increased by one compared with 2020. Therefore, the increase in the total remuneration of directors, presidents and vice presidents in 2021 compared with 2020 was due to the increase in net profit after tax and the increase in the number of employees in 2021.

1. Directors' remuneration: According to the "Articles of Association", the determination of directors' remuneration authorizes the board of directors to take into account the level of participation and contribution value of individual directors to the company's operations, and the industry standard. In addition, if the company makes a profit in that year, it will allocate no more than 3% as the director's remuneration. The company regularly evaluates the director's remuneration in accordance with the "Methods of the Board of Directors Performance Evaluation". The relevant performance evaluation and the reasonableness of the remuneration are reviewed by the Remuneration Committee and the Board of Directors. The reasonableness of directors' remuneration is reviewed by the Remuneration Committee and the Board of Directors.
2. President and VP's Remuneration: 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. Risk correlation: Managers' performance objectives all include "risk control" to ensure that possible risks within the scope of responsibility are managed and prevented, and the results of the rating based on actual performance are linked to relevant remuneration policies. The important decisions of the company's management are made after evaluating various risk factors, and the performance of the relevant decisions is reflected in the company's profitability, which is then linked to the remuneration of the management.
4. The connection of the remuneration with the performance evaluation of the directors and managers: According to the Article of Incorporation, article 26: If the company makes profit in the year, 10% to 18% should be allocated for employee compensation. The manager's remuneration includes salary and bonus. Salary amount refers to the level, titles, ranks, academic (economic) experience, professional ability and responsibilities etc. of the peers. The bonus is issued depends on the manager's performance evaluation, which includes the practice of the company's core values, the operation management ability, the achievement rate of financial indicators, continuous training, contribution to long-term sustainable

operation, and other special contributions or major negative events, etc., and according to the salary and compensation committee's recommended distribution principle, then the chairman will give approval based on the operational performance.

D. Operations of Corporate Governance

(A) Information of Operations of Board of Directors

1. In the most recent fiscal year, the Board of Directors have held 14 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	14	0	100.00	
Corporate Director	Hung-Li Investment Co., Ltd. Representative: Bill Nee	14	0	100.00	
Corporate Director	Ming-Ji Investment Co., Ltd. Representative: Yuan-chun Sun	14	0	100.00	
Corporate Director	Chien Hong Investment Co., Ltd. Representative: Stephen Tsai	8	0	100.00	Elected at the annual shareholders meeting on Jul. 20 th , 2021
Independent Director	Yi-chia Chiu	14	0	100.00	
Independent Director	Vincent Lin	13	1	92.86	
Independent Director	Heng-yih Liu	6	0	100.00	Dismissed on Jul. 20 th , 2021
Independent Director	Vivien Liu	5	1	83.33	Dismissed on Jul. 20 th , 2021
Independent Director	Cheryl Chien	8	0	100.00	Elected at the annual shareholders meeting on Jul. 20 th , 2021.
Independent Director	Vincent Weng	8	0	100.00	Elected at the annual shareholders meeting on Jul. 20 th , 2021.

Other items to be mentioned:

- 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:
 - The matters listed in Article 14-3 of the Securities Exchange Act: Not applicable as we have set up Audit Committee.
 - 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 2020, the independent directors had no objection or reservations to the major proposals in the board meetings.
- The recusal of directors from the cases that pose a conflict of interest, should elaborate on the director's name, the content of the case, cause of the conflict of interest, and the status of the vote:
 - The 1st Board of Directors meeting on February 26, 2021, Case 21: The actual distribution of salaries and remuneration for directors and managers in 2020 is submitted for review and resolution. Resolution: (1) Since this case involves the conflict of interest of managers Lily Chiang, Cathy Ni, Jean Liu, Angel Tsai, they left for recusal. (2) There are five directors, including Corporate representatives Yuan-Chun Sun, Heng-yi Liu, Vincent Lin, Yi-chia Chiu, and Vivien Liu, who have conflict of interest in this case. After reviewing the remuneration of their individual

- directors and explaining their conflict of interest, the director left for recusal, after the chairman Ken Huang consulted the remaining directors, there was no objection, and the case was passed. (3) Ken Huang, the chairman and CEO of the case, and Bill Nee, the director and manager of the case, have conflict of interest. When reviewing the remuneration of individual managers, after explaining their conflict of interest, they left for recusal. Acting Chairman Yi-chia Chiu, the independent director, consulted the remaining directors and had no objection, the case passed.
- (2) February 26, 2021 - 1st Board of Directors meeting in 2021, Case 23: The review of the salary and benefits of the personnel change of senior executives, submitted for deliberation. Resolution: Chairman and CEO Ken Huang and director and manager Bill Nee in this case have refrained from participating in the discussion and voting after explaining their conflict of interests because of their conflict of interests. Acting Chairman Yi-chia Chiu, the independent director, consulted the remaining directors and had no objection, the case passed.
 - (3) April 1, 2021 - the 2nd Board of Directors meeting in 2021, Case 5: 2020 Director's Remuneration - Weight Distribution for Other Important Contributors, was submitted for deliberation. Resolution: Since this case involves the Conflict of interests of Corporate Director Ming-ji Investment Co., Ltd. represented by Director Yuan-chun Sun, he did not participate in the discussion and voting. The chairman consulted the remaining directors who were present and had no objection, and the case was passed.
 - (4) April 1, 2021 - the 2nd Board of Directors meeting in 2021, Case 6: The 2020 annual salary change review case for senior executives is submitted for deliberation. Resolution: As this case involves the conflict of interest of Chairman and CEO Ken Huang, he did not participate in the discussion and voting for recusal purpose. The acting chairman Yi-chia Chiu, independent director, consulted the remaining directors who were present and had no objection, the case passed.
 - (5) April 1, 2021 - the 2nd Board of Directors meeting in 2021, Case 7: Review of the salary and benefits of the personnel change of senior executives, submitted for deliberation. Resolution: The case involved the conflict of interest of director Bill Nee, so he did not participate in the discussion and voting. The chairman consulted the remaining directors who were present and had no objection, the case passed.
 - (6) May 7, 2021 - the 4th Board of Directors meeting in 2021, Case 7: The actual performance appraisal review of senior managers in the first quarter of 2021 was submitted for deliberation. Resolution: Bill Nee, the attending director and manager of the case, did not participate in the discussion and voting due to the conflict of interest, and the managers Lily Chiang, Cathy Ni, Angel Tsai, and Jean Liu left for recusal. After the chairman consulted the other attending directors and had no objection, the case passed.
 - (7) August 30, 2021 - The 10th Board of Directors meeting in 2021, Case 3: The actual performance appraisal review of senior managers in the second quarter of 2021 was submitted for deliberation. Resolution: Bill Nee and Stephen Tsai, the directors and managers present in this case, did not participate in the discussion and voting due to conflict of interest; the other managers Lily Chiang, Cathy Ni, Angel Tsai and Jean Liu left for recusal. The chairman consulted the remaining directors who were present and had no objection, the case passed.
 - (8) November 2, 2021 - the 13th Board of Directors meeting in 2021, Case 8: Review of the actual performance appraisal of senior managers in the third quarter of 2021 was submitted for deliberation. Resolution: Bill Nee, Stephen Tsai, the directors and managers present in this case, did not participate in the discussion and voting due to the conflict of interest; and the managers Lily Chiang, Cathy Ni, Angel Tsai and Jean Liu left for recusal. The chairman consulted the remaining directors who were present and had no objection, the case passed.
 - (9) November 2, 2021 - The 13th Board of Directors meeting in 2021, Case 10: The 2021 Performance and Variable Salary Review for Senior Executives were submitted for deliberation. Resolution: The case involved the conflict of interest of Chairman and CEO Ken Huang, so he did not participate in the discussion and voting. The acting chairman Yi-chia Chiu, independent director, consulted the remaining directors who were present and had no objection, and the case was passed.
 - (10) December 28, 2021 - the 14th Board of Directors meeting in 2021, Case 10: The change of the company's financial director was submitted for deliberation. Resolution: Managers Lily Chiang and Cathy Ni left for recusal. The chairman consulted the remaining directors who were present and had no objection, and the case was passed.
 - (11) March 31, 2022 - The 2nd Board of Directors meeting in 2022, Case 16: 2021 annual director remuneration, and other important contributors were submitted for deliberation. Resolution: When this case was reported on the distributed weights of Ming-Ji Investment Co., Ltd., director

Yuan-Chun Sun did not participate in the discussion and voting due to the conflict of interest. The chairman consulted the remaining directors who were present and had no objection. The case passed; when the case was reported on the distributed weights of Cheryl Chien's, the independent director Chien did not participate in the discussion and voting due to the conflict of interest. The chairman consulted the remaining directors and had no objection, the case passed. When the case was reported on the distributed weights of Vincent Weng director, independent director Won did not participate in the discussion and voting due to the conflict of interest, the chairman consulted and the remaining directors present had no objection, the case passed.

3. For information on the evaluation cycle, period, scope, method and content of the self-evaluation of the board of directors, please refer to the attached table "Implementation of Board Evaluation".
4. 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) In 2021, the board of directors was fully re-elected, and a female lawyer and a male financial expert joined as independent directors to achieve the set goals.
 - (2) In the future, we will continue to increase the number of female directors and strengthen ESG professional directors.
 - (3) Revise the Company's "Code of Practice on Corporate Governance" and "Organization Rules of the Remuneration Committee", formulate the "Remuneration Management Measures for Directors and Managers" and "Employee Compensation Measures".

2. Implementation of Board Evaluation

Evaluation cycle	Evaluated period	Evaluation scope	Evaluation method	Evaluation Content	Evaluation results and action plans
Performed once a year	Evaluate the performance of the board of directors from January 1, 2021 to December 31, 2021.	Including the performance evaluation of the board of directors, individual board members and functional committees.	Including internal self-evaluation of the board of directors, self-evaluation of board members, appointments of external professional institutions and experts every three years for performance evaluation.	(1) Board performance evaluation (2) Performance evaluation of individual board members (3) Functional committee performance evaluation.	(1) Discuss individual expertise and contributions with directors individually, and utilize them according to the needs of the company. (2) Arrange the management team to report to the board of directors at least quarterly on the relevant information and changes of upstream and downstream and the industry in which it operates. (3) Provide operational performance reports to directors at least once a month. (4) Provide industry-related information on a regular basis. (5) Arrange for the management team to report and discuss industry-related information in the board of directors. (6) Arrange for the nomination committee to be held in the second half of 2022 to discuss the director's training plan and the succession plan of directors and senior managers.

(B) Information of Operations of the Audit Committee

The audit committee of the company is composed of 4 independent directors. The audit committee aims to assist the board of directors in fulfilling the quality and integrity of the company's supervision of the company's accounting, auditing, financial reporting process and financial control.

The Audit Committee held a total of 10 meetings in year 2021, reviewed matters mainly include:

1. Financial statements auditing and accounting policies and procedures
2. Internal control system and related policies and procedures
3. Material asset transactions
4. Major loan and endorsement guarantee
5. Derivative financial products
6. Compliance with laws and regulation
7. Information Security
8. Risk management
9. Independence and performance evaluation of certified accountants
10. Self-evaluation of Audit Committee's performance.

Review Financial Report

It is agreed to and resolved by the Audit Committee and the Board of Directors that the company's 2021 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 2021 and Earnings distribution table, 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.

Assess the effectiveness of internal control systems

The audit committee evaluates the effectiveness of the company's internal control system policies and procedures (including financial, operational, risk management, information security, compliance with laws and other control measures), and reviews the periodic reports of the company's audit department, CPA and management. The committee believes that the company's risk management and internal control systems are effective. The company has adopted the necessary control mechanisms to monitor and correct violations.

Appointment of Certified Public Accountants

The audit committee is assigned the responsibility of supervising the independence of the CPA firm to ensure the fairness of the financial statements. The Audit Committee passed for the tenth time on Dec. 28, 2021 that Ernst & Young's Accountants Chi-ming Chang and Kuo-Shuai Chen both meet the independence criteria, which is adequate to serve as the company's financial and tax accountant.

For the most recent year, the audit committee has held 10 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	Yi-chia Chiu	10	0	100.00	Re-elected on July 20, 2021
Member	Vincent Lin	9	1	90.00	Re-elected on July 20, 2021
Member	Heng-yih Liu	4	0	100.00	Dismissed on July 20, 2021
Member	Vivien Liu	4	0	100.00	Dismissed on July 20, 2021
Member	Cheryl Chien	6	0	100.00	Newly appointed on July 20, 2021
Member	Vincent Weng	6	0	100.00	Newly appointed on July 20, 2021

Other items to be mentioned:

1. If the operation of the audit committee falls under any of the following circumstances, the meeting date, period, content of proposals, objections, qualified opinions or major recommendations of the audit committee, the results of the resolutions of the audit committee, and the company's solution to the opinions on the audit committee shall be stated.

(1) The matters listed in Article 14-5 of the Securities Exchange Act:

Audit Committee	Proposal content	Audit Committee Resolution	The Company's handling of the opinions of the Audit Committee.
First meeting in year 2021 2021/02/26	1. Issue of "Declaration of Internal Control System" 2. 2020 annual business report, unconsolidated financial statements and consolidated financial statements 3. The Company's 2020 Earnings Distribution Proposal 4. Proposed the company's "2021 Annual budget" 5. Replace the company's CPA 6. The proposal to revise the "Acquisition or Disposal of Assets Handling Procedures" of Dynamic Electronics (Kunshan) Co., Ltd. (hereinafter referred to as KS Factory) 7. Proposed to submit an application for the mainland business Dynamic Electronics (Kunshan) Co., Ltd. (hereinafter referred to as KS Factory) to undertake non-deliverable forward foreign exchange (NDF) 8. Proposed the quota for the transaction of derivative financial products undertaken by the corporate bank of the group 9. Proposed the endorsement guarantee of the company to the financing amount of the group enterprise 10. Consider the flexible use of the group's long-term funds, it is proposed to apply for a capital loan from the mainland business Dynamic Electronics (Kunshan) Co., Ltd. for the mainland business Dynamic Electronics (Huangshi) Co., Ltd. (hereinafter referred to as HS Factory) 11. The case of the Company intending to issue the second domestic unsecured convertible bond.	All the attended members of the Audit Committee agreed to adopt.	All the attended directors at the meeting agreed to pass.
Second meeting in year	1. Supplementary explanation on matters related to the investment structure of Dynamic Electronics (Kunshan) Co., Ltd., a mainland reinvestment	All the attended members of	All the attended directors at the

2021 2021/04/ 15	business, in the second resolution of the Audit Committee on August 24, 2020 2. Supplementary explanation on matters related to the investment structure of Dynamic Electronics (Kunshan) Co., Ltd., a mainland reinvestment business of case 11 of the Audit Committee's resolution on December 17, 2020	the Audit Committee agreed to adopt.	meeting agreed to pass.
Third meeting of the year 2021 2021/05/ 07	1. 2021 Q1 Consolidated Financial Statements 2. Proposed the endorsement guarantee of the company to the financing amount of the group enterprise 3. Considering the flexible use of the group's long-term funds, it is proposed to apply for a capital loan from the mainland business Dynamic Electronics (Kunshan) Co., Ltd. for the mainland business Dynamic Electronics (Huangshi) Co., Ltd. (hereinafter referred to as HS Factory) 4. Proposed to increase investment in Dynamic Electronics Holding Pte. Ltd., a reinvestment company	All the attended members of the Audit Committee agreed to adopt.	All the attended directors at the meeting agreed to pass.
Fourth meeting of year 2021 2020/07/ 05	1. Subsidiaries WINTEK (MAURITIUS) CO., LTD., DYNAMIC ELECTRONICS HOLDING PTE. LTD. and Dynamic Electronics (Huangshi) Co., Ltd. are in line with the improvement plan for the acquisition or disposal of assets 2. Proposed the quota for the transaction of derivative financial products undertaken by the corporate bank of the group 3. Proposed the endorsement guarantee of the company to the financing amount of the group enterprise	All the attended members of the Audit Committee agreed to adopt.	All the attended directors at the meeting agreed to pass.
Fifth meeting of year 2021 2021/08/ 03	1. 2021 Q2 Consolidated Financial Statements 2. Proposed the endorsement guarantee of the company to the financing amount of the group enterprise 3. Proposed the company's "2022 annual business plan" 4. Proposed the capital expenditure budget for the fourth phase of production line equipment of the Plant I reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd." 5. Proposed to increase the capital expenditure budget for the construction of the Plant II of the mainland reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd."	All the attended members of the Audit Committee agreed to adopt.	All the attended directors at the meeting agreed to pass.
Sixth meeting of year 2021 2021/08/ 30	1. Proposed to increase the capital expenditure budget of the fourth phase of production line equipment of Plant I, the re-investment business "Dynamic Electronics (Huangshi) Co., Ltd." in mainland China 2. Proposed to increase the capital expenditure budget for the construction of the Plant II in the mainland reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd."	All the attended members of the Audit Committee agreed to adopt.	All the attended directors at the meeting agreed to pass.
Seventh meeting of year 2021 2021/09/ 17	1. Proposed to increase the capital expenditure budget of the fourth phase of production line equipment of Plant I, the re-investment business "Dynamic Electronics (Huangshi) Co., Ltd." in mainland China 2. Proposed to increase the capital expenditure budget for the construction of the Plant II in the mainland reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd."	All the attended members of the Audit Committee agreed to adopt.	All the attended directors at the meeting agreed to pass.
Eighth	1. Proposed to increase the capital expenditure budget	All the	All the

meeting of year 2021 2021/10/18	for the production line equipment of Phase 4-2 of Plant I of the mainland reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd." 2. Proposed to increase the capital expenditure budget for the construction of the Plant II in the mainland reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd."	attended members of the Audit Committee agreed to adopt.	attended directors at the meeting agreed to pass.
Ninth meeting of year 2021 2021/11/02	1. Replace the company's CPA 2. 2021 Q3 Consolidated Financial Statements 3. Propose the quota for the transaction of derivative financial products undertaken by the corporate bank of the group 4. Proposed the endorsement guarantee of the company to the financing amount of the group enterprise 5. To apply for the long-term mortgage bank financing line of the mainland business Dynamic Electronics (Huangshi) Co., Ltd. (hereinafter referred to as HS Factory) 6. Proposed to increase the capital expenditure budget for the construction of the Plant II in the mainland reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd."	All the attended members of the Audit Committee agreed to adopt.	All the attended directors at the meeting agreed to pass.
Tenth meeting of year 2021 2021/12/28	1. The company's 2022 audit plan 2. Independence of the Company's accountants 3. Revise the company's 2021 annual budget 4. Proposed the company's "2022 annual business plan" 5. Proposed the quota for the transaction of derivative financial products undertaken by the corporate bank of the group 6. Proposed the endorsement guarantee of the company to the financing amount of the group enterprise 7. Proposed the liquidation and dissolution of Dynamic Electronics Co., Ltd (Seychelles) Taiwan Branch 8. Determine the base date for the company's "Second Domestic Unsecured Convertible Corporate Bonds" to convert and issue new shares 9. Changes in the company's financial director 10. Authorized the custodian of the Company's seal of endorsement and guarantees. 11. Authorized the person in charge of the Company's derivatives transaction confirmation	All the attended members of the Audit Committee agreed to adopt.	All the attended directors at the meeting agreed to pass.

(2) Besides the above-mentioned matters, the resolutions of Audit Committee are not passed but agreed by two-thirds of the Board: No such case.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

	2021/ 02/26	Audit Committee	Report Matters: 1. 2020 annual audit scope and audit report 2. Accountant independence 3. Key check items 4. Significant accounting audit items 5. Condensed Income Statement 6. Securities Regulatory Act update 7. Tax Act update 8. Introduction to the revision of the 8th Corporate Governance Evaluation System 9. 202012-202101 Audit Report Matters Discussion items: 1. Issue of "Declaration of Internal Control System" 2. 2020 annual business report, unconsolidated financial statements and consolidated financial statements 3. The Company's 2020 Earnings Distribution Proposal 4. Proposed the company's "2021 annual budget" 5. Replace the company's CPA 6. Amendment of the "Acquisition or Disposal of Assets Handling Procedures" by Dynamic Electronics (Kunshan) Co., Ltd. (hereinafter referred to as KS Factory) 7. The mainland business Dynamic Electronics (Kunshan) Co., Ltd. (hereinafter referred to as KS Factory) applied to undertake non-deliverable forward foreign exchange (NDF) 8. Proposed the quota for the transaction of derivative financial products undertaken by the corporate bank of the group 9. Proposed the endorsement guarantee of the company to the financing amount of the group enterprise 10. Considering the flexible use of the group's long-term funds, apply for a capital loan from the mainland business Dynamic Electronics (Kunshan) Co., Ltd. for the mainland business Dynamic Electronics (Huangshi) Co., Ltd. (hereinafter referred to as HS Factory) 11. The case of the company issuing the second domestic unsecured convertible bond.	None	-
	2021/ 04/15	Audit Committee	1. Supplementary explanation on matters related to the investment structure of Dynamic Electronics (Kunshan) Co., Ltd., a mainland reinvestment business, the second resolution of the Audit Committee on August 24, 2020 2. Supplementary explanation on matters related to the investment structure of Dynamic Electronics (Kunshan) Co., Ltd., a mainland reinvestment business of case 11 resolved by the Audit Committee on December 17, 2020	None	-

2021/ 05/07	Audit Committee	Report Matters: 1. Review scope and review report for the first quarter of 2021 2. Significant accounting and audit items 3. Condensed Income Statement 4. Law and Regulation update 5. 202102-202103 Audit Report Matters Discussion items: 1. 2021 Q1 Consolidated Financial Statements 2. Proposed the endorsement guarantee of the company to the financing line of the group enterprise 3. Considering the flexible use of the group's long-term funds, apply for a capital loan from the mainland business Dynamic Electronics (Kunshan) Co., Ltd. for the mainland business Dynamic Electronics (Huangshi) Co., Ltd. (hereinafter referred to as HS Factory) 4. Proposed increase investment in Dynamic Electronics Holding Pte. Ltd., a reinvestment company	None	-
2021/ 07/05	Audit Committee	1. Subsidiaries WINTEK (MAURITIUS) CO., LTD., DYNAMIC ELECTRONICS HOLDING PTE. LTD. and Dynamic Electronics (Huangshi) Co., Ltd. are in line with the improvement plan for the acquisition or disposal of assets 2. Proposed that the group corporate bank undertakes the derivative financial product transaction line 3. Proposed the endorsement guarantee of the company to the financing line of the group enterprise	None	-
2021/0 8/03	Audit Committee	Report Matters: 1. Review scope and review report for the first half of 2021 2. Significant accounting audit items 3. Condensed Income Statement 4. Law and regulation update 5. 202104-202106 Audit Report Matters Discussion items: 1. 2021 Q2 Consolidated Financial Statements 2. Proposed the endorsement guarantee of the company to the financing line of the group enterprise 3. Proposed the company's "2022 annual business plan" 4. Proposed a capital expenditure budget for the fourth-phase production line equipment of Plant I, a reinvestment business in mainland China "Dynamic Electronics (Huangshi) Co., Ltd." 5. Proposed to increase the capital expenditure budget for the construction of the Plant II of the mainland reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd."	None	-
2021/ 08/30	Audit Committee	1. Proposed to increase the capital expenditure budget for the fourth phase of the production line equipment of the "Dynamic Electronics (Huangshi) Co., Ltd." 2. Proposed to increase the capital expenditure budget for the construction of the Plant II of the mainland reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd."	None	-
2021/ 09/17	Audit Committee	1. Proposed to increase the capital expenditure budget for the fourth phase of the production line equipment of the "Dynamic Electronics (Huangshi) Co., Ltd." 2. Proposed to increase the capital expenditure budget for the construction of the Plant II of the mainland reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd."	None	-

	2021/ 10/18	Audit Committee	1. Proposed to increase the capital expenditure budget for the production line equipment of Phase 4-2 of Plant I of the mainland reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd." 2. Proposed to increase the capital expenditure budget for the construction of the Plant II of the mainland reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd."	None	-
	2021/ 11/02	Audit Committee	Report Matters: 1. Review scope and review report for the first three quarters of 2021 2. Significant accounting audit items 3. Condensed Income Statement 4. Law and regulation update 5. 202107-202109 Audit Report Matters Discussion items: 1. Replace the company's CPA 2. 2021 Q3 Consolidated Financial Statements 3. Proposed that the group corporate bank undertakes the derivative financial product transaction line 4. Proposed the endorsement guarantee of the company to the financing line of the group enterprise 5. To apply for the long-term mortgage bank financing line of the mainland business Dynamic Electronics (Huangshi) Co., Ltd. (hereinafter referred to as HS Factory) 6. Proposed to increase the capital expenditure budget for the construction of the Plant II in the mainland reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd."	None	-
	2021/1 2/28	Audit Committee	Report Matters: 1. 202110-202111 Audit Report Matters Discussion items: 1. The company's 2022 audit plan 2. Independence of the Company's accountants 3. Proposed to revise the company's 2021 annual budget 4. Proposed the Company's "2022 Annual Operation Plan" 5. Proposed that the group corporate bank undertakes the transaction line of derivative financial products 6. Proposed the endorsement guarantee of the company to the financing line of the group enterprise 7. Proposed the liquidation and dissolution of Dynamic Electronics Co., Ltd (Seychelles) Taiwan Branch 8. Determined the base date for the company's "Second Domestic Unsecured Convertible Bonds" to convert and issue new shares 9. Changes in the company's financial director 10. Authorized the custodian of the Company's seal of endorsement and guarantees. 11. Authorized the person in charge of the Company's derivatives transaction confirmation	None	

(C) Information on the operations of the Remuneration Committee

1. Information on the members of the remuneration committee

Status (note 1)	Criteria		Independence	Number of other listed companies the person is also serving on the remuneration committee
	Name	Qualification and Experiences		
Convener Independent Director	Vincent Weng	Current Post : Independent director of Dynamic Electronics Co. Ltd. Education Master of Finance, Institute of Finance, Pace University Master of Computer Engineering, Fordham University Experience: Standard Chartered International Commercial Bank Executive Director Standard Chartered Bank (Hong Kong) Senior Vice President	There is no case related to Article 30 of the Company Act. I, myself, my spouse, and my second degree of relatives do not serve as directors, supervisors or employees of the company or its affiliated companies. I, my spouse, and my second relatives do not hold any shares of the company. Not serving as a director, supervisor or employee of companies that have a specific relationship with the company. Not providing the company or its affiliated companies with any business, legal, financial, accounting and other services in the past two years.	0
Independent Director	Yi-chia Chiu	Current Post: Vice President of Business School, Chengchi University Professor, Graduate Institute of Technology Management and Intellectual Property, Chengchi University Independent Director of Wowprime Independent Director of Flytech Technology Co.,Ltd. Education: Ph.D. of Technology Management, National Chiao Tung University Experience : Director, Graduate Institute of Technology Management and Intellectual Property, Chengchi University CEO of EMBA, Chengchi University Independent Director of Globe Union Industrial Corp.		2
Independent Director	Vincent Lin	Current Post Technical VP, Emotibot Technologies Limited Education: PhD in Computer Science, National Chiao Tung University Experience: Host of the "Smart Home Robot" industry specialized plan (Ministry of Economic Affairs) Associate Director, BU1, Quanta Computer		0
Independent Director	Cheryl Chien	Current Post: LST&C Legal Lawyer Education: Bachelor of Law, National Chung Cheng University Experience: Ownlyn Law Firm Lawyer		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) Not a director or supervisor of the company or any of its affiliates. (If the independent directors established by the company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local national laws and regulations are concurrently held by each other, are not limited to this).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the above persons in the preceding three subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (If the independent directors established by the company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local national laws and regulations are concurrently held by each other, are not limited to this)
- (6) Not a director, supervisor, or employee of other company that controls a majority of both company's director seats and voting shares at the same time (If the independent directors established by the company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local national laws and regulations are concurrently held by each other, are not limited to this)

- (7) Not a director (or governor), supervisor, or employee of that other company or institution who is the chairperson, general manager, or the person holding an equivalent position of the company and serves in any of those positions at another company or institution or are spouses: (If the independent directors established by the company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local national laws and regulations are concurrently held by each other, are not limited to this)
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution who has a financial or business relationship with the company. (If a specific company or institution holds more than 20% of the total issued shares of the company, but not more than 50%, and is an independent director established by the company and its parent company, subsidiary or subsidiary of the same parent company in accordance with this law or local national laws; It is not limited to this.)
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) There is no circumstance of Article 30 of the Company Law's.

2. Responsibilities of Remuneration Committee

This committee should faithfully perform the following functions and duties with the care of a good administrator, and submit its proposals to the board of directors for discussion:

- (1) Review this regulation regularly and propose amendments.
- (2) Establish and regularly review the company's directors and managers' annual performance evaluation standards, long-term performance goals and remuneration policies, systems, standards and structures, and disclose the content of the performance evaluation standards in the annual report.
- (3) Regularly evaluate company's directors and managers' compensation and the achievement of their performance target. Determine the content and amount of their individual remuneration based on the evaluation results by the performance evaluation standards.

3. Information on the operations of the remuneration committee

- (1) The Company has four members in the remuneration committee.
- (2) Term of office: 2021/07/20 – 2024/07/19. The remuneration committee has held 6 meetings (A) for the most recent fiscal year (2021). 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	Vincent Weng	3	0	100.00	
Member	Yi-chia Chiu	6	0	100.00	
Member	Vincent Lin	6	1	83.33	
Member	Cheryl Chien	3	0	100.00	

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 directors 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	Contents of the Motion and Follow-up	Resolution	Company's handling of the

Committee			opinions of Remuneration committee
1st of year 2021 (2022.02.26)	1. Remuneration plan for directors and employees in 2020 2. Actual distribution of salaries and remuneration for directors and managers in 2020 3. Review of performance appraisal indicators for senior managers in 2020 4. Senior executive personnel change and salary and welfare review case 5. Revise the "Organization Rules of the Remuneration Committee" Follow-up processing: The above proposals are implemented in accordance with the resolution.	Consented and passed by all the attending members of the committee	Approved by all the attending directors of the board of directors.
2nd of year 2021 (2021.04.01)	1. Formulate the "Remuneration Management Measures for Directors and Managers" and "Employee Compensation Measures" 2. Remuneration of directors in 2020, distribution of weights to other important contributors 3. 2020 annual salary change review case for senior executives 4. Senior executive personnel change salary and welfare review case Follow-up processing: The above proposals are implemented in accordance with the resolution.	Consented and passed by all the attending members of the committee	Approved by all the attending directors of the board of directors.
3rd of year 2021 (2021.05.07)	1. Review of the actual performance appraisal of senior managers in the first quarter of 2021 Follow-up processing: The above proposals are implemented in accordance with the resolution.	Consented and passed by all the attending members of the committee	Approved by all the attending directors of the board of directors.
4th of year 2021 (2021.08.30)	1. Review of the actual performance appraisal of senior managers in the second quarter of 2021 2. Senior executive personnel change salary and welfare review case Follow-up processing: The above proposals are implemented in accordance with the resolution.	Consented and passed by all the attending members of the committee	Approved by all the attending directors of the board of directors.
5th of year 2021 (2021.11.02)	1. Review of the actual performance appraisal of senior managers in the third quarter of 2021 2. Senior executive personnel change salary and welfare review case 3. The 2021 Performance Change Salary Payment Review Case for Senior Executives Follow-up processing: The above proposals are implemented in	Consented and passed by all the attending members of the committee	Approved by all the attending directors of the board of directors.

		accordance with the resolution.		
	6th of year 2021 (2021.12.28)	. 1. Remuneration plan for directors and employees in 2021 2. Review of various salary and remuneration projects to be implemented by the company in 2022 3. Review of performance appraisal indicators for senior managers in 2022 4. The work plan of the Company's Remuneration Committee in 2022 5. Changes in the company's financial director Follow-up processing: The above proposals are implemented in accordance with the resolution.	Consented and passed by all the attending members of the committee	Approved by all the attending directors of the board of 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) Information on the operations of the Nomination Committee

1. Qualifications and responsibilities of nomination committee members

- (1) The committee shall be composed of at least three directors nominated by the board of directors, of which more than half of them shall be independent directors.
- (2) The committee, under the authority of the board of directors, shall faithfully perform the following functions and powers with the attention of good managers, and submit the recommendations to the board of directors for discussion.

Main Duty:

- a. Formulate the professional knowledge, technology, experience, gender and other diversity background and independence standards required by board members and senior managers, and search, review and nominate candidates for directors and senior managers accordingly.
 - b. Construct and develop the organizational structure of the board of directors and committees, conduct performance evaluations of the board of directors, committees, directors and senior managers, and evaluate the independence of independent directors.
 - c. Formulate and regularly review the training plan for directors and the succession plan for directors and senior managers.
 - d. To formulate the company's corporate governance code of practice.
2. Professional qualifications, experience and operation of members of the Nomination Committee
- In July 2021, the board of directors has been fully re-elected. The term of the new members is from July 20, 2021 to July 19, 2024. The committee consists

of four independent directors. The chairman of the committee, Cheryl Chien, has legal expertise and corporate governance expertise.

Members' Name of Nomination Committee	Independent director	Expertise
Cheryl Chien (chairman)	v	Law 、 Corporate governance
Yi-chia Chiu	v	Finance accounting 、 strategy 、 technology management 、 intellectual property
Vincent Lin	v	Industrial technology 、 Artificial intelligence
Vincent Weng	v	Finance 、 investment 、 improving asset liabilities

(1) The Company has four members in the nomination committee, served by four independent directors.

(2)Term of office: 2021/07/20 – 2024/07/19. The nomination committee has held 2 meetings (A) for the most recent fiscal year (2021). 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	Vincent Lin	2	0	100.00	
Member	Hen-yih Liu	2	0	100.00	
Member	Vivien Liu	1	1	50.00	
Member	Yi-Chia Chiu	2	0	100.00	
Other items to be mentioned:					
1. The meeting date, terms, and content of the main proposals of the Nomination Committee, the content of the items proposed or opposed by the members of the Nomination Committee, the results of the resolutions of the Nomination Committee, and the company's response measure for the opinions of the Nomination Committee shall be stated.					
Nomination Committee	Contents of the Motion and Follow-up		Resolution	Company's handling of the opinions of Nomination committee	
1st of year 2021 (2021. 04.07)	1. Qualification of Director candidate Case. Follow-up: The above proposal is implemented according to the		Consented and passed by all the attending	Approved by all the attending directors of the	

	resolution.	members of the committee	board of directors.
2nd of year 2021 (2020. 05.07)	1. Revised the Company's "Corporate Governance Code of Practice". Follow-up: The above proposal is implemented according to the resolution.	Consented and passed by all the attending members of the committee	Approved by all the attending directors of the board of directors.
2. For matters resolved by the Nomination Committee, if members have objections or qualified opinions and have records or written statements, the date, period, content of the proposal, all members' opinions and the handling of members' opinions shall be stated in the Nomination Committee: None.			

(E) The Company's implementation of corporate governance

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 May 7 th , 2021, 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 of directors formulated diversity policies, specific management objectives and implement them?	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

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			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 eight 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, law, strategy, industry analysis and technology. 1. Goal: At least one female director and independent directors with legal and financial expertise. 2. Implementation: The board of directors has been fully re-elected in 2021, adding a female lawyer	

Item to be assessed	Operational status (note 1)					Deviations from the corporate governance code of practice of listed companies and causes				
	Y	N	Abstract							
			and a male financial expert as independent directors to achieve the set goals. 3. Future goals: To strengthen directors with ESG expertise.							
			Diversification Name	Nationality	Gender		Employee of the company	Age	Years of serving as independent director	
			Ken Huang	ROC	Male		v	41-50		
			Bill Nee	ROC	Male		v	61-70		
			Stephen Tsai	ROC	Male		v	41-50		
			Yuan-chun Sun	ROC	Male			41-50		
			Yi-chia Chiu	ROC	Male			41-50	3-6 years	
			Vincent Lin	ROC	Male			41-50	6-9 years	
			Cheryl Chien	ROC	Female			31-40	0-3 years	
			Vincent Weng	ROC	Male			41-50	0-3 years	
			Diversification	Operation Management	Leadership & Decision-making		Finance/Accounting/Law	Strategy & Risk Planning	Trend analysis of the industry	Technology Development of 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						
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?			Name					ry	industry
			Ken Huang	v	v			v	v
			Bill Nee	v	v		v		
			Stephen Tsai	v	v				v
			Yuan-chun Sun	v		v		v	
			Yi-chia Chiu			v	v		v
			Vincent Lin		v		v		v
			Cheryl Chien			v	v		
			Vincent Weng	v		v		v	
			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.						

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes																									
	Y	N	Abstract																										
			2. To construct and develop the organizational structure of the board of directors and 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. A total of two Nominating Committee meetings were held in year 2021. <table border="1"> <thead> <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> </thead> <tbody> <tr> <td>Yi-chia Chiu</td><td>v (chairman)</td><td>v</td><td>v</td><td>v</td></tr> <tr> <td>Vincent Lin</td><td>v</td><td>v</td><td>v</td><td>v (chairman)</td></tr> <tr> <td>Cheryl Chien</td><td>v</td><td>v</td><td>v (chairman)</td><td>v</td></tr> <tr> <td>Vincent Weng</td><td>v</td><td>v (chairman)</td><td>v</td><td>v</td></tr> </tbody> </table> c. The Company passed the amendments to	Names of Independent directors	Audit Committee	Remuneration Committee	Nomination Committee	Risk Management Committee	Yi-chia Chiu	v (chairman)	v	v	v	Vincent Lin	v	v	v	v (chairman)	Cheryl Chien	v	v	v (chairman)	v	Vincent Weng	v	v (chairman)	v	v	
Names of Independent directors	Audit Committee	Remuneration Committee	Nomination Committee	Risk Management Committee																									
Yi-chia Chiu	v (chairman)	v	v	v																									
Vincent Lin	v	v	v	v (chairman)																									
Cheryl Chien	v	v	v (chairman)	v																									
Vincent Weng	v	v (chairman)	v	v																									

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 established a performance rating method for the board of directors, and report the results of performance evaluation to the board of directors, and use it for each directors' remuneration and the nomination of renewal?			“Methods 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 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.	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			6. Internal control. The measurement of the performance evaluation of the functional committee should include at least the 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 evaluation in 2021 will be submitted to the board of directors on March 31, 2022 by internal self-evaluation of the board of directors, 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	
			self-evaluation of board members and the internal self-evaluation of the functional committee. The main recommendations and improvement actions for the Board of Directors and functional committees are as follows: 1. Discuss individual expertise and contributions with directors individually, and take advantage of them according to the company's needs. 2. Arrange for the management team to report the upstream, downstream and industry related information and changes to the board of directors at least quarterly. 3. Provide operational performance reports to directors at least once a month. 4. Provide industry-related information on a regular basis. 5. Arrange for the management team to report and discuss industry-related information in the board of directors. 6. Arrange for the nomination committee to be held in the second half of 2022 to discuss the director's training plan and the succession plan of directors and senior managers. The above performance evaluation results will serve as a reference for selecting and nominating directors and functional committee members. In	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			terms of the connection between the directors 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 “Remuneration Management Measures for Directors and Managers” 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. 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. 9. The accountant is not in any joint investment or	

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?			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 Dec. 20, 2021, the company found no certified accountant with any inadaptability or violations of independence. In addition, accounting firm Ernst	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			& Young has also issued a "declaration of independence." This case was approved by the Audit Committee and the board on Dec. 28, 2021. The assessment result is also disclosed on the company website.	
4. Whether the listed / OTC company is equipped with qualified and appropriate number of corporate governance personnel, and designated corporate governance directors to take charge of certain corporate governance related matters (including but not limited to providing directors and supervisors with the necessary information to perform business, assisting directors and supervisors to comply with laws, handling matters related to the meetings of the board of directors and the shareholders' meeting according to law, and making the minutes of the board of directors and shareholders' meetings, etc.)?	V		The Company assigned qualified and appropriate corporate governance personnel. The Board of Directors of the Company passed the resolution of appointing Jean Liu served as full-time corporate governance officer 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 2021 was as follows:	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	
			1. Handle matters related to the meetings of the board of directors and the shareholders' meeting in accordance with the law. 2. Prepare the minutes of the board of directors and shareholders' meetings. 3. Assist directors to take office and continue their learning. 4. Provide the information required by the directors to execute their business. 5. Assist directors in complying with laws and regulations. 6. Conduct annual performance evaluation of the board of directors and its members. 7. Continuous learning.	
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	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	
			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.	
6. Has the company assigned professional common shares agency to take care of affairs related to the shareholders meetings?	V		Taishin Securities stock transfer agency	None
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 held one investor conference and was invited to four investor conference in 2021. Related information is	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. Does the company announce and declare the annual financial report within two months after the end of the fiscal year? And announce and declare the financial reports of first, second, and third quarter and the monthly operating situation before the prescribed time limit?			disclosed on the company's website. c. The company announced and declared the annual financial report on February 23, 2022, and announced and declared the first, second, and third quarter financial statements on May. 7, 2021, Aug. 3, 2021, and Nov. 2, 2021 respectively, also announce the operating conditions of each month before the prescribed time limit.	
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 2021, 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 make sure the management systems and ethics are in compliance with the code of conduct of Responsible Business Alliance (RBA).				
b. Employee welfare:				
Taoyuan Operational Center in 2021				
1. Appoint a government-approved medical institution to carry out health examinations for all employees. In addition to the statutory items, abdominal ultrasound and liver function related testing items have been added, with a total of 37 people.				
2. Provide a healthy lunch box cooked with olive oil with less oil and less salt to maintain the health of employees, 37 people per day.				
Kunshan Plant in 2021				
1. Staff birthday party, a total of 3,000 people participated				

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
2. Basketball game, a total of 60 people participated				
3. The company's application for the enterprise's self-recognized vocational skill level qualification was approved				
4. Occupational skill level "Electronic product manufacturing" assessment and identification, the license issued on November 3, 2021, a total of 60 people passed				
5. The assessment and appraisal of the vocational skill level "Printed Circuit manufacture" the license issued on December 2, 2021, and a total of 57 people have passed				
6. 40th level supervisor development training - "Walking together in one heart towards the vision, together is better", a total of 39 people participated				
Huangshi Plant in 2021				
1. A total of 1383 people participated in the year-end koi prize draw.				
2. Distributed Spring Festival gift packs for all employees of the factory, and a total of 1,710 people received gifts.				
3. A total of 1,710 people participated in the double heart-warming ceremony (with double gift: Huangshi local delicacy + movie tickets) for employees who left-behind in the factory during the Spring Festival.				
4. The Spring Festival Blessing Event is for 40-level (included) above supervisors of Huangshi Plant who left behind in the factory during holidays, a total of 20 people participated.				
5. A total of 100 people received New Year's Gift for referring new employee to the Company.				
6. Joyful Jogging club - Sophora flower jogging race, a total of 13 people participated.				
7. 20-level supervisor development camp training (4 turns in total), a total of 251 people participated.				
8. A total of 45 people participated in the first graduation ceremony of the adult college entrance examination.				
9. Expressing gratitude to teachers. Teacher's Day event, a total of 25 people participated.				
10. A total of 94 people participated in the Christmas birthday party.				
c. Social Care of Dynamic group in 2021				
1. The souvenirs for the shareholders meeting are wool felt soaps from Eden mall and handmade soaps made by Star workshop of Taoyuan Autism Association. (Total purchase amount is NT\$607,500).				
2. Sponsor the expenses for the National Hsinchu Commercial Vocational High School Archery Team and students from low-income families to learn archery. (Total sponsorship amount is NT\$100,000).				

