

Dynamic Holding Co., Ltd.

2023 ANNUAL REPORT

Print on April 12th 2024

Market Observation Post System : <http://mops.twse.com.tw>

Dynamic Website : <https://www.dynaholding.com>

1. Spokesperson's and deputy spokesperson's name, title, telephone, and email address:
Spokesperson : Jean Liu
Title : General manager
Telephone : +886 3 349 3300 #7721
E-mail : jean_liu@dynamicpcb.com
Deputy spokesperson : Noella Huang
Title : Project Manager, Chairman Office
Telephone : +886 3 349 3300 #7667
E-mail : a0667@dynamicpcb.com.tw
2. Addresses and telephone numbers of the headquarters, branch offices, and plants:
Headquarters: 6F., No. 50, Minquan Rd., Luzhu Dist., Taoyuan City 33846, Taiwan
Telephone: +886 3 349 3300
Kunshan Plant: No. 1688, Jinshajiang North Rd. Kunshan City, Jiangsu Province 215344, China
Tel: +86 512 5718 1688
Huangshi Plant: No. 88, Daqi Avenue, Wangren Town, Economic & Technological Development Zone, Huangshi City, Hubei 435000, PRC
Tel: +86 714 350 1688
3. Name, address, telephone, and website address of the stock transfer agent:
Name: Stock Affairs Agency Department of Taishin Securities Co., Ltd.
Address: No. 96, Section 1, Jianguo N Rd, Zhongshan District, Taipei City, Taiwan
Telephone: +886 2 2504 8125
Website: <https://www.tssco.com.tw>
4. Names, firm name, address, telephone number, and website address of the auditors of the latest annual financial statements:
Accountant names: Hsiao-Chin Lo, Chi-Ming Chang
Firm name: Ernst & Young Global Limited
Address: F. 9, No. 333, Section 1, Keelung Rd, Xinyi District, Taipei City, Taiwan
Telephone: +886 2 2757 8888
Website: <http://www.ey.com.tw>
5. Name of overseas securities exchange: None
6. Corporate website: <https://www.dynaholding.com>

Corporate Vision 、 Mission 、 Values and Business Philosophy



Table of Contents

I. Letter to Shareholders	1
A. Operation Results in 2023	3
B. Business Plan Summary for 2024.....	6
C. Impact on future development strategy by the external competitive environment, regulatory environment, and overall business environment.....	11
II. Company Introduction	13
A. Founding Date	13
B. Company History	13
III. Corporate Governance.....	17
A. Organization System	17
B. Information pertaining to the Directors, Supervisors, President, VP, AVP, and Supervisors in each department and branch office.....	20
C. Compensation for the Directors, Supervisors, President, and VPs for this fiscal year	31
D. Operations of Corporate Governance.....	37
E. Accountant Public Expense Information	122
F. Replacement of CPA.....	123
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.	124
H. Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders	124
I. Information of the Relationship among the Top Ten Shareholders	126
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	127
IV. Capital Overview.....	128
A. Capital and Shares	128
B. Corporate bonds processing.....	134
C. Preferred stock handling.	134
D. Global depository receipts handling.	134
E. Employee stock option and new restricted employee share rights handling.	134
F. Mergers or transferee to other companies and issuance of new shares.	134
G. Implementation on fund utilization planning.....	134
V. Operations Overview.....	135
A. Business Content	135
B. Market and Production/Sales Conditions	147
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.....	152
D. Environmental Expenditure Information.....	152
E. Employer and Employee Relations	153
F. Information security management	155
G. Important Contracts	158
VI. Financial Overview.....	159
A. Concise Balanced Sheet and Income Statement for the past 5 years	159
B. Financial Analysis for the Past Five Years	163
C. The audit report from the audit committee for the financial report of the most recent year	166

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.	166
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.	166
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.	166
VII. Review and Analysis of Financial Conditions and Performance, and Risk Management.....	167
A. Analysis of Financial Conditions.....	167
B. Analysis of Financial Performance	168
C. Cash Flow	169
D. Impacts of Major Capital Expenditures in the Most Recent Year on Financial Operation:.....	169
E. Reinvestment Policies, Main Reasons of Profit and Loss and Improvement Plans in the Most Recent Year and Investment Plans for the Coming Year	170
F. Sources of Risk.....	171
G. Other Important Matters.	180
VIII. Affiliated Companies and Other Special Disclosures.....	181
A. Related Information on Affiliated Companies	181
B. Private Placement Securities in the Most Recent Year and as of the Publishing Date of the Annual Report.	185
C. Company's Shares Held or Transferred by Subsidiaries in the Most Recent Year and as of the Publishing Date of the Annual Report	185
D. Other Supplementary Information.	185
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.	185
IX. Other Information Disclosures	186
A. Precautionary Measures for a Safe Working Environment and Personnel Security.....	186
B. Material Insider Information Non-Disclosure Procedure	187
X. Statement on Internal Control System	188
XI. Auditor's Report and 2023 Financial Statements	189

I. Letter to Shareholders

Dear Shareholders:

In 2023, affected by factors such as high interest rates, high inflation, and China's post-epidemic economic performance that is not as good as expected, global demand for end products has become weak, leading to a slowdown in manufacturing activities in various countries. In addition, the expansion of the U.S.-China chip ban, the Russia-Ukraine war and the Israel-Hamas conflict have not ended yet, making global geopolitics tend to be in a situation of political group confrontation, which has adversely affected global economic development and social stability.