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes	
	Y	N	Abstract		
3. Sponsor the National Chengchi University Academic Research Fund. (Total sponsorship amount is NT\$600,000).					
4. Mid-Autumn Festival gifts for employees: Select and purchase organic and non-toxic vegetables from Taoyuan's first shelter workshop focusing on "self-produced and self-sold vegetables", and handmade additive-free cookies made by a single mother who independently raises a pair of children. (Total purchase amount NT\$120,705)					
5. On the Dragon Boat Festival, donate supplies to orphans and disabled children and the elderly at the Huangshi Welfare Institute. (RMB 3,178)					
6. Participate in poverty alleviation tasks and purchase agricultural specialties. (RMB 30,000)					
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 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	Course	Hours
Director	Ken Huang	2021/01/29	Securities and futures institute	Advanced Seminar on Directors' Practice - Principles and Applications of Artificial Intelligence	3.0
Director	Ken Huang	2021/07/16	Taiwan Digital Governance Association	The effect of commercial courts on the operation of the	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	
					board of directors and the execution of duties by directors	
Corporate director Representative	Yuan-Chun Sun	2021/07/16	Taiwan Digital Governance Association		The effect of commercial courts on the operation of the board of directors and the execution of duties by directors	3.0
Corporate director Representative	Yuan-chun Sun	2021/12/07	Taiwan Stock Exchange		2021 Cathay Pacific Sustainable Finance and Climate Change Summit	3.0
Corporate director Representative	Bill Nee	2021/07/16	Taiwan Digital Governance Association		The effect of commercial courts on the operation of the board of directors and the execution of duties by directors	3.0
Corporate director Representative	Bill Ni	2021/08/20	Taiwan Digital Governance Association		The key to success or failure of digital transformation - international case study	3.0
Corporate director Representative	Stephen Tsai	2021/08/04	Taiwan Investor Relations Institute		Practical Analysis of the New Version of Corporate Governance and Board Performance Evaluation	3.0
Corporate director Representative	Stephen Tsai	2021/08/20	Taiwan Digital Governance Association		The key to success or failure of digital transformation - international case study	3.0
Corporate	Stephen Tsai	2021/08/31	Taiwan Digital Governance Association		The international trend of net zero carbon emissions	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	
director Representative							and Taiwan's performance in promoting zero carbon transition
Corporate director Representative	Stephen Tsai	2021/10/15	Securities and futures institute				2021 Insider Equity Transaction Legal Compliance Publicity Briefing 3.0
Independent Director	Yi-chia Chiu	2021/08/05	Taiwan Corporate Governance Association				New trend of retail power - digitalization leads zero-day consumption 3.0
Independent Director	Yi-chia Chiu	2021/08/06	Taiwan Corporate Governance Association				Our distance from insider trading 3.0
Independent Director	Vincent Lin	2021/09/01	Financial Supervisory Commission				The 13th Taipei Corporate Governance Forum (morning session) 3.0
Independent Director	Vincent Lin	2021/09/01	Financial Supervisory Commission				The 13th Taipei Corporate Governance Forum (afternoon session) 3.0
Independent Director	Cheryl Chien	2021/07/29	Taiwan Investor Relations Institute				Practical Analysis of the New Version of Corporate Governance and Board Performance Evaluation 3.0
Independent Director	Cheryl Chien	2021/08/31	Taiwan Digital Governance Association				The international trend of net zero carbon emissions and Taiwan's performance in promoting zero carbon transition 3.0
Independent Director	Cheryl Chien	2021/09/23	Taiwan Digital Governance Association				Financial Reporting Responsibilities and Risks 3.0
Independent Director	Cheryl Chien	2021/12/02	Taiwan Association of Board Governance				Management of management rights and sustainable development of the company 3.0
Independent Director	Vincent Weng	2021/07/29	Taiwan Investor Relations Institute				Practical Analysis of the New Version of Corporate Governance and Board Performance Evaluation 3.0
Independent	Vincent	2021/12/02	Taiwan Association of Board Governance				Management of management rights and sustainable 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	
Director	Weng				development of the company	
Independent Director	Vincent Weng	2021/12/07	Taiwan Stock Exchange Taiwan		2021 Cathay Pacific Sustainable Finance and Climate Change Summit	6.0
Financial Accounting Director	Cathy Ni	2021/11/25-26	Accounting Research and Development Foundation		Continuing training course for accounting supervisors of issuers, securities firms and stock exchanges	12.0
Accounting Director Deputy	Lily Chiang	2021/11/29-30	Accounting Research and Development Foundation		Continuing training course for accounting supervisors of issuers, securities firms and stock exchanges	12.0
Internal Audit Director	Angel Tsai	2021/08/18,25, 2021/09/01	The Institute of Internal Auditors-Chinese		Core knowledge and skills of internal auditors (1): The essence of internal auditing	18.0
Corporate Governance Director	Jean Liu	2021/07/16	Taiwan Digital Governance Association		The effect of commercial courts on the operation of the board of directors and the execution of duties by directors	3.0
Corporate Governance Director	Jean Liu	2021/08/31	Taiwan Digital Governance Association		The international trend of net zero carbon emissions and Taiwan's performance in promoting zero carbon transition	3.0
Corporate Governance Director	Jean Liu	2021/09/01	Financial Supervisory Commission		The 13th Taipei Corporate Governance Forum (morning session)	3.0
Corporate Governance Director	Jean Liu	2021/09/01	Financial Supervisory Commission		The 13th Taipei Corporate Governance Forum (afternoon session)	3.0

h. Risk management policy and levels of implementation of risk assessment standards:

1. Risk management policies and procedures

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes													
	Y	N	Abstract														
The company established the "Risk Management Policy" on June 30, 2015, which was approved by the board of directors as the top guiding principle of the company's risk management. From the perspective of the company as a whole, to maintain the potential risks that the Company may face in operating activities within a tolerable range through the identification, measurement, monitoring, response of potential risks and the report on such activities , and use such analysis as a reference basis for business strategy formulation, in order to ensure that the company's strategic objectives are achieved.																	
2. Risk management scope The company's risk management issues are divided into four categories: strategy, operation, finance, hazards and climate change, and the top executives of the relevant departments are the executive members.																	
3. Organizational structure The Company established a "Risk Management Committee", the chairman and the president serve as the chair of the committee. They report directly to the audit committee and to the board of directors quarterly.																	
4. Operational status The operation of the Risk Management Committee is as follows: <table><tr><td rowspan="2">Chairman</td><td>1. Identify and approve priorities for each risk</td></tr><tr><td>2. Supervise the improvement of risk management operations</td></tr><tr><td rowspan="5">General Director</td><td>1. Coordinate and promote risk management activities</td></tr><tr><td>2. Conduct cross-departmental risk communication sessions</td></tr><tr><td>3. Ensure adequate communication and coordination between the Chair and the Executive Committee</td></tr><tr><td>4. Arrange the Executive Committee to report regularly to the Chair</td></tr><tr><td>5. Report to the Audit Committee and the Board of Directors</td></tr><tr><td rowspan="3">Executive Committee</td><td>1. Identify and assess risk</td></tr><tr><td>2. Develop a risk response program</td></tr><tr><td>3. Perform a risk control plan</td></tr></table>					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 Committee	1. Identify and assess risk	2. Develop a risk response program	3. Perform a risk control plan
Chairman	1. Identify and approve priorities for each risk																
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Executive Committee	1. Identify and assess risk																
	2. Develop a risk response program																
	3. Perform a risk control plan																

Item to be assessed		Operational status (note 1)		Deviations from the corporate governance code of practice of listed companies and causes
		Y	N	
		Abstract		
	4. Identify the effectiveness of the risk control program			
	5. Report to the Chairman of the Risk Management Committee			
Year 2021 Risk Management Committee evaluated 10 risk issues, including financial capital planning for construction of Huangshi Plant II, expansion of Huangshi Plant II Energy/energy assessment acquisition, new industrial innovation technologies, impact of the Russian-Ukrainian war, mutation and expansion of the COVID-19 virus, stricter environmental regulations, material supply related to climate change, extreme Weather-induced disasters, GHG caps and carbon rights/energy trading, energy supply. Responsible units have all studied and drawn up response plans, which will be reported to the board of directors after being reviewed by the audit committee and will be continuously tracked.				
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 12:00 March 1, 2022 to 12:00 March 1, 2023. The insured amount is US\$3,000,000. The coverage covers the duties of directors and managers, company compensation liability, company securities compensation liability, and company compensation liability for employment. The liability insurance was reported in the board of directors in Aug. 4, 2022.				
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)				
In the seventh corporate governance evaluation of year 2020, the company scored 99.67, ranking the top 5% for consecutive 5 years. The results of the 8th Corporate Governance Evaluation in 2021 have not yet been announced. The improvement projects in 2021 are as follows:				
Item	Content			

Item to be assessed		Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
		Y	N	Abstract	
1.3	Did more than half of the directors (including at least one independent director) and the audit committee convener (or at least one supervisor) attend the AGM in person, and did the company disclose in the minutes the names of those who attended?				
2.28	Has the company adopted an approval method for the recruitment, evaluation, and remuneration of its internal auditors, whether by submission to the board for approval, or by submission by the chief internal auditor to the chairman of the board for approval, and disclosed the method on the company's website?				
3.4	Did the company file its annual financial reports within 2 months from the end of the fiscal year?				
3.6	Did the company disclose the interim financial reports in English within 2 months after the deadline for reporting of the Chinese version?				
4.4	Did the company, following internationally recognized guidelines, by the end of September, prepare and upload its corporate social responsibility report to the MOPS and to the company website?				
4.5	Did the company obtain a third-party verification or assurance for its corporate social responsibility report?				

The items to be improved in 2022 are as follows, and will continue to be gradually improved.

Item	Content
2.3	Are the Chairman and President of The Company or other employees of the same level (top managers) not the same person or are each other's spouse or first-degree relative?
2.5	Is the number of company directors who are employees of the company, parent company, subsidiary company or fellow subsidiary less than (including) one-third of the number of directors?
2.30	Does at least one of the company's internal auditors hold certificates such as international internal auditors, international computer auditors or certified public accountants?
3.8	Does the company voluntarily publish the quarterly financial forecast report and the relevant operations have not been corrected by the competent authority, or recorded negligence by the stock exchange or the OTC center?
3.13	Does the company's annual report voluntarily disclose the individual remuneration of directors and supervisors?
3.21	Does the company's annual report voluntarily disclose the individual remuneration of the President and Vice President?

(F) Implementation of the promotion of sustainable development and Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

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. Does the company establish a governance system to promote sustainable development and set up a dedicated (part-time) unit to promote sustainable development, and the board of directors authorizes senior management to handle and the board's supervision situation?	v		(1) In order to promote sustainable operation, the company established the ESG Sustainability Committee with the approval of the board of directors on February 23, 2022. The chairman serves as the chairman of the sustainability committee. It has a sustainability secretariat and five teams, including the corporate governance group, Environmental sustainability team, customer rights team, social integration team and innovation R&D team, each team integrates the resources of relevant departments under it, sets and implements the work plan of each team, and is regularly tracked by the sustainability secretariat, at least once a year Report to the board. (2) Set twelve sustainability policies at the same time: Pursue corporate sustainability, abide by the principle of integrity, conform with regulatory commitments, advance technology development, keep creating value, strengthen partnerships, protect the environment, enhance resource use, respect and safeguard human rights, provide a friendly workplace, fulfill social responsibilities, and improve information transparency. (3) Scheme out carbon reduction strategies and	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies												
	Y	N	Abstract (note 2)													
			set short-, medium- and long-term goals. (4) Achieve the goals with action plans such as independent energy conservation and carbon reduction, self-built solar power generation systems in the factory, direct purchase of green electricity and purchase certificates. (5) The remuneration of directors and senior executives is linked to ESG performance.													
2. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the company's operations based on materiality principle and formulate relevant risk management policies or strategies accordingly?	Y		1. Based on the materiality principle of corporate social responsibility, the relevant risk management policies or strategies for the risks after the company conducting risk assessments on important issues as follows: <table><tr><th>Major issues</th><th>Risk assessment projects</th><th>Risk management policies and strategies</th></tr><tr><td rowspan="4">Environment</td><td>Water resource management</td><td>Maximize water efficiency; promote water saving in process and reuse of reclaimed water; reduce raw water intake per unit of production output; reduce waste water discharge through water saving to reduce operating costs; improve water risk response capacity</td></tr><tr><td>Waste and harmful substances management</td><td>Reduce waste output and emissions; increase waste recycle rate; make full use of raw materials; improve product yield and reduce waste of resources; prohibit harmful substances from being illegally handled; regularly check suppliers' products for harmful substances.</td></tr><tr><td>Air pollution management</td><td>Regularly maintain waste gas treatment equipment to make sure that air quality monitoring meets the standards; improve the satisfaction of neighboring residents of the plant.</td></tr><tr><td>The</td><td>Through strengthening internal inspection of</td></tr></table>	Major issues	Risk assessment projects	Risk management policies and strategies	Environment	Water resource management	Maximize water efficiency; promote water saving in process and reuse of reclaimed water; reduce raw water intake per unit of production output; reduce waste water discharge through water saving to reduce operating costs; improve water risk response capacity	Waste and harmful substances management	Reduce waste output and emissions; increase waste recycle rate; make full use of raw materials; improve product yield and reduce waste of resources; prohibit harmful substances from being illegally handled; regularly check suppliers' products for harmful substances.	Air pollution management	Regularly maintain waste gas treatment equipment to make sure that air quality monitoring meets the standards; improve the satisfaction of neighboring residents of the plant.	The	Through strengthening internal inspection of	
Major issues	Risk assessment projects	Risk management policies and strategies														
Environment	Water resource management	Maximize water efficiency; promote water saving in process and reuse of reclaimed water; reduce raw water intake per unit of production output; reduce waste water discharge through water saving to reduce operating costs; improve water risk response capacity														
	Waste and harmful substances management	Reduce waste output and emissions; increase waste recycle rate; make full use of raw materials; improve product yield and reduce waste of resources; prohibit harmful substances from being illegally handled; regularly check suppliers' products for harmful substances.														
	Air pollution management	Regularly maintain waste gas treatment equipment to make sure that air quality monitoring meets the standards; improve the satisfaction of neighboring residents of the plant.														
	The	Through strengthening internal inspection of														

Item to be assessed	Operational status (note 1)				Deviations from the code of practice of CSR for listed companies		
	Y	N	Abstract (note 2)				
				influences of climate change on operational activity	energy consumption of the enterprises to look for opportunities for energy saving and consumption reduction; and through technological improvement to reduce water consumption.		
				Society	Talent recruitment and retainment		Strengthen two-way communication between employees and enterprises, enhance corporate recognition, reinforce employees' cohesion and willingness to stay in the post ; build good labor relations; provide comprehensive training plans, experience and technical inheritance; establish career planning, process engineers adopt dual-channel promotion; Optimize the salary and welfare system and working environment.
				Corporate governance	Regulation compliance		Establish three lines of regulation compliance procedure for the following regulatory areas: corporate governance, insider trading, securities regulations, subsidiary supervision, document management and preservation, environmental regulations, occupational safety, labor regulations, intellectual property, confidential data protection, personal data protection, export control, etc. Thereby each responsible unit of the company can regularly identify, amend, promote and exercise the regulations on a systematic basis, to ensure the regulations are fully followed.
3. Environmental Issue a. Has the company established a suitable environmental management system by referencing its industry's characteristics?	Y		a. The company has established an ISO14001 environmental management system that conforms to the characteristics of the industry and IECQ QC 080000 Hazardous Substances Process Management System. With the continuous improvement of the system, 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)	
b. Does the company strive to enhance the utility rate of every resource, and use renewable materials that pose less impact on the environment? c. Does the company assess the potential risks or opportunities brought by climate change to enterprises now and in the future, and take measures to deal with climate-related issues?			environmental performance is increasing day by day. In addition, in order to improve the performance of energy management and greenhouse gas management, ISO50001 energy management system certification and ISO14064-1 greenhouse gas inspection are also carried out. b. 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. c. In response to the worsening of global extreme climates and natural disasters, the company has established a Climate Change Group in the Risk Management Committee from 2020 to regularly analyze the impact of	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies												
	Y	N	Abstract (note 2)													
			climate change with reference to TCFD, identify related risks and opportunities, and report the response measures to the board of directors, providing the board of directors with better understanding before making operational decisions in the company's major decision-making process.													
			<table><tr><th>Risk Type of Climate Change</th><th>Identify the Risks</th><th>Identify the Opportunities</th><th>Response Measures</th></tr><tr><td>The impact of extreme climate</td><td>Extreme weather may cause power outages, water cuts, damage to plant building and equipment, and interruption of the supply chain, which may affect production.</td><td>Strengthening the company's resilience in the face of severe weather to win over more business opportunities than the peers.</td><td>1. Improve the Business Continuity Plan system and convene quarterly climate risk committee meetings to identify major risk issues and report to the board of directors. 2. Formulate emergency response plans, reserve emergency supplies, and strengthen personnel training. 3. Take out relevant insurance to reduce damage after disasters.</td></tr><tr><td>Changes in policies and</td><td>The government</td><td>As laws and regulations</td><td>In response to regulatory</td></tr></table>		Risk Type of Climate Change	Identify the Risks	Identify the Opportunities	Response Measures	The impact of extreme climate	Extreme weather may cause power outages, water cuts, damage to plant building and equipment, and interruption of the supply chain, which may affect production.	Strengthening the company's resilience in the face of severe weather to win over more business opportunities than the peers.	1. Improve the Business Continuity Plan system and convene quarterly climate risk committee meetings to identify major risk issues and report to the board of directors. 2. Formulate emergency response plans, reserve emergency supplies, and strengthen personnel training. 3. Take out relevant insurance to reduce damage after disasters.	Changes in policies and	The government	As laws and regulations	In response to regulatory
			Risk Type of Climate Change		Identify the Risks	Identify the Opportunities	Response Measures									
			The impact of extreme climate		Extreme weather may cause power outages, water cuts, damage to plant building and equipment, and interruption of the supply chain, which may affect production.	Strengthening the company's resilience in the face of severe weather to win over more business opportunities than the peers.	1. Improve the Business Continuity Plan system and convene quarterly climate risk committee meetings to identify major risk issues and report to the board of directors. 2. Formulate emergency response plans, reserve emergency supplies, and strengthen personnel training. 3. Take out relevant insurance to reduce damage after disasters.									
Changes in policies and	The government	As laws and regulations	In response to regulatory													

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. Does the company measure the amount of greenhouse gas emissions, water consumption and total weight of waste in the past two years; and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?			regulations	stipulates energy-saving and carbon-reduction policies, pushes the development of the circle economy, strengthens water resources control, and promotes renewable energy.	being carried out, relevant subsidies and incentives will be provided to assist enterprises in meeting their requirements; in addition, energy saving and carbon reduction will also benefit cost reduction.	requirements, the company conducts reassessment of raw materials, equipment replacement, development of low-carbon manufacturing processes, and introduction of clean energy programs to obtain government funding.	
			Existing products being replaced with low-carbon products	Under the trend of carbon reduction, the medium and long-term industrial policies of many countries have changed. Major countries will ban the sale of fuel vehicles from 2025 to 2035.	Develop high-end manufacturing capabilities for new energy vehicles to meet customer demand for low-carbon products.	The sales strive to develop the existing customers' needs for new energy vehicles and the needs of electric vehicle customers.	
			d. Dynamic has been participating in the Carbon Disclosure Project (CDP) since 2009 and inspected 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				

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies																								
	Y	N	Abstract (note 2)																									
			World Resources Institute (WRI). The company's management goals for energy saving and carbon reduction, greenhouse gas reduction, water consumption reduction, and waste management policies are set as the follows: Energy saving and carbon reduction: 4% annual unit revenue saving rate (Set 2020 as the baseline) Greenhouse Gas Reduction: Reduce carbon emissions per unit of annual revenue by 4% per year (Set 2020 as the baseline). Water use reduction: 4% annual water savings (Set 2020 baseline). Waste management: 95~98% waste recycling rate Kunshan plant <table><tr><th>Item</th><th>2020</th><th>2021</th><th>Changes in comparison with the previous year %</th></tr><tr><td>Weight of waste (tons)</td><td>22,311</td><td>28,333</td><td>26.99%</td></tr><tr><td>Annual water consumption (10,000 tons)</td><td>199</td><td>292</td><td>46.73%</td></tr><tr><td>Direct emissions of Greenhouse gas (tons CO₂e/year)</td><td>5,438</td><td>6,778</td><td>24.64%</td></tr><tr><td>Indirect emissions of Greenhouse gas (tons CO₂e/year)</td><td>148,161</td><td>160,082</td><td>8.04%</td></tr><tr><td>Emissions of Greenhouse gas in</td><td>153,509</td><td>166,860</td><td>8.69%</td></tr></table>	Item	2020	2021	Changes in comparison with the previous year %	Weight of waste (tons)	22,311	28,333	26.99%	Annual water consumption (10,000 tons)	199	292	46.73%	Direct emissions of Greenhouse gas (tons CO ₂ e/year)	5,438	6,778	24.64%	Indirect emissions of Greenhouse gas (tons CO ₂ e/year)	148,161	160,082	8.04%	Emissions of Greenhouse gas in	153,509	166,860	8.69%	
Item	2020	2021	Changes in comparison with the previous year %																									
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Item to be assessed	Operational status (note 1)				Deviations from the code of practice of CSR for listed companies		
	Y	N	Abstract (note 2)				
			total (tons CO2e/year)				
			The amount of waste generated by the Kunshan Plant increased compared with the previous year, mainly due to the high price of liquid alkali used for wastewater treatment and the significant increase in the amount of wastewater sludge caused by the use of other alternative alkaline conditioners. Since 2022, optimization adjustments have been made and Strengthen the recycling of resource waste.				
			The total water consumption in 2021 also increased due to the increase in production area. From 2022 onwards, the indicator of water intensity has been included in the plant president's performance indicators, and it will be assessed on a monthly basis and linked with rewards and remuneration.				
			Huangshi plant				
			Item	2020	2021	Changes in comparison with the previous year %	
			Weight of waste (tons)	19,233	31,766	65.16%	
			Annual water consumption (10,000 tons)	164	210	28.05%	
			Direct emissions of Greenhouse gas (tons CO ₂ e/year)	9,255	11,355	22.69%	
			Indirect emissions of Greenhouse gas (tons CO ₂ e/year)	50,361	62,386	23.88%	
			Emissions of Greenhouse gas in total (tons CO ₂ e/year)	59,616	73,741	23.69%	
The revenue of Huangshi Plant in 2021 increased by 62.95% compared with 2020. Therefore, the amount of waste generated, the annual water consumption and the total amount of greenhouse gas emissions all increased							

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
			compared with the previous year, except that the output of waste per unit of revenue slightly increased by 1% than 2020, the annual water consumption and total greenhouse gas emissions per unit of revenue decreased by more than 20% compared with the previous year. Measures to achieve the company's goals include: 1. Sound management system, through the operation of various management systems such as environment, energy, etc., to improve management performance. 2. The public facilities of the new plant and the newly purchased equipment are designed with energy-saving considerations. 3. HS plans to generate about 8,400KW a day of solar power generation area above 10thousand ping. 4. KS uses steam to replace the air-conditioning humidification and hot water in the living area that originally used electricity to reduce direct greenhouse gas output 5. Implement the waste water diversion plan to improve the reuse efficiency of reclaimed water; plan the reuse of condensate water, collected rainwater, and discharged water to save water resources. 6. Introduce the production line recycling system to recover valuable materials for reuse;	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
			carry out hazardous waste materials, high total nitrogen water treatment system, nickel waste liquid reduction recovery system, membrane slag reduction recovery system, etc.	
4. Society Issue a. Has the company set up management policy and procedures according to related laws and regulation and the International Human Rights Treaty?	V		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 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.	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)	
b. Does the company formulate and implement reasonable employee welfare measures (including compensation, vacations and other benefits), and appropriately reflect operating performance or results in employee compensation? c. Has the company offered a safe and healthy work environment for its staff, and routinely implement safety and health education for its staff?			b. The company sets and implements reasonable employee welfare measures (including salary, vacation and other benefits, etc.). Please refer to the employee manual and company website for details. Article 26 of Corporate Charter specifies that if there is profit made in the year, 6% 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. c. The Company's safe and healthy work environment Kunshan and Huangshi plants successfully passed the ISO14001 & ISO45001 supervision and audit to ensure the effective operation of the environmental and industrial safety management systems of the two factories. Kunshan Plant: 1. Specific system improvements were carried out for work-related injuries that occurred in 2020.	

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 number of accidents in 2021 has been reduced from 17 in 2020 to 10 in 2021, a decrease of 41%. 2. Continue to change the heating equipment to steam heating instead of electric heating, and two more equipment have been installed in 2021 (three in total). 3. The external supplier's operation and construction have gone on-line and implemented electronically to achieve paperless operation. 4. EGO over-temperature alarm and fan interlocking equipment have been added for the hidden dangers of on-site horizontal line heaters, total 85 lines. Huangshi Plant: 1. There were 6 work-related injuries and 1 traffic accidents in year 2021. 2. Work safety personnel and supervisors above department level participated in annual safety management retraining to enhance supervisors' safety awareness. 3. Engaged external safety experts to conduct monthly safety hazard investigations, safety education and training in the workplace to reduce blind spots of safety and facilitate on-site personnel's accesses to the external safety knowledge.	

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 established an effective career developmental plan for its employees?			4. In 2021, an occupational disease status evaluation was carried out every 3 years, the test results were publicized, and employees have undergone pre-job, on-the-job and off-the-job physical examinations based on the results of the occupational health status evaluation results. 5. Electronic stop-to-stop inspection of safety facilities has been carried out plant-wide; realizing paperless operation. 6. Conduct monthly pre-work/class publicity and monthly safety, fire prevention and occupational health training. 7. Portable projectors play warning-purpose video to disseminate safety knowledge at the end of the year and the beginning of the year 8. Installed 6 fire water cannons around the exhaust gas tower on the top of the building, and conduct emergency operation drills for the industrial safety/public facility personnel every month. d. 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	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
e. Does the company follow relevant regulations and international guidelines on issues such as customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant consumer or customer rights protection policies and grievance procedures? f. Does the company formulate supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health or labor human rights, and follow up the implementation?			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. e. Throughout the product life cycle, customer health and safety and consumer rights and interests are our top priorities. We follow customer requirements, relevant regulations and international standards to protect customer privacy, marketing and labeling,. In addition, the company has relevant policies to protect consumer rights, and has a dedicated customer service department to formulate customer problem handling procedures, provide a transparent and effective customer complaint mechanism, and give customers satisfactory service. f. The company formulate a supplier management policy that requires major raw material suppliers to commit and guarantee: 1. Follow Dynamic's integrity policy and conflict minerals policy. 2. Conform to the requirements of the Code of Conduct Responsible Business Alliance (RBA) of electronic industry. 3. Passed ISO 9001 quality management	

Item to be assessed	Operational status (note 1)			Deviations from the code of practice of CSR for listed companies
	Y	N	Abstract (note 2)	
			system verification. 4. Build and maintain the operation of related systems in accordance with the spirit of ISO14001 environmental management system and ISO45001 occupational safety and health management system. 5. Comply with the international standards and regulations of no hazardous substances, such as RoHS, REACH, and Dynamic's Green Product Management Regulations. 6. Formulate Corporate Social Responsibility policies, integrity policies, and energy & environmental safety and health policies, meanwhile promote corresponding management systems. The supplier signing rate is 100%.	
5. Does the company prepare sustainability reports and other reports that disclose the company's non-financial information by making reference to the internationally-used report governing preparation standards or guidelines? Has the disclosed information in the report been assured, verified or certified by a third party?	V		5. In year 2021, Dynamic changed the name of the previously published "Corporate Social Responsibility Report" to "ESG Sustainability Report" to strengthen the disclosure of ESG information in response to the increasing concern of stakeholders on this issue. In addition, considering the increasing international emphasis on climate-related financial disclosure, we also initially introduced the TCFD framework in this report, and reported Dynamic's strategy and management objectives for climate-related risks and opportunities. This report is prepared in	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)	
			accordance with the International Integrated Reporting Framework published by IIRC (International Integrated Reporting Committee) and the latest GRI standard published by the Global Reporting Initiative, and adopts the disclosure principle of the core option (Core). The content source of this report has been checked by the Dynamic Audit Office for non-material financial information, and the independent and credible Ernst & Young accounting firm has been entrusted to review the report prepared by us in accordance with the international integrated reporting framework and the GRI standard core option (Core). 2020 "ESG Sustainability Report" with limited assurance. The relevant results have been fully communicated with the governance unit, and the scope of assurance and conclusion can be found in the independent assurance report in the appendix of the company's report.	
6. If the company has its own sustainable development code based on "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe the difference between its operation and the set code: none				
7. Other important information to understand the implementation of promoting sustainable development: 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, 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.				

- Note 1: If the operation status is checked "Yes", please explain the important policies, strategies, measures adopted and implementation; if the operation status is checked "No", please explain the reasons and explain the related policies, strategies and measures that will be adopted in the future.
- 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.
- Note 3: The materiality principle refers to the matters related to environment, society and corporate governance that bring significant impacts on the company's investors and other stakeholders.

(G) Implementation of performing Ethical management and differences from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons

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. Does the company formulate the integrity management policy approved by the board of directors, and have the policy and practice of the integrity management explicitly stated in the regulations and external documents as well as the board and senior management's commitment to implement the operation policy proactively? b. Does the company establish an assessment mechanism for the risk of dishonesty, regularly analyze and evaluate business activities with a high risk of dishonesty in the business scope, and accordingly formulate a plan to prevent dishonesty, and at least covers the measures to prevent the behaviors stated in the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" Article 7 - second paragraph?	V		a. The Company's corporate culture: integrity, enthusiasm, learning and teamwork after passed by board meeting 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 with board meeting approval, and disclosed it on the company's website. The Board of Directors and all senior management have actively implemented the operational policies. b. The company's risk assessment mechanism includes an dishonest/unethical behavior item for a periodic analysis and evaluation on business activities with a high risk of dishonesty in the business scope, and devise a measure accordingly to prevent dishonesty. Prior to conducting business, the Company always takes the licensors, suppliers, clients, or other business partners' legality and whether they have committed any unethical	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. Does the company clearly specify the operating procedures, behavior guidelines, disciplinary and punishment and appeal system in unethical conduct prevention plan, and implement it, and regularly review and revise the pre-disclosed plan?			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. c. 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. The whistleblower will receive definite rewards. To increase reporting access in year 2016, new exclusive mobile lines were added in both Taoyuan Operational Center and Kunshan plant, and all the suppliers were informed; meanwhile,	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
			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. The above measures were applied simultaneously upon the official operation of Huangshi Factory.	
2. Implementation of ethical business operations a. Has the company assessed the integrity records of its business partners, and specified ethical business policy in contracts with its trading partners? b. Does the company establish a special unit under the board of directors to promote corporate integrity management, and regularly (at least once a year) report to the board on its integrity management policies, unethical conduct prevention plan and implementation of supervision?	V		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. 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. Report to the board	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	
			of directors at least once a year. The report time of year 2021 was Aug. 3rd. The main matters in charge: 1. Assisting in incorporating ethics and moral values in the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business. 3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at higher risk for unethical conduct. 4. Promoting and coordinating awareness and educational activities with respect to ethics policy. 5. Developing a whistle-blowing system 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	
c. Has the company set up policies to prevent conflict of interest, offer and implement appropriate reporting channels?			ensuring its operating effectiveness. 6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures. 7. Directors and senior executives are required to abide by the Integrity Management Policy and issue declaration of intent. Implementation in year 2021 1. Education and training: Conducting education on integrity promotion, with a total of 9,099 person-times and 4549.5 hours. 2. CEO mailbox received reports of cases: No complaint letter was received from the CEO mailbox in 2021. 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	

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. Have the company established an effective accounting system and internal control system for the implementation of integrity management and have the internal audit unit formulate the relevant audit plan based on the assessment results of the risk of dishonesty, and monitor the compliance with the plan to prevent dishonesty, or appoint accountant to perform the audit?			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. The company has always paid attention to ensuring the accuracy and completeness of its financial reporting process and control, and has designed relevant internal control systems for operating procedures with a potentially high risk of dishonesty. The internal audit team also conducts various audits based on the annual audit plan prepared by risk assessment results, and reports the audit results and subsequent improvement plans to the board of directors and management in order to achieve audit effectiveness. In addition, through the annual corporate internal control self-assessment, all units and subsidiaries of the company must self-examine the effectiveness of the design and implementation of the internal control system.	
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	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
			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 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	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. Does the company establish the standard operating procedures for the investigation of the complaint report, the follow-up measures after the investigation is completed and the relevant confidentiality mechanism?			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 team is formed in Legal office. (2) Relevant confidentiality structure Maintain strict confidentiality to the case and the reporter (whistleblower) while handling the case.	

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?			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 Has the Company disclosed the contents and effectiveness of implementing its ethical corporate policy on its website and MOPS?	V		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 and the Company’s website.	None
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.				

- (H) 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>)
- (I) Other important information that can strengthen the understanding of the operations of the company's corporate governance: In the recent years, Dynamic had actively enhanced corporate governance performance to connect with international trends by the full support and guidance of the Board of Directors. Dynamic has been ranked top 5% of the governance evaluation for 6 consecutive years. 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.
- (J) The follows should be disclosed concerning the conditions of carrying out the internal control system:
1. Please refer to the Internal control statement of this handbook.
 2. Those who entrust accountants to verify internal control system, should disclose the accountants' evaluation report: none.
- (K) 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: none.
- (L) 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 in 2021 2021/02/26	1. Passed the issue of "Internal Control System Statement".
		2. Passed the annual business report, individual financial statements and consolidated financial statements of year 2020.
		3. Passed the earnings distribution of year 2020.
		4. Passed the budget plan of year 2021.
		5. Passed the change of the Company's certified accountant.
		6. Passed the amendments to the "Procedures for acquiring or disposing of assets" of Mainland business Dynamic Electronics (Kunshan) Co., Ltd.
		7. Passed the revision for the mainland business Dynamic Electronics (Kunshan) Co., Ltd. to apply for non-deliverable forward foreign exchange (NDF).
		8. Passed the proposal to set a financial quota for group companies to undertake derivative financial commodity transactions.
		9. Passed the endorsement of conglomerate financing amount.

Board of Directors / Shareholders' meeting	Date of Board of Directors / Shareholders' meeting	Important Resolutions
		10. Passed the application for the subsidiary Dynamic Electronics (Kunshan) Co., Ltd. to fund loan to Mainland business Dynamic Electronics (Huangshi) Co. Ltd. 11. Passed the company's proposed issuance of the second domestic unsecured conversion corporate bond case. 12. Passed the application for conglomerate financing amount of bank. 13. Passed the update of the group succession plan. 14. Passed the amendment to the Company's "Rules and Procedures of Shareholders Meeting". 15. Passed the amendment to the Company's "Integrity Management Code". 16. Passed the amendment to the Company's "Rules and Procedures of Board of Director Meeting". 17. Passed the amendment to the Company's "Organizational Regulations of Audit Committee". 18. Passed the amendment to the Company's "Rules for the Scope of Duties of Independent Directors". 19. Passed the amendment to the Company's "Organizational Regulations of Remuneration Committee". 20. Passed the year 2020 annual Directors' compensation and employees' compensation plan. 21. Passed the actual remuneration situation of directors and managers' remuneration of year 2020. 22. Passed executive managers' actual performance appraisal of year 2020. 23. Passed the salary and benefit review for the personnel variation of senior executives. 24. Passed the overall re-election of directors. 25. Passed convening year 2021 shareholders meeting and accepting the shareholders proposals and nomination related matters.
Board of Directors	Second BoD in 2021 2021/04/01	1. Passed the director candidate qualification. 2. Passed the result of year 2020 the Board of Directors performance assessment. 3. Passed the application for conglomerate financing amount of bank. 4. Passed the formulation of "Director and Manager Remuneration Management Measures" and "Employee Compensation Measures". 5. Passed the 2020 directors' remuneration-weights issuance to other important contributors. 6. Passed the 2020 senior executives' variable pay variation review case. 7. Passed the salary and benefit review for the personnel variation of senior executives.
Board of Directors	Third BoD in 2021 (2021.04.15)	1. Supplementary explanation on the investment structure of Dynamic Electronics (Kunshan) Co., Ltd., a mainland reinvestment business, in the second resolution of the board of directors on August 24, 2020. 2. Supplementary explanation on matters related to the investment structure of Dynamic Electronics (Kunshan) Co., Ltd., a mainland reinvestment business, on Resolution case 11 of the Board of Directors dated December 17, 2020.
Board of	Fourth BoD	1. 2021 Q1 Consolidated Financial Statements.

Board of Directors / Shareholders' meeting	Date of Board of Directors / Shareholders' meeting	Important Resolutions
Directors	in 2021 (2021.05.07)	2. Put forward the bank financing line application of the group enterprise. 3. Propose the endorsement guarantee of the company to the financing line of the group enterprise. 4. Considering the flexible use of the group's long-term funds, it is proposed to apply for a loan and funds from the mainland business Dynamic Electronics (Kunshan) Co., Ltd. to the mainland business Dynamic Electronics (Huangshi) Co., Ltd. (hereinafter referred to as HS Factory). 5. It is proposed to increase the investment in Dynamic Electronics Holding Pte. Ltd., a re-investment company. 6. It is proposed to revise the Company's "Code of Practice on Corporate Governance". 7. The actual performance appraisal review of senior managers in the first quarter of 2021.
Board of Directors	Fifth BoD in 2021 (2021.06.21)	1. Matters related to the change of the date of the 2021 General Meeting of Shareholders.
Board of Directors	Sixth BoD in 2021 (2021.07.05)	1. Propose an application for group corporate bank financing. 2. Propose that the group corporate bank undertakes the transaction line of derivative financial products. 3. Propose the endorsement guarantee of the company to the financing line of the group enterprise.
Board of Directors	Seventh BoD in 2021 (2021.07.20)	1. Election of Chairman of the current term.
Board of Directors	Eighth BoD in 2021 (2021.07.29)	1. Appoint members of the 6th Remuneration Committee of the Company and elect the convener of the Remuneration Committee and the chairman of the meeting. 2. To elect members of the Nomination Committee, and to elect the convener of the Nomination Committee and the chairman of the meeting. 3. To elect members of the Risk Management Committee, and to elect the convener of the Risk Management Committee and the chairman of the meeting.
Board of Directors	Ninth BoD in 2021 (2021.08.03)	1. Consolidated financial statements for the second quarter of 2021. 2. Propose the bank financing line application of the group enterprise. 3. Propose the endorsement guarantee of the company to the financing line of the group enterprise 4. Propose the company's "2022 annual business plan". 5. Propose the capital expenditure budget for the fourth phase of the production line equipment of Plant I of the mainland reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd.".