According to Prismark data, the electronics industry market has shown a slight recession in 2023, with an overall decrease of 0.4%. Most industries are showing a recession trend, but the automobile industry has achieved growth of 10% and 6.7% respectively due to the rebound from the low point of the epidemic and the growth in demand for artificial intelligence and the Internet. It is estimated that the electronics industry will grow significantly in 2024, with the annual growth rate expected to reach 6.1%. The five-year compound annual growth rate forecast from 2022 to 2027 is 3.7%, close to the average level of the past 20 years. However, this also shows the rotation between major industries, with consumer products growing at a CAGR of 2.4%, the automotive industry reaching 6.0% due to the growth momentum of electric vehicles, and non-consumer products driven by automation and green energy. Driven by this, the growth rate is expected to be 4.6%.

The PCB market experienced a sharp decline in 2023, with estimated output value falling by 15%. From an application perspective, demand for artificial intelligence and related applications, automotive electronics, military/aerospace, etc. continues to rise, while consumer products such as personal computers, smartphones, and televisions are generally weak. Divided by product technology, the high-density interconnect board (HDI) market declined by 14%, and the multilayer board market fell by about 10%. It is estimated that the PCB market will see a growth rate of 4.1% in 2024. The main changes include: from consumer-driven to infrastructure-driven (such as 5G, artificial intelligence, 800G network, satellite communications, etc.), from internal combustion engines to electric vehicles (such as batteries) technology, ADAS, etc.), as well as supply chain migration from China to "China + N" (such as Southeast Asia, India, Mexico, etc.).

In 2023, Dynamic benefited from the growth of the automotive industry and the booming development of electric vehicles, and the proportion of automotive panels will reach 70%, including more than 20% of panels for electric vehicles. In 2023, the revenue growth of automotive boards reached approximately 14%, maintaining good growth momentum. However, due to the sluggish big environment, the revenue of the second and third major product lines - display panels and storage devices - has shown a declining trend. On the other hand, network communication products achieved a growth of 17% due to strong market demand and the growth of major customers. Due to the development of product structure towards high-tech content and the expansion of automated and intelligent production capacity of Huangshi Factory, Dynamic's overall revenue increased by 3%, gross profit

margin increased by 6.7 percentage points, net profit after tax increased by 86.5%, and earnings per share (EPS) reached \$3.61, an increase of 83.2%. At the end of 2023, Dynamic's market value reached 24 billion, and it was selected as a Taiwan stock component of the MSCI Global Small-Cap Index.

In 2023, Dynamic's ESG Sustainability Committee adjusted its long-term carbon reduction goals based on international trends and customer requirements. The company promised to achieve carbon neutrality ahead of schedule by 2040, and submitted a letter of commitment to SBTi (Science Based Targets initiative) willing to set up a Science Based Target initiative, which was disclosed on the SBTi official website. It is expected that Dynamic will submit specific scientific carbon reduction goals and methods to SBTi before 2025, and pass SBTi's review. To achieve this goal, Dynamic has established a carbon emission management team to work together to achieve the goal. In terms of the use of renewable energy, 42 million kWh of green power has been purchased in 2023, which can offset approximately 22,079 tons of greenhouse gas emissions per year, and it is actively planning subsequent green power purchase plans. In addition, in terms of expanding solar power generation, Dynamic will invest in adding a solar power generation device with an annual power generation capacity of 2 million kWh, which can reduce greenhouse gas emissions by approximately 1,051 tons per year. The installation is expected to be completed in 2024. In 2023, Dynamic completed the ISO14067 Carbon Footprint of Product (CFP) inventory, and based on this, it used digital technology tools to establish Dynamic's carbon footprint calculation module. At the same time, the company invites the supply chain to conduct carbon footprint verification to accurately calculate the carbon emissions of raw materials to guide customers in designing products, selecting materials, and designing processes through data, so as to reduce the carbon footprint of products and fulfill the wonderful vision of sustainable planet.

Dynamic's outstanding performance in ESG in 2023 includes:

1. Huangshi Plant was awarded the highest platinum level certification of UL2799 Zero Waste to Landfill, which is an affirmation of the plant's efficient waste management and shows that it has reached the industry-leading level in waste treatment.
2. Dynamic has been rated as a leading enterprise in high-quality development of the industry, which shows that the company leads the development direction of the industry with high quality and efficiency in the process of industrial development.
3. Dynamic has been certified by the Hubei Provincial Enterprise Technology Center, indicating that the company's outstanding performance in technological innovation has brought vitality to regional industrial development.
4. The company has obtained the certification of healthy enterprise and production safety standardization level 2 enterprise, which shows that Dynamic attaches great importance to the health and safety of employees and its commitment to strictly abide by safety standards in the production process.
5. Dynamic was rated as a charity unit for "spreading the beauty of books along with love", which shows the company's active participation in social responsibility, as well as its concern and support for education and social welfare.
6. The Kunshan factory received the RBA Verification Silver Level, which is recognition of the factory's performance in labor rights, environmental protection and business ethics,

indicating that the company has achieved good results in the Responsible Business Alliance Code of Conduct.

7. The Continental Automotive Changchun Plant's 2023 Supply Chain Excellence Award and Kunshan City's Class A Labor Security Credibility Unit further highlight Dynamic's excellent performance in protecting customers and employee rights and interests.

Our 2023 operating performance and 2024 business plan summary are shown as follows:

A. Operation Results in 2023

(A) Consolidated operation plan execution results in 2023

Unit: NTD thousands

Item	2023	2022	Growth Rate
Operating income	\$15,713,954	\$15,297,012	2.73%
After-tax (loss) gain	1,030,653	552,634	86.50%
Profitability	6.56%	3.61%	81.72%

(B) Consolidated budget implementation in 2023

Unit: NTD thousands

Item	2023 Actual Performance	2023 Budget	Achievement Rate
Operating income	15,713,954	15,697,946	100.10%
Operating cost	11,928,381	12,021,094	99.23%
Operating margin	3,785,573	3,676,852	102.96%
Operating expenses	2,144,307	2,062,310	103.98%
Operating profit	1,641,266	1,614,542	101.66%
Pre-tax profit	1,465,523	1,481,205	98.94%

(C) Revenue and profitability analysis in 2023

Unit: NTD thousands

Item		2023	2022
Financial revenues & expenses	Financial revenue	16,104,184	15,483,867
	Financial expenses	14,638,661	14,707,019
Profitability	Return on assets	6.40%	3.94%
	Return on equity	15.71%	9.48%
	Ratio to paid-in capital	Operating profit	59.11%
		Pre-tax profit	30.03%
	Net profit margin	52.78%	27.99%
	Earnings (loss) per share in NTD	6.56%	3.61%
		3.61	1.97

(D) Research and development status in 2023

2023 has gradually been less affected by the COVID-19 epidemic, but there is still a shortage of chips. Generally speaking, even though the shortage of chips has delayed the overall progress, the main direction of the application and development

of new technologies has not changed. Also because the epidemic has become a common pandemic, life has returned to normal and the prosperity before the epidemic has mostly returned. However, because the habit of long distance has been formed during the epidemic, the application of network communication continues to develop. 5G mobile communications, autonomous vehicle driving, satellite communications and server-related fields are still the main focus of the development of the electronics industry. In addition, in response to the high demand for heat dissipation in new energy vehicles and Mini-LED displays, there is also a strong market demand for heat dissipation technologies such as heavy copper, embedded copper coins, copper paste, etc. In 2023, in addition to continuing to improve quality and enhance process capabilities, we have also successfully used our professional capabilities in high-frequency/microwave products to jointly conduct early product design and development with a number of network communication product companies and automotive millimeter wave radars. We successfully began to co-develop high-frequency and high-speed PCB applications such as RRU and antenna equipment with 5G Open-RAN equipment customers. In addition, in response to the demand of the server market, Huangshi Plant II has also invested a large amount of equipment and technology in response to the production needs of thick boards to strengthen the company's capabilities in the server and switch markets. The construction of Thailand Plant 5 was launched at the same time in 2023, which will further enhance the Processing capabilities for high-layer count and thick boards. On the other hand, the company will strengthen the development of its technical capabilities in high-frequency/microwave products and introduce independent antenna detection technology and equipment to continue to enhance its competitiveness in the future electronics industry's high-frequency, high-speed, and high-heat dissipation technology needs.

The main R&D projects and achievements in year 2023 are summarized as the following six points:

1. High-speed and low-signal-loss products: Continue to test various materials such as Ultra low loss, Ultra low loss 2, Super ultra low loss, etc. and obtain UL certification, and have produced a small amount of optical transceiver products for 800G. For AI servers and Data Center servers, the demand for data processing and AI accelerated computing in various application fields is increasing, and the demand for global cloud data centers and high-performance computing (HPC) servers is also growing. The promotion of corporate customers' intelligent networking (AI+IoT, AIoT) and Open Ran further expands the demand of telecom manufacturers for ODM Direct servers; at the same time, server platforms are showing diversified development, with X86-based Intel and AMD taking more than 90% of the market share. Affected by geopolitics and product diversification demand, the market share of ARM products is expected to grow higher in 2023. In terms of product design, the speed of the new generation of server platform products has reached the 32GT/s requirement of PCIe5.0, and the speed of the next generation of PCIe6.0 products will further go up to 64GT/s, and the Coding method will be changed from NRZ of PCIe 5.0 to PAM4.

The BGA Pitch has further shrunk from 37mil in PCIe 5.0 generation to 35.4mil in PCIe 6.0 generation. The trace width/spacing in the DDR area reaches 3mil/3mil, and the board factory's thin line processing and impedance control capabilities are further examined. The low etching browning solution for improving the skin effect of high-speed products has been certified, and the browning solution without biting and etching has also begun to be actively tested. The company actively participates in chip manufacturers' new platform materials and electrical testing projects and obtains positive feedback. The technical capability certification project for important domestic customers was also successfully carried out and passed with high scores, further opening up channels for expanding high-speed markets.