Board of Directors / Shareholders' meeting	Date of Board of Directors / Shareholders' meeting	Important Resolutions
		6. It is proposed to add the capital expenditure budget for the construction of Plant II, a mainland reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd.".
Board of Directors	Tenth BoD in 2021 (2021.08.30)	1. It is proposed to increase the capital expenditure budget for the fourth phase of the production line equipment of the mainland reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd." Plant I.
		2. It is proposed to increase the capital expenditure budget for the construction of Plant II, a mainland reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd.".
		3. The actual performance appraisal review of senior managers in the second quarter of 2021.
		4. Senior executive personnel change salary and welfare review case.
Board of Directors	Eleventh BoD in 2021 (2021.09.17)	1. It is proposed to add the capital expenditure budget for the fourth phase of the production line equipment of the mainland reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd." Plant I.
		2. It is proposed to increase the capital expenditure budget for the construction of Plant II, a mainland reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd.".
		3. Propose a group corporate bank financing line application.
Board of Directors	Twelfth BoD in 2021 (2021.10.18)	1. It is proposed to increase the capital expenditure budget for the production line equipment of Plant I Phase 4-2 of the mainland reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd.".
		2. It is proposed to increase the capital expenditure budget for the construction of Plant II, a mainland reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd.".
		3. Propose the endorsement guarantee of the company to the financing line of the group enterprise.
Board of Directors	Thirteenth BoD in 2021 (2021.11.12)	1. Replace the company's CPA.
		2. 2021 Q3 Consolidated Financial Statements.
		3. Propose that the group corporate bank undertakes the transaction line of derivative financial products.
		4. Propose the bank financing line application of the group enterprise.
		5. Propose the endorsement guarantee of the company to the financing line of the group enterprise.
		6. Propose an application for long-term mortgage bank financing of the mainland business Dynamic Electronics (Huangshi) Co., Ltd. (hereinafter referred to as HS Factory).
		7. It is proposed to increase the capital expenditure budget for the construction of Plant II, a mainland reinvestment business "Dynamic Electronics (Huangshi) Co., Ltd.".
		8. The actual performance appraisal review of senior managers in the third quarter of 2021.
		9. Senior executive personnel change salary and welfare review case.

Board of Directors / Shareholders' meeting	Date of Board of Directors / Shareholders' meeting	Important Resolutions
		10. The 2021 performance change salary payment review case for senior executives.
Board of Directors	Fourteenth BoD in 2021 (2021.12.28)	1. The company's 2022 audit plan.
		2. Independence of the Company's accountants.
		3. Revise the company's 2021 annual budget.
		4. Propose the company's "2022 annual business plan".
		5. Propose that the group corporate bank undertakes the transaction line of derivative financial products.
		6. Propose the bank financing line application of the group enterprise.
		7. Propose the endorsement guarantee of the company to the financing line of the group enterprise.
		8. Propose the liquidation and dissolution of Dynamic Electronics Co., Ltd (Seychelles) Taiwan branch.
		9. Determine the base date for the company's "Second Domestic Unsecured Convertible Bonds" to convert and issue new shares.
		10. Changes in the company's financial director.
		11. Authorize the custodian of the Company's seal of endorsement and guarantees.
		12. Authorize the person in charge of the Company's derivatives transaction confirmation
		13. The group successor plan is updated.
		14. 2021 annual director remuneration and employee remuneration payment plan.
		15. Review of various salary and remuneration projects to be implemented by the company in 2022.
		16. Review of performance appraisal indicators for senior managers in 2022.
		17. The work plan of the Company's Remuneration Committee in 2022.
Board of Directors	First BoD in 2022 (2022.02.23)	1. The company's 2022 audit plan.
		2. Independence of the Company's accountants.
		3. Revise the company's 2021 annual budget.
		4. Propose the company's "2022 annual business plan".
		5. Propose that the group corporate bank undertakes the transaction line of derivative financial products.
		6. Put forward the bank financing line application of the group enterprise.
		7. Propose the endorsement guarantee of the company to the financing line of the group enterprise.
		8. Propose the liquidation and dissolution of Dynamic Electronics Co., Ltd (Seychelles) Taiwan branch.
		9. Determine the base date for the company's conversion of "Second Domestic Unsecured Convertible Bonds" new shares issuance.
		10. Changes in the company's financial director.
		11. Authorized the custodian of the Company's seal of endorsement

Board of Directors / Shareholders' meeting	Date of Board of Directors / Shareholders' meeting	Important Resolutions
		and guarantees. 12. Authorized the person in charge of the Company's derivatives transaction confirmation 13. The group successor plan is updated. 14. 2021 annual director remuneration and employee remuneration payment plan. 15. Review of various salary and remuneration projects to be implemented by the company in 2022. 16. Review of performance appraisal indicators for senior managers in 2022. 17. The work plan of the Company's Remuneration Committee in 2022.
Board of Directors	Second BoD in 2022 (2022.03.31)	1. The company intends to establish a new company "Dynamic Holding Co., Ltd." (hereinafter referred to as Dynamic Holding Company) by way of share conversion and become a 100% subsidiary of Dynamic Investment Holding Company. 2. The company intends to terminate the listing and stop the public offering. 3. Formulate the "Articles of Association of Dynamic Holding Co., Ltd.". 4. Formulate the "Dynamic Holdings Co., Ltd. Fund Loan and Others Operation Procedures" and "Dynamic Holdings Co., Ltd. Endorsement and Guarantee Management Measures". 5. Formulate the case of "Dynamic Investment Holdings Co., Ltd.'s acquisition or disposal procedures for assets". 6. To formulate the "Rules of Procedure for the Shareholders' Meeting of Dynamic Holdings Co., Ltd.". 7. Formulate the "Dynamic Holding Co., Ltd. director and supervisor selection procedures" case. 8. Formulated the "Rule of Procedure of the Board of Directors of Dynamic Investment Holdings Co., Ltd.". 9. Appointment of the first director and supervisor of "Dynamic Holdings Co., Ltd.". 10. The case of lifting the restriction on non-compete behavior of directors and supervisors of "Dynamic Holdings Co., Ltd.". 11. Proposal to amend the "Articles of Association" of the company. 12. Proposal to revise the Company's "Rules of Procedure for the Shareholders' Meeting". 13. Supplementary reasons for the convening of the 2022 Annual General Meeting of Shareholders of the Company. 14. 2021 Annual Board Performance Evaluation Results. 15. Revise the "Remuneration Management Measures for Directors and Managers". 16. Remuneration of directors in 2021, and distribution of weights to other important contributors.

Board of Directors / Shareholder's meeting	Date of Board of Directors / Shareholder's meeting	Important Resolutions
Shareholder's meeting	General meeting in 2021 (2021.07.20)	1. Recognize the 2020 annual business report, unconsolidated financial statements and consolidated financial statements. Implementation review: It has been announced and reported in accordance with the regulations.
		2. Recognize the 2020 earnings distribution statement. Implementation review: The cash dividend has been distributed on September 10, 2021.
		3. Passed the amendments to the "Rules of Procedure for the Shareholders' Meeting". Implementation review: Implemented according to the revised content.
		4. Re-election of directors. Implementation review: 8 directors (including 4 independent directors) were elected according to law, and the change registration was completed with the Ministry of Economic Affairs within 15 days according to the law, and was approved on August 5, 2021.

- (M) 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 2021 to the date on the annual report, there was no different opinion held by the directors from the Board's decision.
- (N) From the most recent year to the date on the annual report, a summary of the resignation and dismissal of company personnel:

Summary of the Resignation and Dismissal of Company Personnel

Mar. 31, 2022

Title	Name	Assumed office on	Dismissal Date	Dismissal Reason
Financial Director	Lily Chiang	2016.06.30	2022.01.01	Post adjustment (dismissal)

Note: The Company personnel refer to Chairman, Directors, President, Accounting Supervisor, Finance Supervisor, Internal Audit Supervisor, Corporate Governance 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	Chi-ming Chang	Kuo-shuai Chen	2021/1/1~2021/12/31	-

Unit: NTD thousands

Fee range		Fee items	Audit Fee	Non-audit Fee	Total
1	Less than 2,000 thousand NTD			v	510
2	2,000 thousands (inclusive) ~ 4,000 thousand				
3	4,000 thousand (inclusive) ~ 6,000 thousand		v		5,580
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	Chi-ming Chang	5,580	0	510	0	0	510	2021/1/1~2021/12/31	
	Kuo-shuai Chen								

- (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:

If the company has changed accountants in the most recent two years and subsequent period, the explanation is as follows:

(A) About the former accountant

Date of replacement	Sep. 7 th 2021		
Reason for replacement and explanation	Internal rotation of accountants in the accounting firm		
Explaining whether the appointor terminated the cooperation or the accountant did not accept the appointment	Party involved	Accountant	Appointer
	Situation		
	Termination by appointer	Not applicable	Not applicable
	Accountant no longer accept (continue) appointment	Not applicable	Not applicable
Opinions and reasons for the issued audit reports in addition to unqualified opinion within the latest two years	No such circumstance		
Different opinion from the issuer	Yes		Accounting Principles and Practices
			Disclosure of financial report
			Audit Scope and Procedure
			Other
	No	V	
	Explanation		
Other disclosures (Article 10, Paragraph 6, Item 1-4 to 7 of the Guidelines shall be disclosed)	No		

(B) About the successive accountant

Name of the Firm	Ernst & Young
Name of the Accountant	Chi-ming Chang Kuo-shuai Chen
Date of Appointment	Sep. 7 th 2021
Consultation matters and results regarding the accounting handling methods or accounting principles of specific transactions and issuance of financial reports before his appointment	No
Successive accountants' written opinion on the issues that are dissenting from former accountant	No

(C) The former accountant's reply to Article 10, paragraph 6, item 1 and item 2-3 of this Guideline: 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	2021		As of Mar. 22, 2022	
		Increase/decrease in shares held	Increase/decrease in equity pledges	Increase/decrease in shares held	Increase/decrease in equity pledges
Chairman	Ken Huang	-620,677	-539,211	0	0
Corporate Director	Hung-Li Investments Co., Ltd.	-1,148,067	0	0	0
Representative of Corporate Director	Bill Nee	-36,894	0	0	0
Corporate Director	Chien-Hung Investment Co., Ltd.	0	0	0	0
Representative of Corporate Director	Stephen Tsai	0	0	0	0
Corporate Director	Ming-Ji Investments Co., Ltd.	-369,825	0	0	0
Representative of Corporate Director	Yuan-chun Sun	-62	0	0	0
Independent Director	Cheryl Chien	0	0	0	0
Independent Director	Vincent Weng	0	0	0	0
Independent Director	Heng-yih Liu (dismissal on 2021.07.20)	0	0	N/A	N/A
Independent Director	Vincent Lin	0	0	0	0
Independent Director	Yi-chia Chiu	0	0	0	0
Independent Director	Vivien Liu(dismissal on 2021.07.20)	0	0	N/A	N/A
CEO/ President	Ken Huang	-620,677	-539,211	0	0
Plant President	Bill Nee	-36,894	0	0	0
Plant President	Stephen Tsai	-40,495	0	0	0
VP	Johnson Yang	-44,075	0	-53,000	0
VP	Jack Hsu	-61,997	0	0	0
VP	Allen Chou (dismissal on 2021.09.01)	-13,623	0	N/A	N/A
VP	DAT WAI DAVIO LO	0	0	0	0
VP	Andy Lee	73,043	0	69,000	0
VP	Lily Chiang	-106,142	0	-9,000	0
VP	Jessi Chiu	-22,330	0	0	0
Financial & Accounting Director	Cathy Ni	-29,763	0	0	0
Auditing Director	Hsin-Yi Tsai	-12,453	0	0	0

Corporate Governance Director	Jean Liu	-69,688	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. 22, 2022

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	
Ken Huang	11,162,071	4.02%	185,736	0.07%	0	0	Hung-Li Investment Co., Ltd.	Company Chairperson is the spouse of this individual.	
							Chien-Hung Investment Co., Ltd.		
Hsiu-Ching Chen	9,915,896	3.57%	0	0.00%	0	0.00%	Ming-Ji Investments Co., Ltd.	Company Chairperson is this individual.	
Hung-Li Investment Co., Ltd. Representative: Tiffany Chan	9,497,735	3.42%	0	0.00%	0	0.00%	Ken Huang	Spouse is the company Chairperson.	
	185,736	0.07%	11,162,071	4.02%			Chien-Hung Investment Co., Ltd.	Chairperson and the company Chairperson is the same person..	
Chase Custody Investment Account of JP Morgan Securities Co., Ltd.	6,609,942	2.38%	0	0.00%	0	0.00%	NA	NA	
Citibank (Taiwan) Commercial Bank is entrusted with custody of BoLuNing Emerging Market Fund Company's investment account	5,447,186	1.96%	0	0.00%	0	0.00%	NA	NA	
American JPMorgan Chase Bank Taipei Branch is entrusted with the custody of Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	4,559,365	1.64%	0	0.00%	0	0.00%	NA	NA	
American JPMorgan Chase Bank Taipei Branch is entrusted with the custody of the Vanguard Emerging Markets Stock Index Fund investment account	3,705,533	1.34%	0	0.00%	0	0.00%	NA	NA	
Chien-Hung Investment Co., Ltd. Representative: Tiffany Chan	3,069,023	1.11%	0	0.00%	0	0.00%	Ken Huang	Spouse is the company Chairperson.	
	185,736	0.07%	11,162,071	4.02%			Hung-Li Investment Co., Ltd.	Chairperson and the company Chairperson is the same person..	
Ming-Ji Investments Co., Ltd. Representative: Hsiu-Ching Chen	2,976,037	1.07%	0	0.00%	0	0.00%	Hsiu-Ching Chen	Is the Chairperson of the company.	
	9,915,896	3.57%	0	0.00%	0	0.00%	Hsiu-Ching Chen	Is this individual.	

Standard Chartered International Commercial Bank Business Unit entrusted with the custody of the Credit Suisse International Investment Account	2,769,025	1.00%	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: thousand 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.	8,581	100.00%	-	-	8,581	100.00%
Dynamic PCB Electronics Co., Ltd.	50	100.00%	-	-	50	100.00%
Dynamic Electronics Co., Ltd. (Seychelles)	50	100.00%	-	-	50	100.00%
Dynamic Electronics Trading Pte. Ltd.	50	100.00%	-	-	50	100.00%
Dynamic Electronics Holding Pte. Ltd.	-	-	141,917	100.00%	141,917	100.00%
Dynamic Electronics (Kunshan) Co., Ltd.	-	-	Note 2	100.00%	Note 2	100.00%
Dynamic Electronics (Huangshi) Co., Ltd.	-	-	Note 2	100.00%	Note 2	100.00%

Note 1: The above refers to long-term investment made by the Company through utilizing the equity method.

Note 2: It belongs to a limited company, so there is no number of shares.

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	25	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	28	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	36	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	-	Note 15
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
2020/06	16	400,000	4,000,000	311,059	3,110,594	Cash capital increase 300,000 thousand NTD	-	Note 26
2020/11	10	400,000	4,000,000	277,514	2,775,140	Capital reduction to make up for losses 335,453 thousand NTD	-	Note 27
2022/01	10	400,000	4,000,000	277,518	2,775,183	Issuing new shares by Convertible Bond	-	Note 28

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.

Note 26: 2020/06/30; approval document no. Ching Shou Shang Tzu 10901112310.

Note 27: 2020/11/25; approval document no. Ching Shou Shang Tzu 10901224790.

Note 28: 2021/01/25; approval document no. Ching Shou Shang Tzu 11101008270.

2. Type of Stock

Type of Share	Authorized capital			Remarks
	Issued Shares	Un-issued shares	Total	
Registered Common stock	277,518,361	122,481,639	400,000,000	-

3. Information for Shelf Registration: not applicable.

(B) Shareholder Structure

As of Mar. 22, 2022

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	9	126	37,440	79	37,654
Shareholding (shares)	0	4,387,922	17,125,795	216,980,440	39,024,204	277,518,361
Percentage	0.00%	1.58%	6.17%	78.19%	14.06%	100.00%

(C) Shareholding Distribution Status

As of Mar. 22, 2022

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	13,370	2,569,954	0.92%
1,000 ~ 5,000	18,371	40,201,095	14.48%
5,001 ~ 10,000	3,112	25,881,891	9.33%
10,001 ~ 15,000	747	9,678,059	3.49%
15,001 ~ 20,000	624	11,758,476	4.24%
20,001 ~ 30,000	486	12,808,026	4.61%
30,001 ~ 40,000	223	8,096,338	2.92%
40,001 ~ 50,000	175	8,208,527	2.96%
50,001 ~ 100,000	299	21,729,577	7.83%
100,001 ~ 200,000	118	17,037,884	6.14%
200,001 ~ 400,000	65	17,879,918	6.44%
400,001 ~ 600,000	24	11,589,700	4.18%
600,001 ~ 800,000	16	11,275,879	4.06%
800,001 ~ 1,000,000	4	3,491,705	1.26%
1,000,001 or above	20	75,311,332	27.14%
Total	37,654	277,518,361	100.00%

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

Name	Shareholding	Shares	Percentage
Ken Huang		11,162,071	4.02%
Hsiu-Ching Chen		9,915,896	3.57%
Hung-Li Investment Co., Ltd.		9,497,735	3.42%
Chase Custody Investment Account of JP Morgan Securities Co., Ltd.		6,609,942	2.38%
Citibank (Taiwan) Commercial Bank is entrusted with custody of BoLuNing Emerging Market Fund Company's investment account		5,447,186	1.96%
American JPMorgan Chase Bank Taipei Branch is entrusted with the custody of Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds		4,559,365	1.64%
American JPMorgan Chase Bank Taipei Branch is entrusted with the custody of the Vanguard Emerging Markets Stock Index Fund investment account		3,705,533	1.34%
Chien-Hung Investment Co., Ltd.		3,069,023	1.11%
Ming-Ji Investments Co., Ltd.		2,976,037	1.07%
Standard Chartered International Commercial Bank Business Unit entrusted with the custody of the Credit Suisse International Investment Account		2,769,025	1.00%

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

Year			2020	2021	2022/1/1~2022/3/31 (note 8)
Item					
Market price per share (note 1)	Highest		21.60	25.4	26.2
	Lowest		11.75	15.75	20.1
	Average		17.58	21.06	22.74
Net worth per share (note 2)	Before allocation		18.49	19.89	N/A
	After allocation		18.49	(Note 9)	N/A
Earnings per share	Weighted average shares (thousand shares)		263,664	277,515	277,514
	Earnings per share (note 3)	Before retroactive adjustment	2.58	1.70	N/A
		After retroactive adjustment	2.58	(Note 9)	N/A
Dividend per share	Cash dividend		0.4	0.7	-
	Stock dividend	From retained earnings	-	-	-
		From paid-in capital	-	-	-
	Accumulated undistributed dividends (note 4)		-	-	-

Year		2020	2021	2022/1/1~2022/3/31 (note 8)
Item				
Return on investment analysis	Price-earnings ratio (note 5)	6.81	12.39	N/A
	Price-dividend ratio (note 6)	43.95	30.09	N/A
	Yield on cash dividend (note 7)	2.28	3.32	N/A

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: The distribution of surplus for year 2021 was approved by the board of directors on February 23, 2021.

(F) Dividend Policy and Implementation Status

1. Dividend policy

If the Company's annual closing shows any profit, taxes should be paid first. Then past losses shall be compensated. Then 10% shall be provided as legal reserve, unless the accumulated legal reserve has reached the level of the total capital amount of the Company. Then a special reserve shall be provided or reversed in accordance with law or the requirements of the competent authority. The remaining profit, if any, combines with the accumulated retained earnings, a proposal for distribution of profits will be drafted by the board, then the shareholders' meeting will make a resolution to distribute the bonus to the shareholders.

Company may, follow the provisions of Articles 240 and 241 of the Company Law, authorize the Board of Directors to issue cash dividends and bonuses under special resolutions, and to issue the capital stock or the legal surplus that is in accordance with the provisions of the Company Law in cash, and report in the most recent shareholder meeting.

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. 26, 2021 has decided to forward Earnings Distribution Table as follows to the shareholder's meeting in 2021:

Unit: NTD

Item	Amount
Opening unappropriated retained earnings	500,152,975
Net profit of 2021	470,454,373
Less : Legal reserve	47,045,437
Less : Special reserve	139,158,947
Earnings in 2021 available for distribution	784,402,964
Distribution Item:	
Cash Dividends in 2021 (NT\$0.7 per share)	194,262,852
Closing unappropriated retained earnings	590,140,112

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: none

(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, 6 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: The remuneration of employees and directors in 2021 is estimated at no less than 6% and no more than 3% respectively, and all are paid in cash. If the amount varies after the release of the annual financial statements, it will be treated according to the changes in accounting estimates. The adjustment will be recorded in the account in the next year.

3. Information on the Board of Directors passing the proposal to pay out employee and director's remuneration: The proposed distribution of employee compensation and directors' compensation approved by the board of directors for the year 2021 were 52,386 thousand NTD and 10,483 thousand NTD, respectively.

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

(I) Buyback of Treasury Stock: none.

B. Corporate bonds processing:

(A) The processing of Convertible bond

Types of corporate bonds	Second domestic unsecured Convertible Bond
Issuance (processing) date	2021/05/13
Face value	NT\$100,000
Issuing and Trading Location	N/A
Issue price	Issued by face value
Total	NT\$500 million
Interest rate	Coupon rate 0%
Maturity	Three years
Guarantee Agency	N/A
Trustee Bank	SinoPac Co., Ltd.
Underwriter	Fubon Securities Co. Ltd.
Certified Attorney	Handsome Attorneys-at-law
Certified Public Accountant	Ernst & Young Certified Public Accountants: CPA Qingbiao Zheng, CPA Xiaoqing Luo
Repayment method	Unless the creditor has converted the bond into the company's common stock in accordance with Article 10 of the Conversion and Issuance Regulations, or the bond has been redeemed in advance by the Company in accordance with Article 18 of the Conversion and Issuance Regulations or repurchased and cancelled by the securities firm's office, the Company will repaid in cash at 100.7519% of the bond face value (the actual annual yield is 0.25%) for the convertible bond held

		by the holder upon maturity.
Outstanding principal		NT\$499,900,000
Terms of redemption or early redemption		Please refer to the issuance and conversion method
Restriction clause		N/A
Name of credit rating agency, rating date, corporate bond rating results		none
Other rights	Amount of common stock, Global Depositary Receipts or other securities that have been transferred (exchanged or subscribed) as of the date of publication of the annual report	NT\$100,000
	Issuance and conversion (exchange or subscription) methods	Please refer to the issuance and conversion method
Issuance and conversion, exchange or share subscription method, issuance conditions may dilute the equity and the impact on existing shareholders' rights and interests		Convertible corporate bonds have no equity dilution effect on the company before the creditor requests the execution of the conversion right. The creditor can choose to convert the bond at a more favorable time point during the convertible period, so it has a deferred effect on equity dilution. With the conversion of corporate bonds into common stock, in addition to reducing liabilities, it will also increase shareholders' equity, thereby increasing the net value per share, so the existing shareholders' equity is more protected in the long run.
The name of the custodian institution for the subject of the exchange		N/A

(B) Convertible bond information

Type of Corporate Bond		The second domestic convertible bond	
Item	Year	2021	Jan.1 to Mar 31, 2022
Market price of the convertible bond	Highest	120	125.45
	Lowest	100.1	113.5
	Average	110.15	120.77

Conversion Price	23.1
Issuance date and conversion price of issuance	The conversion price issued on May 13, 2021: NT\$23.5
The method of fulfilling conversion obligations	Issuing new shares

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:

As of the quarter before the publication of this annual report, the company's plan for fundraising and securities issuance which has been completed within the last three years with manifest benefits is the cash capital increase plan in 2019. The plan for fundraising and securities issuance that is not completed yet in the recent three years is the second domestic issuance of unsecured convertible bonds in 2021. The relevant information and implementation situation are explained as follows:

(A) Cash capital increase plan in 2019

1. Project content and expected benefits:

(1) Approval date and document number of the competent authority: Financial Supervisory certification No. 1080342221 issued by the Financial Supervision Commission on January 15, 2020 was declared effective. To apply for the extension of fund raising time, it was approved by the Financial Supervision Commission with the certification No. 1090332720 on February 25, 2020, approving the extension period to July 14, 2020.

(2) Total funds required for the plan: NT\$ 480,000 thousand.

(3) Source of funds:

a. Conducting cash capital increase by issuing 30,000 thousand common shares with denomination of NT\$10 per share, the price of issued per share is tentatively set at NT\$16, and the total amount to be raised is expected to be NT\$480,000 thousand.

b. Arrangement when insufficient or excess funds are raised: If insufficient funds are raised this time, it will be supported by the company's own capital or bank financing; if the raised funds exceed the amount required for this plan, the fund will be used to enrich working capital.

(4) Projects and Fund utilization progress

Project	Estimated completion time	The amount of fund required	Expected progress of fund utilization
			2020 Q1
Repayment of bank loans	2020 Q1	387,605	387,605
Working capital replenishment	2020 Q1	92,395	92,395
Total		480,000	480,000

(5) Expected benefits
a. Repayment of bank loans

Unit: NTD thousand

Bank of loans	Interest rate	Contract period (Note 1)	Purpose of the loans	Balance of the loans	Repayment amount	Interest amount reduced	
						year 2020	The following years of year 2021
Hwa Nan Bank	2.75000%	2019/01/11-2020/02/11 (Note 2)	Working capital	95,945	95,945	2,096	2,638
Shanghai Commercial and Saving Bank	2.89875%	2019/08/04-2020/08/04	Working capital	92,745	92,745	2,136	2,688
Taichung Bank	3.28360%	2019/12/09-2020/12/13 (Note 3)	Working capital	62,340	62,340	1,626	2,047
KGI Bank	3.19875%	2019/03/14-2020/03/14	Working capital	136,575	136,575	3,471	4,369
Total				387,605	387,605	9,329	11,742

Note 1: The loan repaid this time is the working capital, which can be revolved during the contract period.

Note 2: The loan contract expires in January 2020, and an application for contract extension has been made.

Note 3: The original mobilization time of the bank's borrowings was January 2019, and continued to be revolved. This contract period is the agreed validity period of the new contract after the previous contract expires.

The plan is to appropriate NT387,605,000 dollars from the current fundraising project of the company for bank loan repayment to reduce the loans to financial institutions and the bank interest burden. To calculate the loan interest rate that the company intends to repay, it is estimated that the interest expenses saved in 2020 and subsequent years will be NT9,329,000 dollars and NT11,742,000 dollars respectively, which can moderately reduce the company's financial expenses, improve the flexibility of bank financing and benefit the company Operational development.

b. Replenish working capital

It is estimated to appropriate NT92,395,000 dollars to replenish working capital in order to meet the operating capital required for operating growth. It will help stabilize long-term fund, strengthen the flexibility of fund utilization, and save interest expenses to enhance the company Overall operational competitiveness.

(6) The project content of the change, reason for the change and benefit before and after the change: Not applicable.

(7) The date for entering the information application website designated by the Securities and Exchange Commission: January 15, 2020.

2. Implementation

Project	Implementation		2020 Q2	Reasons for progress ahead or behind and improvement plan
Repayment of bank loans	Appropriated amount	Plan	387,605	The main reason is that the funds for this cash
		Actual state	387,605	

	Implementation progress %	Plan	100.00	capital increase were fully collected on June 18, 2020. Therefore, the capital utilization plan was postponed to June 2020 and the implementation was completed in the second quarter of 2020.
		Actual state	100.00	
Working capital replenishment	Appropriated amount	Plan	92,395	
		Actual state	92,395	
	Implementation progress %	Plan	100.00	
		Actual state	100.00	
Total	Appropriated amount	Plan	480,000	
		Actual state	480,000	
	Implementation progress %	Plan	100.00	
		Actual state	100.00	

3. Benefit evaluation

Project	Year 2019 (before fundraising)	Year 2020 (After fundraising)
Operating income	5,064,011	3,868,208
Operating gross margin	99,195	340,431
Operating profit (Loss)	(304,103)	(27,208)
Net profit before tax	188,628	739,376
Surplus per share	0.63	2.58

After the company's 2020 cash capital increase and the funds of new shares issued were fully collected in June 2020, it was immediately used to repay bank borrowing and enrich working capital. However, the Group considers that the Taoyuan plant was producing a small amount of diversification without reaching the economic scale, the board of directors meeting on August 13, 2019 resolved to sell the Taoyuan plant in order to achieve the best configuration of the group's equipment capacity and enhance the company's overall competitiveness. Taoyuan plant was closed on October 1, 2019. The production capacity of the Taoyuan plant was undertaken by the company's subsidiaries in mainland. Since the production transfer required customers' certification and some customers did not complete the certification, the company's individual operating income in 2020 decreased by NTD1,195,803,000 compared with 2019, a decrease rate of 23.61%. Since the Taoyuan plant had been closed in 2020 so that the situation of production not reaching economies of scale no longer occurred. As a result, the company's gross profit margin increased from 1.96% in 2019 to 8.80% in 2020, and the gross profit in 2020 increased by NTD241,236,000 compared with 2019 with an increase rate of 243.19%. It was also due to the cut down on staff number by the closure of the Taoyuan plant, there was another decrease of NTD35,659,000 in operating expenses compared with the fiscal year of 2019, resulting in a decrease of NTD276,895,000 in operating losses compared with the fiscal year of 2019, with the disposal of the Taoyuan plant, the company's EPS has increased from RMB 0.63 in 2019 to RMB 2.58 in 2020, showing that the funds raised in this fundraising used to enrich working capital to support the company's operations was effective.

Year		2019/12/31 Before fundraising)	2020/12/31 After fundraising
Item			
Financial structure	Debt ratio	44.32	19.48
	Ratio of long-term funds to real estate, plant, and equipment	41,026.49	454,472.23

Solvency	Current ratio	83.58	173.24
	Quick ratio	80.29	165.76

In terms of financial structure and solvency, as the cash capital increase was used to repay bank borrowings so that the shareholders' equity increased and liabilities decreased; resulting in the decrease in the company's debt ratio from late year 2019's 44.32% to 19.48% at the end of 2020. In addition, the cash capital increase was to repay short-term borrowings, which reduced current liabilities, and because the company repaid long-term borrowings due within one year as agreed in contract, the current ratio and quick ratio at the end of 2020 increased respectively compared with 2019, which demonstrated the effect on the company's improvement in its financial structure and debt solvency.

After the company's cash capital increase and the fund of new shares issuance in 2020 was collected in June 2020, NTD387,605,000 has been used to repay bank loans in late June to reduce the amount of borrowing from financial institutions and reduce the burden of bank interest. In terms of interest expenses, the expense of interest on the bank loans in 2020 will be reduced by NTD24,453,000 compared with 2019 after the company continued to repay the bank borrowing during mid-June 2020. The savings in interest expenses have reached the expected interest expense saved in 2020, NTD9,329,000.

To sum up, the cash capital increase with issuance of new shares improved the company's operating performance, financial structure and solvency, reduced the amount of the borrowing from financial institutions and the interest burden on banks, which has demonstrated the benefits of using the company's cash capital increase for repaying bank borrowings and enriching working capital.

(B) The second domestic unsecured convertible corporate bond issuance in 2021

1. Project content and expected benefits

- (1) The approval date and document number of the competent authority: Financial Supervision and Administration Commission dated April 13, 2021, Jinn Guan Zheng Fa Zip No. 1100336982.
- (2) The total amount of funds required for the project: NT\$505,512,000.
- (3) Source of the Funds: Issuing the second domestic unsecured convertible bonds to a maximum of 5,000 shares; each with a face value of NTD100,000 and zero-coupon rate. The issuance period is three years; issuing at no less than 101.1% of the denomination. The total denomination is capped at NT\$500,000,000. The shares were issued by public underwriting through bidding auction. If the actual raised amount is higher than the predetermined amount, the amount used to enrich the working capital will be increased. The company will reduce the funds used to enrich the working capital in response to the insufficient portion of the fund raised and the convertible bonds during the actual issuance.
- (4) Scheduled fund utilization progress

Unit: NTD thousand

Project	Estimated completion date	Total amount of funds required	Scheduled fund utilization progress	
			Q2 2021	Q3 2021
Funds to enrich the capital	2021 Q3	505,512	300,000	205,512

(5) Expected effectiveness

In this fundraising project, it is planned that all of NT\$505,000,000 will be used to enrich the working capital to meet the demand of operation. The funds raised is able to replace bank financing, which will help not only increase the stability of long-term funds, improve short-term solvency and strengthen the ability to flexibly allocate funds and improve the financial structure, it will also save refinancing interest expenses and improve the company's operational competitiveness. Replacing bank financing with the funds raised, it is expected to save NT\$5,764,000 in refinancing interest expenses each year in the future according to the calculation based on the company's current bank working capital loan average interest rate of 1.047%.

(6) Change in project content, reason for change and benefits before and after change: Not applicable.

(7) Date of entering the information reporting website designated by the Securities and Futures Bureau: October 8, 2021.

2. Implementation

Unit: NTD thousand

Project	Implementation		Up to 2021 Q3	Reasons for progress ahead or behind and improvement plan
Funds to enrich the capital	Amount required	Plan	505,000	The fundraising plan has raised NT\$ 550,512 thousand on May 13, 2021, and the fund utilization plan has been completed in the third quarter of 2021.
		Actual state	550,512	
	Implementation progress %	Plan	100.00	
		Actual state	109.01	

3. Benefit evaluation

Project \ Year		Mar. 31, 2021 (before fundraising)	Sep. 30, 2021 (After fundraising)
solvency	current ratio	166.96	310.34
	quick ratio	160.47	298.23

The company's current ratio and quick ratio at the end of September 2021 were both higher than those at the end of March 2021 (before fundraising), and the interest expense (excluding interest amortization of convertible corporate bonds) in the third quarter of 2021 was also lower than that in the first quarter of 2021. So the fundraising benefit has appeared.

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 2021	
	Sales Amount	Sales Ratio
Printed Circuit Board	15,731,696	99.86
Others	21,361	0.14
Total	15,753,057	100.00

- Dynamic concentrates on PCB products including traditional rigid board, high density connected board, 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, ultra-high-resolution display modules, medical equipment and detection sensor, Mini LED Display, 28GHz/39GHz communication high-frequency transceivers, High and low orbit satellite ground receiver, electric vehicle charging piles, EV automotive relays, and aerospace/military etc. 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:

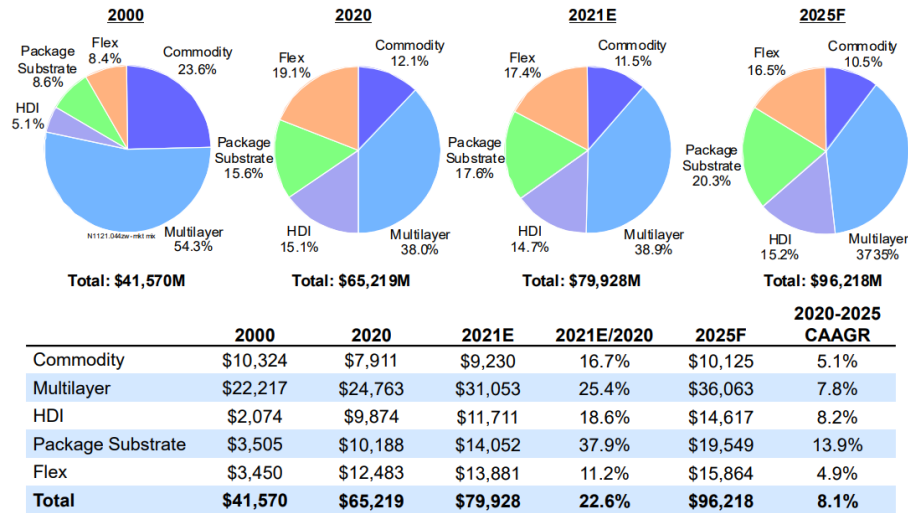
(1) Global current situation and development

The new coronavirus epidemic has impacted on the global economy in 2021, yet business opportunities arose from the distance caused. At the same time, 5G era is arriving which drives the demands for cloud services, servers, laptops, games, medical technology and other related products. In addition, the rapid development of emerging technologies such as the Internet of Things (IoT), electric vehicles, artificial intelligence (AI) and machine learning

are driving specific electronic products to a trend of growth and increase in the demand for PCB (printed circuit boards).

Overview of the world's major PCB output value

CHANGES IN PCB MARKET PRODUCT MIX



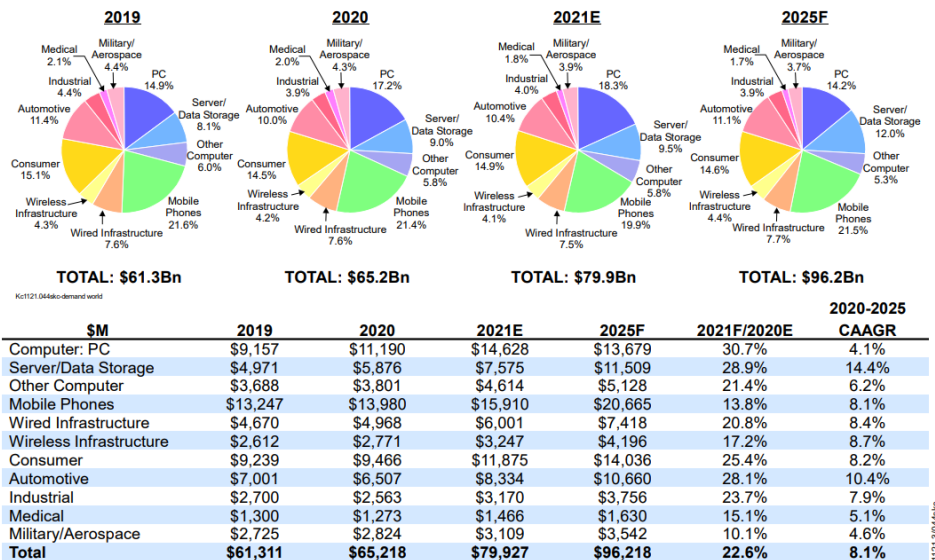
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According to a research report issued by Prismark in December 2021, substrate and anylayer/HDI have shown a better growth rate among the various PCB in the world in 2021.

The global proportion of PCB's distribution in application

TOTAL PCB AND SUBSTRATE DEMAND BY APPLICATION

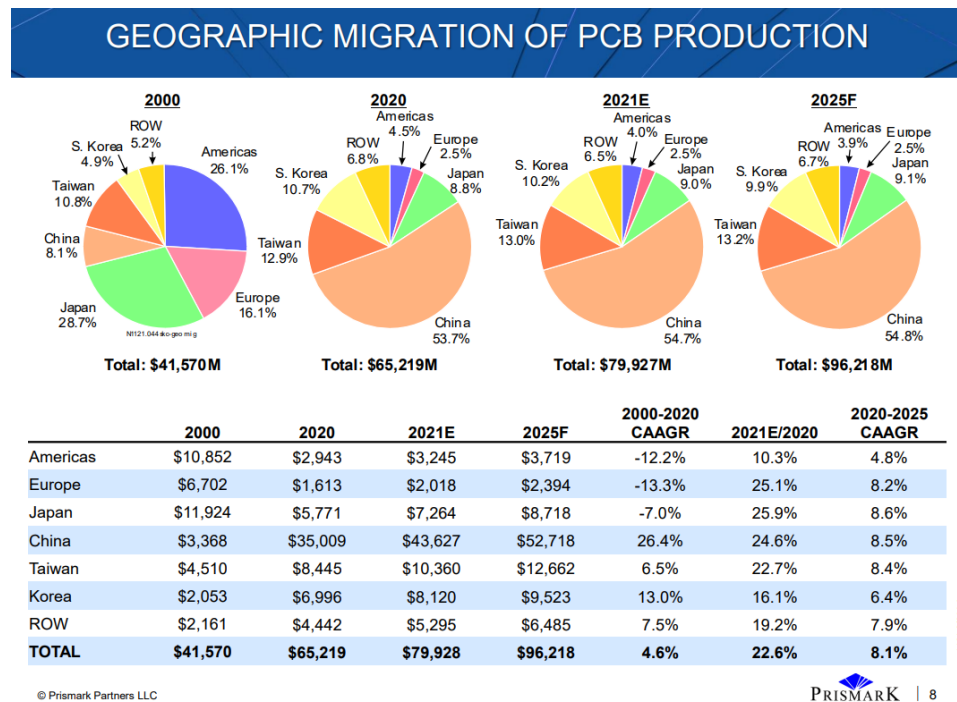


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According to the research report issued by PRISMARK in December 2021, the current global PCB industry mainly supplies 3C (mobile phones, computers, consumer electronics) products, accounting for more than 50% of the total output value, and the highest compound growth rate in the next five years will be server and automotive, which show that the growth momentum of future demand will mainly come from the server and automotive industries °

Market share of the major PCB manufacture countries



In 2021, the market share of global PCB manufacture countries is still dominated by mainland China, accounting for 54.7%, followed by Taiwan with 13%. China has a great advantage in various cost concerns. The proportion of output value in each country appears to vary from 2000 to 2021. Mainland China has grown from 8.1% in 2000 to 54.7% in 2021. It is estimated that the proportion of output value of various countries will not change much in the next five years.