2. High-end HDI and thin products: Successfully completed 16-layer Anylayer HDI small volume production of high-end HDI and mass production of 14-layer Anylayer PCS size>550mm LCD/LED size control motherboard. Completed 12-layer Anylayer Cavity high-end laptop motherboard certification and mass production, the development and mass production of 12-layer Anylayer automotive central control motherboards, and mass-produced 14-layer 3oz inner-outer design smart grid control HDI boards. Successfully developed and mass-produced 8+8 HDI PCS size>580mm, 1pc/panel test module products. Completed the development and mass production of finished lens module of any-layer with board thickness <0.3mm, and the aperture diameter of the blind hole that can be produced is capable of achieving 3mil. In addition, the investigation and standardization of materials that can withstand multiple laminations have been completed, so that the materials used by Anylayer can be more diverse and stable. The thinner product Mini-LED with a thickness of 0.2mm has been certified and started production. The focus of research and development in 2022 is to invest in process capabilities 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 product design and development with minimum pad gap design of 0.04mm, board thickness as thin as 0.2mm, and reflectivity as high as 90%. The development of outdoor screen display panels designed with mixed-laminated of BT-like materials and FR4 materials has been completed.
4. High-frequency millimeter-wave (mmWave) products: The shipments of automotive millimeter-wave radar 24GHz/60GHz/77GHz is increasing. Keep developing the related prospective customers. In terms of the development of new antenna technology, the 4D imaging radar part has begun in-depth cooperation with many customers and launched a variety of front and corner imaging vehicles radar. At the same time, the Company has begun to cooperate with well-known Tier-1 and chip companies to develop next-generation radar products, and has obtained sample certification. In addition, relevant testing equipment has been purchased, which has testing capabilities and can meet customer needs in an all-round way. In terms of satellite communication and microwave products, the GEO

(Geostationary Satellite) ground receiving station continues to be mass-produced, and for the most scalable LEO (Low Orbit Satellite) ground receiving station, we continue to approach customers for mass production opportunities. The 5G Open RAN RU module is being developed in cooperation with customers. The 5G small base station FWA (Fixed Wireless Access) and CPE (Customer Pre-Equipment) have obtained multiple customer certifications. Due to the delay in the overall progress of 5G millimeter wave resulted from the epidemic, we are currently working with customers on initial-stage sample development and production tests for 28GHz and 39GHz products.

5. High heat dissipation products: Embedded copper technology continues to follow the automotive and communications user end to assist in design and sample build-up. For the heat dissipation application of heavy copper 3oz or above, we can effectively provide design suggestions and development for customers' heat dissipation needs; 12oz products have entered the sample production stage. In the evaluation and development of high thermal conductivity materials, we are currently evaluating high thermal conductivity CCLs with a thermal conductivity of 2.0W/m-k or above. In response to the demand for IMS materials from automotive board customers, we have also started the development process for materials and technologies; the electroplating pre-treatment processing technology and equipment for the highly thermally conductive ceramic material aluminum nitride have also entered the development and evaluation stage. Overall, a complete product and process service technology will be established for the cooling technology needs that customers are concerned about.
6. Embedded active and passive component products: Use embedded component technology to jointly develop embedded component 48V integrated Belt Starter Generator (iBSG) products with customers, and the product has completed certification. Through the capability improvement of embedded copper technology and equipment testing, the minimum size capability of embedded components has been improved to 2X2mm, and the operation of smaller sizes continues to be improved. Regarding the processing technology of magnetic materials and corresponding product design technology, we conduct sample co-development stages with customers and strengthen the compatibility between materials and product processing technology.

B. Business Plan Summary for 2024

(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 2024.
- (2) Establish a professional, independent and diversified board of directors structure by increasing independent directors with expertise in technology, cybersecurity, ESG and sustainable development, and continue to increase the number of female directors.

- (3) Establish an ESG sustainability committee and report to the board of directors regularly. We plan for the long-term carbon reduction goal of achieving carbon neutrality in 2040 following international trends and meeting customer needs. For this, we will propose specific scientific carbon reduction goals to SBTi and establish a carbon emissions management team to ensure the realization of the goals.
- (4) Link high-level remuneration with ESG performance to make "sustainability" one of the defining factors of differentiation.

2. R&D Level:

(1) Continuing the research and development direction in 2023

- 5G high-frequency communication network base station and CPE, RRU, Small Cell, satellite communication, 800G high-speed transmission, Server and Switch
- Advanced Driver Assistance Systems (ADAS), 4D Imaging Radar, LiDAR
- Wearable device, 48V iBSG
- MiniLED backlight/direct-lit module
- Electric car charging pile, EV automotive relay, engine and motor control modules

(2) Technology development schedule is as follows:

Year Content	Product Application	2024				2025			
		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 development and sample production	NB/TV/Display/LED screen (direct-lit)	—	—	→	→	→	→	→	→
High-end server, switch products	Server, Switch, Base station core	→	→	→	→	→	→	→	→
Embedded component products	Wearable devices /48V iBSG	→	—	—	—	→
Heat dissipation management products (HSP<Heat Sink Paste>、Coin、copper paste、thick	Automotive/ Relays/charging piles for new energy vehicles	—	—	—	→	→	→	→	→

Year Content	Product Application	2024				2025			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
copper above 6oz) process capability development and samples	/Medical/Defense/aerospace/5G communication /Satellite transmission								
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) Knowledge Management System is a cross-plant platform within the scope of information confidentiality restrictions. It shares knowledge and has no restrictions on different plants or regions. It has the classification and management functions of searching for information and is an important platform for the company's talent cultivation. It also provides the company with important historical reference material when setting up a new factory. With the continuous promotion of the iLearning Committee, the database of the knowledge management system has been continuously enriched. Currently, there are 3,194 quality and technical department materials in the KM system. The company's employees have developed the habit of using the KM system. For the "3+4+5" group development strategy technology database, the three major technologies and four major precision processes of HDI, HLC, and HF, as well as servers, Netcom, Metaverse, storage, the monthly online learning rate for employees in the three major departments of technology, quality and manufacturing has reached over 95%. After our Thailand plant starts production in 2024, Thailand plant can learn valuable experience from the historical lessons of the Kunshan and Huangshi factories by carrying out cross-plant Lesson Learn, improve work efficiency, product quality, and help Thailand plant avoid abnormalities and do a good job in preventive management, so as to continuously strengthen and exert the application function of the knowledge management system.
- (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 system certifications such as occupational safety (ISO 45001), environmental protection (ISO 14001, ISO 14064), energy (ISO 50001) and hazardous substances management (QC 080000); Dynamic Huangshi has successfully obtained UL2799 waste zero by the end of 2023 Landfill platinum level certification, and has been approved by the Ministry of Industry and Information Technology as a national green factory. In addition, it has completed the carbon footprint verification of two products, providing customers with product carbon emission reduction reference, and using it to develop energy on its own of conducting product carbon footprint calculation platforms. ; In response to international environmental protection issues, Dynamic Huangshi established a Resource Management Department in 2023 to promote energy, resource efficiency management and the acquisition of green energy, and strengthen climate change strategies; Dynamic Huangshi integrates governance priorities and goals with global climate action initiatives, Incorporate "net-zero carbon reduction" into the core of governance and submit a commitment to science-based carbon reduction targets to the SBTi organization in 2023 to reduce carbon emissions by at least 50% by 2030 and achieve carbon neutrality by 2040. Dynamic also invites the supply chain to join in carbon reduction actions, hoping to contribute its own efforts to promote sustainable development in harmony with the global environment.
- (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 2023 actual performance and 2024 annual forecast, comprehensively evaluate the company's advantages and market trends, and set the company's main directions for 2024:

1. Production capacity: According to the expansion of production capacity of Huangshi Plant and Thailand Plant, it is estimated that the overall sales area will increase by about 16%.
2. By technology types: including conventional board, HDI, high frequency-high speed 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, QD-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 2024, in line with the needs of the market and customers, the following short/medium/long-term plans are set:

1. Short-term: Inflation has gradually been brought under control in the second half of 2023. The Russia-Ukraine war and the Israel-Palestine conflict are still ongoing, and there are still uncertainties in the global economy. By planning orders in advance and being aware of customer needs as well as transportation timeliness and costs, it is expected to minimize the logistics factors that have the greatest impact. The Kunshan Plant, Huangshi Plant I, Plant II and the Thailand Plant are ready for production.
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

In terms of competition in the external environment, uncertainties such as geopolitics and U.S.-China technology competition are affecting corporate operating strategies. In order to tackle these challenges, the Company began to strengthen the resilience of operations, including adopting diversified supply chain management to ensure that production capacity can be built in different regions and maintain competitiveness. Starting from 2023, the trend of PCB supply chain transfer will become increasingly obvious, and Southeast Asian countries will become the main beneficiaries. It is expected that by 2025, more than a quarter of top suppliers may have established production facilities in Vietnam or Thailand. However, the market will also face a series of challenges, including oversupply, low utilization, fierce competition, falling prices, etc. Coupled with the possible accumulation of inventory caused by the additional production capacity built, market pressure will further intensify.

In terms of the regulatory environment, Taiwan's newly revised laws and regulations related to the Company in 2023 include: Securities and Exchange Act and relevant guidelines for publicly issued companies, Trademark Act, National Health Insurance Act, and Personal Data Protection Act. Relevant parties to China's revised laws and regulations in 2023 and company operations include: Regulation on the Provision of Social Insurance Services; Judicial Interpretation of Ecological Environmental Infringement Cases; Jiangsu Provincial Medical Security Regulations, Production Safety Regulations, Regulation on Scientific and Technological Progress, Fire Protection Regulation, Collective Bargaining Regulations; Suzhou Intelligent Internet of Vehicles Development Promotion Regulations and Scientific and Technological Innovation Promotion Regulations; Hubei Province Business Environment Optimization Regulations and Production Safety Regulations. We remain highly alert to amendments to laws,

regulations and policies. For the ones that are related to the company's daily operations or long-term development, we shall immediately and carefully plan and evaluate, incorporate them into the company's development strategy, and revise the company's internal management methods in a timely manner.