(2) The Current Status and Development of Taiwan

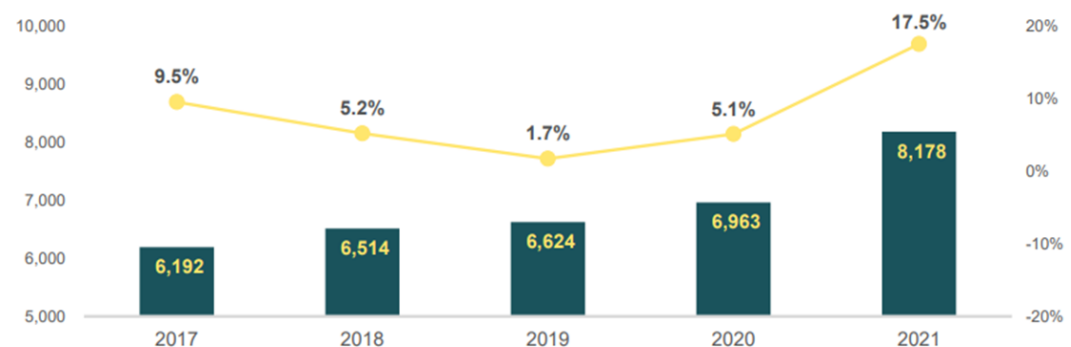
According to the research report of TPCA (Taiwan Circuit Board Association) released in February 2022, the cross-strait PCB output value in 2021 is NT\$817.8 billion, an increase of 17.5% compared to 2020. The output value of NTD continues to come to a new high, not only hitting 800 billion for the first time, the annual growth rate has reached a double-digit growth again ever since 2010, and has been growing for five consecutive years.

2021 is an unusual year for PCB industry. The epidemic continues to cause shortages of various materials in the supply chain. At the same time, the PCB market demand is growing rapidly, the prices of PCB raw materials are

soaring, such as substrates, copper foils, resins, and glass fibers, and most materials are lacking. Under such circumstance, PCB factories need to stock up inventory to strengthen the flexibility of production allocation, which leads to rising costs, however, the average selling price also rises almost in an all-round way, resulting in a significant growth in revenue.

Looking forward to 2022, PCB industry will benefit from the expansion of high-end computing and 5G products, and the global carbon reduction policy will drive a rapid growth of electric vehicle sales, becoming a strong support for PCB industry. Despite the fact that the global epidemic has not yet ended, and the policy tends to coexisting with the virus, it is expected that the global economy will gradually be back on the track of recovery. However, the prices of raw materials are still not leveling off due to global inflation and the Russian-Ukrainian war, there are still unstable factors need to be dealt with carefully under optimistic circumstances.

The trend of the country's PCB output value and its annual growth rate



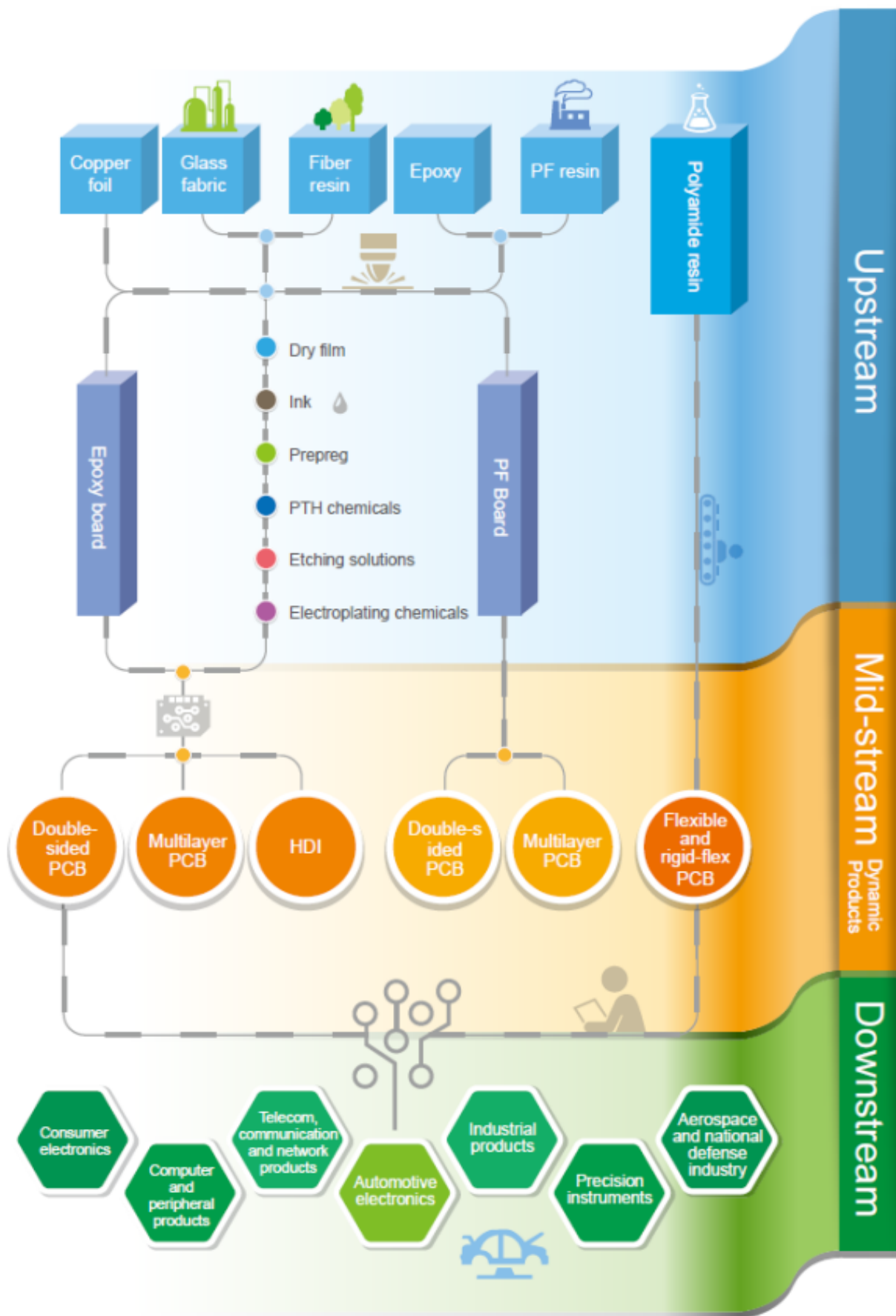
Output value (100million NTD)

Annual growth rate

Source: TPCA & IEK, February 2022

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:



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, Teflon, 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. In addition, the prices of raw materials (copper foil, glass fiber) are rising fiercely, and the supply is very tight, which severely reduce the profit margin. 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	2020	2021	Jan.1 to Mar. 31, 2022
R&D Expenses	10,095	5,310	911

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 2021 in the following six points:

- (1) High-speed and low-signal loss products: Continue to test various Ultra low loss materials and obtain UL certification and have been mass-produced and applied to 400G optical module products. The material particularly for application in the development of AI server and Data Center Server products has entered the sample production stage. The materials required for the 5G generation application on the Intel Eagle Stream platform have been certified. Low-etching brown-oxide chemicals and pulse plating process technology are also being actively developed.
- (2) High-end HDI and thin products: For high-end HDI, 16-layer Anylayer HDI has passed sample certification. We have successfully completed the certification and mass production of 14-layer Anylayer mobile phone screen test modules and tablet computer motherboards, and 12-layer Anylayer Cavity high-end notebook computer motherboards. Completed the development of the 12-layer Anylayer automotive central control motherboard, and successfully mass-produced the 14-layer smart grid control HDI board with a full 3oz design inside and outside. In addition, the investigation of materials that can withstand multiple laminations has been completed, so that the materials used by Anylayer can be more diverse and stable. The thin product MiniLED 0.2mm board thickness has been certified and started production. In 2022, the focus will be on the development and production of BT material products such as the production of thinner thickness (0.15-0.1mm).
- (3) Mini-LED Display products: Currently, it is developing towards higher resolution to meet the needs of Pad pitch of 0.04mm pitch. In addition, the molding tolerance of +/-0.05mm is also the focus of development, in order to enter the high-end display market and enhance the added value of the products. In terms of Mini-LED backlight, we also actively approaching relevant customers and has started mass production.
- (4) High-frequency mmWave products: Automotive mmWave radar 24GHz/60GHz/77GHz shipments are rising and the investment of capital and resources in it will be increased in year 2021. We will have more in-depth cooperation with customers for self-detection of antenna performance and the development of new antenna technology. At present, the focus is on the improvement of antenna yield to enhance the profitability of related products. In terms of satellite communications and microwave products, GEO (Geosynchronous Satellite) ground receiver stations are in continuous mass production, and the most developed LEO (Low Earth Orbit Satellite) ground

receiver stations are also expected to be put into mass production in year 2021. The FWA (Fixed Wireless Access) and CPE (Customer Premises Equipment) parts used in 5G small cells have been certified by many customers. However, the overall progress of 5G millimeter wave has been delayed by the epidemic; currently, we keep working with customers to run the test of preliminary samples of 28GHz and 39GHz products.

- (5) High heat dissipation products: Used in communication high frequency receivers, electric vehicle charging piles and automobile engine control modules. The 6oz-thick copper relays products for automotive are in mass-production, 8oz products have begun to be developed and designed with customers, and the material and process development for 12oz products has also been completed. Copper paste heat dissipation process is currently under development. High-frequency power amplifier products are under sample development and process optimization stages. Sample development and test of Busbar products have completed and the related process capabilities will be continuously improved. The official sample of the car lamp has been completed, and the embedded copper design criteria have been completed. We will continue to cooperate with the client to develop, and improve the production experience and process capability of related products of the plant.
- (6) Embedded active and passive component products: Using embedded component technology to jointly develop embedded component 48V integrated Belt Starter Generator (iBSG) products with customers, actively to take a role in the supply chain of mild-hybrid 48V automobile parts, and the products are currently in trial production stage. The application of other embedded components for automotive products is currently being actively developed with customers, and processes for embedded components (passive components, magnetic materials, etc.) in various other ways are also being developed simultaneously.

(D) Short and Long-term Business Development Plan

1. Short-term business plan

(1) Marketing plan

- Develop high margin products such as HDI, high-frequency high-speed related applications.
- Expand niche products such as Advanced Driver Assistance Systems (ADAS) of automotive electronics, medical products, cloud servers, 5G related equipment and terminal applications
- 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, the turnover rate, production efficiency and quality are all improved, thereby competitiveness is boosted by cost reduction.
- 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 devices quality management system in year 2019, the highest management combined with the operating management to run the quality management system.
- Take advantage of automation, intelligence, and informatization capabilities to integrate real-time vertical information from design, planning to production. Optimize the use of manpower, energy, and resources, and configure flexible production lines, thereby achieving the benefits of quick response to market demands. Practical action strategies can be developed through big data insights, from machine data interconnection to intelligent decision-making automation, to meet the needs of different management levels. Improve production efficiency and product quality and realize quality traceability and production transparency. Effectively improve the accuracy of products and management and achieve efficient and accurate operational performance.
- Promote environmental protection, energy saving and circular economy projects. Continue to classify and find recycling pipelines for process outputs that cannot be recycled and reused at present. Set up recycling equipment on the production line to recover valuable substances and chemicals, and introduce incineration waste reduction equipment to reduce the output of incineration waste; continue to cooperate with government regulations to reduce the discharge of harmful pollutants and ensure that the water quality of the discharge meets the regulations.
- Work with our suppliers to promote various policies such as labor, health and safety, environment, ethics and management systems, and implement corporate social responsibility.

(3) R&D plan

- High end 24 and more layer board registration technology
- Buried and embedded copper, magnetic materials technology
- High-precision back-drilling and cavity technology
- Hybrid material of asymmetric stack-up for high speed high frequency product
- 24Ghz, 28GHz, 39GHz, 60GHz, 77Ghz, 79GHz Microwave millimeter wave high frequency technology
- Substrate-Like PCB (SLP) low warpage technology process development

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 continues to expand its production capacity. At the same time, Huangshi Plant II has begun construction in 2021. The main structure will be capped in December. It is expected to complete the installation and trial production in 2022 Q2, mainly planning to produce high-end process HDI&HLC.

(3) R&D plan

- <1.6 mil SLP fine line process development
- Low warpage laminate technology process development
- Embedded active and passive components
- SiP Substrate module
- 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

Sales Location \ Year		2021 Consolidated	
		Sales Amount	Ratio %
Domestic		656,669	4.17
Export	China	6,723,618	42.68
	Korea	1,426,886	9.06
	Thailand	984,513	6.25
	Germany	966,936	6.14
	Other countries	4,994,435	31.70
Total		15,753,057	100.00

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

2. Market Share

Unit: NTD 100million

Item \ Year		2020	2021
Value of cross-strait Taiwanese businesses in PCB industry		6,785	8,178
Dynamic Electronics' consolidated revenue		126	157
Dynamic Electronics' consolidated revenue/value of cross-strait Taiwanese businesses in PCB industry (%)		1.86%	1.91%

Source: IEK of ITRI

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

Computer, tablet and other related markets have continued to flourish due to the impact of the epidemic. Automotive boards have also begun to recover. It is foreseeable that PCB will remain in high demand in the future. 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, high-medium-low orbit satellite, logistics and automatic storage.

4. Niche Competitiveness

Niche competitiveness of the Company includes:

- (1) Fulfilling CSR (Corporate Social Responsibility) as its core of corporate culture enables Dynamic to bring customers the value of long-term stability.
- (2) Satisfying customers by meeting their needs of integration services of business flow, logistics, and information flow.

- (3) Providing a comprehensive product line, one stop solution, including: Conventional, High layer count, HDI, High Frequency, Heavy Copper, Rigid-Flex, Semi-Flex, etc.
 - (4) Assisting customers with product development and design, supporting customers for their long-term success.
 - (5) Equipped with global technical support and after-sales service network.
 - (6) The management of Dynamic is formed with people from different countries who are possessed of extensive experience in certain fields.
5. Favorable and Unfavorable Factors for Future Development and the 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 the rise of 5G related applications, cloud computing, Big Data, IoT etc. 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. 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. In response to the new coronavirus epidemic (COVID-19), related medical equipment has also made contribution to the sales performance.
- (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
Countermeasures: Regularly collect and update the salary and benefit policy information of the industry. Review and modify the salary and benefit measures of corporate optimization. Enhance the company's competitiveness and strength among the peers in the industry. Cultivate

and enhance the professional skills of all employees. Create corporate humanities to increase the stability of employees' retention at the post. Optimize production and the method of efficient working to reduce manpower.

d. A lack of technical talent

Countermeasures: Recruit and cultivate college and undergraduate talents, salary determined based on education level, in addition to monthly performance incentive bonuses, set excellent skill allowances, long-tenured employee rewards, and launch a promotion and salary increase mechanism every year; at the same time, encourage employees to further pursue the education to improve the overall academic standard of all staff, which is a necessity for the company's continuous development.

e. Environmental cost is steadily rising

Countermeasures: Strengthen the control of waste water classification and discharge from production lines, optimize various waste water treatment processes, and reduce the use of chemicals. Increase the copper content of the sludge to create the higher value of the sludge; reuse the reclaimed water and the discharge water to reduce the discharge of waste water; improve the quality and quantity of recycled valuable waste, and improve the recycling efficiency.

f. 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.

g. The debt ratio is too high

Countermeasures: Proactively improve profitability, effectively control cash flow and reduce operational cost.

h. Valuing work safety awareness

Countermeasures: Regularly carry out employee safety training to enhance the safety awareness of the entire plant; strengthen systematics management of key areas and strict control of dangerous operations in the plant. Conduct monthly training and assessments to enhance the safety awareness of foreign manufacturers; The manager led the whole team to inspect a plant-wide process for safety production twice a year and appoint external professional organizations to conduct industrial safety examination on the spot to implement the main responsibility of the company's production safety.

i. Raw material shortage and price increase

Countermeasures: Maintain long-term transaction with strategic suppliers and also maintain active interaction between the high-level managements of both parties to avoid material interruption crisis and maintain cost advantages, continue to develop new suppliers, increase

material selection manufacturers and create healthy competition. Strengthen internal cost management system, reduce idle material and the waste of it, adjust and remain sufficient inventory according to the order-placing situation of the market. Maintain a stable and close cooperative relationship with the major suppliers and obtain the fluctuating price information of upstream and downstream raw materials and the changes in production capacity at any time, so as to adjust the inventory level in advance to reduce the impact brought from price increases.

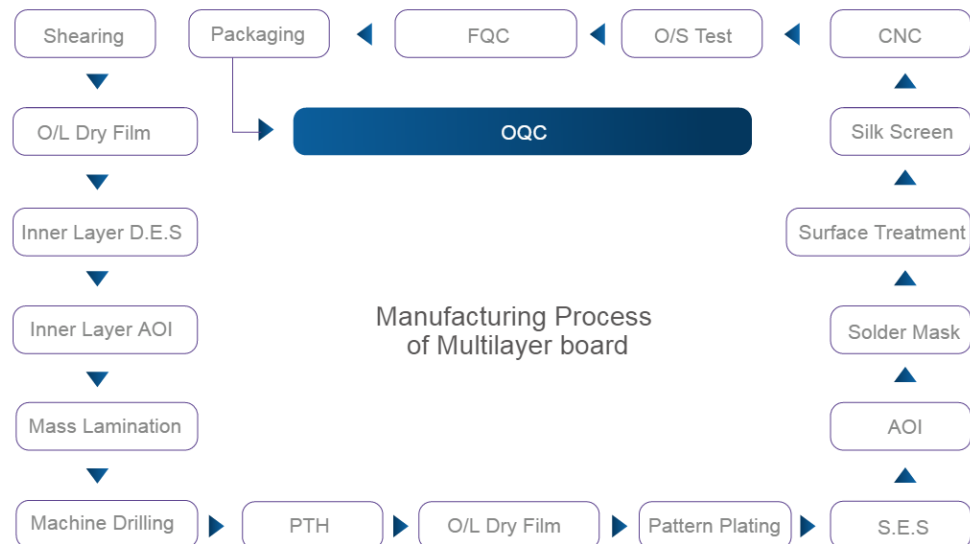
(C) Important Applications and Production Processes of Major Products

1. Important Applications of Major Products

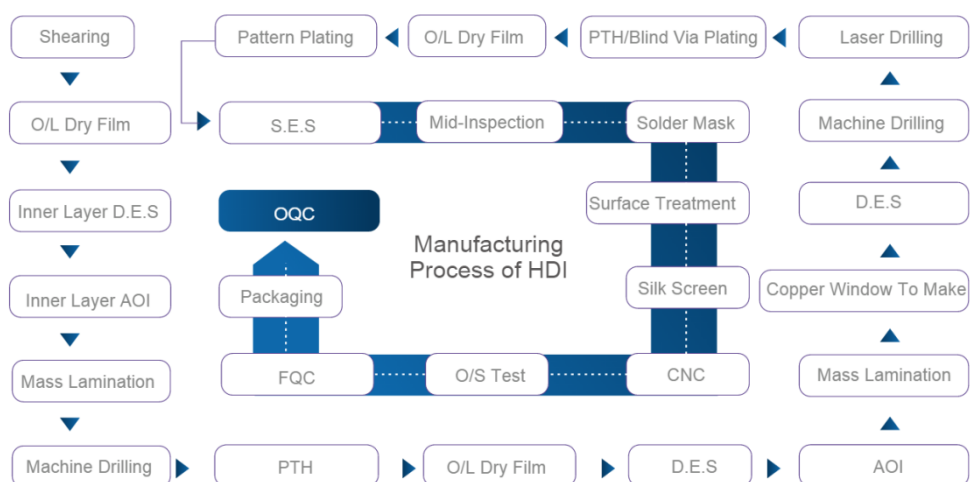
Product Type	Major Applications
Double-sided PCB	Automotive, MiniLED backlight board
Multilayer PCB	Storage devices, TFT-LCD, Set-top box, Communication board, Automotive, Notebook, Server, Industrial computers etc.
HDI	Car GPS, New energy vehicles ECU, ADAS, SSD, TFT-LCD, Tablet, Communication board, Medical products etc.
High-frequency PCB	Car Radar, Power amplifiers, Filters, Smart homes, Smart road networks, Antennas, Macro site, Micro site, Satellite receiver etc.

2. Manufacturing Process

(1) Conventional



(2) HDI



(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. Affected by the lack of materials in the overall situation since November 2020, the supply and cost of the main raw material manufacturers have been adjusted to certain degrees. We concentrated our resources to ensure the total amount as the priority, at the same time, coordinating emergency needs. Up to now, the materials can satisfy the total production needs of the group, keeping the deliveries stable. Purchasing costs are negotiated based on the total amount of the group, and the bargaining chips include future factory expansion plans and strategic cooperation intentions to reduce the purchasing cost. The primary vendors of each of the primary raw material are listed below:

Major Raw Material	Major Supplier
Core	Sheng-yi, Iteq, Nanya, EMC, Jinbao, Wazam, Grace
PP	Sheng-yi, Iteq, Nanya, EMC, Jinbao, Wazam, Grace
Dry Film	Hitachi, Eternal Materials, First
Copper Foil	Nanya, Shandong Jindu, Yates

(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								
2020 Consolidated					2021 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	956,228	13.59	None	A	1,188,947	11.03	None

2	Others	6,079,220	86.41	None	Others	9,590,915	88.97	None
	Net purchasing	7,035,448	100.00		Net purchasing	10,779,862	100.00	

Analysis: The Company's major purchases are core, PP, copper foils, etc. In the most recent two years, only one supplier accounted for more than 10% of net purchases in the whole year. In addition to maintaining a good relationship with existing suppliers, the Group actively seeks and develops high-quality suppliers, resulting in a decrease in the proportion of purchases from Group A in 2021.

2. Major customers for the most recent two years:

Unit: NTD thousands

Item	2010 Consolidated				2021 Consolidated			
	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	B	2,044,796	16.20	None	B	2,032,668	12.90	None
2	Others	10,579,305	83.80	None	Others	13,720,389	87.10	None
	Net sales	12,624,101	100.00		Net sales	15,753,057	100.00	

Analysis: The Company mainly sells automotive boards to B customers. The proportion of sales to B customers has decreased in the last two years, mainly because the company is committed to improving the product portfolio of automotive boards.

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

Unit: thousands square feet; thousands piece; NTD thousands

Major products	Year qty/value	2020			2021		
		Capacity	Quantity	Value	Capacity	Quantity	Value
Printed Circuit Board		38,050	31,386	9,495,686	41,550	38,462	13,348,936

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

Major products	Year qty/value	2020				2021			
		Domestic sales		Export		Domestic sales		Export	
		Q'ty	Value	Q'ty	Value	Q'ty	Value	Q'ty	Value
Printed Circuit Board		358	284,400	32,264	12,337,806	861	656,669	36,184	15,074,899
Others		-	-	-	1,895	-	-	-	21,489
Total		358	284,400	32,264	12,339,701	861	656,669	36,184	15,096,388

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	2020/12/31	2021/12/31	2022/3/31

Number of workers	Direct workers	5,181	3,698	4,242
	Indirect workers	727	1,171	641
	Total	5,908	4,869	4,883
Average age		31.20	32.97	33.55
Average years of service		2.87	3.74	3.32
Distribution of education	Ph.D.	0.05%	0.04%	0.04%
	Master	0.27%	0.35%	0.35%
	University	19.87%	25.06%	24.33%
	High school	15.37%	15.18%	14.97%
	Below high school	64.44%	59.37%	60.31%

Note: The Group adjusted and consolidated the human resource structure, functions and production in 2019 to achieve the best allocation of the Group's production capacity of equipment, which was completed by the end of March 2020.

D. Environmental Expenditure Information

(A) Total amount of Environmental Expenditure

Kunshan plant: Total environmental expenditure of year 2021 was RMB 91.36 mil.

Huangshi plant: Total environmental expenditure of year 2021 was RMB 43.47 mil.

(B) In the most recent year and as of the publication date of the annual report, the losses caused due to environmental pollution and the future countermeasures against it:

None

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) Free parking lot.
- (5) The Company sponsors and encourages students to participate in healthy activities such as marathon.
- (6) Set up suggestion box for unfair treatment and ensures that suggestions are answered.
- (7) Employee group insurance.
- (8) Implement year-end bonus, holiday bonuses, performance bonus, and dividend structure.
- (9) Whenever an employee of the Company gets married, gives birth, dies or becomes amputated, there is always aid or pension etc.
- (10) Employee health check-up on a routine basis every year.
- (11) Set up medical grade blood pressure and sphygmometers to help employees monitor their health.
- (12) Set up library and employees can borrow books for free.

- (13) On-site and external skills training program for employees.
- (14) Foreign language classes for employees.
- (15) Aid for continuing education training for employees, and professional class for senior management.
- (16) Various employee activities such as tourism and staff gatherings.
- (17) 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. In 2021, the actual hours of education and training per person are as the following: Taoyuan Operation Center 18.9 hours, Kunshan Plant 19.2 hours, and Huangshi Plant 17.6 hours.

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. 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) Regulations for the Management of the Workers' Retirement

a. Voluntary retirement

A worker may apply for voluntary retirement under any of the following conditions:

- Those who have worked in the company for more than fifteen years and have reached the age of fifty-five.
- Those who have worked in the company for more than 25 years.
- Those who have worked for more than ten years and have reached the age of sixty.

b. Mandatory retirement

A worker shall be forced to retire under any of the following conditions:

- Those who are 65 years of age or older.

- Loss of mind or physical disability to perform the job.
 - According to the Labor Standards Act Article 55, Paragraph 1, Subparagraph 2, an additional 20% shall be given to workers forced to retire due to disability incurred from the execution of their duties.
- c. Preferential retirement conditions
Employee whose age and job tenure total more than 60 can apply to the company for preferential retirement and apply for retirement pensions in accordance with the old retirement system of Labor Law.
- d. Employee pension payment standard is as follows:
The job tenure that is applicable before and after the Labor Standards Act and the choice of remaining with the "Labor Standards Act" pension regulation according to the Labor Pension Act or keeping the job tenure that is applicable before the Labor Pension Act, the pensions are issued in accordance with Article 84-2 and Article 55 of the Labor Standards Act.
- For the workers by the old retirement system who voluntarily retire or forced to retire, the pension payment standards are as follows:
Two bases are given for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The length of service is calculated as half year when it is less than six months and as one year when it is more than six months.
 - $(1\sim15 \text{ years}) \times 2 \text{ base} + (16 \text{ years}\sim) \times 1 \text{ base} \leq 45 \text{ base}$.
 - For employees who are eligible for the new labor retirement system, the company will contribute 6% (or more) of their monthly wages to their employees' retirement pensions on monthly basis.
- e. Voluntary retirees should fill out an employee retirement application form for approval before applying for the pension.
- f. The retirement pension of the resigned employee shall be paid within 30 days from the date of retirement; the pension application that meets the job tenure of the new retirement system shall be processed in accordance with the new system of labor retirement regulations.
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) The Kunshan factory has set up a personnel dispute mediation room in the factory. Any personnel disputes are first mediated in the factory. If the mediation is unsuccessful, then apply to labor arbitration for a ruling. If the

parties involved are not satisfied with the ruling, they can appeal to the people's court for a ruling. The Kunshan plant was awarded a bronze medal of Harmonious Labor Relations Enterprise by the Kunshan Municipal People's Government in December 2020.

- (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. Neither Kunshan Factory nor Huangshi Factory had loss for labor disputes in 2021.
 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. Information security management

Elaboration on the information security risk management framework, the information security policy, the specific management plan, and the resources invested in the information security management, etc.

1. Information Security Risk Management Framework:

- (1) The Company established the "Information Security Management Committee" on August 5, 2020, which is responsible for the governance, planning and implementation of information security of the Group, in order to build the company's comprehensive information security defense capabilities and colleagues' awareness of information security.
- (2) Chaired by the VP of IT, reporting to the President, and regularly assessing information security risks and reporting to the board of directors.

2. Information Security Policy:

- (1) Establish the concept of "Everyone should be held accountable for information security", enhance colleagues' awareness of information security, and supervise colleagues to implement information security protection work.
- (2) Comply with international information security standards and local information security laws and regulations.
- (3) Provide customer information and important information assets of the company with appropriate protection measures to maintain normal and continuous operation of the company.
- (4) Continue to pay attention to changes in the information environment and conduct relevant risk assessments.

3. Specific management plan:

- (1) Establish ISO27001 information security management system and maintain the effectiveness of system operation. (Obtained BSI certification on 2022.01.24)
- (2) Periodically and automatically perform bug scans for the website and system.
- (3) Sign regular contracts with external information security companies to ensure that all software services including IT and OT equipment installed on backend systems are kept up-to-date, and all bugs have been fixed.

- (4) Import multi-engine antivirus and add antivirus firewall.
 - (5) Daily disk/memory offline backup, weekly cloud offline backup; regular restore drills every six months to avoid cyber extortion.
 - (6) Regularly check the legitimacy of the account authority, cancel the account authority of the resigned employees, and regularly change the internal password.
 - (7) Provide regular information security training to senior managers and entry-level employees to effectively establish information security defense lines.
 - (8) Regularly carry out information security incident response drills.
 - (9) Use SANGFOR Internet Behavior Management System for web filtering, behavior control, traffic management, prevention of internal network leakage, legal risks and Internet security, etc.; set up firewalls and anti-virus walls to prevent malicious attacks and viruses from spreading to the internal network, And prevent unauthorized users from entering the system; use WhatsUp system to monitor the network status of servers, switches and other equipment.
4. Investing in the resources of information security management:
- (1) There are currently 5 personnel in charge of information security, and among the personnel who will continue to increase, it is expected to increase to 8 in 2023.
 - (2) At present, the construction cost of information security software and hardware equipment is about NTD30 million.
 - (3) The estimated cost of information security in 2022 is about NTD32 million.
- (B) List the losses, possible impacts and countermeasures suffered by major information security incidents in the most recent year as of the date of publication of the annual report. If it is impossible to estimate reasonably, the fact that it cannot be reasonably estimated shall be stated: None

G. 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

Year		Financial Information for the past five years (Note 1)				
Item		2017	2018	2019	2020	2021
Current assets		6,828,137	7,761,251	7,492,419	7,281,248	10,826,446
Real estate, factories and equipment		4,845,857	5,940,726	5,331,401	5,240,292	6,241,643
Intangible assets		24,256	20,836	13,709	28,812	44,583
Other assets		499,141	585,792	681,399	634,954	525,923
Total assets		12,197,391	14,308,605	13,518,928	13,185,306	17,638,595
Current liabilities	Prior to allocation	5,479,622	7,963,984	8,151,762	6,593,878	10,460,112
	After distribution	5,479,622	7,963,984	8,151,762	6,593,878	(Note 2)
Non-current liabilities		2,510,000	2,415,121	1,457,045	1,460,162	1,657,687
Total liabilities	Prior to allocation	7,989,622	10,379,105	8,054,040	8,054,040	12,117,799
	After distribution	7,989,622	10,379,105	8,054,040	8,054,040	(Note 2)
Equity from parent company		4,207,769	3,929,500	3,910,121	5,131,266	5,520,796
Capital stock		2,810,594	2,810,594	2,810,594	2,775,141	2,775,184
Paid-in capital		1,061,873	1,061,873	1,061,873	1,250,883	1,314,873
Retained earnings	Before distribution	579,040	340,292	495,598	1,510,116	1,869,564
	After distribution	579,040	340,292	495,598	1,510,116	(Note 2)
Other equity		(243,738)	(283,259)	(457,944)	(404,874)	(438,825)
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	4,207,769	3,929,500	3,910,121	5,131,266	5,520,796
	After distribution	4,207,769	3,929,500	3,910,121	5,131,266	(Note 2)

Unit: NTD thousands

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 - Unconsolidated

Unit: NTD thousands

Item \ Year		Financial information for the past five years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		1,657,483	1,901,813	2,283,142	1,457,708	1,561,588
Investment using the Equity Method		4,485,504	4,116,359	4,378,416	4,601,376	5,192,500
Real estate, plants and equipment		618,245	540,973	10,458	1,217	1,220
Intangible assets		11,298	5,380	359	5,702	4,455
Other assets		199,853	257,645	349,990	306,352	37,695
Total assets		6,972,383	6,822,170	7,022,365	6,372,355	6,797,458
Current liabilities	Prior to distribution	1,963,885	2,169,308	2,731,815	841,428	519,899
	After distribution	1,963,885	2,169,308	2,731,815	841,428	(Note 2)
Non-current liabilities		800,729	723,362	380,429	399,661	756,763
Total liabilities	Prior to distribution	2,764,614	2,892,670	3,112,244	1,241,089	1,276,662
	After distribution	2,764,614	2,892,670	3,112,244	1,241,089	(註 2)
Capital stock		2,810,594	2,810,594	2,810,594	2,775,141	2,775,184
Paid-in capital		1,061,873	1,061,873	1,061,873	1,250,883	1,314,873
Retained earnings	Before distribution	579,040	340,292	495,598	1,510,116	1,869,564
	After distribution	579,040	340,292	495,598	1,510,116	(Note 2)
Other equity		(243,738)	(283,259)	(457,944)	(404,874)	(438,825)
Treasury stock		-	-	-	-	-
Total equity	Before distribution	4,207,769	3,929,500	3,910,121	5,131,266	5,520,796
	After distribution	4,207,769	3,929,500	3,910,121	5,131,266	(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)				
	2017	2018	2019	2020	2021
Revenue	11,646,443	13,058,285	13,717,231	12,624,101	15,753,057
Operating Margin	1,239,845	1,156,213	1,759,060	1,713,650	1,846,779
Operating Income	41,572	(4,595)	525,757	548,775	649,300
Non-operating income/expenses	(38,536)	(232,227)	(289,121)	229,108	(2,164)
Pre-tax net profit	3,036	(236,822)	236,636	777,883	647,136
Net profit for this period for continuing operating units	9,094	(240,885)	155,306	679,065	470,454
Loss from termination of business unit	-	-	-	-	-
Net profit (loss) for this period	9,094	(240,885)	155,306	679,065	470,454
Other accumulated profit/loss for this period (after-tax net value)	(75,918)	(37,384)	(174,685)	53,070	(33,951)
Total comprehensive profit (loss) for this period	(66,824)	(278,269)	(19,379)	732,135	436,503
Net profit for parent company	9,094	(240,885)	155,306	679,065	470,454
Net profit for non-controlling interest	-	-	-	-	-
Comprehensive profit/loss for parent company	(66,824)	(278,269)	(19,379)	732,135	436,503
Comprehensive profit/loss for non-controlling interest	-	-	-	-	-
Earnings per share	0.03	(0.86)	0.63	2.58	1.70

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

2. Concise Income Statement - Unconsolidated

Unit: NTD thousands

Item \ Year	Financial information for the past 5 years (Note 1)				
	2017	2018	2019	2020	2021
Revenue	4,620,391	4,316,209	5,064,011	3,868,208	2,626,909
Operating Margin	173,907	127,809	99,195	340,431	162,890
Operating Income	(159,751)	(181,510)	(304,103)	(27,208)	4,375
Non-operating income/expenses	168,845	(97,126)	492,731	766,584	631,638
Pre-tax net profit	9,094	(278,636)	188,628	739,376	636,013
Net profit for this period for continuing operating units	9,094	(240,885)	155,306	679,065	470,454
Losses for terminated business unit	-	-	-	-	-
Net profit (loss) for this period	9,094	(240,885)	155,306	679,065	470,454
Other accumulated profit/loss for this period (after-tax net value)	(75,918)	(37,384)	(174,685)	53,070	(33,951)

Total comprehensive profit (loss) for this period	(66,824)	(278,269)	(19,379)	732,135	436,503
Earnings per share	0.03	(0.86)	0.63	2.58	1.70

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
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
2019	Ernst & Young Taiwan	Ching-Piao Cheng, Mao-Yi Hung	Unqualified opinion
2020	Ernst & Young Taiwan	Ching-Piao Cheng, Hsiao-Chin Lo	Unqualified opinion
2021	Ernst & Young Taiwan	Chi-ming Chang, Kuo-shuai Chen	Unqualified opinion

B. Financial Analysis for the Past Five Years

(A) Financial Analysis - Consolidated

Item to be analyzed \ Year		Financial Analysis for the past five years				
		2017	2018	2019	2020	2021
Financial structure	Debt to asset ratio (%)	65.50	72.54	71.08	61.08	68.70
	Long-term funds to fixed asset ratio (%)	138.63	106.80	100.67	125.78	115.01
Debt payback ability	Liquidity ratio (%)	124.61	97.45	91.91	110.42	103.50
	Current ratio (%)	86.33	67.58	67.83	80.48	71.77
	Interest protection multiples	1.03	(0.21)	2.07	5.84	5.81
Operational ability	Receivables turnover (times)	3.44	3.54	3.35	3.10	3.63
	Average collection turnovers (days)	106	103	109	118	101
	Inventory turnover (times)	7.51	7.02	7.01	7.00	5.68
	Payables turnover (times)	4.6	5.12	4.89	4.13	4.35
	Average inventory turnover (days)	49	52	52	52	64
	Fixed asset turnover (times)	2.82	2.42	2.43	2.39	2.74
	Total asset turnover (times)	1.04	0.99	0.99	0.95	1.02
Profitability	Return on assets (%)	0.74	(0.59)	2.44	6.05	3.75
	Return on equity (%)	0.21	(5.92)	3.96	15.02	8.83
	Profit before tax to paid-in capital ratio (%)	0.11	(8.43)	8.42	28.03	23.32
	Net Profit Margin (%)	0.08	(1.84)	1.13	5.38	2.99
	Earnings per share (NTD)	0.03	(0.86)	0.63	2.58	1.70
Cash flow	Cash flow ratio (%)	1.53	(Note 2)	20.22	25.19	1.45
	Cash flow adequacy ratio (%)	65.24	37.38	46.96	58.50	38.14
	Cash reinvestment ratio (%)	0.65	(Note 2)	15.81	14.06	0.30
Leverage	Operating leverage	28.52	(Note 4)	2.59	4.59	4.09
	Financial leverage	(Note 4)	(Note 4)	1.73	1.41	1.26
Explanation of the reasons for changes in various financial ratios in the last two years (items that have increased or decreased by 20%) 1. Average days of sales increased: Mainly due to the increase in inventories in 2021. 2. Decrease in return on assets and return on equity: mainly due to the loss of equipment disposal in 2021. 3. Decrease in net profit ratio and earnings per share: mainly due to the loss of equipment disposal in 2021. 4. Decrease in cash flow ratio: mainly due to the increase in current assets caused by inventories and accounts receivable in 2021. 5. Decrease in the allowable ratio of cash flow: mainly due to the increase in capital expenditure in 2021. 6. Decrease in the ratio of cash in investment: mainly due to the increase in variable costs and expenses.						

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

Note 2: The total net cash flow of operating activities is negative, so the relevant ratio of the cash flow is not calculated.

Note 3: The turnover rate of accounts receivable is calculated based on the total amount; the turnover rate of inventory is calculated based on the net amount.

Note 4: Operating profit or operating profit after deducting interest expenses is negative, so it is not applicable.

Note 5: 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 6: 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 7: 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.