According to the World Economic Outlook Update released by the International Monetary Fund in January 2024, the global economic growth rate in 2023 is 3.1%, and it is expected to remain the same in 2024. The main reasons include interest rate hikes by central banks to combat inflation, the withdrawal of fiscal support in a high-debt environment, and potentially slow productivity growth, which have exerted a drag on economic activity. It is estimated that the global economic growth rate will increase slightly in 2025, reaching 3.2%. The global inflation rate is 6.9% in 2023 and is expected to fall to 5.8% in 2024. This shows that global inflationary pressure still exists, and coupled with the impact of climate change, geopolitical conflict risks and other factors, the inflation rate will still slowly fall. The inflation rate is expected to further decrease to 4.4% in 2025. As for interest rates, the interest rate hike cycles in the United States and Europe are coming to an end, but they are expected to maintain high interest rates for a period of time, which will continue to lead to inflation easing. It is not possible to lower interest rates again until the economy is in recession.

Looking to the future, the global economy and climate change will still bring us many challenges. However, Dynamic will firmly continue to move forward on the road of continuous innovation and reform. We firmly believe that just because others can't do it, doesn't mean we can't do it. In the process of responding to challenges, we insist on three critical principles: "think outside the box, do different things, and pursue better results." This is the guiding principle for all Dynamic colleagues to work together to promote the realization of all work goals. At the same time, we open our hearts and work hand in hand with all like-minded partners to jointly achieve the sustainable goals of governance, planet, people and prosperity. This is our commitment and mission to lead us to 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.

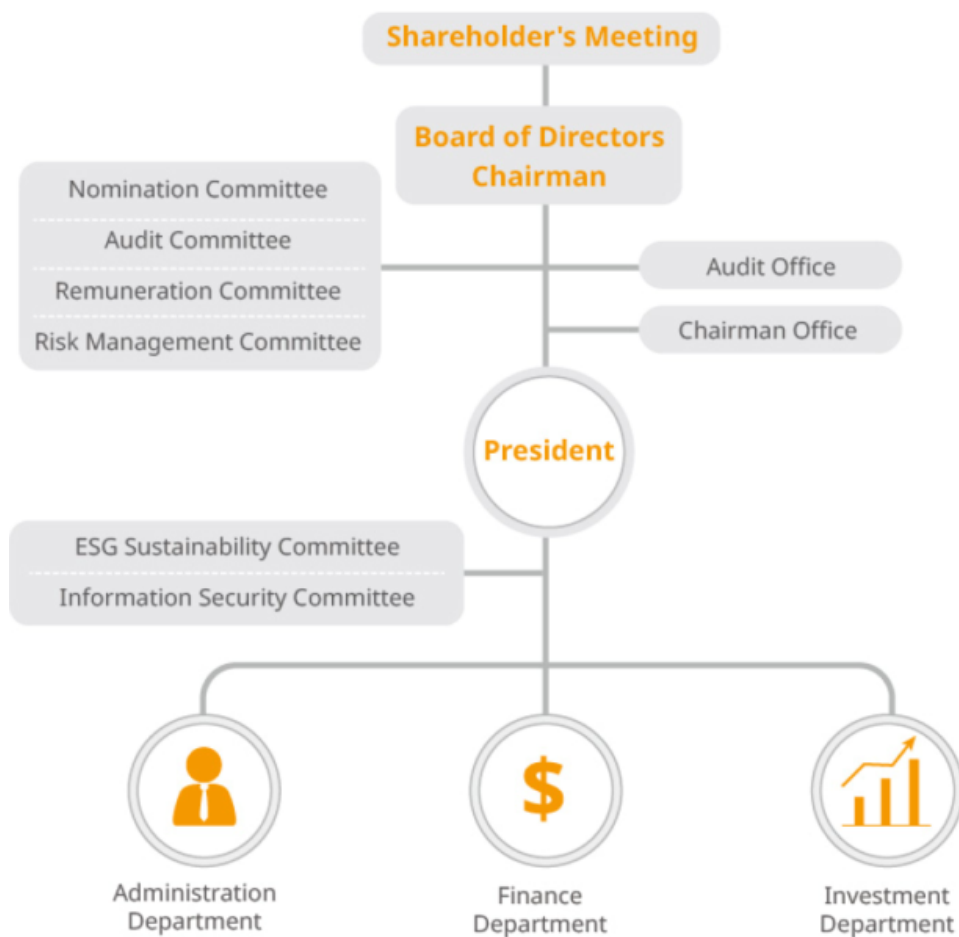
2005.05	Ranked number 392 among the top 10,000 largest plants in the manufacturing industry by CommonWealth Magazine in 2004; and considered as one of the 38 fastest growing companies in the manufacturing industry.
2005.06	Obtained ASUS Green Product GA Verification.
2005.08	Processed surplus transfer 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.
2022.05	On May 20th, 2022, it was resolved at a shareholder's meeting to establish Dynamic Holding Co., Ltd. by way of share conversion. The company applied for stock listing and trading in accordance with relevant regulations.
2022.08	New shares were issued through the conversion of corporate bonds, and the paid-in capital was NT\$2,775,489,340.
2022.08	Approved by the Taiwan Stock Exchange on June 23, 2022, Dynamic Electronics Co., Ltd. terminated its stock listing and trading on August 25 of the same year. Starting from the same day, it was replaced by Dynamic Holding Co., Ltd. for stock listing and trading, with the industry category listed as "Electronic Components" and the stock code as "3715."
2022.10	Our subsidiary, Dynamic Electronics (Huanshi) Co., Ltd., has acquired the land required for expanding its investment in Thailand.
2022.10	At the first extraordinary meeting of shareholders in 2022, it was resolved to approve the first public issuance of RMB common stock (A shares) by our subsidiary, Dynamic Electronics (Huanshi) Co., Ltd., and to apply for listing on the securities exchange in mainland China.
2022.12	Our subsidiary, Dynamic Electronics (Huanshi) Co., Ltd., has been restructured into a joint stock limited company and renamed as Dynamic Electronics (Huanshi) Co., Ltd.
2023.02	Our subsidiary, Dynamic Electronics (Huanshi) Co., Ltd., was has renamed as Dynamic Electronics Co., Ltd.
2023.04	Indirectly re-invest in a subsidiary in Thailand, Dynamic Technology Manufacturing (Thailand) Co., Ltd.
2023.08	Issue new shares for the conversion of corporate bonds, with the paid-in capital amounting to NT\$2,776,169,930.
2023.11	Issue new shares for the conversion of corporate bonds, with the paid-in capital amounting to NT\$2,776,745,840.

III. Corporate Governance

- A. Organization System
(A) Organization structure



(B) Primary Operational Departments

Unit by Rank					Responsibility and in Charge of
Shareholders' Meeting					<ol style="list-style-type: none"> 1. Top decision-making unit of the Company. 2. Exercising powers in accordance with the provisions of Company Act.
	Board of Directors				<ol style="list-style-type: none"> 1. Exercising powers in accordance with the resolutions of the shareholders' meeting and the provisions of the articles of association. 2. Exercising powers in accordance with the provisions of the Company Law and other relevant laws and regulations. 3. The highest decision-making unit of the Company most of the time.
		Chairman			<ol style="list-style-type: none"> 1. The Chairman of the shareholders meeting and the board of directors. Representing the company externally. 2. Exercising power in the Company within the scope authorized by the board of directors. 3. Examination or approval for various investment and financing activities. 4. Approval of bank payment and payment voucher.
		Auditing Office			<ol style="list-style-type: none"> 1. Assist the board of directors and managers to check and review the deficiencies of the internal control system and measure the effectiveness and efficiency of operations. 2. Assist managers to establish various internal control systems and management measures of the Company.
		Legal Office			<ol style="list-style-type: none"> 1. Formulation or verification of various contracts. 2. Contact window for consulting on various internal and external legal matters. 3. Responsible for the formulation and supervision of the company's integrity management policy and prevention plan, and report to the board of directors on a regular basis.
			President		<ol style="list-style-type: none"> 1. Plan the guidelines, strategies, plans, goal formulation, implementation and review of the company's long-term, medium-term and short-term operations. 2. Implement ESG planning and practice. 3. Manage affairs for the company and represent the company within the scope authorized by the company's articles of association or contract. 4. All other tasks shall be subject to the level of authority table.
				Investment Business Unit	<ol style="list-style-type: none"> 1. Assist in the establishment of financial management, legal compliance, and risk management mechanisms for the reinvestment business. 2. Project planning and execution.
				Financial department	<ol style="list-style-type: none"> 1. Establish accounting system, internal control system and SOP 2. Tax planning and assisting accountants in tax/financial verification certification 3. Budget compilation, review and implementation analysis 4. Fund planning for the three places across the Taiwan Strait 5. Derivative Commodity Operations 6. Supervise the financial and accounting business of subsidiaries.

Unit by Rank					Responsibility and in Charge of
				Administratio n department	1. Analysis of company organization, job function and division of authorities and responsibilities. 2. Execution of various personnel and salary operations. 3. Management of general affairs related matters 4. Planning and supervision of labor safety and health affairs. 5. Employee health management planning and implementation.

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

(A) Directors and Supervisors

1. Information on the Directors and Supervisors (I)

(1) Relevant Information and numbers of share held of the Directors and Supervisors