(B) Financial Analysis - Unconsolidated

Item to be analyzed \ Year		Financial Analysis for the past five years				
		2017	2018	2019	2020	2021
Financial structure	Debt to asset ratio (%)	39.65	42.40	44.32	19.48	18.78
	Long-term funds to fixed asset ratio (%)	810.12	860.09	41,026.49	454,472.23	514,554.02
Debt payback ability	Liquidity ratio (%)	84.40	87.67	83.58	173.24	300.36
	Current ratio (%)	68.68	74.80	80.29	165.77	274.44
	Interest protection multiples	1.45	(9.28)	7.15	120.29	133.75
Operational ability	Receivables turnover (times)	3.04	3.15	3.43	3.12	3.18
	Average collection turnovers (days)	120	116	106	117	115
	Inventory turnover (times)	16.09	17.36	32.68	53.25	23.43
	Payables turnover (times)	3.69	4.24	4.64	3.82	5.20
	Average inventory turnover (days)	23	21	11	7	16
	Fixed asset turnover (times)	7.28	7.45	18.37	662.65	2,155.85
	Total asset turnover (times)	0.65	0.63	0.73	0.58	0.40
Profitability	Return on assets (%)	0.36	(3.17)	2.60	10.21	7.20
	Return on equity (%)	0.21	(5.92)	3.96	15.02	8.83
	Profit before tax to paid-in capital ratio (%)	(5.68)	(6.46)	(10.82)	(0.98)	0.16
	Operating profit Net profit before tax	0.32	(9.91)	6.71	26.64	22.92
	Net Profit Margin (%)	0.20	(5.58)	3.07	17.56	17.91
	Earnings per share (NTD)	0.03	(0.86)	0.63	2.58	1.70
Cash flow	Cash flow ratio (%)	6.89	(Note 2)	(Note 2)	52.69	4.70
	Cash flow adequacy ratio (%)	122.62	44.96	48.94	91.64	126.10
	Cash reinvestment ratio (%)	2.19	(Note 2)	(Note 2)	8.43	(1.38)
Leverage	Operating leverage	(Note 4)	(Note 4)	(Note 4)	(Note 4)	530.69
	Financial leverage	0.89	0.87	0.91	0.81	Note 4

- 1 The current ratio and quick ratio increased: mainly due to the decrease in current liabilities caused by the decrease in accounts payable related parties in 2021.
2. Decrease in inventory turnover rate and increase in average sales days: mainly due to the decrease in operating costs.
3. Accounts payable turnover rate increased: mainly due to the decrease in accounts payable.
4. The turnover rate of real estate, plant and equipment increased: mainly due to the disposal of the land and plant of Taoyuan Plant in 2020.
5. Decrease in total asset turnover: mainly due to the decrease in revenue.
6. The rate of return on assets and return on equity decreased: the decrease in profit for the year compared to last year was mainly due to the profits from the disposal of Taoyuan Factory in the same period last year.
7. The ratio of operating profit to paid-in capital increased: mainly due to the decrease in operating expenses.
8. Decrease in earnings per share: The decrease in profit for the year compared to last year was mainly due to the profits from the disposal of Taoyuan Factory in the same period last year.
9. Decrease in cash flow ratio: The main reason is the decrease in profit in 2021, and the net cash from operating activities is due to the decrease in inflow.
10. Increase in the allowable ratio of cash flow: mainly due to the decrease in profit in 2021, and the net cash from operating activities is due to the decrease in inflow.
11. Decrease in cash reinvestment ratio: mainly due to the increase in variable costs and expenses.

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

Note 2: The total net cash flow of operating activities is negative, so the relevant ratio of the cash flow is not calculated.

Note 3: The turnover rate of accounts receivable is calculated based on the total amount; the turnover rate of inventory is calculated based on the net amount.

Note 4: Operating profit or operating profit after deducting interest expenses is negative, so it is not applicable.

Note 5: 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 183 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 185 ~ 288 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 289 ~ 384 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	Year	2020 (Consolidated)	2021 (Consolidated)	Variance
				Amount %
	Current Assets	7,281,248	10,826,446	3,545,198 48.69%
	Property, Plant and Equipment	5,240,292	6,241,643	1,001,351 19.11%
	Other Assets and Intangible Assets (Including Funds and Investments)	663,766	570,506	(93,260) (14.05)%
	Total Assets	13,185,306	17,638,595	4,453,289 33.77%
	Current Liabilities	6,593,878	10,460,112	3,866,234 58.63%
	Non-current liabilities	1,460,162	1,657,687	197,525 13.53%
	Total Liabilities	8,054,040	12,117,799	4,063,759 50.46%
	Common Stock	2,775,141	2,775,184	43 0.00%
	Capital Surplus	1,250,883	1,314,873	63,990 5.12%
	Retained Earnings	1,510,116	1,869,564	359,448 23.80%
	Other Equity	(404,874)	(438,825)	(33,951) (8.39)%
	Total Equity	5,131,266	5,520,796	389,530 7.59%
Analysis and explanation of the increase and decrease in the ratios: 1. Increase in current assets: mainly due to the increase in cash and cash equivalents, accounts receivable and inventories. 2. Increase in real estate, plant and equipment: mainly due to expansion projects. 3. Decrease in other assets and intangible assets: mainly due to the decrease in deferred income tax assets. 4. Increase in total assets: mainly due to the increase in current assets and real estate, plant and equipment. 5. Increase in current liabilities: mainly due to the increase in borrowings and accounts payable. 6. Increase in non-current liabilities: mainly due to the issuance of corporate bonds. 7. Increase in total liabilities: mainly due to the increase in borrowings and accounts payable and the issuance of Convertible Bond. 8. Increase in retained earnings: mainly due to profit in 2021.				

B. Analysis of Financial Performance

(1) 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	2020	2021	Variance	
			Amount	%
Net Operating Revenue	12,624,101	15,753,057	3,128,956	24.79%
Operating Cost	10,910,451	13,906,278	2,995,827	27.46%
Gross Profit	1,713,650	1,846,779	133,129	7.77%
Operating Expense	1,164,875	1,197,479	32,604	2.80%
Operating Income (Loss)	548,775	649,300	100,525	18.32%
Non-Operating Income and Expenses	229,108	(2,164)	(231,272)	(100.94)%
Income Before Tax (Loss)	777,883	647,136	(130,747)	(16.81)%
Income Tax (Fee) Interests	(98,818)	(176,682)	(77,864)	78.80%
Net Income (Loss)	679,065	470,454	(208,611)	(30.72)%
Other Comprehensive Income (Net Income After Tax)	53,070	(33,951)	(87,021)	(163.97)%
Total Comprehensive Income	732,135	436,503	(295,632)	(40.38)%
Analysis and explanation of the increase and decrease ratio:				
1. Operating income: mainly due to the increase in revenue.				
2. Operating costs: mainly due to the increase in revenue.				
3. Operating profit: mainly due to the increase in operating gross profit.				
4. Non-operating income and expenses: mainly due to the profits from the disposal of Taoyuan Factory last year.				
5. Net profit before tax: The main reason is the profit from the disposal of Taoyuan Factory in the same period last year, and the profit this year decreased compared with last year.				
6. Income tax expenses: mainly due to operating profit in the current period.				
7. Net profit for the current period: The main reason is the profit from the disposal of Taoyuan Factory in the same period last year, and the profit for this year is lower than that of last year.				
8. Other comprehensive gains and losses for the current period: due to fluctuations in the main exchange rate.				
9. Total comprehensive profit and loss for the current period: The profit for the current year decreased compared with last year due to the benefit from the disposal of Taoyuan Factory in the same period of last year.				

(2) Sales Forecast and its basis. Possible impact on the company's future financial business and response plans. In 2022, the overall sales volume is expected to grow by about 7.5%. According to the type of technology, including conventional board, HDI, high frequency board, thick copper board, Semi-Flex board, etc. By product application type: including automotive boards, servers and Netcoms, medical products, storage devices, display panels, consumer electronics, etc. It is expected that the sales volume will continue to grow steadily in 2022, which is a positive benefit for the company's future financial business.

C. Cash Flow

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

Item \ Year	2020	2021	Increase (Decrease) %
Cash flow percentage	25.19%	1.45%	(94.24)%
Cash flow adequacy ratio	58.50%	38.14%	(34.80)%
Cash reinvestment ratio	14.06%	0.30%	(97.86)%
Analysis of changes in increase (decrease) percentage: In 2021, due to the increase in inventories, the net cash inflow from operating activities decreased, resulting in a decrease in the cash flow ratio, cash flow allowable ratio and cash reinvestment ratio in 2021.			

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

(3) 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
\$2,729,560	\$2,246,866	-\$2,557,852	\$2,418,574	-	-

D. Impacts of Major Capital Expenditures in the Most Recent Year on Financial Operation:

(1) Use of major capital expenditures and sources of funds

The Group's capital expenditure for 2021 totaled NTD1,405,736.000, which was mainly for the expansion construction of the Huangshi factory. The source of funds was mainly from its own funds or bank borrowings; this capital expenditure will help the Group's overall production capacity and output in the future. If the Group has a capital other expenditure plan, the financial situation at the time and the expected return in the future will be taken into consideration, which is unlikely to affect the financial business of the Group.

(2) Expected benefit

In order to strengthen the competitiveness of the production quality and cost, Huangshi Factory is transforming the production and manufacturing process into automation, intelligence and informatization. Improving its automated production capacity through the collection, analysis and control of information, and continues to expand its business in domestic and overseas markets to enhance the corporate competitiveness for the future.

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

Item \ Description	Amount of reinvestment profit (loss)	Policy	Major reasons of profit or loss	Improvement plan	Investment plan for the coming year
WINTEK (MAURITIUS) CO., LTD.	561,130	Investment Holdings	Recognition of investment income	-	-
Dynamic Electronics Trading Pte. Ltd.	135	Management & operation services	Assist in the management of operating income	-	-
Dynamic PCB Electronics Co., Ltd.	-22	Triangle Trade	Recognition of Consultation fee	-	-
Dynamic Electronics Co., Ltd. (Seychelles)	13,551	Trading business	Increased sales volume in mainland China resulted in profit for the current period	-	-
Dynamic Electronics Holding Pte. Ltd.	USD19,662	Investment business	Recognition of investment income	-	-
Dynamic Electronics (Kunshan) Co., Ltd.	237,654	Production Site	Increased sales volume in mainland China resulted in profit for the current period	-I	-
Dynamic Electronics (Huangshi) Co., Ltd.	656,858	Production Site	Increased sales volume in mainland China resulted in profit for the current period	-	-

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	2020	2021	
Interest Rate	Interest Income	5,703	8,429	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	160,759	134,448	
Changes in Exchange Rate	Net profit/loss from Exchange	(124,316)	(51,465)	1. The sales of the Group's products are mainly for export, mainly receiving U.S. dollars. In terms of procurement, except for some raw materials purchased abroad, the purchase of raw materials in China is paid in RMB. Therefore, exchange rate fluctuations still have a certain degree of impact on the Group. 2. 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, The Group keeps track of the fluctuations in the market price of upstream raw materials and maintains a good interaction with suppliers. In the future, the Group will continue to closely observe changes in the price index, analyze the impact of inflation on the company, and adjust raw material

Item	Impacts on Company's profit/loss			Response Measures
	Year Item	2020	2021	
				inventory in a timely manner to tackle the pressure from inflation.

(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

The Group does not engage in high-risk, high-leverage investments, and conducts fund allocation and hedging activities based on the principle of conservativeness and stability.

The company complies with relevant operating procedures, it also regularly make announcements and declarations in accordance with the regulations of the competent authority when engages in fund loans, endorsement guarantees and derivative commodity transactions.

- a. Loan funds to others: As of the date of publication of the annual report, the Group's fund loans have been limited to the company and its subsidiaries.
- b. Endorsement guarantee: As of the date of publication of the annual report, the objects of endorsement guarantee provided by the Group have been limited to the company and its subsidiaries.
- c. Situation of the Company's Derivatives Trading:

The Company's main derivatives exchange primarily involve forward transactions in order to reduce foreign exchange risks. On the basis of the consolidated financial statements, no operational derivative product transactions were conducted in 2020. In 2021, foreign exchange derivatives and foreign currency exchange gains and losses measured by fair value were recognized in current profit and loss was a net profit of NTD20,359,000, and in 2022 Q1, foreign exchange derivatives measured by fair value and foreign currency exchange gains and losses recognized in current gains and losses were net profit NTD5,075,000. The hedging result is reasonable. 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

- a. The R&D plan for 2022 includes: 5G telecom/datacom small cell process capability build up and samples, Mini LED Display process capability establishment and sample production, embedded component products, heat dissipation management products (Coin, Cavity, Edge plating, copper paste) , 6oz up thick copper) process capability establishment and sample, high frequency base station, satellite antenna product process capability establishment.
- b. It is expected that the R&D budget to be invested in 2022 will be NTD5,553,000.

(D) Effects of domestic/foreign policy changes and law amendments on the Company's finance and response measures

- a. The latest amended laws and regulations in Taiwan related to the company in 2021 include: Article 172-2 and Article 356-8 of the Company Act; Income Tax Act, Income Basic Tax Act; regulations related to public offering companies (Regulations Governing Information to be Published in Annual Reports of Public Companies, Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies, Regulations Governing Establishment of Internal Control Systems by Public Companies, Regulations Governing the Administration of Shareholder Services of Public Companies)...etc. The above-mentioned amendments have no significant effect on related aspects, but it is required to follow the new concept and rules. We are highly alert to the amendment of laws, regulations and policies, any regulations related to the company's daily operations or long-term development will be immediately assessed and planned carefully and incorporated into the company's development strategy.
- b. China's amended laws and regulations in 2021 include: Noise Pollution Prevention and Control Law, Science and Technology Progress Law, Population and Family Planning Law, Implementation Regulations of the Land Management Law, Regulations on the Administration of Pollution Discharge Permits, and Jiangsu Province Water Pollution Prevention and Control Regulations, in which the Noise Pollution Prevention and Control Law is the governance clearly specified in China's 14th Five-Year Plan and 2035 long-term goals. This revision includes: widening the objects of prevention and control, expanding the scope of application of the law, incorporating the national economic and social development planning of governments at or above the county level in response to the public's needs for high-quality public services, strengthening source prevention and control, such as the regulation of noise levels for industrial equipment limit, strengthen noise classification management and make penalties more serious. The main revision of the Population and Family Planning Law is to advocate that a married couple can have three children. To sum up, China's development is towards the goal of green layout and population growth.

(E) Effects of technology development (including information security) 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 5G communications, server, satellite communication and networking product, storage devices, electric vehicle, internet, wearable devices 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. The company continues to expand the security software and

hardware equipment to maintain the company's information security, protect the company's important confidential information, and ensure no interruption in production and no leakage of internal and customer confidential information.

- (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: None
- (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:
 - a. Risk of raising working capital
Response measures: own funds, bank loans, mainland government subsidies.
 - b. 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 of the company's suppliers account for over 10% of the company's purchasing net amount, and the highest percentage is 11.03% of the company's total purchase amount, so there is no risk caused by excessive concentration. In the recent two years, only one of the company's customers accounts for over 10% of the company's sales net amount, and the highest percentage is 12.90% mainly because the company is committed to improving the product portfolio of automotive boards, but there is no situation where the sales are too concentrated that might lead to risks.
- (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 10% 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:

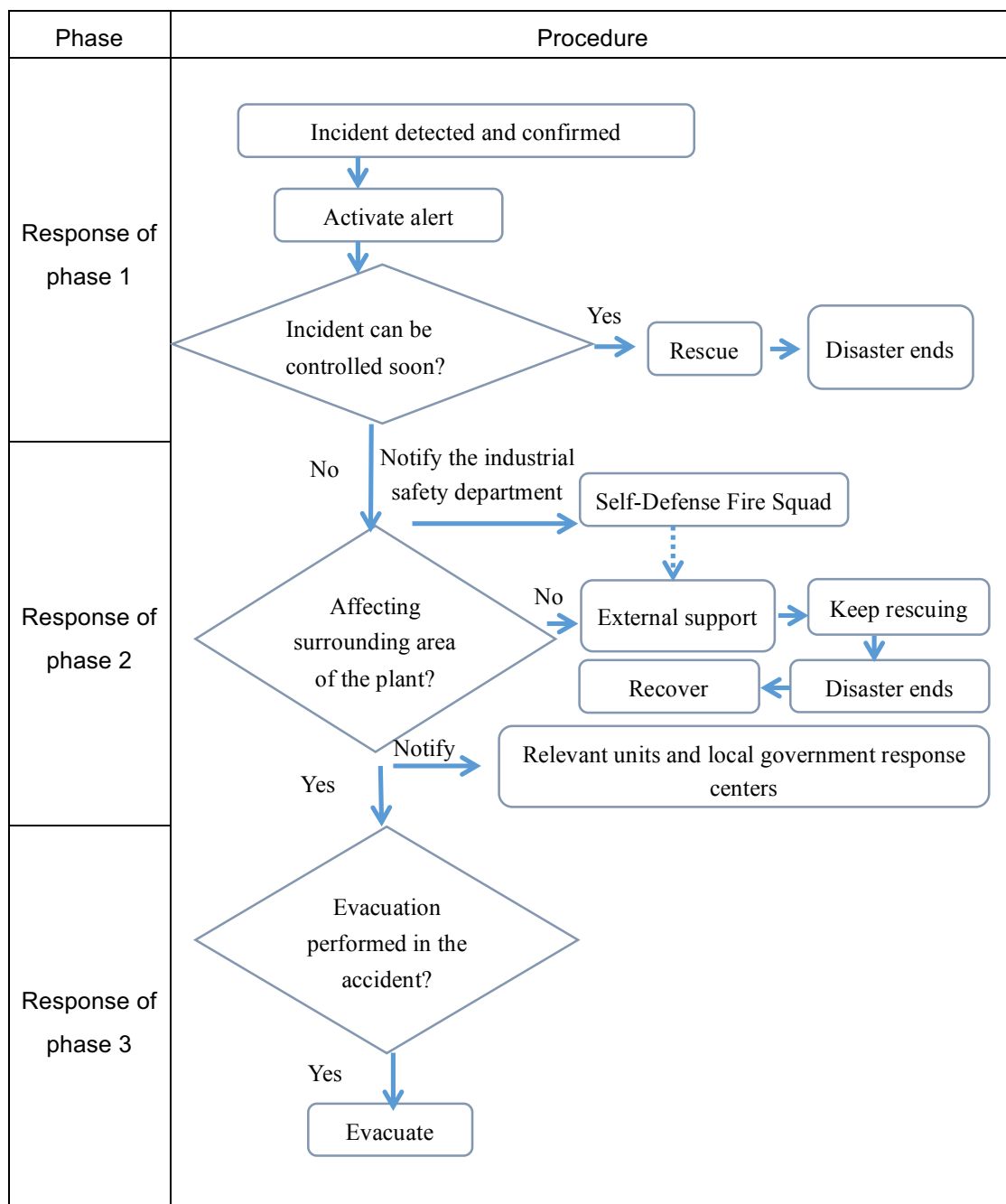
None of the Company's directors, president and subsidiaries - Kunshan Plant and Huangshi Plant is in a lawsuit, non-litigation and administrative disputes whose results may have a significant impact on the company's shareholders' equity or prices of securities.

(M) Other Major Risks and Response Measures:

1. Assessment of Risk Issues

In 2021, the Risk Management Committee evaluated a total of 10 risk topics, including: expansion of the HS plant II financial capital planning, expansion of the HS plant II energy/energy assessment acquisition, new industrial innovation technologies, the impact of the Russian-Ukrainian war, COVID-19 virus mutation and Expansion, stricter environmental regulations, material supply related to climate change, disasters caused by extreme weather, greenhouse gas capping and carbon rights/energy trading, energy supply. The responsible unit has developed a response plan, which is reported to the board of directors after being reviewed by the audit committee, and continues to be tracked.

2. Preparations and Response Procedures for Emergency Situations



3. Other incidents impacting normal operation:

1	When short on staff	1) Short-term: Flexible manpower allocation of personnel between production lines. The production management unit arranges outsourcing according to the situation to avoid affecting production and delivery. 2) Mid-term: In addition to retaining employees, reducing the turnover rate, adjusting promotion channels such as promotion, continuing to strengthen employee relations, etc., while continuing to broaden the external recruitment channels, including internal referral, internal recruitment, Internet, school recruitment, intermediaries, etc. to stabilize the acquisition of Manpower needed to achieve operational goals. 3) Long-term: Improving the overall quality of the staff. Realizing a high standard and high degree of equipment automation and information automation.
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 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.
4	During supplier emergency situations	1) Check the inventories at factory and at supplier. 2) Develop new suppliers and new materials, increase supply sources, avoid the risk of supply from a single manufacturer, ensure smooth supply, and improve bargaining and services. 3) Regular raw materials are stocked up for safety stock, and the utilization rate is improved and the scrap rate is reduced. 4) The Plant President calls a response team to discuss response strategies. 5) Depending on the type of situation, all department supervisors act up to the directions instructed by the response team.
5	Sudden	1) Maintain and regularly rehearse emergency responding actions.

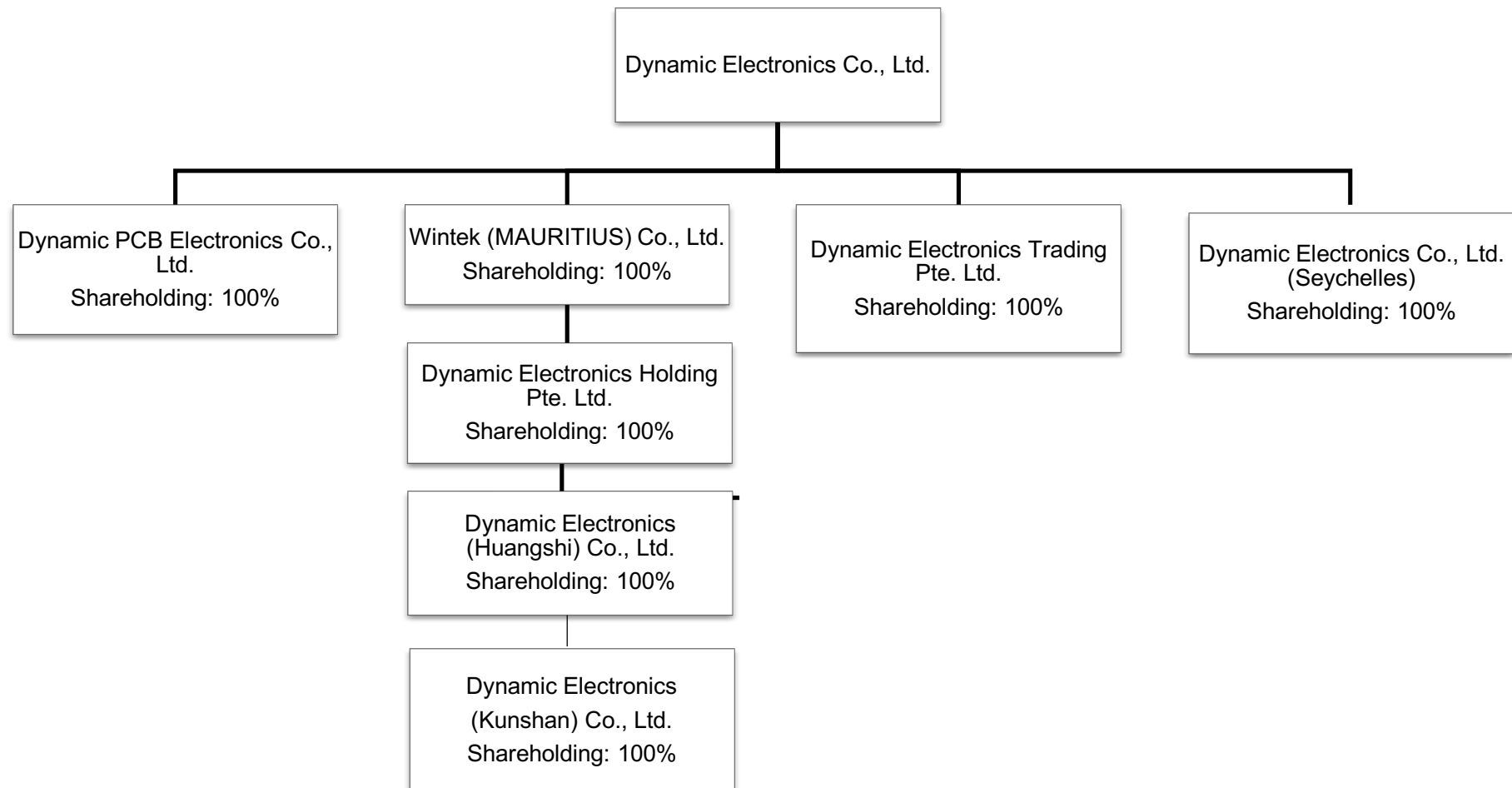
	environmental pollution incident	Formulate emergency plans and reserve emergency disposal supplies and personnel. 2) Ensure the emergency collection pool stays vacant and can be used when an environmental pollution incident occurs and not affect the external environment and the regular production capacity 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 the normal and effective operation of the fire detection system. 3) Insurance covers important products and factory facilities
7	InfoSec Issues such as devices attacked by viruses and hacker intrusion.	1) Keep all the anti-virus software for the entire plant's equipment and personal computers functioning properly. 2) Establish an SOP for machine entry and maintenance. Scan for viruses before connecting any USB or NB to the network of any device to confirm the safety before proceeding with maintenance. 3) If an abnormality is found on site, IT unit is notified as soon as possible to deal with it. IT personnel immediately isolate the network segment and find the cause of the virus attack and report the status every hour, and operate in accordance with the information security emergency plan.
8	InfoSec Issues (confidential information leakage)	1) Establish corresponding management standards for the accesses (such as e-mail, laptops, and mobile phones) that might leak company's confidential information. 2) When information leakage is discovered, the unit to which the data belongs will evaluate the importance of the leakage information and, if necessary, notify legal affairs to deal with it in accordance with the law.
9	Public disaster (food poisoning)	1) The restaurant management is strictly implemented on daily basis. Food samples are kept. 2) Sign a paramedic agreement with a nearby hospital, so that paramedic assistance can be immediately provided upon the event of an accident.
10	Epidemic outbreak (SARS, COVID-19)	1) It is forbidden for all company personnel to travel to the epidemic area. 2) Factories and customer service centers located in epidemic areas shall take precautions (wear masks, wash hands frequently), quarantine, and report in accordance with government regulations. 3) Implement work-from-home plan if necessary. 4) Allocate reasonable manpower depending on the development of the epidemic.
11	One of the factories is unable to fully run the production	1) Plan the coordination between production and sales, arranged other factories to support production and distributions. 2) There are currently two factories, Kunshan factory in Jiangsu and Huangshi factory in Hubei sharing the ERP system and supporting each other for production. 3) Certify outsourcing factories for emergency support when the situation occurs.

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 ; Dec. 31, 2021

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 85,810	Investment Holding
Dynamic PCB Electronics Co., Ltd.	2008.01	1 st 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)	2014.10	1 st Floor,#5DEKK House,De Zippora Street, Providence Industrial Estate, Mahe, Republic of Seychelles	USD 50	Trading of Printed Circuit Board
Dynamic Electronics Trading Pte. Ltd.	2015.01	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE (169876)	USD 50	Management and operational services
Dynamic Electronics Holding Pte. Ltd.	2015.01	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE (169876)	USD 141,917	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.	2015.11	Economic and Technological Development Zone, Jinshan Road 189, Huangshi, China	RMB 592,008	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, 2021

Company Name	Title	Name or Representative	Holding of Shares	
			Shares	%
WINTEK(MAURITIUS) CO., LTD.	Director	Ken Huang	8,581,000	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, Jean Liu, Lily Chiang, Wanhui Lim	50,000	100.00%
Dynamic Electronics Holding Pte. Ltd.	Director	Ken Huang, Jean Liu, Lily Chiang, Wanhui Lim	141,917,000	100.00%
Dynamic Electronics (Kunshan) Co., Ltd.	Executive Director Supervisor President	Ken Huang Jean Liu Stephen Tsai	-	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, 2021

Company Name	Paid-In Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Income	Net Income	EPS
Dynamic Electronics Co., Ltd.	2,775,141	6,797,458	1,276,662	5,520,796	2,626,909	-158,515	470,454	1.70
WINTEK(MAURITIUS) CO., LTD.	2,783,433	4,995,091	0	4,995,091	0	-266	550,717	-
Dynamic PCB Electronics Co., Ltd.	1,555	3,152,595	3,150,778	1,817	12,140,327	-27	-22	-
Dynamic Electronics Co., Ltd. (Seychelles)	1,556	3,680,691	3,324,662	356,029	9,393,621	6,190	13,551	-
Dynamic Electronics Trading Pte. Ltd.	1,541	2,746	145	2,600	1,260	157	135	-
Dynamic Electronics Holding Pte. Ltd.	1,559,261	4,994,035	145	4,993,890	0	-1,552	550,983	-
Dynamic Electronics (Kunshan) Co., Ltd.	2,214,400	8,602,541	5,710,019	2,892,522	12,381,984	223,460	237,654	-
Dynamic Electronics (Huangshi) Co., Ltd.	3,598,400	12,107,921	7,109,756	4,998,166	7,030,828	402,473	656,858	-

Note 1: Refer to foreign exchange rates to NTD:

For the balance sheet, USD=27.68, RMB=4.334.

For the income statement, USD=28.023433, RMB=4.345230

(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 2020 report (starting from January 1st, 2020 to December 31st, 2020) "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.

IX. Other Information Disclosures

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

(A) Occupational safety measures for Taoyuan Operations Center in 2021

1. In order to protect workers from harmful substances and keep the exposure concentration in line with legal standards, Taoyuan Operations Center implements operating environment monitoring twice a year, and the environment is improved based on the monitoring results. Ensure that indoor lighting and air quality meet regulatory standards.
2. Conduct firefighting seminars and drills every six months to help colleagues familiarize with the use of firefighting equipment and the escape routes. Hold health management lectures from time to time to provide colleagues with workplace health care knowledge.
3. Every two years, a medical institution approved by the Occupational Safety and Health Administration will conduct health checkup for all employees. In addition to legal items, additional abdominal ultrasound and liver function related tests will be added.
4. Low-fat, low-salt healthy lunch boxes are provided for lunch every day on work days, enabling colleagues to gradually change their eating habits.

(B) Occupational safety measures for Kunshan plant in 2021

1. Carry out special system improvement work for work-related injuries that occurred in 2020. The number of work-related injuries in 2020 continued to decrease significantly, the total work-related injuries in 2020 decreased by 41%. (reduced from 17 cases in 2020 to 10 cases in 2021)
2. Continue to upgrade steam heating to replace electric heating equipment, and complete two more equipment in 2021 (currently there are three steam heating equipment in the factory).
3. The operation and construction of foreign manufacturers are online electronically, paperless operation is realized.
4. EGO over-temperature alarm and fan interlocking equipment have been added for the hidden dangers of on-site horizontal line heaters, totaling 85 items

(C) Occupational safety measures for Huangshi plant in 2021

1. There were 6 work-related injuries and 1 traffic accidents in year 2021.
2. Work safety personnel and supervisors above department level participated in annual safety management retraining to enhance supervisors' safety awareness.
3. Engaged external safety experts to conduct monthly safety hazard investigations, safety education and training in the workplace to reduce blind spots of safety and facilitate on-site personnel's accesses to the external safety knowledge.
4. In 2021, conducted a three-year evaluation of the occupational diseases status, the test results were publicized, and arranged for employees to undergo pre-job, on-the-job and off-the-job physical examinations based on the results of the evaluation of occupational health status.
5. Electronic stop-to-stop inspection of safety facilities has been carried out plant-wide; realizing paperless operation.

6. Conduct monthly pre-work/class publicity and monthly safety, fire prevention and occupational health training.
7. Portable projectors play warning-purpose video to disseminate safety knowledge at the end of the year and the beginning of the year.
8. Install 6 water cannons for fire prevention around the exhaust gas tower on the roof, and the work-safety/public facility personnel conduct emergency operation drills every month.

(D) Both Kunshan Factory and Huangshi Factory successfully passed the ISO14001 & ISO45001 supervision and audit to ensure the effective operation of the environmental and industrial safety management systems of the two factories.

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 2021 Financial Statements

Dynamic Electronics Co., Ltd.

Statement on Internal Control System

Date: Feb. 23, 2022

According to self-inspected results, the Company's internal control system of 2021 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, 2021, 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. 23, 2022, among the 8 attendees, there were 0 dissenting opinions.

Dynamic Electronics Co., Ltd.

Chairman: Ken Huang Signature

President: Ken Huang 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 2021 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 2021 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
2022 Annual Meeting of Shareholders of Dynamic Electronics Co., Ltd.

Chairman of the Audit Committee: Yi-chia Chiu

Feb. 23, 2022

MANAGEMENT REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Dynamic Electronics Co., Ltd. as of and for the year ended December 31, 2021, 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 Accounting Standard No. 27, "Consolidated and Separate 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

Feb. 23, 2022

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, 2021 and 2020, 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, 2021 and 2020, 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 2021 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\$15,753,057 thousand for the year ended December 31, 2021 is a significant account to the Company's consolidated financial statements. The Group 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\$2,953,056 thousand, representing 17% of consolidated total assets, as of December 31, 2021 is significant to the Company's consolidated financial statements. The application market of the Group'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 2021 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, 2021 and 2020.

Chang, Chih Ming

Chen, Kuo Shuai

Ernst & Young

February 23th, 2022

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.

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2021 and 2020

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			As of December 31, 2021		As of December 31, 2020	
Code	Accounts	Notes	Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$2,729,560	15	\$998,567	8
1110	Financial assets at fair value through profit or loss	4, 6(2)	3,130	-	-	-
1136	Financial assets carried at amortized cost	4, 6(3)	1,218	-	201,253	1
1150	Notes receivable, net	4, 6(4)	43,247	-	262,063	2
1170	Accounts receivable, net	4, 6(5)	4,624,955	26	3,716,755	28
1200	Other receivables		103,615	1	121,852	1
1310	Inventories, net	4, 6(6)	2,953,056	17	1,598,097	12
1410	Prepayments		365,853	2	376,645	3
1470	Other current assets		1,812	-	6,016	-
	Total current assets		<u>10,826,446</u>	<u>61</u>	<u>7,281,248</u>	<u>55</u>
15xx	Non-current assets					
1510	Financial assets at fair value through profit or loss	4, 6(2), 6(12)	800	-	-	-
1600	Property, plant and equipment	4, 6(7), 8, 9	6,241,643	36	5,240,292	40
1755	Right-of-use assets	4, 6(21), 8	408,273	2	268,046	2
1780	Intangible assets	4, 6(8)	44,583	-	28,812	-
1840	Deferred tax assets	4, 6(25)	115,358	1	362,397	3
1900	Other non-current assets	6(9)	1,492	-	4,511	-
	Total non-current assets		<u>6,812,149</u>	<u>39</u>	<u>5,904,058</u>	<u>45</u>
1xxx	Total Assets		<u>\$17,638,595</u>	<u>100</u>	<u>\$13,185,306</u>	<u>100</u>

(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, 2021 and 2020

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2021		As of December 31, 2020	
Code	Accounts	Notes	Amount	%	Amount	%
21xx	Current liabilities					
2100	Short-term loans	6(10)	\$4,587,071	26	\$2,582,600	20
2130	Contract liability	4, 6(19)	4,066	-	13,447	-
2170	Accounts payable		3,560,924	20	2,827,360	21
2200	Other payables	6(11)	1,313,989	8	1,006,489	8
2230	Current tax liabilities	4	62,732	-	24,178	-
2280	Lease liabilities	4, 6(21)	2,019	-	444	-
2300	Other current liabilities		44,925	-	38,607	-
2322	Current portion of long-term loans	6(13), 8	651,224	4	-	-
2365	Refund liability	4, 6(14)	233,162	1	100,753	1
	Total current liabilities		<u>10,460,112</u>	<u>59</u>	<u>6,593,878</u>	<u>50</u>
25xx	Non-current liabilities					
2530	Bonds payable	4, 6(12)	486,152	3	-	-
2540	Long-term loans	6(13), 8	390,735	2	654,722	5
2570	Deferred tax liabilities	4, 6(25)	266,559	2	397,870	3
2580	Lease liabilities	6(21)	2,045	-	-	-
2630	Long-term deferred revenue	6(15)	389,065	2	380,616	3
2640	Net defined benefit liabilities		2,007	-	1,791	-
2645	Guarantee deposits		121,124	1	25,163	-
	Total non-current liabilities		<u>1,657,687</u>	<u>10</u>	<u>1,460,162</u>	<u>11</u>
	Total liabilities		<u>12,117,799</u>	<u>69</u>	<u>8,054,040</u>	<u>61</u>
31xx	Equity attributable to the parent company					
3100	Capital	6(17)				
3110	Common stock		2,775,141	16	2,775,141	21
3140	Capital collected in advance		43	-	-	-
3200	Capital surplus	6(17)	1,314,873	7	1,250,883	10
3300	Retained earnings	6(17)				
3310	Legal reserve		599,291	3	531,385	4
3320	Special reserve		299,666	2	299,666	2
3350	Accumulated profit or loss		970,607	6	679,065	5
3400	Other components of equity		<u>(438,825)</u>	<u>(3)</u>	<u>(404,874)</u>	<u>(3)</u>
	Total equity		<u>5,520,796</u>	<u>31</u>	<u>5,131,266</u>	<u>39</u>
	Total liabilities and equity		<u>\$17,638,595</u>	<u>100</u>	<u>\$13,185,306</u>	<u>100</u>

(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, 2021 and 2020
(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2021		2020	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(19)	\$15,753,057	100	\$12,624,101	100
5000	Operating costs	6(6)	(13,906,278)	(88)	(10,910,451)	(87)
5900	Gross profit		1,846,779	12	1,713,650	13
6000	Operating expenses					
6100	Sales and marketing expenses		(578,803)	(4)	(608,298)	(5)
6200	General and administrative expenses		(617,878)	(4)	(541,334)	(4)
6300	Research and development expenses		(5,310)	-	(10,095)	-
6450	Expected credit gains (losses)	4, 6(20)	4,512	-	(5,148)	-
	Operating expenses total		(1,197,479)	(8)	(1,164,875)	(9)
6900	Operating income		649,300	4	548,775	4
7000	Non-operating income and expenses	6(23)				
7100	Interest income		8,429	-	5,703	-
7010	Other income		244,414	2	135,055	1
7020	Other gains and losses		(120,559)	(1)	249,109	2
7050	Finance costs		(134,448)	(1)	(160,759)	(1)
	Non-operating income and expenses total		(2,164)	-	229,108	2
7900	Income from continuing operations before income tax		647,136	4	777,883	6
7950	Income tax expense	4, 6(25)	(176,682)	(1)	(98,818)	(1)
8200	Net income		470,454	3	679,065	5
8300	Other comprehensive income (loss)	6(24)				
8360	May be reclassified to profit or loss in subsequent periods					
8361	Exchange differences arising on translation of foreign operations		(33,951)	-	53,070	1
	Total other comprehensive income (loss), net of tax		(33,951)	-	53,070	1
8500	Total comprehensive income (loss)		\$436,503	3	\$732,135	6
8600	Net income attributable to:					
8610	Shareholders of the parent		\$470,454	3	\$679,065	5
8700	Total comprehensive income (loss) attributable to:					
8710	Shareholders of the parent		\$436,503	3	\$732,135	6
9750	Earnings per share - basic (in NT\$)	6(26)	\$1.70		\$2.58	
9850	Earnings per share - diluted (in NT\$)	6(26)	\$1.61		\$2.55	

(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, 2021 and 2020

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Capital							
		Capital	Capital collected in advance	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	
		3100	3140	3200	3310	3320	3350	3410	3XXX
A1	Balance as of January 1, 2020	\$2,810,594	\$-	\$1,061,873	\$531,385	\$299,666	\$(335,453)	\$(457,944)	\$3,910,121
D1	Net income for 2020						679,065		679,065
D3	Other comprehensive income (loss) for 2020							53,070	53,070
D5	Total comprehensive income (loss)	-	-	-	-	-	679,065	53,070	732,135
E1	Capital increase by cash	300,000		178,750					478,750
F1	Capital reduction to offset accumulated deficits	(335,453)					335,453		-
N1	Share-based payment transaction			10,260					10,260
Z1	Balance as of December 31, 2020	<u>\$2,775,141</u>	<u>\$-</u>	<u>\$1,250,883</u>	<u>\$531,385</u>	<u>\$299,666</u>	<u>\$679,065</u>	<u>\$(404,874)</u>	<u>\$5,131,266</u>
A1	Balance as of January 1, 2021	\$2,775,141	\$-	\$1,250,883	\$531,385	\$299,666	\$679,065	\$(404,874)	\$5,131,266
	Appropriation and distribution of 2020 earnings								
B1	Legal reserve				67,906		(67,906)		-
B5	Cash dividends-common shares						(111,006)		(111,006)
C5	Equity component of convertible bonds			63,936					63,936
D1	Net income for 2021						470,454		470,454
D3	Other comprehensive income (loss) for 2021							(33,951)	(33,951)
D5	Total comprehensive income (loss)	-	-	-	-	-	470,454	(33,951)	436,503
I1	Conversion of convertible bonds		43	54					97
Z1	Balance as of December 31, 2021	<u>\$2,775,141</u>	<u>\$43</u>	<u>\$1,314,873</u>	<u>\$599,291</u>	<u>\$299,666</u>	<u>\$970,607</u>	<u>\$(438,825)</u>	<u>\$5,520,796</u>

(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, 2021 and 2020

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2021	2020	Code	Items	2021	2020
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income (loss) before tax	\$647,136	\$777,883	B00040	Disposal (acquisition) of financial assets measured at amortized cost	200,035	(178,951)
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(1,405,736)	(667,772)
A20010	Income and expense adjustments:			B05350	Acquisition of right-of-use asset	(147,003)	-
A20100	Depreciation (inculding right-of-use assets)	696,171	698,361	B02800	Proceeds from disposal of property, plant and equipment	6,733	654,126
A20200	Amortization	19,066	12,687	B04500	Acquisition of intangible assets	(34,945)	(27,790)
A20300	Expected credit losses (gain)	(4,512)	5,148	B03700	Decrease (increase) in refundable deposits	3,019	(55)
A20400	Net loss (gain) of financial assets at fair value through profit or loss	(3,682)	-	B09900	Increase (dercease) in long-term deferred revenue	43,452	2,082
A20900	Interest expense	134,448	160,759	BBBB	Net cash provided by (used in) investing activities	(1,334,445)	(218,360)
A21200	Interest income	(8,429)	(5,703)				
A21900	Share-based payment cost	-	10,260				
A22500	Loss (gain) on disposal of property, plant and equipment	17,126	(353,851)				
A23700	Impairment loss (reveral) on non-financial assets	(12,330)	(35,738)				
A29900	Loss (gain) on government grants	(32,961)	(33,920)	CCCC	Cash flows from financing activities:		
A29900	Loss (gain) on lease modification	-	511	C00100	Increase in (repayment of) short-term loans	2,004,471	(180,665)
A30000	Changes in operating assets and liabilities:			C01200	Issuance of corporate bonds	545,297	-
A31130	Notes receivable	218,816	(78,450)	C01600	Increase in long-term loans	1,345,864	4,365
A31150	Accounts receivable	(903,448)	218,642	C01700	Repayment of long-term loans	(955,129)	(1,743,565)
A31180	Other receivables	18,237	378	C03000	Increase (decrease) in guarantee deposits	95,961	(172)
A31200	Inventories	(1,354,959)	(78,137)	C04020	Payments of lease liabilities	(2,057)	(126)
A31230	Prepayment	10,792	66,850	C04500	Cash dividends	(111,006)	-
A31240	Other current assets	4,204	(1,248)	C04600	Capital increase by cash	-	478,750
A32125	Contract liability	(9,381)	11,746	CCCC	Net cash provided by (used in) financing activities	2,923,401	(1,441,413)
A32150	Accounts payable	733,564	370,700				
A32180	Other payables	(17,506)	86,759				
A32230	Other current liabilities	6,318	6,437	DDDD	Effect of exchange rate changes on cash and cash equivalents	(9,611)	(41,007)
A32240	Net defined benefit liabilities	216	216				
A32990	Refund liability	132,409	2,493				
A32000	Cash generated from operations	291,295	1,842,783				
A33100	Interest received	8,429	5,703				
A33300	Interest paid	(125,481)	(164,562)	EEEE	Net Increase (decrease) in cash and cash equivalents	1,730,993	(39,925)
A33500	Income tax paid	(22,595)	(23,069)	E00100	Cash and cash equivalents at beginning of period	998,567	1,038,492
AAAA	Net cash provided by (used in) operating activities	151,648	1,660,855	E00200	Cash and cash equivalents at end of period	\$2,729,560	\$998,567

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

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese
DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2021 and 2020 and for the years then ended
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

Dynamic Electronics Co., Ltd. (“the Company”) was incorporated on 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) on March 18, 2009. The Company’s registered office and the main business location is at 6F., No. 50, Minquan Rd., Luzhu Dist., Taoyuan City 338, 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 23th, 2022.

3. Newly issued or revised standards and interpretations

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

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2021. The nature and impact of each new standard and amendment had no material impact on the Group.

(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	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	January 1, 2022

- (A) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

- (a) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

- (b) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

- (c) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

- (d) Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual period beginning on or after January 1, 2022. The Group assesses all standards and interpretations have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and 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 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, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023
d	Disclosure Initiative – Accounting Policies – Amendments to IAS 1	January 1, 2023

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese
DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

e	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
f	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

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

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

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

(B) IFRS 17 “Insurance Contracts”

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

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

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

(C) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

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

(D) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

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

(E) Definition of Accounting Estimates – Amendments to IAS 8

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

(F) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

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

The abovementioned standards and interpretations 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 assesses 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, 2021 and 2020 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 specified.

(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

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese
DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			2021.12.31	2020.12.31
The Company	WINTEK (MAURITIUS) CO., LTD.	Investing activities	100.00%	100.00%

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company	Dynamic PCB Electronics Co., Ltd.	PCB and business which relates to import and export	100.00%	100.00%
The Company	Dynamic Electronics Co., Ltd. (Seychelles)	PCB and business which relates to import and export	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	-% (Note1)	-% (Note1)
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%
Dynamic Electronics Holding Pte. Ltd	Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	-% (Note2)	100.00% (Note1)

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
 (Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	100.00% (Note2)	-%

Note1: To keep in line with the Group's overall operation planning, the Company's board meeting held on August 24, 2020 approved a change of investment structure in China. The Company previously indirectly invested in its China subsidiary, Dynamic Electronics (Kunshan) Co. Ltd., through WINTEK (MAURITIUS) CO., LTD. The Company now indirectly invests in Dynamic Electronics Holding Pte. Ltd., through WINTEK (MAURITIUS) CO., LTD, and then indirectly invests in Dynamic Electronics (Kunshan) Co. Ltd., through Dynamic Electronics Holding Pte. Ltd. The transaction was accounted for under capital adjustment under reorganization restructure.

Note2: To consider long-term development needs, the Company's board meeting held on December 27, 2020 approved a change of investment structure in China. The Company previously indirectly invested in its China subsidiary, Dynamic Electronics (Kunshan) Co. Ltd., through Dynamic Electronics Holding Pte. Ltd. The Company now indirectly invests in Dynamic Electronics (Kunshan) Co. Ltd., through Dynamic Electronics (Huangshi) Co., Ltd. The transaction was accounted for under capital adjustment under reorganization restructure.

(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 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.

(6) Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents 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 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 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 recognize the impairment gains or losses.

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

- a. Purchased or originated credit-impaired financial assets. For those financial assets, the 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.

(B) Impairment of financial assets

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 balance sheet.

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.
- d. For lease receivables arising from transactions within the scope of IFRS 16, 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.

(C) Derecognition of financial assets

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.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

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

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

- a. It eliminates or significantly reduces a measurement or recognition inconsistency; or
- b. A group of financial 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.

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, 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.

(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	3~10 years
Transportation equipment	4~6 years
Office equipment	3~6 years
Other equipment	1~5 years
Lease improvement	1 year

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

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

- (a) The right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) The right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone

price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

Group as a lessee

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

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

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

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

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;

- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

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

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

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

(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	1~5 years	3~5 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.

The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

(16)Revenue recognition

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.

(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 Dynamic 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 Dynamic 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, Dynamic 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.

(20)Share-based payment transactions

The cost of equity-settled transactions between the Group and its employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it fully vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award substitutes for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted shares issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognizes unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(21)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 in balance sheet at the reporting date.

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 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 receivable-estimation of impairment loss

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.

(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) Revenue recognition-sale returns and allowance

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

(e) 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

	2021.12.31	2020.12.31
Cash on hand	\$347	\$349
Checking and savings	2,528,853	997,848

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Fixed-term deposits	200,360	370
Total	<u>\$2,729,560</u>	<u>\$998,567</u>

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

	2021.12.31	2020.12.31
Measured at fair value through profit or loss:		
Convertible corporate bonds	\$800	\$-
Held for trading – current:		
Forward exchange contract	3,130	-
Total	<u>\$3,930</u>	<u>\$-</u>
Current	\$3,130	\$-
Non-current	800	-
Total	<u>\$3,930</u>	<u>\$-</u>

No financial assets measured at fair value through profit or loss were pledged.

(3) Financial assets measured at amortized cost

	2021.12.31	2020.12.31
Fixed-term deposits	<u>\$1,218</u>	<u>\$201,253</u>
Current	<u>\$1,218</u>	<u>\$201,253</u>
Non-current	<u>\$-</u>	<u>\$-</u>

The Group transacts with financial institutions with good credit rating. Consequently, there is no significant credit risk.

No financial assets measured at amortized cost were pledged.

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(4) Notes receivable, net

	2021.12.31	2020.12.31
Notes receivable arising from operating activities	\$43,247	\$262,063
Less: loss allowance	-	-
Total	\$43,247	\$262,063

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(20) for more details on loss allowance and Note 12 for details on credit risk.

(5) Accounts receivable

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

	2021.12.31	2020.12.31
Accounts receivable from operating activities	\$4,640,874	\$3,737,426
Less: loss allowance	(15,919)	(20,671)
Total	\$4,624,955	\$3,716,755

(b) Accounts receivable were not pledged.

(c) Accounts receivable are generally on 60 to 150 day terms. The total carrying amount for the years ended December 31, 2021 and 2020, are NT\$4,640,874 thousand and NT\$3,737,426 thousand, respectively. Please refer to Note 6(20) for more details on loss allowance of accounts receivable for year ended December 31, 2021 and 2020. Please refer to Note 12 for more details on credit risk management.

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(6)Inventories

(a)Details of inventories are as below :

	2021.12.31	2020.12.31
Raw materials and Supplies	\$304,866	\$181,587
Work in progress	624,749	456,741
Finished goods	2,023,441	959,769
Total	<u>\$2,953,056</u>	<u>\$1,598,097</u>

(b)The cost of inventories recognized in expenses amounts to NT\$13,906,278 thousand for the year ended December 31, 2021 while NT\$10,910,451 thousand for the year ended December 31, 2020. The following losses were included in cost of sales :

	For the year ended December 31,	
Item	2021	2020
Inventory valuation losses	<u>\$143,713</u>	<u>\$5,392</u>

(c)Inventories were not pledged.

(7)Property, plant and equipment

	2021.12.31	2020.12.31
Owner occupied property, plant and equipment	<u>\$6,241,643</u>	<u>\$5,240,292</u>

							Construction in progress and equipment to be examined	
	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Lease improvement		Total
Cost:								
2021.01.01	\$2,498,443	\$6,367,480	\$23,917	\$278,578	\$1,386,919	\$8,820	\$559,797	\$11,123,954
Additions	-	19,979	-	6,980	59,320	-	1,639,787	1,726,066
Disposals	-	(39,568)	(471)	(1,787)	(135,135)	-	-	(176,961)
Transfer	257,075	588,892	6,708	61,979	47,905	-	(962,559)	-
Exchange differences	(13,348)	(34,453)	(123)	(1,451)	(7,265)	-	(3,873)	(60,513)
2021.12.31	<u>\$2,742,170</u>	<u>\$6,902,330</u>	<u>\$30,031</u>	<u>\$344,299</u>	<u>\$1,351,744</u>	<u>\$8,820</u>	<u>\$1,233,152</u>	<u>\$12,612,546</u>

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Depreciation and impairment:

2021.01.01	\$621,484	\$4,105,152	\$19,211	\$152,609	\$976,386	\$8,820	\$-	\$5,883,662
Depreciation	115,440	337,754	3,714	51,089	176,892	-	-	684,889
Impairment loss	-	(12,330)	-	-	-	-	-	(12,330)
Disposals	-	(17,676)	(456)	(1,739)	(133,231)	-	-	(153,102)
Exchange differences	(3,419)	(22,640)	(103)	(822)	(5,232)	-	-	(32,216)
2021.12.31	<u>\$733,505</u>	<u>\$4,390,260</u>	<u>\$22,366</u>	<u>\$201,137</u>	<u>\$1,014,815</u>	<u>\$8,820</u>	<u>\$-</u>	<u>\$6,370,903</u>

Cost:

2020.01.01	\$2,295,405	\$6,256,155	\$24,816	\$238,327	\$1,287,616	\$-	\$981,302	\$11,083,621
Additions	-	3,949	267	3,535	156,214	95	438,419	602,479
Disposals	-	(565,820)	(1,766)	(1,069)	(126,964)	-	(420)	(696,039)
Transfer	167,074	584,058	251	34,177	52,103	8,725	(849,734)	(3,346)
Exchange differences	35,964	89,138	349	3,608	17,950	-	(9,770)	137,239
2020.12.31	<u>\$2,498,443</u>	<u>\$6,367,480</u>	<u>\$23,917</u>	<u>\$278,578</u>	<u>\$1,386,919</u>	<u>\$8,820</u>	<u>\$559,797</u>	<u>\$11,123,954</u>

Depreciation and impairment:

2020.01.01	\$514,187	\$4,243,219	\$17,496	\$104,892	\$872,426	\$-	\$-	\$5,752,220
Depreciation	97,474	329,880	3,165	46,332	205,996	8,820	-	691,667
Impairment loss	-	(35,738)	-	-	-	-	-	(35,738)
Disposals	-	(484,637)	(1,742)	(975)	(125,881)	-	-	(613,235)
Transfer	-	(12,000)	-	-	8,654	-	-	(3,346)
Exchange differences	9,823	64,428	292	2,360	15,191	-	-	92,094
2020.12.31	<u>\$621,484</u>	<u>\$4,105,152</u>	<u>\$19,211</u>	<u>\$152,609</u>	<u>\$976,386</u>	<u>\$8,820</u>	<u>\$-</u>	<u>\$5,883,662</u>

Net carrying amount as at:

2021.12.31	<u>\$2,008,665</u>	<u>\$2,512,070</u>	<u>\$7,665</u>	<u>\$143,162</u>	<u>\$336,929</u>	<u>\$-</u>	<u>\$1,233,152</u>	<u>\$6,241,643</u>
2020.12.31	<u>\$1,876,959</u>	<u>\$2,262,328</u>	<u>\$4,706</u>	<u>\$125,969</u>	<u>\$410,533</u>	<u>\$-</u>	<u>\$559,797</u>	<u>\$5,240,292</u>

For the year ended December 31, 2021, the NT\$12,330 thousand gain on reversal of impairment loss represented the sold of certain property, plant and equipment in the Group. This has been recognized in the statement of comprehensive income.

For the year ended December 31, 2020, the NT\$35,738 thousand gain on reversal of impairment loss represented the sold of certain property, plant and equipment in the Group. This has been recognized in the statement of comprehensive income.

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Significant components of building include main building structure and additional expansion construction, which are depreciated over 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:			
2021.01.01	\$38,303	\$10,664	\$48,967
Additions – acquired separately	34,945	-	34,945
Derecognized upon retirement	(13,279)	-	(13,279)
Exchange differences	(170)	(57)	(227)
2021.12.31	<u>\$59,799</u>	<u>\$10,607</u>	<u>\$70,406</u>
2020.01.01	\$38,401	\$35	\$38,436
Additions – acquired separately	17,162	10,628	27,790
Derecognized upon retirement	(17,767)	-	(17,767)
Exchange differences	507	1	508
2020.12.31	<u>\$38,303</u>	<u>\$10,664</u>	<u>\$48,967</u>
Amortization and impairment:			
2021.01.01	\$19,070	\$1,085	\$20,155
Amortization	16,938	2,128	19,066
Derecognized upon retirement	(13,279)	-	(13,279)
Exchange differences	(111)	(8)	(119)
2021.12.31	<u>\$22,618</u>	<u>\$3,205</u>	<u>\$25,823</u>
2020.01.01	\$24,717	\$10	\$24,727
Amortization	11,631	1,056	12,687
Derecognized upon retirement	(17,767)	-	(17,767)
Exchange differences	489	19	508
2020.12.31	<u>\$19,070</u>	<u>\$1,085</u>	<u>\$20,155</u>

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Net carrying amount as at:

2021.12.31	\$37,181	\$7,402	\$44,583
2020.12.31	\$19,233	\$9,579	\$28,812

Amortization of intangible assets is as follows:

	For the year ended December 31,	
	2021	2020
Operating costs	\$10,998	\$2,883
Operating expenses	8,068	9,804
Total	\$19,066	\$12,687

(9)Other non-current assets

	As of December 31,	
	2021	2020
Other non-current assets consist of the following:		
Refundable deposits	\$1,492	\$4,511

(10)Short-term loans

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

	Interest Rates(%)	2021.12.31	2020.12.31
Unsecured bank loans	0.85463%~4.5%	\$4,587,071	\$2,582,600

(b) The Group's unused short-term lines of credits amounts to NT\$4,856,404 thousand and NT\$3,018,749 thousand as of December 31, 2021 and 2020, respectively.

(11)Other payables

Other payables consist of the following:	2021.12.31	2020.12.31
Accrued expenses	\$813,528	\$830,590
Accrued interest payable	9,331	5,099
Payables to equipment suppliers	491,130	170,800
Total	\$1,313,989	\$1,006,489

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(12) Bonds payable

- A. The Group had no balance of the bonds payable as of December 31, 2020. The details of the bonds payable as of December 31, 2021 is as follows:

	2021.12.31
Liability component:	
Unsecured domestic bonds payable	\$499,900
Less: Discounts on bonds payable	(13,748)
Total	486,152
Less: Current portion	-
Non-current portion	\$486,152
Embedded derivative—redemption and put options	\$800
Equity component—conversion right	\$63,923

For the details of the gain or loss from valuation through profit or loss on embedded derivative - redemption, put options and the interest expense on the convertible bonds payable, please refer to Note 6(23)(d) to the consolidated financial statement.

- B. On May 13, 2021, the Company issued the second unsecured domestic convertible bonds. The terms of the bonds are as follows:

(a) Issue amount:	NT\$500,000 thousand
(b) Issue date:	May 13, 2021
(c) Issue price:	Issued in 110.1% of par value
(d) Coupon rate:	0%
(e) Issue period:	May 13, 2021 to May 13, 2024
(f) Settlement:	A converting bond holder can convert bonds into the Company's stock or execute put option based on the Company's conversion rules. The Company can also buy back cancellation from bonds dealers. Otherwise, bonds are repayable at 100.7519% of face value (0.25% income return) by cash when they mature.
(g) Conversion period :	The bondholders will have the right to convert their bonds at any time during the conversion period commencing August 14, 2021 (the next day of three months following the closing date) and ending at the lose

of business on May 13, 2024 (the maturity date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date on (and including) such record; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction ; (iv) No request for conversion other than the starting date of the stop of conversion for the change of stock denomination to the day before the trading day before the start of the new stock exchange.

(h)Conversion price and adjustment: The conversion price was originally at NT\$23.5 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

Because the cash dividend-common stock, distributed in 2021. According to the policies for the second domestic unsecured conversion of corporate bonds issued and conversion, the conversion price was subject to adjustments. Since August 13 2021, the conversion price was adjusted to NT\$23.1.

(i)Redemption clauses: a. The Company may redeem the convertible bonds from the next day (August 14, 2021) following a three-month period after the bonds are issued to 40 days before the maturity date (April 3, 2024) if the following terms are met: when the closing price of the Company's common shares is 30% above the convertible price for 30 consecutive trading days, the Company may, within the following 30 business days (the aforesaid period shall start from the day the letter is delivered by the Company, and the expiry date of the period shall be the measurement date for bond recovery, and the aforesaid period shall not fall in the period of conversion suspension stated in Article 9), send a bond redemption notification letter via registered mail to the bondholders. (The bondholders list shall be based on the updated list five business days before sending the redemption notification letter to the bondholders. Public announcements will be made for bondholders who acquire the convertible bonds subsequently from

transactions or other reasons). The redemption price would be set at the face value and the bond is purchased by cash, which would be announced over Taipei Exchange. When the Company executes the recovery request, it shall redeem the outstanding convertible bonds in cash at the face value within five business days after the bond recovery measurement date.

- b. The Company may redeem the convertible bonds from three months after bond issued to the 40 days before maturity date. The total value of outstanding convertible bonds becomes less than 10% of the total issues for 30 consecutive trading days. The Company will send a bond redeem notification letter via registered mail to the bondholders. (Bondholders list based on redeem notification letter before sending to the bondholders for five business days, but bondholders merely be announce to acquire convertible bonds for selling, purchasing, or other reasons). And the redemption price would be set as the par value and the bond is purchased by cash and would be announced over Taipei Exchange. When the Company executes the recovery request, it shall redeem the outstanding convertible bonds in cash at the face value within five business days after the bond recovery measurement date.
- c. If the bondholders do not respond to the Company's stock affair agency in writing (effective upon delivery; postal mail shall be based on the stamp date) prior to the redemption date stated in the notification letter, the Company will redeem such bonds at the par value of the convertible bonds and pay in cash within 5 business days following the redemption date.

- C. As of December 31, 2021, the second unsecured convertible bonds in the amount of NT\$100 thousand was applied to be converted into 4 thousand common shares. The surplus arising from the conversion amounted to NT\$54 thousand and were recorded under additional paid-in capital.

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(13) Long-term loans

(a) Details of long-term loans as of December 31, 2021 and 2020 are as follows:

Lenders	2021.12.31	Interest Rate (%) (Note2)	Maturity and terms of repayment
Bank of Communications Co., Ltd. — Huangshi Branch — Secured bank loans	\$651,224	People's Bank of China benchmark interest rate rises by 10%	The loan is due to be settled.
China Construction Bank Corporation — Huangshi Branch — Unsecured bank loans	130,245	China Construction Bank Corporation benchmark interest rate, negotiate a price.	The loan is due to be settled.
Bank of Shanghai Co., Ltd. — Zhongli Branch — Unsecured bank loans	260,490	RMB variable interest rate HIBOR 3M+0.9%	The grace period is 12 months. Pay interest quarterly. After the grace period expires, principal is repaid in 8 quarterly payments with monthly interest payments.
Less: Current portion of long-term loans	(651,224)		
Non-current portion of long-term loans	<u>\$390,735</u>		

Lenders	2020.12.31	Interest Rate (%) (Note2)	Maturity and terms of repayment
Bank of Communications Co., Ltd. — Huangshi Branch — Secured bank loans	\$654,722	People's Bank of China benchmark interest rate rises by 10%	The loan is due to be settled.
Less: Current portion of long-term loans	-		
Non-current portion of long-term loans	<u>\$654,722</u>		

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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:

	2021.12.31	2020.12.31
Interest Rates (%)	3.986%~4.35%	4.35%~4.785%

(14)Refund liability

	2021.12.31	2020.12.31
Refund liability	\$233,162	\$100,753

(15)Long-term deferred revenue

Government grants

	For the year ended December 31,	
	2021	2020
Beginning balance	\$380,616	\$406,659
Received during the period	43,452	2,082
Released to the statement of comprehensive income	(32,961)	(33,920)
Exchange differences	(2,042)	5,795
Ending Balance	\$389,065	\$380,616
	2021.12.31	2020.12.31
Non-current deferred revenue - government grants related to assets	\$389,065	\$380,616

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, 2021 and 2020 amounted to NT\$4,848 thousand and NT\$5,032 thousand, respectively.

Pension expenses for the year ended December 31, 2020 amounted to NT\$68 thousand.

Additional pension expenses recognized for the executives commissioned by the Group amounted to NT\$216 thousand both for the years ended December 31, 2021 and 2020.

(17) Equities

(a) Common stock

As of December 31, 2021 and 2020, the Company's authorized capital was NT\$4,000,000 thousand. As of December 31, 2021 and 2020, the Company's paid-in capital was NT\$2,775,141 thousand, each share at par value of NT\$10, divided into 277,514,032 shares.

On December 18, 2019, the Company's board meeting resolved to increase the capital through an issuance of 30,000 thousand new shares at a price of NT\$16. The application has

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been approved by the FSC with Order No. Jin-Guan-Cheng-Fa-Zi-1080342221. The base date for the cash capital increase was June 18, 2020.

On October 14, 2020, the Company's shareholders' meeting resolved to reduce capital to make up the deficit by NT\$335,453 thousand and cancel 33,545,303 shares to improve the financial structure. The capital reduction rate was 10.784214%. The application has been approved by the FSC with Order No. Jin-Guan-Cheng-Fa-Zi-1090372742 on November 16, 2020. The base date for the capital reduction was November 20, 2020, and the registration was completed on November 25, 2020.

During 2021, the second unsecured convertible bonds in the amount of NT\$100 thousand were converted into 4 thousand common shares. On December 28, 2021, the Company's board meeting resolved to increase capital and the measurement date was on January 1, 2022. The 4 thousand shares were recorded under capital collected in advance as of December 31, 2021.

(b) Capital surplus

	2021.12.31	2020.12.31
Additional paid-in capital	\$1,176,745	\$1,176,745
Conversion premium of convertible corporate bonds	67	-
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	6,528	6,528
Share options	83,633	19,710
Total	<u>\$1,314,873</u>	<u>\$1,250,883</u>

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

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

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

The Company may resolve by a special majority vote at a Board meeting to distribute in cash the above-mentioned dividends or capital reserve or/and legal reserve in compliance with the Taiwan Company Act and shall report the distribution in the most recent shareholder's 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) Special reserve

The special surplus reserve shall be set aside at the time of the assignment of the distributable surplus, on the basis of the difference between the balance of the special surplus reserve at the time of the first IFRS application and the net amount of other equity deductions. For any subsequent use, disposal or reclassification of related assets, the company can reverse the special reserve by proportion and transfer to retained earnings.

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

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

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, 2021 and 2020, special reserve set aside for the first-time adoption of T-IFRS reduced to NT\$299,666 thousand accordingly.

(5) The appropriations of earnings for the years 2021 and 2020 were approved through the Board meeting and stockholders' meeting held on February 23, 2022 and July 20, 2021, respectively. The details of the distributions are as follows.

	Appropriation of earnings		Dividend per share (in NT\$)	
	2021	2020	2021	2020
Legal reserve	\$47,045	\$67,906		
Special reserve	139,159	-		
Cash dividend	194,263	111,006	\$0.7	\$0.4
Total	<u>\$380,467</u>	<u>\$178,912</u>		

Please refer to Note 6(22) for details on employees' compensation and remuneration to directors and supervisors.

(18) Share-based payment plans

Certain employees of the Company are entitled to share-based payment as part of their remunerations. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

- (1) On December 18, 2019, the Company's board of directors meetings resolved to increase cash capital. The measurement date was on June 18, 2020 and except for part of new shares for employees to subscribe it.

A. The following table contains further details on the aforementioned share-based payment plan:

	For the years ended December 31, 2020	
	Number of share outstanding (in thousand)	Weighted-average Exercise Price per Share (NT\$)
Outstanding at beginning of period	-	\$-
Granted	2,626	16
Exercised	(2,626)	16
Outstanding at end of period	-	
Weighted-average fair value of options granted during the period (in NT\$)	\$3.42	

B. The compensation cost was recognized under the fair value method and the Black-Scholes Option Pricing model was used to estimate the fair value of options granted. Assumptions used in calculating the fair value are disclosed as follows:

	2020.05.21
Stock market price	\$19.05
Exercised price	\$16

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Expected volatility (%)	50.36%
Expected life (Years)	0.1562 years
Expected dividend yield (%)	0%
Risk free interest rate (%)	0.478%

The stock market price on the grant date is evaluated by the income method and the market method.

The expected volatility is based on the average annualized standard deviation of the Company's stock price over 250 trading days.

- (2) In 2020, the compensation cost recognized for the cash increase reserved for employees to subscribe is NT\$10,260 thousand.

(19) Operating revenues

	For the year ended December 31,	
	2021	2020
Revenue from contracts with customers		
Sales of goods	\$15,731,696	\$12,620,590
Other revenue	21,361	3,511
Total	<u>\$15,753,057</u>	<u>\$12,624,101</u>

Analysis of revenue from contracts with customers during the years ended December 31, 2021 and 2020 are as follows:

A. Disaggregation of revenue

	For the year ended December 31,	
	2021	2020
	Single department	Single department
Sale of goods	\$15,731,696	\$12,620,590
Other	21,361	3,511
Total	<u>\$15,753,057</u>	<u>\$12,624,101</u>

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The timing for revenue recognition:

At a point in time	<u>\$15,753,057</u>	<u>\$12,624,101</u>

B. Contract balances

(a)Contract liabilities – current

	<u>2021.12.31</u>	<u>2020.12.31</u>	<u>2020.01.01</u>
Sale of goods	<u>\$4,066</u>	<u>\$13,447</u>	<u>\$1,701</u>

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

	<u>Sales of goods</u>
The opening balance transferred to revenue	\$(11,908)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	2,527

The significant changes in the Group's balances of contract liabilities for the years ended December 31, 2020 are as follows:

	<u>Sales of goods</u>
The opening balance transferred to revenue	\$(696)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	12,442

(20)Expected credit losses (gains)

	<u>For the year ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Operating expenses – Expected credit losses (gains)		
Account receivables	<u>\$(4,512)</u>	<u>\$5,148</u>

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

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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, 2021 and 2020 are as follow:

A. The Group considers 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:

2021.12.31

	Not yet due (Note)	Past due					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$4,563,835	\$111,594	\$1,519	\$1,720	\$1,650	\$3,803	\$4,684,121
Loss ratio	-%	6.48%	100%	100%	100%	100%	
Lifetime expected credit losses	-	(7,227)	(1,519)	(1,720)	(1,650)	(3,803)	(15,919)
Carrying amount of trade receivables	\$4,563,835	\$104,367	\$-	\$-	\$-	\$-	\$4,668,202

2020.12.31

	Not yet due (Note)	Past due					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$3,801,892	\$184,466	\$9,042	\$1,505	\$2,414	\$170	\$3,999,489
Loss ratio	-%	4.09%	100%	100%	100%	100%	
Lifetime expected credit losses	-	(7,540)	(9,042)	(1,505)	(2,414)	(170)	(20,671)
Carrying amount of trade receivables	\$3,801,892	\$176,926	\$-	\$-	\$-	\$-	\$3,978,818

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

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B. The movement in the provision for impairment of notes receivable and accounts receivable for the years ended December 31, 2021 and 2020 are as follows:

	Notes receivable	Accounts receivable
Beginning balance as of January 1, 2021	\$-	\$20,671
Addition/ (reversal) for the current period	-	(4,512)
Write off	-	-
Effect of exchange rate changes	-	(240)
Ending balance as of December 31, 2021	\$-	\$15,919
Beginning balance as of January 1, 2020	\$-	\$15,789
Addition/ (reversal) for the current period	-	5,148
Write off	-	-
Effect of exchange rate changes	-	(266)
Ending balance as of December 31, 2020	\$-	\$20,671

(21)Leases

(a)Group as a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and equipment, transportation equipment. The lease terms range from 2 to 50 years. The Group is not allowed to loan, sublease or sell without obtaining the consent from the lessors.

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

A.Amounts recognized in the balance sheet

a.Right-of-use assets

	Land	Buildings	Machinery and equipment	transportation equipment	Total
Cost :					
2021.01.01	\$310,993	\$1,047	\$-	\$-	\$312,040
Additions	147,003	-	-	6,056	153,059
Disposals	-	(1,047)	-	-	(1,047)
Exchange differences	(1,788)	-	-	-	(1,788)
2021.12.31	<u>\$456,208</u>	<u>\$-</u>	<u>\$-</u>	<u>\$6,056</u>	<u>\$462,264</u>

Cost :					
2020.01.01	\$306,892	\$1,047	\$2,224	\$-	\$310,163
Additions	-	-	-	-	-
Disposals	(696)	-	(2,224)	-	(2,920)
Exchange differences	4,797	-	-	-	4,797
2020.12.31	<u>\$310,993</u>	<u>\$1,047</u>	<u>\$-</u>	<u>\$-</u>	<u>\$312,040</u>

Depreciation and impairment:

2021.01.01	\$43,078	\$916	\$-	\$-	\$43,994
Depreciation	9,132	131	-	2,019	11,282
Disposals	-	(1,047)	-	-	(1,047)
Exchange differences	(238)	-	-	-	(238)
2021.12.31	<u>\$51,972</u>	<u>\$-</u>	<u>\$-</u>	<u>\$2,019</u>	<u>\$53,991</u>

Depreciation and impairment:

2020.01.01	\$36,638	\$393	\$1,482	\$-	\$38,513
Depreciation	6,109	523	62	-	6,694
Disposals	(348)	-	(1,544)	-	(1,892)
Exchange differences	679	-	-	-	679
2020.12.31	<u>\$43,078</u>	<u>\$916</u>	<u>\$-</u>	<u>\$-</u>	<u>\$43,994</u>

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Net carrying amount as at:

2021.12.31	\$404,236	\$-	\$-	\$4,037	\$408,273
2020.12.31	\$267,915	\$131	\$-	\$-	\$268,046

Please refer to Note 8 for more details on right-of-use assets under pledge.

b. Lease liabilities

	2021.12.31	2020.12.31
Lease liabilities	\$4,064	\$444
Current	\$2,019	\$444
Non-current	2,045	-
Total	\$4,064	\$444

Please refer to Note 6(23)(d) for the interest on lease liabilities recognized during the year ended December 31, 2021 and 2020 refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at December 31, 2021 and 2020.

B. Income and costs relating to leasing activities

	For the year ended December 31,	
	2021	2020
The expenses relating to short-term leases	\$33,313	\$15,225

The portfolio of short-term leases of the Group to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expenses disclosed above, and the amount of its lease commitments is NT\$0.

C. Cash outflow relating to leasing activities

During the year ended December 31, 2021 and 2020, the Group's total cash outflows for leases amounting to NT\$35,370 thousand and NT\$15,351 thousand, respectively.

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(22) Summary of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2021 and 2020 is as follows:

Function Nature	2021			2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$2,122,232	\$373,959	\$2,496,191	\$1,794,889	\$344,994	\$2,139,883
Labor and health insurance	-	8,002	8,002	-	7,475	7,475
Pension	-	5,064	5,064	-	5,316	5,316
Other employee benefits	90	388	478	93	5,138	5,231
Depreciation	649,886	46,285	696,171	650,847	47,514	698,361
Amortization	10,998	8,068	19,066	2,883	9,804	12,687

The Company's special shareholders meeting held on October 14, 2020 resolved an amendment on the ratio of employees' compensation. According to the resolution, 6%~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.

Based on profit of the year ended December 31, 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2021 to be not lower than 6% and not higher than 3% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2021 amount to NT\$52,386 thousand and NT\$10,483 thousand, respectively.

Based on profit of the year ended December 31, 2020, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2020 to be not lower than 6% and not higher than 3% of profit of the current

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year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2020 amount to NT\$47,960 thousand and NT\$11,990 thousand, respectively.

The board of directors of the company resolved to pay the employees' compensation and remuneration to directors and supervisors amount NT\$47,960 thousand and NT\$11,990 thousand respectively on February 26, 2021. There is no difference in the amount of the expense for 2020.

(23)Non-operating income and expenses

(a)Interest income

	For the year ended December 31,	
	2021	2020
Interest income		
Financial assets measured at amortized cost	\$8,429	\$5,703

(b)Other income

	For the year ended December 31,	
	2021	2020
Other income—others	\$244,414	\$135,055

(c)Other gains and losses

	For the year ended December 31,	
	2021	2020
Gain (loss) on disposal of property, plant and equipment	\$(17,126)	\$353,851
Foreign exchange gains (losses), net	(51,465)	(124,316)
Gains on financial assets at fair value through profit or loss	3,682	-
Impairment reversal on non-financial assets	12,330	35,738
Losses on lease modification	-	(511)
Others losses—others	(67,980)	(15,653)
Total	\$(120,559)	\$249,109

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(d) Finance costs

	For the year ended December 31,	
	2021	2020
Interest on borrowings from bank	\$129,745	\$160,752
Interest on lease liabilities	65	7
Interest on bonds payable	4,638	-
Total	<u>\$134,448</u>	<u>\$160,759</u>

(24) Components of other comprehensive income (loss)

For the year ended December 31, 2021

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	<u>\$(33,951)</u>	<u>\$-</u>	<u>\$(33,951)</u>	<u>\$-</u>	<u>\$(33,951)</u>

For the year ended December 31, 2020

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	<u>\$53,070</u>	<u>\$-</u>	<u>\$53,070</u>	<u>\$-</u>	<u>\$53,070</u>

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(25)Income tax

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

Income tax expense (income) recognized in profit or loss

	For the year ended December 31,	
	2021	2020
Current income tax expense (income):		
Current income tax charge	\$89,190	\$35,881
Adjustments in respect of current income tax of prior periods	(27,903)	-
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	115,395	62,937
Total income tax expense	<u>\$176,682</u>	<u>\$98,818</u>

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

	For the year ended December 31,	
	2021	2020
Accounting profit before tax from continuing operations	<u>\$647,136</u>	<u>\$777,883</u>
Tax at the domestic rates applicable to profits in the country concerned	\$262,327	\$159,075
Tax effect of expenses not deductible for tax purposes	(81,894)	(92,491)
Tax on undistributed earnings	25,008	-
Tax effect of deferred tax assets/liabilities	(856)	32,234
Prior years' tax adjustments	(27,903)	-
Total income tax expense recognized in profit or loss	<u>\$176,682</u>	<u>\$98,818</u>

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

For the year ended December 31, 2021

	Beginning balance as of January 1, 2021	Deferred tax income (expense) recognized in profit or loss	Exchange adjustment	Ending balance as of December 31, 2021
Temporary differences				
Bad debts loss	\$-	\$345	\$-	\$345
Unrealized loss on inventory valuation	1,864	22,958	(29)	24,793
Investments accounted for using the equity method	(397,870)	131,311	-	(266,559)
Over 2 years payables	86	(86)	-	-
Gain on disposal of property, plant and equipment	34,521	(3,869)	-	30,652
Impairment loss on assets	3,504	(3,504)	-	-
Unrealized exchange loss (gain)	1,889	(1,523)	-	366
Sales returns and allowances	6,075	(5,089)	-	986
Commission expense	11,675	(11,675)	-	-
Unused tax losses	244,441	(244,441)	-	-
Employee benefits	1,575	(1,575)	-	-
Government grants revenue	56,767	1,753	(304)	58,216
Deferred tax income (expense)		<u>\$(115,395)</u>	<u>\$(333)</u>	
Net deferred tax assets (liabilities)	<u>\$(35,473)</u>			<u>\$(151,201)</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$362,397</u>			<u>\$115,358</u>
Deferred tax liabilities	<u>\$(397,870)</u>			<u>\$(266,559)</u>

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For the year ended December 31, 2020

	Beginning balance as of January 1, 2020	Deferred tax income (expense) recognized in profit or loss	Exchange adjustment	Ending balance as of December 31, 2020
Temporary differences				
Unrealized loss on inventory valuation	\$1,734	\$103	\$27	\$1,864
Investments accounted for using the equity method	(378,721)	(19,149)	-	(397,870)
Over 2 years payables	86	-	-	86
Gain on disposal of property, plant and equipment	36,836	(2,315)	-	34,521
Impairment loss on assets	7,265	(3,761)	-	3,504
Unrealized exchange loss (gain)	1,928	(39)	-	1,889
Sales returns and allowances	9,924	(3,849)	-	6,075
Commission expense	11,922	(247)	-	11,675
Unused tax losses	274,881	(30,440)	-	244,441
Employee benefits	452	1,123	-	1,575
Government grants revenue	60,265	(4,363)	865	56,767
Deferred tax income (expense)		<u>\$(62,937)</u>	<u>\$892</u>	
Net deferred tax assets (liabilities)	<u>\$26,572</u>			<u>\$(35,473)</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$405,293</u>			<u>\$362,397</u>
Deferred tax liabilities	<u>\$(378,721)</u>			<u>\$(397,870)</u>

(d)Unrecognized deferred tax assets

As of December 31, 2021 and 2020, deferred tax assets that have not been recognized amounts to NT\$286,311 thousand and NT\$94,490 thousand, respectively.

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

Year incurred	Net Operating Loss	Expiration year
2013	\$177,317	2023
2014	224,933	2024
2015	82,157	2025
2016	138,185	2026
2017	194,926	2027
2018	127,096	2028
2019	198,948	2029
Total	\$1,143,562	

(f) The assessment of income tax returns

As of December 31, 2021, the tax assessments on the Company's tax filings have been approved up to the year of 2019.

(26) 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.

	For the year ended December 31,	
	2021	2020
(a) Basic earnings per share		
Net income available to common shareholders of the parent	\$470,454	\$679,065
Weighted average number of common stocks outstanding (in thousand shares)	277,515	263,664
Basic earnings per share (in NT\$)	\$1.70	\$2.58

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(b) Diluted earnings per share

Net income available to common shareholders of the parent	\$470,454	\$679,065
Issued domestic bonds payable of valuation through profit or loss on redemption	(440)	-
Interest on convertible bonds	3,710	-
Net income available to common shareholders of the parent after dilution (in thousand NT\$)	<u>\$473,724</u>	<u>\$679,065</u>
Weighted average number of common stocks outstanding (in thousand shares)	277,515	263,664
Effect of dilution:		
Employee bonus (compensation) - stock (in thousand shares)	2,703	2,472
Convertible bonds (in thousands)	13,818	-
Weighted average number of common stocks outstanding after dilution (in thousand shares)	<u>294,036</u>	<u>266,136</u>
Diluted earnings per share (in NT\$)	<u>\$1.61</u>	<u>\$2.55</u>

There were 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) Significant transactions with related parties

(a) Key management personnel compensation

	For the year ended of December 31,	
	2021	2020
Short-term employee benefits	\$83,985	\$71,748
Post-employment benefits	1,240	1,289
Total	<u>\$85,225</u>	<u>\$73,037</u>

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8. Assets pledged as collateral

As of December 31, 2021 and 2020, the assets pledged for the Group's loans consist of the following:

Assets	Book value	Purpose of pledge
<u>2021.12.31</u>		
Property, plant and equipment – buildings	\$1,374,238	Secured loans
Right-of-use assets	230,271	Secured loans
Total	<u>\$1,604,509</u>	
<u>2020.12.31</u>		
Property, plant and equipment – buildings	\$1,290,835	Secured loans
Construction in progress	102,541	Secured loans
Right-of-use assets	236,729	Secured loans
Total	<u>\$1,630,105</u>	

9. Significant contingencies and unrecognized contract commitments

As of December 31, 2021, 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	<u>\$2,159,633</u>	<u>\$856,934</u>	<u>\$1,302,699</u>

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.

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12. Others

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2021	2020
Financial assets measured at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	\$2,729,213	\$998,218
Financial assets measured at amortized cost	1,218	201,253
Notes receivable	43,247	262,063
Accounts receivable	4,624,955	3,716,755
Other receivables	103,615	121,852
Refundable deposits	1,492	4,511
Total	7,503,740	5,304,652
Financial assets at fair value through profit or loss:		
Held for trading	3,930	-
Total	\$7,507,670	\$5,304,652

Financial liabilities

	As of December 31,	
	2021	2020
Financial liabilities at amortized cost:		
Short-term loan	\$4,587,071	\$2,582,600
Payables	4,874,913	3,833,849
Bonds payable	486,152	-
Leased liabilities (including current portion with maturity less than 1 year)	4,064	444
Long-term loan(including current portion with maturity less than 1 year)	1,041,959	654,722
Total	\$10,994,159	\$7,071,615

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

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, 2021 and 2020 is decreased/increased by NT\$12,828 thousand and NT\$1,228 thousand, respectively.

When NTD strengthens/weakens against RMB by 1%, the profit for the years ended December 31, 2021 and 2020 is increased /decreased by NT\$48,377 thousand and NT\$35,783 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, 2021 and 2020 to decrease/increase by NT\$4,447 thousand and NT\$2,715 thousand, respectively.

Equity price risk

As of December 31, 2021 and 2020, 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, 2021 and 2020, accounts receivable from top ten customers represent 60.28% and 64.11% 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. 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.

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Non-derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
<u>2021.12.31</u>					
Loans	\$5,390,717	\$455,076	\$-	\$-	\$5,845,793
Payables	4,874,913	-	-	-	4,874,913
Bonds payable	-	499,900	-	-	499,900
Lease liabilities	2,057	2,057	-	-	4,114
<u>2020.12.31</u>					
Loans	\$2,652,233	\$686,051	\$-	\$-	\$3,338,284
Payables	3,833,849	-	-	-	3,833,849
Lease payable	444	-	-	-	444

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2021:

	Short-term loans	Bonds payable	Long-term loans	Refundable deposits	Lease liabilities	Total liabilities from financing activities
As of January 1, 2021	\$2,582,600	\$-	\$654,722	\$25,163	\$444	\$3,262,929
Cash flows	2,004,471	545,297	390,735	95,961	(2,057)	3,034,407
Non-cash changes						
Lease modification	-	-	-	-	5,612	5,612
Others	-	(63,783)	-	-	-	(63,783)
Interest expense	-	4,638	-	-	65	4,703
Foreign exchange movement	-	-	(3,498)	-	-	(3,498)
As of December 31, 2021	<u>\$4,587,071</u>	<u>\$486,152</u>	<u>\$1,041,959</u>	<u>\$121,124</u>	<u>\$4,064</u>	<u>\$6,240,370</u>

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Reconciliation of liabilities for the year ended December 31, 2020:

	Short-term loans	Long-term loans	Refundable deposits	Lease liabilities	Total liabilities from financing activities
As of January 1, 2020	\$2,763,265	\$2,443,822	\$25,335	\$1,328	\$5,233,750
Cash flows	(180,665)	(1,739,200)	(172)	(126)	(1,920,163)
Non-cash changes					
Lease modification	-	-	-	(765)	(765)
Interest of lease liabilities	-	-	-	7	7
Foreign exchange movement	-	(49,900)	-	-	(49,900)
As of December 31, 2020	<u>\$2,582,600</u>	<u>\$654,722</u>	<u>\$25,163</u>	<u>\$444</u>	<u>\$3,262,929</u>

(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

Other than the item is listed in the table below, the carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value:

	Carrying amount	
	2021.12.31	2020.12.31
Financial liabilities:		
Bonds payable	\$486,152	\$-
	Fair value	
	2021.12.31	2020.12.31
Financial liabilities:		
Bonds payable	\$486,753	\$-

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

As of December 31, 2020, there was no derivative financial instruments for the Group. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of December 31, 2021 is as follows:

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6 for further information on this transaction.

Forward currency contracts

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts:

Items (by contract)	Notional Amount (in thousand dollars)	Contract Period
2021.12.31		
Forward currency contract	USD 3,000	2021.11.02 ~ 2022.01.26
Forward currency contract	USD 3,500	2021.11.02 ~ 2022.01.26
Forward currency contract	USD 3,500	2021.12.29 ~ 2022.03.28
2020.12.31		
None		

The counterparties for the aforementioned derivatives transactions are well known local or overseas banks, as they have sound credit ratings, the credit risk is insignificant.

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

(9) 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.

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(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2021

<u>Financial assets:</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$-	\$3,130	\$-	\$3,130
Convertible bonds	-	-	800	800
Total	<u>\$-</u>	<u>\$3,130</u>	<u>\$800</u>	<u>\$3,930</u>

As of December 31, 2020

None

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	<u>Assets</u>
	<u>At fair value through profit or loss</u>
Beginning balances as of January 1, 2021	\$-
Acquisition/issues for the period	250
Total gains and losses for the period	
Amount recognized in gains/losses (report on other gains and losses)	550
Ending balances as of December 31, 2021	<u>\$800</u>

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Total gains and losses recognized in profit or loss for the ended December 31, 2021 and 2020 in the table above contain gains and losses related to assets or liabilities on hand in the amount of NT\$550 thousand and NT\$0, respectively.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives	Binary tree-based model for valuation of convertible bonds	Volatility	46.12%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT\$60 thousand

As of December 31, 2020

None

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(c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payables (Please refer to the Note6(12))	\$-	\$-	\$486,753	\$486,753

As of December 31, 2020

None

(10) 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:

	2021.12.31			2020.12.31		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$145,278	27.68	\$4,021,308	\$111,046	28.48	\$3,162,592
RMB	\$643,751	4.3415	\$2,794,841	\$420,493	4.3648	\$1,835,376
<u>Financial liabilities</u>						
Monetary items:						
USD	\$98,910	27.68	\$2,737,827	\$52,966	28.48	\$1,508,455
RMB	\$1,758,039	4.3415	\$7,632,523	\$1,240,310	4.3648	\$5,413,724

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\$(51,465) thousand and NT\$(124,316) thousand for the years ended December 31, 2021 and 2020, respectively.

(11) 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, 2021: None.
- b. Endorsement/Guarantee provided to others for the year ended December 31, 2021: Please refer to Attachment 1.
- c. Securities held as of December 31, 2021 (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, 2021: 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, 2021: 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, 2021: 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, 2021: Please refer to Attachment 2.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of December 31, 2021: 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 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 3.
- B. An investor controls operating; investing and financial decisions of an investee, the related information Note 13(1) for the investee shall be disclosed as below:
 - (a) Financing provided to others for the year ended December 31, 2021: Please refer to Attachment 4.
 - (b) Endorsement/Guarantee provided to others for the year ended December 31, 2021: None.
 - (c) Securities held as of December 31, 2021 (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, 2021: None.

- (b) (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, 2021: 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, 2021: 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, 2021: 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, 2021: Please refer to Attachment 7.
- (i) Financial instruments and derivative transactions: Please refer to Note 12(8).

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(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, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021	Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	\$2,214,400 (Note 2 、 3 and 6)	(Note 11)	\$2,260,265	\$-	\$-	\$2,260,265	\$237,450 (Note 2)	100%	\$237,450 (Note 2 、 4 、 5 and 10)	\$2,897,525 (Note 2 、 4 、 5 and 10)	\$1,669,270 (Note 2)	\$2,260,265	\$2,260,265	No upper limit (Note 9)

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Dynamic Electronics (Huangshi) Co., Ltd.	Manufacturing and selling of PCB	\$3,598,400 (Note 2 、 7 and 8)	(Note 1)	\$504,167	\$-	\$-	\$504,167	\$648,808 (Note 2)	100%	\$329,487 (Note 2 、 4 、 5 and 10)	\$4,991,833 (Note 2 、 4 、 5 and 10)	\$-	\$504,167	\$504,167	

Note 1: Investment in Mainland China through WINTEK (MAURITIUS) CO., LTD. and Dynamic Holding Pte. Ltd., companies established in the third area.

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: WINTEK (MAURITIUS) CO., LTD. recognized investment income (loss) and book value by Dynamic Electronics (Kunshan) Co. Ltd. and Dynamic Electronics (Huangshi) Co., Ltd., through Dynamic Electronics Holding Pte. 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 cash capital increase of USD 10,500 thousand made by WINTEK (MAURITIUS) CO., LTD.

Note 7: The difference between investments remitted from Taiwan in amount of USD 16,060 thousand and the paid-in capital of USD50,000 thousand is an indirect investment of USD33,940 thousand made by WINTEK (MAURITIUS) CO., LTD. by using cash dividends received from Dynamic Electronics (Kunshan) Co. Ltd.

Note 8: Total amount of paid-in capital is USD130,000 thousand.

Note 9: 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 10: Transactions between consolidated entities are eliminated in the consolidated financial statements.

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(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note 11: The Company previously indirectly invested in its China subsidiary, Dynamic Electronics (Kunshan) Co. Ltd., through Dynamic Electronics Holding Pte. Ltd. The Company now indirectly invests in Dynamic Electronics (Kunshan) Co. Ltd., through Dynamic Electronics (Huangshi) Co., Ltd.

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:

As of December 31 2021, the Company wrote off the profit of property, plant and equipment amounted to NT\$ 153,261 thousand, because of unrealized under the investment balance using the equity method.

e. The purpose and balance of a note guarantee and a guarantee endorsement or providing for secure: Please refer to Attachment 1.

f. The amount of maximum financing, the balance interest rates, and lump sum interest expense: Please refer to Attachment 4.

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.

(4) Information on major shareholders:

None.

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.

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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, 2021 and 2020 were as follows:

	Taiwan PCB segment	China (Kunshan) PCB segment	China (Huangshi) PCB segment	Sub-total	Adjustments and eliminations (Note1)	Consolidated
<u>2021</u>						
Revenues						
External customers	\$12,020,530	\$2,109,841	\$1,622,686	\$15,753,057	\$-	\$15,753,057
Inter-segment	-	10,272,142	5,408,142	15,680,284	(15,680,284)	-
Interest revenue	1,257	36,060	2,941	40,258	(31,829)	8,429
Total	<u>\$12,021,787</u>	<u>\$12,418,043</u>	<u>\$7,033,769</u>	<u>\$31,473,599</u>	<u>\$(15,712,113)</u>	<u>\$15,761,486</u>
Segment income (loss)	<u>\$(92,491)</u>	<u>\$248,340</u>	<u>\$314,605</u>	<u>\$470,454</u>	<u>\$-</u>	<u>\$470,454</u>
<u>2020</u>						
Revenues						
External customers	\$10,376,667	\$1,780,356	\$467,078	\$12,624,101	\$-	\$12,624,101
Inter-segment	-	7,436,603	3,782,343	11,218,946	(11,218,946)	-
Interest revenue	13,759	45,529	1,222	60,510	(54,807)	5,703
Total	<u>\$10,390,426</u>	<u>\$9,262,488</u>	<u>\$4,250,643</u>	<u>\$23,903,557</u>	<u>\$(11,273,753)</u>	<u>\$12,629,804</u>
Segment income (loss)	<u>\$620,412</u>	<u>\$(178,384)</u>	<u>\$237,037</u>	<u>\$679,065</u>	<u>\$-</u>	<u>\$679,065</u>

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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, 2021 and 2020 are as follows:

	Taiwan PCB segment	China (Kunshan) PCB segment	China (Huangshi) PCB segment	Sub-total	Adjustments and eliminations	Consolidated
<u>2021.12.31</u>						
Segment assets	<u>\$8,413,151</u>	<u>\$8,617,422</u>	<u>\$9,231,341</u>	<u>\$26,261,914</u>	<u>\$(8,623,319)</u>	<u>\$17,638,595</u>
<u>2020.12.31</u>						
Segment assets	<u>\$6,135,444</u>	<u>\$7,437,501</u>	<u>\$6,025,355</u>	<u>\$19,598,300</u>	<u>\$(6,412,994)</u>	<u>\$13,185,306</u>

(2) Geographical information

(a) Revenues from external customers (Note)

	For the year ended December 31,	
	2021	2020
China	\$5,891,606	\$4,331,811
Korea	1,426,886	1,054,048
Thailand	984,513	1,318,335
Germany	966,936	835,433
Other countries	6,483,116	5,084,474
Total	<u>\$15,753,057</u>	<u>\$12,624,101</u>

Note: The revenue information above is based on the location of the customer.

(b) Non-current assets

	2021.12.31	2020.12.31
Taiwan	\$10,566	\$9,404
China	6,685,425	5,532,257
Total	<u>\$6,695,991</u>	<u>\$5,541,661</u>

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(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Information about major customers

	For the year ended December 31,	
	2021	2020
Customer A	\$2,032,668	\$2,044,796

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2021

Attachment 1

(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	\$5,520,796	\$1,966,905	\$1,778,790	\$1,695,900	\$-	32.22%	\$5,520,796	Y	N	Y
0	Dynamic Electronics Co., Ltd.	Dynamic Eelectronics (Kunshan) Co., Ltd.	2	\$5,520,796	\$555,000	\$276,300	\$276,300	\$-	5.00%	\$5,520,796	Y	N	Y
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	2	\$5,520,796	\$84,000	\$82,890	\$82,890	\$-	1.50%	\$5,520,796	Y	N	N

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: 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 and Sales Amounts exceeding the lower of NT\$100 Million or 20% of Capital Stock

For the Year Ended December 31, 2021

Attachment 2

(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	<u>\$2,529,733</u>	99.93%	90 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 \$290,160	99.72%	Note1

Note1: Transactions are eliminated when preparing the consolidated financial statements.

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, 2021

Attachment 3

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Address	Main Business and Product	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of December 31, 2021	As of December 31, 2020	Shares	%	Carrying Value			
Dynamic Electronics Co., Ltd.	WINTEK (MAURITIUS) CO., LTD.	Level 3, Alexander House, 35 Cyberville, Ebene, Mauritius	Investing activities	\$2,783,433	\$2,779,262	8,581,000	100.00%	\$4,985,315	\$550,717	\$561,130 (Note 1)	Note3
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%	\$1,817	\$(22)	\$(22)	Note3
Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	1st Floor, #5 DEKK House, De Zippora Street, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	\$1,556	\$1,556	50,000	100.00%	\$356,029	\$13,551	\$13,551	Note3
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%	\$2,600	\$135	\$135	Note3
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics Holding Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Investing activities	\$1,559,261	\$1,555,090	141,917,000	100.00%	USD 180,380	USD 19,662	USD 19,662 (Note 2)	Note3

Note1: Including investment gain recognized under equity method amounted to NT\$550,717 thousand, realized profit on transaction between subsidiaries amounted to NT\$20,189 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$9,776 thousand .

Note2: Including investment gain recognized under equity method amounted to USD19,662 thousand, realized profit on transaction between subsidiaries amounted to USD35 thousand and unrealized profit on transaction between subsidiaries amounted to USD35 thousand .

Note3: Transactions are eliminated when preparing the consolidated financial statements.

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Financing provided to others

For the year ended December 31, 2021

Attachment 4

(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		
1	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co. Ltd.	Other receivables -related parties	Yes	\$1,567,150	\$1,122,940	\$1,122,940	4.35%	2	\$-	Business turnover	\$-	-	\$-	\$1,738,515 (Note 3)	\$1,738,515 (Note 3)

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 60% of the lender's net assets of value as of December 31, 2021.

Limit of financing amount for individual counter-party shall not exceed 60% of the lender's net assets value as of December 31, 2021.

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DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Acquired of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital

For the year Ended December 31, 2021

Attachment 5

(In Thousands of New Taiwan Dollars)

Acquired 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.	<u>Buildings</u> Huangshi plant land	2021.07.02	RMB 253,980	As of the end of 2021.12.31 Collected RMB102,120	Fujian Huidong Construction Engineering Co., Ltd.	None	None	None	None	None	By Bidding	For production capacity expansion and company operation plan.	None
Dynamic Electronics (Huangshi) Co., Ltd.	<u>Buildings</u> Huangshi plant land	2021.09.01	RMB 126,350	As of the end of 2021.12.31 Collected RMB17,436	Fujian Huidong Construction Engineering Co., Ltd.	None	None	None	None	None	By Bidding	For production capacity expansion and company operation plan.	None

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 2,171,853	76.22%	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 595,851	67.77%	Note1
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Subsidiary	Purchases	RMB 612,604	30.18%	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 141,922	23.74%	Note1
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Subsidiary	Sales	RMB 193,544	6.79%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 60~150 days after monthly closing.	Accounts receivable RMB 84,169	9.57%	Note1
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchases	RMB 193,544	15.36%	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 84,169	18.85%	Note1
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Sales	RMB 612,604	37.86%	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 141,922	34.14%	Note1
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Sales	RMB 630,719	38.98%	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 129,810	31.23%	Note1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Subsidiary	Purchases	USD 97,590	22.53%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 20,365	17.89%	Note1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	Sales	USD 342,782	79.12%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts receivable USD 103,346	90.79%	Note1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd.	Subsidiary	Sales	USD 90,439	20.88%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts receivable USD 10,483	9.21%	Note1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchases	USD 335,631	77.47%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 93,464	82.11%	Note1
Dynamic Electronics Co., Ltd (Seychelles)	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchases	USD 342,782	99.23%	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 103,346	99.67%	Note1

Note1: Transactions are eliminated when preparing the consolidated financial statements.

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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, 2021

Attachment 7

(In Thousands of Foreign Currency)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent	Loss Allowance
					Amount	Action Taken		
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	RMB 595,851 (Note1, 2)	4.29	\$-	-	\$-	\$-
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd.	Subsidiary	USD 10,483 (Note1, 2)	5.39	\$-	-	\$-	\$-
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	USD 103,346 (Note1, 2)	4.35	\$-	-	\$-	\$-
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	RMB 129,810 (Note1, 2)	5.80	\$-	-	\$-	\$-
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	RMB 141,922 (Note1, 2)	3.58	\$-	-	\$-	\$-
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Subsidiary	RMB 84,169 (Note1, 2)	4.58	\$-	-	\$-	\$-

Note1: Accounts receivable.

Note2: Transactions are eliminated when preparing the consolidated financial statements.

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DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Intercompany relationships and significant intercompany transactions

For the year Ended December 31, 2021

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 2021						
0	Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1	Purchases	\$2,529,733	90 days after monthly closing	16.06%
0	Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1	Accounts payable	\$290,160	90 days after monthly closing	1.65%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. Taiwan Branch (Seychelles)	1	Other managing expenses	\$22,584	-	0.14%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. Taiwan Branch (Seychelles)	1	Rent income	\$2,970	-	0.02%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	3	Purchases	USD 335,631	90 days after monthly closing	58.97%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	3	Accounts payable	USD 93,464	90 days after monthly closing	14.67%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Purchases	USD 97,590	90 days after monthly closing	17.15%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Accounts payable	USD 20,365	90 days after monthly closing	3.20%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic PCB Electronics Co., Ltd.	3	Purchases	USD 342,782	90 days after monthly closing	60.23%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic PCB Electronics Co., Ltd.	3	Accounts payable	USD 103,346	90 days after monthly closing	16.22%
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 Co., Ltd. Taiwan Branch (Seychelles)	3	Other managing expenses	USD 2,549	-	0.45%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Co., Ltd.	2	Receipts under custody	USD 1,220	-	0.19%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Purchases	RMB 612,604	90 days after monthly closing	16.88%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Accounts payable	RMB 141,922	90 days after monthly closing	3.49%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other receivables	RMB 7,464	-	0.18%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other receivables	RMB 260,000	-	6.40%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other Interest income	RMB 7,325	-	0.20%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other operating revenue	RMB 1,926	-	0.05%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other manufacturing expenses	RMB 11	-	-%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Outsourced manufacturing expenses	RMB 1,861	-	0.05%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Accounts receivable	RMB 84,169	90 days after monthly closing	2.07%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Sales	RMB 193,544	90 days after monthly closing	5.33%

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 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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\$2,626,909 thousand for the year ended December 31, 2021 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 (including investments in subsidiaries)

We determine that provision against inventory (including investments in subsidiaries) as of December 31, 2021 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 company 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 2021 parent-company-only financial statements and are

therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chang, Chih Ming

Chen, Kuo Shuai

Ernst & Young
February 23th, 2022
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.

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

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD.
PARENT-COMPANY-ONLY BALANCE SHEETS

As of December 31, 2021 and 2020

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			As of December 31, 2021		As of December 31, 2020	
Code	Accounts	Notes	Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$802,251	12	\$174,616	3
1136	Financial assets carried at amortized cost	4, 6(3)	-	-	200,000	3
1170	Accounts receivable, net	4, 6(4)	622,873	9	1,016,604	16
1200	Other receivables		1,225	-	2,162	-
1210	Other receivables - related parties	7	-	-	121	-
1310	Inventories, net	4, 6(5)	128,573	2	57,975	1
1410	Prepayments		6,189	-	4,950	-
1470	Other current assets		477	-	1,280	-
	Total current assets		<u>1,561,588</u>	<u>23</u>	<u>1,457,708</u>	<u>23</u>
15xx	Non-current assets					
1510	Financial assets at fair value through profit or loss	4, 6(2), 6(12)	800	-	-	-
1550	Investment accounted for under equity method	4, 6(6)	5,192,500	77	4,601,376	72
1600	Property, plant and equipment, net	4, 6(7)	1,220	-	1,217	-
1755	Right-of-use assets	4, 6(19)	4,037	-	131	-
1780	Intangible assets, net	4, 6(8)	4,455	-	5,702	-
1840	Deferred tax assets	4, 6(23)	32,004	-	303,866	5
1900	Other non-current assets	6(9)	854	-	2,355	-
	Total non-current assets		<u>5,235,870</u>	<u>77</u>	<u>4,914,647</u>	<u>77</u>
	Total Assets		<u>\$6,797,458</u>	<u>100</u>	<u>\$6,372,355</u>	<u>100</u>

(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, 2021 and 2020

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2021		As of December 31, 2020	
Code	Accounts	Notes	Amount	%	Amount	%
21xx	Current liabilities					
2130	Contract liability	4, 6(17)	\$-	-	\$1,944	-
2170	Accounts payable		823	-	610	-
2180	Accounts payable - related parties	7	290,160	4	656,661	10
2200	Other payables	6(11)	132,173	2	129,697	2
2220	Other payables - related parties	7	-	-	5,040	-
2230	Current tax liabilities	4	25,008	-	-	-
2280	Lease liabilities	4, 6(19)	2,019	-	444	-
2300	Other current liabilities		14,161	-	16,654	-
2365	Refund liability	4, 6(13)	55,555	1	30,378	1
	Total current liabilities		519,899	7	841,428	13
25xx	Non-current liabilities					
2530	Bonds payable	4, 6(12)	486,152	7	-	-
2570	Deferred tax liabilities	4, 6(23)	266,559	4	397,870	6
2580	Lease liabilities	4, 6(19)	2,045	-	-	-
2640	Net defined benefit liabilities	4	2,007	-	1,791	-
	Total non-current liabilities		756,763	11	399,661	6
	Total liabilities		1,276,662	18	1,241,089	19
31xx	Equity					
3100	Capital	6(15)				
3110	Common stock		2,775,141	42	2,775,141	43
3140	Capital collected in advance		43	-	-	-
3200	Capital surplus	6(15)	1,314,873	19	1,250,883	20
3300	Retained earnings	6(15)				
3310	Legal reserve		599,291	9	531,385	8
3320	Special reserve		299,666	4	299,666	5
3350	Accumulated profit or loss		970,607	14	679,065	11
3400	Other components of equity		(438,825)	(6)	(404,874)	(6)
	Total equity		5,520,796	82	5,131,266	81
	Total liabilities and equity		\$6,797,458	100	\$6,372,355	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, 2021 and 2020

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

Code	Accounts	Notes	2021		2020	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(17)	\$2,626,909	100	\$3,868,208	100
5000	Operating costs	6(5), 7	(2,464,019)	(94)	(3,527,777)	(91)
5900	Gross profit		162,890	6	340,431	9
6000	Operating expenses	7				
6100	Sales and marketing expenses		(46,949)	(2)	(148,536)	(4)
6200	General and administrative expenses		(116,164)	(4)	(213,447)	(6)
6300	Research and development expenses		(430)	-	(8,833)	-
6450	Expected credit gains (losses)	4, 6(18)	5,028	-	3,177	-
	Operating expenses total		(158,515)	(6)	(367,639)	(10)
6900	Operating loss		4,375	-	(27,208)	(1)
7000	Non-operating income and expenses	6(21), 7				
7100	Interest income		1,123	-	249	-
7010	Other income		54,927	2	49,003	1
7020	Other gains and losses		5,585	-	405,667	11
7050	Finance costs		(4,791)	-	(6,198)	-
7070	Share of profit or loss of subsidiaries, associates and joint ventures	4, 6(6)	574,794	22	317,863	8
	Non-operating income and expenses total		631,638	24	766,584	20
7900	Income from continuing operations before income tax		636,013	24	739,376	19
7950	Income tax expense	4, 6(23)	(165,559)	(6)	(60,311)	(1)
8200	Net income		470,454	18	679,065	18
8300	Other comprehensive income (loss)	6(22)				
8360	May be reclassified to profit or loss in subsequent periods					
8380	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		(33,951)	(1)	53,070	1
	Total other comprehensive income (loss), net of tax		(33,951)	(1)	53,070	1
8500	Total comprehensive income (loss)		\$436,503	17	\$732,135	19
9750	Earnings per share - basic (in NT\$)	6(24)	\$1.70		\$2.58	
9850	Earnings per share - diluted (in NT\$)	6(24)	\$1.61		\$2.55	

(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, 2021 and 2020

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Capital 3100	Capital collected in advance 3140	Capital surplus 3200	Retained earnings			Other components of equity	Total equity 3XXX
					Legal reserve 3310	Special reserve 3320	Accumulated profit or loss 3350	Exchange differences arising on translation of foreign operations 3410	
A1	Balance as of January 1, 2020	\$2,810,594	\$-	\$1,061,873	\$531,385	\$299,666	\$(335,453)	\$(457,944)	\$3,910,121
D1	Net income for 2020						679,065		679,065
D3	Other comprehensive income (loss) for 2020							53,070	53,070
D5	Total comprehensive income (loss)	-	-	-	-	-	679,065	53,070	732,135
E1	Capital increase by cash	300,000		178,750					478,750
F1	Capital reduction to offset accumulated deficits	(335,453)					335,453		-
N1	Share-based payment transaction			10,260					10,260
Z1	Balance as of December 31, 2020	<u>\$2,775,141</u>	<u>\$-</u>	<u>\$1,250,883</u>	<u>\$531,385</u>	<u>\$299,666</u>	<u>\$679,065</u>	<u>\$(404,874)</u>	<u>\$5,131,266</u>
A1	Balance as of January 1, 2021	\$2,775,141	\$-	\$1,250,883	\$531,385	\$299,666	\$679,065	\$(404,874)	\$5,131,266
	Appropriation and distribution of 2020 earnings								
B1	Legal reserve				67,906		(67,906)		-
B5	Cash dividends-common shares						(111,006)		(111,006)
C5	Equity component of convertible bonds			63,936					63,936
D1	Net income for 2021						470,454		470,454
D3	Other comprehensive income (loss) for 2021							(33,951)	(33,951)
D5	Total comprehensive income (loss)	-	-	-	-	-	470,454	(33,951)	436,503
I1	Conversion of convertible bonds		43	54					97
Z1	Balance as of December 31, 2021	<u>\$2,775,141</u>	<u>\$43</u>	<u>\$1,314,873</u>	<u>\$599,291</u>	<u>\$299,666</u>	<u>\$970,607</u>	<u>\$(438,825)</u>	<u>\$5,520,796</u>

(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, 2021 and 2020

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2021	2020	Code	Items	2021	2020
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$636,013	\$739,376	B00040	Disposal (acquisition) of financial assets at amortised cost	200,000	(198,000)
A20000	Adjustments:			B01800	Acquisition of investment accounted for under equity method	(30,940)	(62,566)
A20010	Profit or loss not effecting cash flows:			B02700	Acquisition of property, plant and equipment	(121)	(14,683)
A20100	Depreciation (inculding right-of-use assets)	2,514	9,840	B02800	Proceeds from disposal of property, plant and equipment	762	650,218
A20200	Amortization	1,463	1,109	B04500	Acquisition of intangible assets	(216)	(6,452)
A20300	Expected credit losses (gain)	(5,028)	(3,177)	B03700	Decrease (increase) in refundable deposits	1,501	863
A20400	Net loss (gain) of financial assets at fair value through profit or loss	(550)	-	BBBB	Net cash provided by (used in) investing activities	170,986	369,380
A20900	Interest expense	4,791	6,198				
A21200	Interest income	(1,123)	(249)				
A21900	Share-based payment cost	-	10,260				
A22400	Share of profit or loss of subsidiaries, associates and joint ventures	(574,794)	(317,863)				
A22500	Loss (gain) on disposal of property, plant and equipment	(2,583)	(418,796)				
A23700	Impairment loss (reveral) on non-financial assets	(17,520)	(18,807)				
A29900	Loss (gain) on lease modification	-	511	CCCC	Cash flows from financing activities:		
A30000	Changes in operating assets and liabilities:			C00200	Increase in (repayment of) short-term loans	-	(729,780)
A31130	Notes receivable	-	1,237	C01200	Issuance of corporate bonds	545,297	-
A31150	Accounts receivable	398,759	415,406	C01700	Repayment of long-term loans	-	(600,000)
A31160	Accounts receivable - related parties	-	9,438	C04020	Payments of lease liabilities	(2,057)	(126)
A31180	Other receivables	937	1,657	C04500	Cash dividends	(111,006)	-
A31190	Other receivables - related parties	121	314,960	C04600	Capital increase by cash	-	478,750
A31200	Inventories	(70,598)	16,550	CCCC	Net cash provided by (used in) financing activities	432,234	(851,156)
A31230	Prepayment	(1,239)	10,382				
A31240	Other current assets	803	1,281				
A32125	Contract liability	(1,944)	1,944				
A32150	Accounts payable	213	(74,635)				
A32160	Accounts payable - related parties	(366,501)	(484,596)				
A32180	Other payables	1,786	14,042				
A32190	Other payables - related parties	(5,040)	5,040				
A32230	Other current liabilities	(2,493)	6,424				
A32240	Net defined benefit liabilities	216	216				
A32990	Refund liability	25,177	(19,246)				
A32000	Cash generated from operations	23,380	228,502				
A33100	Interest received	1,123	249	EEEE	Net Increase (decrease) in cash and cash equivalents	627,635	(38,420)
A33200	Dividend received	-	222,115	E00100	Cash and cash equivalents at beginning of period	174,616	213,036
A33300	Interest paid	(88)	(7,510)	E00200	Cash and cash equivalents at end of period	\$802,251	\$174,616
AAAA	Net cash provided by (used in) operating activities	24,415	443,356				

(The accompanying notes are an integral part of the parent-company-only financial statements.)

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS

As of December 31, 2021 and 2020 and for the years then ended

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

Dynamic Electronics Co., Ltd. (“the Company”) was incorporated on 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) on March 18, 2009. The Company’s registered office and the main business location is at 6F., No. 50, Minquan Rd., Luzhu Dist., Taoyuan City 338, 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 23, 2022.

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, 2021. The nature and the impact of each new standard and amendment had no material effect on the Company.

(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	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	January 1, 2022

- (a) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

I. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

II. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

III. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

IV. Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual period beginning on or after January 1, 2022. The Company assesses all standards and interpretations have no material impact on the Company.

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

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, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023

d	Disclosure Initiative – Accounting Policies – Amendments to IAS 1	January 1, 2023
e	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
f	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

(a)IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

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

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

(b)IFRS 17 “Insurance Contracts”

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

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

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

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

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

(d) Disclosure Initiative – Accounting Policies – Amendments to IAS 1

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

(e) Definition of Accounting Estimates – Amendments to IAS 8

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

(f) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

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

The abovementioned standards and interpretations 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 assesses 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, 2021 and 2020 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 parent-company-only financial statements are expressed in thousand 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 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:

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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.

(5) Current and non-current distinction

An asset is classified as current when:

- (a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (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 period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6)Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid 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 maturities equal to or less than three 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 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 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

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
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- 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.

(B) Impairment of financial assets

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 balance sheet.

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.

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- 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.
- d. For lease receivables arising from transactions within the scope of IFRS 16, 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.

(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.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled. For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

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

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

- a. It eliminates or significantly reduces a measurement or recognition inconsistency; or
- b. A group of financial 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.

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.

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(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.

(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. 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 from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate 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.

(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:

Machinery and equipment	3~7 years
Transportation equipment	5~6 years
Office equipment	3~5 years
Other equipment	1~5 years
Lease improvement	1 year

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

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

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

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

Company as a lessee

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

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

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

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

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

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

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

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

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

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

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

Company as a lessor

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

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

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

(13)Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. 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
Useful lives	1~5 years
Amortization method used	Amortized on a straight-line basis over the estimated useful life
Internally generated or 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 Companies 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 Companies 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 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 have a right to an amount of consideration that is unconditional, these contracts 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.

(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 will make a monthly contribution of no less than 6% of the monthly wages of the employee subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

(19) Share-based payment transactions

The cost of equity-settled transactions between the Company and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(20)Income taxes

Income tax expense (benefit) 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 receivable-estimation of impairment loss

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.

(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) Revenue Recognition-sales returns and allowance

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, revenue 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.

(e) 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

	2021.12.31	2020.12.31
Checking and savings	\$602,251	\$174,616
Time deposits	200,000	-
Total	<u>\$802,251</u>	<u>\$174,616</u>

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

	2021.12.31	2020.12.31
Measured at fair value through profit or loss :		
Convertible corporate bonds	<u>\$800</u>	<u>\$-</u>
Current	\$-	\$-
Non-current	<u>800</u>	<u>-</u>
Total	<u>\$800</u>	<u>\$-</u>

No financial assets at fair value through profit or loss were pledged.

(3) Financial assets measured at amortized cost

	2021.12.31	2020.12.31
Fixed-term deposits	<u>\$-</u>	<u>\$200,000</u>
Current	<u>\$-</u>	<u>\$200,000</u>
Non-current	<u>\$-</u>	<u>\$-</u>

The Company transacts with financial institutions with good credit rating. Consequently, there is no significant credit risk.

No financial assets measured at amortized cost were pledged.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Accounts receivable

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

	2021.12.31	2020.12.31
Accounts receivable, gross	\$626,060	\$1,024,819
Less: loss allowance	(3,187)	(8,215)
Total accounts receivable, net	<u>\$622,873</u>	<u>\$1,016,604</u>

(b) Accounts receivable were not pledged.

(c) Accounts receivable are generally on 60-150 day terms. The total carrying amount for the years ended December 31, 2021 and 2020, are NT\$626,060 and NT\$1,024,819, respectively. Please refer to Note 6(18) for more details on loss allowance of accounts receivable for the years ended December 31, 2021 and 2020. Please refer to Note 12 for more details on credit risk management.

(5) Inventories

(a) Details of inventories are as below:

	2021.12.31	2020.12.31
Supplies & parts	\$-	\$4
Finished goods	128,573	57,971
Total	<u>\$128,573</u>	<u>\$57,975</u>

(b) The cost of inventories recognized in expenses amounts to NT\$2,464,019 thousand for the year ended December 31, 2021 while NT\$3,527,777 thousand for the year ended December 31, 2020. The following losses were included in cost of sales:

	For the year ended December 31,	
Item	2021	2020
Inventory valuation losses	<u>\$23,826</u>	<u>\$702</u>

(c) Inventories were not pledged.

DYNAMIC ELECTRONICS CO., LTD.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Investments accounted for under the equity method

Investee companies	2021.12.31		2020.12.31	
	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investments in subsidiaries:				
WINTEK (MAURITIUS) CO., LTD.	\$4,985,315	100.00%	\$4,444,459	100.00%
Dynamic PCB Electronics Co., Ltd.	1,817	100.00%	1,891	100.00%
Dynamic Electronics Co., Ltd. (Seychelles)	356,029	100.00%	325,090	100.00%
Dynamic Electronics Trading Pte. Ltd.	2,600	100.00%	2,538	100.00%
Minus: Unrealized Profit	(153,261)		(172,602)	
Total	<u>\$5,192,500</u>		<u>\$4,601,376</u>	

(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 collaterals.

(7) Property, plant and equipment

Owner occupied property, plant and equipment	2021.12.31					2020.12.31	
	\$1,220					\$1,217	
						Construction in progress and equipment to be examined	Total
Cost:							
2021.01.01	\$17,520	\$720	\$6,812	\$5,946	\$8,820	\$-	\$39,818
Additions	-	-	367	-	-	-	367
Disposals	(17,520)	-	(952)	(3,871)	-	-	(22,343)
Transfer	-	-	-	-	-	-	-
2021.12.31	<u>\$-</u>	<u>\$720</u>	<u>\$6,227</u>	<u>\$2,075</u>	<u>\$8,820</u>	<u>\$-</u>	<u>\$17,842</u>

DYNAMIC ELECTRONICS CO., LTD.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

2021.01.01	\$17,520	\$720	\$6,744	\$4,797	\$8,820	\$-	\$38,601
Depreciation	-	-	32	332	-	-	364
Impairment loss	(17,520)	-	-	-	-	-	(17,520)
Disposals	-	-	(952)	(3,871)	-	-	(4,823)
Transfer	-	-	-	-	-	-	-
2021.12.31	\$-	\$720	\$5,824	\$1,258	\$8,820	\$-	\$16,622

	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Lease asset	Construction in progress and equipment to be examined	Total
Cost:							
2020.01.01	\$153,962	\$2,206	\$6,812	\$-	\$-	\$3,529	\$166,509
Additions	-	-	-	-	95	6,639	6,734
Disposals	(127,330)	(1,486)	-	(4,189)	-	(420)	(133,425)
Transfer	(9,112)	-	-	10,135	8,725	(9,748)	-
2020.12.31	\$17,520	\$720	\$6,812	\$5,946	\$8,820	\$-	\$39,818
2020.01.01	\$147,204	\$2,134	\$6,713	\$-	\$-	\$-	\$156,051
Depreciation	-	72	31	332	8,820	-	9,255
Impairment loss	(18,807)	-	-	-	-	-	(18,807)
Disposals	(102,223)	(1,486)	-	(4,189)	-	-	(107,898)
Transfer	(8,654)	-	-	8,654	-	-	-
2020.12.31	\$17,520	\$720	\$6,744	\$4,797	\$8,820	\$-	\$38,601
2021.12.31	\$-	\$-	\$403	\$817	\$-	\$-	\$1,220
2020.12.31	\$-	\$-	\$68	\$1,149	\$-	\$-	\$1,217

For the year ended December 31, 2021, the NT\$17,520 thousand gain on reversal of impairment loss was recognized in the statement of comprehensive income due to the sale of certain property, plant and equipment in the Company.

For the year ended December 31, 2020, the NT\$18,807 thousand gain on reversal of impairment loss was recognized in the statement of comprehensive income due to the sale of certain property, plant and equipment in the Company.

DYNAMIC ELECTRONICS CO., LTD.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Intangible assets

	Computer software
Cost:	
2021.01.01	\$6,452
Additions – acquired separately	216
Derecognized upon retirement	(216)
2021.12.31	<u>\$6,452</u>
2020.01.01	\$6,045
Additions – acquired separately	6,452
Derecognized upon retirement	(6,045)
2020.12.31	<u>\$6,452</u>
Amortization and Impairment:	
2021.01.01	\$750
Amortization	1,463
Derecognized upon retirement	(216)
2021.12.31	<u>\$1,997</u>
2020.01.01	\$5,686
Amortization	1,109
Derecognized upon retirement	(6,045)
2020.12.31	<u>\$750</u>
Net carrying amount as at:	
2021.12.31	<u>\$4,455</u>
2020.12.31	<u>\$5,702</u>

Amortization of intangible assets is as follows:

	For the year ended December 31,	
	2021	2020
Operating expenses	<u>\$1,463</u>	<u>1,109</u>

DYNAMIC ELECTRONICS CO., LTD.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(9) Other non-current assets

	2021.12.31	2020.12.31
Refundable deposits	\$854	\$2,355

(10) Short-term loans

(a) The Company has no short-term loans balances as of December 31, 2021 and 2020.

(b) The Company's unused short-term lines of credits amounts to NT\$93,000 thousand and NT\$548,000 thousand as of December 31, 2021 and 2020, respectively.

(11) Other payables

Other payables consist of the following:	2021.12.31	2020.12.31
Accrued expenses	\$131,788	\$129,558
Payables to equipment suppliers	385	139
Total	\$132,173	\$129,697

(12) Bonds payable

A. The Company had no balance of the bonds payable as of December 31, 2020. The details of the bonds payable as of December 31, 2021 is as follows:

	2021.12.31
Liability component:	
Unsecured domestic bonds payable	\$499,900
Discounts on bonds payable	(13,748)
Total	486,152
Less: Current portion	-
Non-current portion	\$486,152
Embedded derivative — redemption and put options	\$800
Equity component — conversion right	\$63,923

For the details of the gain or loss from valuation through profit or loss on embedded derivative - redemption, put options and the interest expense on the convertible bonds payable, please refer to Note 6(21) to the consolidated financial statement.

B. On May 13, 2021, the Company issued the second unsecured domestic convertible bonds.

The terms of the bonds are as follows:

(a) Issue amount:	NT\$500,000 thousand
(b) Issue date:	May 13, 2021
(c) Issue price:	Issued in 110.1% of par value
(d) Coupon rate:	0%
(e) Issue period:	May 13, 2021 to May 13, 2024
(f) Settlement:	A convertible bond holder can convert bonds into the Company's stock or execute put option based on the Company's conversion rules. The Company can also buy back for cancellation from bonds dealers. Otherwise, bonds are repayable at 100.7519% of face value (0.25% income return) by cash when they mature.
(g) Conversion period :	The bondholders will have the right to convert their bonds at any time during the conversion period commencing August 14, 2021 (the next day of three months following the closing date) and ending at the close of business on May 13, 2024 (the maturity date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15 th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date on (and including) such record; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction; (iv) No request for conversion other than the starting date of the stop of conversion for the change of stock denomination to the day before the trading day before the start of the new stock exchange.

- (h) Conversion price and adjustment: The conversion price was originally at NT\$23.5 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.
- Because the cash dividend-common stock, distributed in 2021. According to the policies for the second domestic unsecured conversion of corporate bonds issued and conversion, the conversion price was subject to adjustments. Since August 13, 2021, the conversion price was adjusted to NT\$23.1.
- (i) Redemption clauses:
- a. The Company may redeem the convertible bonds from the next day (August 14, 2021) following a three-month period after the bonds are issued to 40 days before the maturity date (April 3, 2024) if the following terms are met: when the closing price of the Company's common shares is 30% above the convertible price for 30 consecutive trading days, the Company may, within the following 30 business days (the aforesaid period shall start from the day the letter is delivered by the Company, and the expiry date of the period shall be the measurement date for bond recovery, and the aforesaid period shall not fall in the period of conversion suspension stated in Article 9), send a bond redemption notification letter via registered mail to the bondholders. (The bondholders list shall be based on the updated list five business days before sending the redemption notification letter to the bondholders. Public announcements will be made for bondholders who acquire the convertible bonds subsequently from transactions or other reasons). The redemption price would be set at the face value and the bond is purchased by cash, which would be announced over Taipei Exchange. When the Company executes the recovery request, it shall redeem the outstanding convertible bonds in cash at the face value within five business days after the bond recovery measurement date.
- b. The Company may redeem the convertible bonds from three months after bond issued to the 40 days before maturity date. The total value of outstanding convertible bonds becomes less than 10% of the total issues for 30 consecutive trading days. The Company will send a bond redeem notification letter via registered mail to the bondholders. (Bondholders list based on redeem notification letter before sending to the bondholders for five business days, but

bondholders merely be announce to acquire convertible bonds for selling, purchasing, or other reasons). And the redemption price would be set as the par value and the bond is purchased by cash and would be announced over Taipei Exchange. When the Company executes the recovery request, it shall redeem the outstanding convertible bonds in cash at the face value within five business days after the bond recovery measurement date.

- c. If the bondholders do not respond to the Company's stock affair agency in writing (effective upon delivery; postal mail shall be based on the stamp date) prior to the redemption date stated in the notification letter, the Company will redeem such bonds at the par value of the convertible bonds and pay in cash within 5 business days following the redemption date.

- C. As of December 31, 2021, the second unsecured convertible bonds in the amount of NT\$100 thousand was applied to be converted into 4 thousand common shares. The surplus arising from the conversion amounted to NT\$54 thousand and were recorded under additional paid-in capital.

(13) Refund liability

	2021.12.31	2020.12.31
Refund liability	\$55,555	\$30,378

(14) Post-employment benefits

Defined contribution plan

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

Expenses under the defined contribution plan for the years ended December 31, 2021 and 2020 amounted to NT\$608 thousand and NT\$5,032 thousand, respectively.

The Company recognized employee pension expenses for services amounted to NT\$68 thousand for the years ended December 31, 2020.

Additional pension expenses recognized for the executives commissioned by the Company amounted to NT\$216 thousand both for the years ended December 31, 2021 and 2020.

(15) Equities

(a) Common stock

As of December 31, 2021 and 2020, the Company's authorized capital was NT\$4,000,000 thousand. As of December 31, 2021 and 2020, the Company's paid-in capital was NT\$2,775,141 thousand, each share at par value of NT\$10, divided into 277,514,032 shares.

On December 18, 2019, the Company's board meeting resolved to increase the capital through an issuance of 30,000 thousand new shares at a price of NT\$16. The application has been approved by the FSC with Order No. Jin-Guan-Cheng-Fa-Zi-1080342221. The base date for the cash capital increase was June 18, 2020.

On October 14, 2020, the Company's shareholders' meeting resolved to reduce capital to make up the deficit by NT\$335,453 thousand and cancel 33,545,303 shares to improve the financial structure. The capital reduction rate was 10.784214%. The application has been approved by the FSC with Order No. Jin-Guan-Cheng-Fa-Zi-1090372742 on November 16, 2020. The base date for the capital reduction was set on November 20, 2020, and the registration was completed on November 25, 2020.

During 2021, the second unsecured convertible bonds in the amount of NT\$100 thousand were converted into 4 thousand common shares. On December 28, 2021, the Company's board meeting resolved to increase capital and the measurement date was on January 1, 2022. The 4 thousand shares were recorded under capital collected in advance as of December 31, 2021.

(b)Capital surplus

	2021.12.31	2020.12.31
Additional paid-in capital	\$1,176,745	\$1,176,745
Conversion premium of convertible corporate bonds	67	-
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	6,528	6,528
Share options	83,633	19,710
Total	<u>\$1,314,873</u>	<u>\$1,250,883</u>

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

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

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

The Company may resolve by a special majority vote at a Board meeting to distribute in cash the above-mentioned dividends or capital reserve or/and legal reserve in compliance with the Taiwan Company Act and shall report the distribution in the most recent shareholder's 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) Special reserve

The special surplus reserve shall be set aside at the time of the assignment of the distributable surplus, on the basis of the difference between the balance of the special surplus reserve at the time of the first IFRS application and the net amount of other equity deductions. For any subsequent use, disposal or reclassification of related assets, the company can reverse the special reserve by proportion and transfer to retained earnings.

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

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity

that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the company can reverse the special reserve by proportion and transfer to retained earnings.

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, 2021 and 2020, special reserve set aside for the first-time adoption of T-IFRS reduced to NT\$299,666 thousand accordingly.

(5) The appropriations of earnings for the years 2021 was approved through the Board of Directors' meetings held on February 23, 2022 and Shareholders' Meetings held on July 20, 2021. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share	
	2021	2020	2021	2020
Legal reserve	\$47,045	\$67,906		
Special reserve	139,159	-		
Cash dividend	194,263	111,006	\$0.7	\$0.4
Total	<u>\$380,467</u>	<u>\$178,912</u>		

Please refer to Note 6(20) for details on employees' compensation and remuneration to directors and supervisors.

(16) Share-based payment plans

Certain employees of the Company are entitled to share-based payment as part of their remunerations. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

(1) On December 18, 2019, the Company's board of directors meetings resolved to increase cash capital. The measurement date was on June 18, 2020 and except for part of new shares for employees to subscribe it.

A. The following table contains further details on the aforementioned share-based payment plan:

	For the years ended December 31, 2020	
	Number of share outstanding (in thousands)	Weighted-average Exercise Price per Share (NT\$)
Outstanding at beginning of period	-	\$-
Granted	2,626	16
Exercised	(2,626)	16
Outstanding at end of period	-	
Weighted-average fair value of options granted during the period (in NT\$)	\$3.42	

B. The compensation cost was recognized under the fair value method and the Black-Scholes Option Pricing model was used to estimate the fair value of options granted. Assumptions used in calculating the fair value are disclosed as follows:

	2020.05.21
Stock market price	\$19.05
Exercised price	\$16
Expected volatility (%)	50.36%
Expected life (Years)	0.1562 years
Expected dividend yield (%)	0%
Risk free interest rate (%)	0.478%

The stock market price on the grant date is evaluated by the income method and the market method.

The expected volatility is based on the average annualized standard deviation of the company's stock price over 250 trading days.

(2) In 2020, the compensation cost recognized for the cash increase reserved for employees to subscribe was NT\$10,260 thousand.

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(17) Operating revenues

	For the year ended December 31,	
	2021	2020
Revenue from contracts with customers		
Sale of goods	\$2,626,804	\$3,868,208
Other revenue	105	-
Total	<u>\$2,626,909</u>	<u>\$3,868,208</u>

Analysis of revenue from contracts with customers during the year ended December 31, 2021 and 2020 are as follows:

A. Disaggregation of revenue

	For the year ended December 31,	
	2021	2020
	Single department	Single department
Sale of goods	\$2,626,804	\$3,868,208
Others	105	-
Total	<u>\$2,626,909</u>	<u>\$3,868,208</u>

The timing for revenue recognition:

At a point in time	<u>\$2,626,909</u>	<u>\$3,868,208</u>

B. Contract balances

(a) Contract liabilities – current

	2021.12.31	2020.12.31	2020.01.01
Sales of goods	<u>\$-</u>	<u>\$1,944</u>	<u>\$-</u>

For the year ended of December 31, 2021, the decrease in the balance of contract liabilities was due to the fact that part of the performance obligations had been met, and was recognized as income in the current period.

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(18) Expected credit losses (gains)

	For the year ended December 31,	
	2021	2020
Operating expenses – Expected credit losses/(gains)		
Accounts receivable	<u>\$ (5,028)</u>	<u>\$ (3,177)</u>

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, 2021 and 2020 are as follow:

A. The Company considers 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:

2021.12.31

	Not yet due	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=120 days	
Gross carrying amount	\$610,018	\$15,739	\$156	\$-	\$-	\$147	\$626,060
Loss ratio	-%	18.32%	100%	100%	100%	100%	
Lifetime expected credit losses	-	(2,884)	(156)	-	-	(147)	(3,187)
Carrying amount of trade receivables	<u>\$610,018</u>	<u>\$12,855</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$622,873</u>

2020.12.31

	Not yet due (Note)	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=120 days	
Gross carrying amount	\$979,332	\$44,813	\$399	\$-	\$105	\$170	\$1,024,819
Loss ratio	-%	16.83%	100%	100%	100%	100%	
Lifetime expected credit losses	-	(7,541)	(399)	-	(105)	(170)	(8,215)
Carrying amount of trade receivables	<u>\$979,332</u>	<u>\$37,272</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,016,604</u>

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B. The movement in the provision for impairment of notes receivable and accounts receivable for the years ended December 31, 2021 and 2020 are as follows:

	Notes receivable	Accounts receivable
Beginning balance as of January 1, 2021	\$-	\$8,215
Addition/(reversal)for the current period	-	(5,028)
Write off	-	-
Ending balance as of December 31, 2021	<u>\$-</u>	<u>\$3,187</u>
Beginning balance as of January 1, 2020	\$-	\$11,392
Addition/(reversal)for the current period	-	(3,177)
Write off	-	-
Ending balance as of December 31, 2020	<u>\$-</u>	<u>\$8,215</u>

(19) Leases

(a)Company as a lessee

The Company leases various properties, including real estate such as land and buildings, machinery and transport equipment. The lease terms range from 2 to 3 years. The Company is not allowed to loan, sublease or sell without obtaining the consent from the lessors.

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

A. Amounts recognized in the balance sheet

a.Right-of-use assets

	Land	Buildings	Machinery and equipment	Transport equipment	Total
Cost :					
2021.01.01	\$-	\$1,047	\$-	\$-	\$1,047
Additions	-	-	-	6,056	6,056

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Disposals	-	(1,047)	-	-	(1,047)
2021.12.31	\$-	\$-	\$-	\$6,056	\$6,056
Cost :					
2020.01.01	\$696	\$1,047	\$2,224	\$-	\$3,967
Additions	-	-	-	-	-
Disposals	(696)	-	(2,224)	-	(2,920)
2020.12.31	\$-	\$1,047	\$-	\$-	\$1,047
Depreciation and impairment:					
2021.01.01	\$-	\$916	\$-	\$-	\$916
Depreciation	-	131	-	2,019	2,150
Disposals	-	(1,047)	-	-	(1,047)
2021.12.31	\$-	\$-	\$-	\$2,019	\$2,019
Depreciation and impairment:					
2020.01.01	\$348	\$393	\$1,482	\$-	\$2,223
Depreciation	-	523	62	-	585
Disposals	(348)	-	(1,544)	-	(1,892)
2020.12.31	\$-	\$916	\$-	\$-	\$916
Net carrying amount as at:					
2021.12.31	\$-	\$-	\$-	\$4,037	\$4,037
2020.12.31	\$-	\$131	\$-	\$-	\$131

b. Lease liabilities

	2021.12.31	2020.12.31
Lease liabilities	\$4,064	\$444
Current	\$2,019	\$444
Non-current	2,045	-
Total	\$4,064	\$444

Please refer to Note 6(21)(d) for the interest on lease liabilities recognized during the years ended 31 December 2021 and 2020, and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at December 31, 2021 and 2020.

B. Income and costs relating to leasing activities

	For the year ended December 31,	
	2021	2020
The expenses relating to short-term leases	\$3,628	\$5,513

The portfolio of short-term leases of the Company to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expenses disclosed above, and the amount of its lease commitments is NT\$0.

C. Cash outflow relating to leasing activities

During the year ended December 31, 2021 and 2020, the Company's total cash outflows for leases amounting to NT\$5,685 thousand and NT\$5,639 thousand, respectively.

(20) Summary of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2021 and 2020 are as follows:

Function Nature	2021			2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$-	\$47,024	\$47,024	\$-	\$107,914	\$107,914
Labor and health insurance	-	1,690	1,690	-	6,998	6,998
Pension	-	608	608	-	5,100	5,100
Directors' remuneration	-	12,671	12,671	-	14,150	14,150
Other employee benefits	-	193	193	-	4,938	4,938
Depreciation	-	2,514	2,514	-	9,840	9,840
Amortization	-	1,463	1,463	-	1,109	1,109

Note:

- 1.The headcounts of the Company amounted to 14 and 78, respectively, as of December 31, 2021 and 2020. Among the Company's directors, there were 4 who were not the employees.
- 2.Companies who have been listed on Taiwan Stock Exchange or Taiwan Over-The Counter Securities Exchange should disclose the following information:
 - (1) Average employee benefits of 2021 and 2020 are NT\$3,537 thousand and NT\$1,602 thousand respectively.
 - (2) Average salaries of 2021 and 2020 are NT\$3,359 thousand and NT\$1,384 thousand respectively.
 - (3) Changes in average salaries are 142.7%.
- 3.Above average employee benefit expenses for the current year are deducted from employee remuneration and distributed to employees of the same group.

4. The average employee benefit of 2020 mentioned above exclude:

- (1) Severance payments and pensions due to mass dismissal of employees.
- (2) Employee compensation was deducted from employee remuneration and distributed to employees of the same group.
- (3) Employee stock options were valued based on appraisal estimates and not actual salary income.

5. The Company has set up an audit committee to replace the supervisor in accordance with the regulations, so the supervisor's remuneration has not been recognized.

6. The salary and remuneration policy of the Company:

According to Article 26 of the Company's Articles of Incorporation, 6%~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. In addition to the basic salary, the company will issue bonuses based on operating conditions to motivate morale and retain outstanding employees in a timely manner. The Company formulates position and rank management policies and personnel appraisal committee establishment policies to provide objective and fair evaluations based on the actual conditions by establishing a remuneration system to keep employees motivated. The system will serve as the basis for bonuses, promotions, salary adjustments, and job transfers; directors' remuneration and manager's remuneration are recommended by the remuneration committee in accordance with the Company's policy, after being submitted to the Board of Directors for approval.

The Company's special shareholders meeting held on October 14, 2020 resolved an amendment on the ration of employees' compensation. According to the resolution, 6%~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.

Based on profit of the year ended December 31, 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2021 to be not lower than 6% and not higher than 3% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2021 amount to NT\$52,386 thousand and NT\$10,483 thousand, respectively.

Based on profit of the year ended December 31, 2020, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2020 to be not lower than 6% and not higher than 3% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2020 amount to NT\$47,960 thousand and NT\$11,990 thousand, respectively.

The board of directors of the company resolved to pay the employees' compensation and remuneration to directors and supervisors amount NT\$47,960 thousand and NT\$11,990 thousand respectively on February 26, 2021. There is no difference in the amount of the expense for 2020.

(21)Non-operating income and expenses

(a) Interest income

	For the year ended December 31,	
	2021	2020
Interest income		
Financial assets carried at amortized cost	\$1,123	\$249

(b)Other income

	For the year ended December 31,	
	2021	2020
Rent income	\$2,970	\$270
Other income — others	51,957	48,733
Total	\$54,927	\$49,003

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(c) Other gains and losses

	For the year ended December 31,	
	2021	2020
Gain (loss) on disposal of property, plant and equipment	\$2,583	\$418,796
Foreign exchange gains (losses), net	(13,703)	(29,537)
Gain on financial assets at fair value through profit or loss	550	-
Impairment reversal on non-financial assets	17,520	18,807
Losses on lease modification	-	(511)
Others losses-others	(1,365)	(1,888)
Total	<u>\$5,585</u>	<u>\$405,667</u>

(d) Finance costs

	For the year ended December 31,	
	2021	2020
Interest on borrowings from bank	\$88	\$6,191
Interest on lease liabilities	65	7
Interest on Bonds payable	4,638	-
Total	<u>\$4,791</u>	<u>\$6,198</u>

(22) Components of other comprehensive income (loss)

For the year ended December 31, 2021

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
May be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method	<u>\$(33,951)</u>	<u>\$-</u>	<u>\$(33,951)</u>	<u>\$-</u>	<u>\$(33,951)</u>

For the year ended December 31, 2020

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
May be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method	\$53,070	\$-	\$53,070	\$-	\$53,070

(23) Income tax

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

Income tax expense (income) recognized in profit or loss

	For the year ended December 31,	
	2021	2020
Current income tax expense (income):		
Current income tax charge	\$25,008	\$-
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	140,551	60,311
Total income tax expense	\$165,559	\$60,311

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

	For the year ended December 31,	
	2021	2020
Accounting profit before tax from continuing operations	\$636,013	\$739,376
Tax payable at the enacted tax rates	\$127,203	\$147,875
Tax effect of expenses not deductible for tax purposes	1,744	(88,305)
Tax effect of deferred tax assets/liabilities	11,604	741
Income tax on undistributed surplus	25,008	-
Total income tax expense recognized in profit or loss	\$165,559	\$60,311

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

For the year ended December 31, 2021

	Beginning balance as of January 1, 2021	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2021
Temporary differences				
Unrealized loss on inventory valuation	\$310	\$(310)	\$-	\$-
Investments accounted for using the equity method	(397,870)	131,311	-	(266,559)
Over 2 years payables	86	(86)	-	-
Gain on disposal of property, plant and equipment	34,521	(3,869)	-	30,652
Impairment loss on assets	3,504	(3,504)	-	-
Unrealized exchange loss (gain)	1,913	(1,547)	-	366
Sales returns and allowances	6,075	(5,089)	-	986
Commission expense	11,675	(11,675)	-	-
Unused tax losses	244,441	(244,441)	-	-
Employee benefits	1,341	(1,341)	-	-

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Deferred tax income/(expense)		<u>\$(140,551)</u>	<u>\$-</u>	
Net deferred tax assets/(liabilities)	<u>\$ (94,004)</u>			<u>\$(234,555)</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$303,866</u>			<u>\$32,004</u>
Deferred tax liabilities	<u>\$(397,870)</u>			<u>\$(266,559)</u>

For the year ended December 31, 2020

		Deferred tax income (expense)	Deferred tax income (expense) recognized in other comprehensive income	
	Beginning balance as of January 1, 2020	recognized in profit or loss		Ending balance as of December 31, 2020
Temporary differences				
Unrealized loss on inventory valuation	\$1,734	\$(1,424)	\$-	\$310
Investments accounted for using the equity method	(378,721)	(19,149)	-	(397,870)
Over 2 years payables	86	-	-	86
Gain on disposal of property, plant and equipment	36,836	(2,315)	-	34,521
Impairment loss on assets	7,265	(3,761)	-	3,504
Unrealized exchange loss (gain)	1,928	(15)	-	1,913
Sales returns and allowances	9,924	(3,849)	-	6,075
Commission expense	11,922	(247)	-	11,675
Unused tax losses	274,881	(30,440)	-	244,441
Employee benefits	452	889	-	1,341
Deferred tax income/(expense)		<u>\$(60,311)</u>	<u>\$-</u>	
Net deferred tax assets/(liabilities)	<u>\$ (33,693)</u>			<u>\$(94,004)</u>

Reflected in balance sheet as follows:

Deferred tax assets	<u>\$345,028</u>	<u>\$303,866</u>
Deferred tax liabilities	<u>\$(378,721)</u>	<u>\$(397,870)</u>

(d) Unrecognized deferred tax assets

As of December 31, 2021 and 2020, the amount of deferred income tax assets unrecognized by the Company was NT\$248,938 thousand and NT\$0, respectively.

(e) The following table contains information of the net operating loss of the Company:

Year incurred	Net operating loss	Expiration year
2013	\$177,317	2023
2014	224,933	2024
2015	82,157	2025
2016	138,185	2026
2017	194,926	2027
2018	127,096	2028
2019	198,948	2029
Total	<u>\$1,143,562</u>	

(f) The assessment of income tax returns

As of December 31, 2021, the tax assessments on the Company's tax filings have been approved up to the year of 2019.

(24) 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.

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	For the year ended December 31,	
	2021	2020
(a) Basic earnings per share		
Net income available to common shareholders of the parent	\$470,454	\$679,065
Weighted average number of common stocks outstanding (in thousand shares)	277,515	263,664
Basic earnings per share (in NT\$)	\$1.70	\$2.58
(b) Diluted earnings per share		
Net income available to common shareholders of the parent	\$470,454	\$679,065
Issued domestic bonds payable of valuation through profit or loss on redemption	(440)	-
Interest on convertible bonds	3,710	-
Net income available to common shareholders of the parent after dilution	\$473,724	\$679,065
Weighted average number of common stocks outstanding (in thousand shares)	277,515	263,664
Effect of dilution:		
Employee bonus (compensation)—stock (in thousand shares)	2,703	2,472
conversion of corporate bonds (in thousand shares)	13,818	-
Weighted average number of common stocks outstanding after dilution (in thousand shares)	294,036	266,136
Diluted earnings per share (in NT\$)	\$1.61	\$2.55

There were 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

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
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
Dynamic Electronics Co., Ltd. Taiwan branch (Seychelles)	Taiwan branch of Dynamic Electronics Co., Ltd. (Seychelles)

- (2) Significant transactions with related parties

(a) Purchases

	<u>For the year ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Dynamic PCB Electronics Co., Ltd.	<u>\$2,529,733</u>	<u>\$3,501,139</u>

As the specifications of merchandise purchased from the subsidiaries are different from those from other third-party companies in 2021 and 2020, the purchasing prices to subsidiaries were not comparable. Payment terms for subsidiaries were 90 days after monthly closing while 60~120 days after monthly closing for general suppliers.

- (b) The Company recognized operating expenses for services provided by Dynamic Electronics Co., Ltd. Taiwan branch (Seychelles) of NT\$22,584 thousand and NT\$7,205 thousand for the years ended December 31, 2021 and 2020.

- (c) The Company recognized rent income for plants leased to associate provided by Dynamic Electronics Co., Ltd. Taiwan branch (Seychelles) of NT\$2,970 thousand and NT\$270 thousand for the years ended December 31, 2021 and 2020.

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NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)
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(d) Other receivables from related parties (not including financing)

	2021.12.31	2020.12.31
Dynamic Electronics (Kunshan) Co., Ltd.	\$-	\$121

(e) Accounts payable to related parties

	2021.12.31	2020.12.31
Dynamic PCB Electronics Co., Ltd.	\$290,160	\$656,661

(f) Other accounts payable to related parties

	2021.12.31	2020.12.31
Dynamic Electronics Co., Ltd. Taiwan branch (Seychelles)	\$-	\$5,040

(g) As of December 31, 2020, the Company provided receipt under custody to its Dynamic Electronics Co., Ltd. (Seychelles) in total of NT\$2,317 thousand.

(h) As of December 31, 2021 and 2020, Dynamic Electronics Co., Ltd. (Seychelles) provided receipt under custody to the Company in total of USD1,220 thousand and USD365 thousand.

(i) As of December 31, 2021 and 2020, the Company provided endorsement/guarantee to its Dynamic Electronics (Huangshi) Co., Ltd. in total of NT\$1,778,790 thousand and NT\$995,050 thousand, respectively.

(j) As of December 31, 2021 and 2020, the Company provided endorsement/guarantee to its Dynamic Electronics (Kunshan) Co., Ltd. in total of NT\$276,300 thousand and NT\$284,300 thousand, respectively.

(k) As of December 31, 2021, the Company provided endorsement/guarantee to its Dynamic Electronics Co., Ltd. (Seychelles) in total of NT\$82,890 thousand.

(l) Key management personnel compensation

	For the year ended December 31,	
	2021	2020
Short-term employee benefits	\$49,301	\$62,288
Post-employment benefits	437	1,289
Total	\$49,738	\$63,577

8. Assets pledged as collateral

None.

9. Significant contingencies and unrecognized contract commitments

None.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1)Categories of financial instruments

Financial assets

	2021.12.31	2020.12.31
Financial assets measured at amortized cost:		
Cash and cash equivalents (not included cash on hand and petty cash)	\$802,251	\$174,616
Financial assets measured at amortized cost	-	200,000
Accounts receivable	622,873	1,016,604

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Other receivables	1,225	2,162
Other receivables – related parties	-	121
Refundable deposits	854	2,355
Subtotal	1,427,203	\$1,395,858
Financial assets measured at fair value through profit or loss :		
Held for trading	800	-
Total	\$1,428,003	\$1,395,858
<u>Financial liabilities</u>		
	2021.12.31	2020.12.31
Financial liabilities at amortized cost:		
Payables	\$423,156	792,008
Bonds payables	486,152	-
Lease liabilities	4,064	444
Total	\$913,372	\$792,452

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

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, 2021 and 2020 is decreased/increased by NT\$4,462 thousand and NT\$4,204 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, 2021 and 2020 to decrease/increase by NT\$802 thousand and NT\$174 thousand, respectively.

Equity price risk

As of December 31, 2021 and 2020, 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, 2021 and 2020 accounts receivable from top ten customers represent 87.08% and 63.72% 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. 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
2021.12.31					
Payables	\$423,156	\$-	\$-	\$-	\$423,156
Bonds payables	-	499,900	-	-	499,900
Lease liabilities	2,057	2,057	-	-	4,114
	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
2020.12.31					
Payables	\$792,008	\$-	\$-	\$-	\$792,008
Lease payable	444	-	-	-	444

DYNAMIC ELECTRONICS CO., LTD.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Reconciliation of liabilities arising from financing activities

Reconciliation schedule of liabilities for the year ended December 31, 2021:

	Bonds payables	Lease liabilities	Total liabilities from financing activities
As of January 1, 2021	\$-	\$444	\$444
Cash flows	545,297	(2,057)	543,240
Non-cash changes			
Lease modification	-	5,612	5,612
Others	(63,783)	-	(63,783)
Interest of lease liabilities	4,638	65	4,703
As of December 31, 2021	<u>\$486,152</u>	<u>\$4,064</u>	<u>\$490,216</u>

Reconciliation schedule of liabilities for the year ended December 31, 2020:

	Short-term loans	Long-term loans	Lease liabilities	Total liabilities from financing activities
As of January 1, 2020	\$729,780	\$600,000	\$1,328	\$1,331,108
Cash flows	(729,780)	(600,000)	(126)	(1,329,906)
Non-cash changes				
Lease modification	-	-	(765)	(765)
Interest of lease liabilities	-	-	7	7
As of December 31, 2020	<u>\$-</u>	<u>\$-</u>	<u>\$444</u>	<u>\$444</u>

(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

Other than the item is listed in the table below, the carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value:

	Carrying amount	
	2021.12.31	2020.12.31
Financial liabilities:		
Bonds payables	\$486,152	\$-
	Fair value	
	2021.12.31	2020.12.31
Financial liabilities:		
Bonds payables	\$486,753	\$-

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Company.

(8) Derivative financial instruments

As of December 31, 2020, there was no derivative financial instruments for the Company. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of December 31, 2021 is as follows:

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6 for further information on this transaction.

(9) 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. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of 12/31/2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Convertible bonds	\$-	\$-	\$800	\$800

As of 12/31/2020

None

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	<u>Assets</u>
	<u>At fair value through profit or loss</u>
Beginning balances as of January 1, 2021	\$-
Acquisition/issues for the period	250
Total gains and losses for the period	
Amount recognized in gains/losses (report on other gains and losses)	550
Ending balances as of December 31, 2021	<u>\$800</u>

Total gains and losses recognized in profit or loss for the ended December 31, 2021 and 2020 in the table above contain gains and losses related to assets or liabilities on hand in the amount of NT\$550 thousand and NT\$0, respectively.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives	Binary tree-based model for valuation of convertible bonds	Volatility	46.12%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT\$60 thousand

As of December 31, 2020

None

(c) Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payables (Please refer to the Note6(12))	\$-	\$-	\$486,753	\$486,753

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As of December 31, 2020

None

(10) 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:

	2021.12.31			2020.12.31		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	<u>\$26,636</u>	27.68	<u>\$737,273</u>	<u>\$38,046</u>	28.48	<u>\$1,100,626</u>
<u>Financial liabilities</u>						
Monetary items:						
USD	<u>\$10,517</u>	27.68	<u>\$291,106</u>	<u>\$23,886</u>	28.48	<u>\$680,271</u>

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\$(13,703) thousand and NT\$(29,537) thousand for the years ended December 31, 2021 and 2020, respectively.

(11) 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, 2021: None.
- b. Endorsement/Guarantee provided to others for the year ended December 31, 2021: Please refer to Attachment 1.
- c. Securities held as of December 31, 2021 (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, 2021: 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, 2021: 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, 2021: 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, 2021: Please refer to Attachment 2.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of December 31, 2021: 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 3.

B. An investor controls operating, investing and financial decisions of an investee. The related information for the investee shall be disclosed in Note13(1) below:

- (a) Financing provided to others for the year ended December 31, 2021: Please refer to Attachment 4.
- (b) Endorsement/Guarantee provided to others for the year ended December 31, 2021: None.
- (c) Securities held as of December 31, 2021 (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, 2021: 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, 2021: 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, 2021: 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, 2021: 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, 2021: Please refer to Attachment 7.
- (i) Financial instruments and derivative transactions: The table below lists the information related to forward currency contracts as of December 31, 2021 :

Items (by contract)	Notional Amount (in thousand dollars)	Contract Period
Forward currency contract	USD 3,000	2021.11.02 ~ 2022.01.26
Forward currency contract	USD 3,500	2021.11.02 ~ 2022.01.26
Forward currency contract	USD 3,500	2021.12.29 ~ 2022.03.28

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(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, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021	Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	\$2,214,400 (Note 2, 3, 6)	(Note10)	\$2,260,265	\$-	\$-	\$2,260,265	\$237,450 (Note 2)	100%	\$237,450 (Note 2, 4, 5)	\$2,897,525 (Note 2, 4, 5)	\$1,699,270 (Note 2)	\$2,260,265	\$2,260,265	No upper limit (Note 9)

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Dynamic Electronics (Huangshi) Co., Ltd.	Manufacturing and selling of PCB	\$3,598,400 (Note 2, 7, 8)	(Note 1)	\$504,167	\$-	\$-	\$504,167	\$648,808 (Note 2)	100%	\$329,487 (Note 2, 4,5)	\$4,991,833 (Note 2, 4,5)	\$-	\$504,167	\$504,167

Note 1: Investment in Mainland China through WINTEK (MAURITIUS) CO., LTD. and Dynamic Holding Pte. Ltd. , companies established in the third area.

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: WINTEK (MAURITIUS) CO., LTD. indirectly, through the holding on Dynamic Holding Pte. Ltd., recognized the investment income and carrying value of Dynamic Electronics ((Kunshan) Co. Ltd and Dynamic Electronics (Huangshi) Co. Ltd.

Note 6: The difference between investments 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 USD16,060 thousand remitted from Taiwan and the paid-in capital of USD50,000 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 USD130,000 thousand.

Note 9: 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.

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Note 10: The Company previously indirectly invested in its China subsidiary, Dynamic Electronics (Kunshan) Co. Ltd., through Dynamic Electronics Holding Pte. Ltd. The Company now indirectly invests in Dynamic Electronics (Kunshan) Co. Ltd., through Dynamic Electronics (Huangshi) Co., Ltd.

DYNAMIC ELECTRONICS CO., LTD.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

b. Purchase and accounts payable with the related parties:

	Purchase		Accounts payable	
	Amount	%	Amount	%
Dynamic PCB Electronics Co., Ltd.	\$2,529,733	99.93%	\$290,160	99.72%

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 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:

As of December 31 2021, the Company wrote off the profit of property, plant and equipment amounted to NT\$ 153,261 thousand, because of unrealized under the investment balance using the equity method.

e. The purpose and balance of a note guarantee and a guarantee endorsement or providing for secure: Please refer to Attachment 1.

f. The amount of maximum financing, the balance interest rates, and lump sum interest expense: Please refer to Attachment 5.

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: None.

(4) Information on major shareholders:

None.

14. Segment information

The Company has provided the operating segments disclosure in the consolidated financial statements.

DYNAMIC ELECTRONICS CO., LTD.

Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2021

Attachment 1

(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	\$5,520,796	\$1,966,905	\$1,778,790	\$1,695,900	\$-	32.22%	\$5,520,796	Y	N	Y
0	Dynamic Electronics Co., Ltd.	Dynamic Eelectronics (Kunshan) Co., Ltd.	2	\$5,520,796	\$555,000	\$276,300	\$276,300	\$-	5.00%	\$5,520,796	Y	N	Y
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	2	\$5,520,796	\$84,000	\$82,890	\$82,890	\$-	1.50%	\$5,520,796	Y	N	N

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.

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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, 2021

Attachment 2

(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	<u>\$2,529,733</u>	99.93%	90 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 \$290,160	99.72%	

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, 2021

Attachment 3

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Address	Main Business and Product	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of December 31, 2021	As of December 31, 2020	Shares	%	Carrying Value			
Dynamic Electronics Co., Ltd.	WINTEK (MAURITIUS) CO., LTD.	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	Investing activities	<u>\$2,783,433</u>	<u>\$2,779,262</u>	8,581,000	100.00%	<u>\$4,985,315</u>	<u>\$550,717</u>	<u>\$561,130</u> (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	<u>\$1,555</u>	<u>\$1,555</u>	50,000	100.00%	<u>\$1,817</u>	<u>\$(22)</u>	<u>\$(22)</u>	
Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	1st Floor, #5 DEKK House, De Zippora Street, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	<u>\$1,556</u>	<u>\$1,556</u>	50,000	100.00%	<u>\$356,029</u>	<u>\$13,551</u>	<u>\$13,551</u>	
Dynamic Electronics Co., Ltd.	Dynamic Electronics Trading Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Management operations services	<u>\$1,541</u>	<u>\$1,541</u>	50,000	100.00%	<u>\$2,600</u>	<u>\$135</u>	<u>\$135</u>	
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics Holding Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Investing activities	<u>\$1,559,261</u>	<u>\$1,555,090</u>	141,917,000	100.00%	<u>USD 180,380</u>	<u>USD 19,662</u>	<u>USD 19,662</u> (Note 2)	

Note1: Including investment gain recognized under equity method amounted to NT\$550,717 thousand, realized profit on transaction between subsidiaries amounted to NT\$20,189 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$9,776 thousand .

Note2: Including investment gain recognized under equity method amounted to USD19,662 thousand, realized profit on transaction between subsidiaries amounted to USD35 thousand and unrealized profit on transaction between subsidiaries amounted to USD35 thousand .

DYNAMIC ELECTRONICS CO., LTD.

Financing provided to others

For the year ended December 31, 2021

Attachment 4

(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		
1	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co. Ltd.	Other receivables -related parties	Yes	\$1,567,150	\$1,122,940	\$1,122,940	4.35%	2	\$-	Business turnover	\$-	-	\$-	\$1,738,515 (Note 3)	\$1,738,515 (Note 3)

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 60% of the lender's net assets of value as of December 31, 2021.

Limit of financing amount for individual counter-party shall not exceed 60% of the lender's net assets value as of December 31, 2021.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD.

Acquired of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital

For the year Ended December 31, 2021

Attachment 5

(In Thousands of New Taiwan Dollars)

Acquired 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.	<u>Buildings</u> Huangshi plant land	2021.07.02	RMB 253,980	As of the end of 2021.12.31 Collected RMB102,120	Fujian Huidong Construction Engineering Co., Ltd.	None	None	None	None	None	By Bidding	For production capacity expansion and company operation plan.	None
Dynamic Electronics (Huangshi) Co., Ltd.	<u>Buildings</u> Huangshi plant land	2021.09.01	RMB 126,350	As of the end of 2021.12.31 Collected RMB17,436	Fujian Huidong Construction Engineering Co., Ltd.	None	None	None	None	None	By Bidding	For production capacity expansion and company operation plan.	None

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 2,171,853	76.22%	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 595,851	67.77%	
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Subsidiary	Purchases	RMB 612,604	30.18%	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 141,922	23.74%	
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Subsidiary	Sales	RMB 193,544	6.79%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 60~150 days after monthly closing.	Accounts receivable RMB 84,169	9.57%	
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchases	RMB 193,544	15.36%	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 84,169	18.85%	
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Sales	RMB 612,604	37.86%	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 141,922	34.14%	
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Sales	RMB 630,719	38.98%	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 129,810	31.23%	
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Subsidiary	Purchases	USD 97,590	22.53%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 20,365	17.89%	
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	Sales	USD 342,782	79.12%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts receivable USD 103,346	90.79%	
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd.	Subsidiary	Sales	USD 90,439	20.88%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts receivable USD 10,483	9.21%	
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchases	USD 335,631	77.47%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 93,464	82.11%	
Dynamic Electronics Co., Ltd (Seychelles)	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchases	USD 342,782	99.23%	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 103,346	99.67%	

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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, 2021

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 595,851 (Note1)	4.29	\$-	-	\$-	\$-
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd.	Subsidiary	USD 10,483 (Note1)	5.39	\$-	-	\$-	\$-
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	USD 103,346 (Note1)	4.35	\$-	-	\$-	\$-
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	RMB 129,810 (Note1)	5.80	\$-	-	\$-	\$-
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	RMB 141,922 (Note1)	3.58	\$-	-	\$-	\$-
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Subsidiary	RMB 84,169 (Note1)	4.58	\$-	-	\$-	\$-

Note1: Accounts receivable.



Dynamic Electronics Co., Ltd

Chairman : Ken Huang