Mar. 18, 2024; 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		
							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	2023.05.18	3 years	2022.08.25	11,162,071	4.02%	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.	Chairman at Wintek (Mauritius) Co., Ltd. Executive Director and President at Dynamic Electronics (Kunshan) Co., Ltd. Chairman and President at Dynamic Electronics (Huangshi) Co., Ltd. Chairman at Dynamic Electronics Co., Ltd. Chairman at Dynamic Electronics Overseas Investment Holding Pte. Ltd. Chairman at Dynamic Electronics Holding Pte. Ltd. Chairman and CEO at Dynamic Technology Manufacturing (Thailand) Co., Ltd.	None	None	None
Corporate Director	Taiwan, R.O.C.	Hung-Li Investments Co. Ltd.		2023.05.18	3 years	2022.08.25	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		
							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	2023.05.18	3 years	2022.08.25	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)	Director at Dynamic Technology Manufacturing (Thailand) Co., Ltd. Plant President Assistant of Dynamic Electronics Co., Ltd.	None	None	None
Corporate Director	Taiwan, R.O.C.	Chien-hung Investment Co., Ltd.		2023.05.18	3 years	2023.05.18	3,069,023	1.11%	3,069,023	1.11%	0	0.00%	0	0.00%	-	-	-	-	-
Corporate Director Representative	Taiwan, R.O.C.	Stephan Tsai	Male/ 41-50	2023.05.18	3 years	2023.05.18	550,000	0.20%	550,000	0.20%	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 Assistant of Dynamic Electronics Co., Ltd.	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		
							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/ 51-60	2023.05.18	3 years	2023.05.18	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.	Vincent Lin	Female/ 41-50	2023.05.18	3 years	2023.05.18	0	0.00%	0	0.00%	0	0.00%	0	0.00%	PhD in Computer Science, National Chiao Tung University Host of the Ministry of Economic Affairs' "Intelligent Home Robot" Industry Specialist Project Quanta Computer BU1 Associate Director	Technical VP of 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		
							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/ 51-60	2023.05.18	3 years	2023.05.18	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
Independent Director	Taiwan, R.O.C.	Cheryl Chien	Female/ 31-40	2023.05.18	3 years	2023.05.18	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
Corporate Director	Taiwan, R.O.C.	Ming-Ji Investments Co. Ltd.		2022.05.20 (2023.05.18 dismissed)	3 years	2022.08.25	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		
							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/ 51-60	2022.05.20 (2023.05.18 dismissed)	3 years	2022.08.25	511	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
Director	Taiwan, R.O.C.	Heng-yih Liu	Male/ 51-60	2022.05.20 (2023.05.18 dismissed)	3 years	2022.08.25	0	0.00%	-	-	-	-	-	-	PhD in International Business Division of National Taiwan University Independent Director at Gudeng Precision Co., Ltd. Independent Director at Dynamic Electronics 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
Director	Taiwan, R.O.C.	Jonathan Lin	Male/ 51-60	2022.05.20 (2023.05.18 dismissed)	3 years	2022.08.25	0	0.00%	-	-	-	-	-	-	Master for Eminent Public Administrators, National Chengchi University Director of Dynamic Electronics Co., Ltd.	Financial Supervisor of ZILLTEK TECHNOLOGY CORP. Independent director of EIKEI GROUP (CAYMAN) CO., LTD.	None	None	None
Supervisor	Taiwan, R.O.C.	Eric Chen	Male/ 41-50	2022.05.20 (2023.05.18 dismissed)	3 years	2022.08.25	1,104,775	0.40%	-	-	-	-	-	-	University of Notre Dame Business Administration Lu- Chang Group	Director of Triple H Capital Ltd. Chairman of QUAN WEI CORP.	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		
							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
Supervisor	Taiwan, R.O.C.	Anna Chen	Male/ 61-70	2022.05.20 (2023.05.18 dismissed)	3 years	2022.08.25	774,815	0.28%	-	-	-	-	-	-	National Bei-Gang Senior High School, PKSH Accounting and statistic Dept. Purchasing business of HSING CHIEH ENTERPRISE CO., LTD.	Purchasing and export of JAIN SHIN ELECTRONIC CO., LTD	None	None	None
Supervisor	Taiwan, R.O.C.	Martin Lin	Female/ 71-80	2022.05.20 (2023.05.18 dismissed)	3 years	2022.08.25	410,000	0.15%	-	-	-	-	-	-	Kainan High School of Commerce and industry Construction Division	President of Yijian Construction Co., Ltd.	None	None	None

Note 1: On May 20, 2022, Dynamic Electronics held a general meeting of shareholders and established a new company "Dynamic Holding Co., Ltd." through means of Share Swap. According to Article 29 of Business Mergers and Acquisitions Act, the shareholder meeting was regarded as a promoter meeting of the newly established Dynamic Holding, so that the shareholders of Dynamic Electronics could discuss and decide to formulate the Articles of Association of Dynamic Holding in the capacity of Promoter, and at the same time elect Dynamic Holding's five directors and three supervisors. On August 25, 2022, Dynamic Holdings obtained the approval of the Ministry of Economic Affairs for company establishment registration.

Note 2: The company held a comprehensive re-election of directors at the regular shareholders' meeting on May 18, 2023. A total of seven directors were elected, including four independent directors, and half of the directors did not concurrently serve as employees or managers.

(2) The major shareholders of the legal person shareholders

Mar. 18, 2024

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%

(3) The major shareholder in the above table is a legal person

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

2. Information on the Directors

(1) Disclosure of professional qualifications and independence of directors:

Criteria Name	Professional Qualifications and Experiences	Independence Situation	Number of other public-listed companies that the individual serves as independent director
Ken Huang (Chairman)	National Chengchi University Master of Business Administration (EMBA). Joined Dynamic Group in May 2000 and was promoted to Chairman in September 2012. Specialized in the business operation and practice of the technology industry, equipped with the ability and insight of strategic planning, business, marketing, operation planning, industrial development and technology application.	1. Serves as the chairman of the company's affiliated companies. 2. The majority shareholder as natural person of the company. 3. The rest have been verified in accordance with the independence elements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and meet the relevant independence requirements.	0
Bill Nee (Representative of Corporate Director)	Bachelor of Chemical Engineering from Chung Yuan Christian University. Used to work as the assistant manager of HUNG SHENG ELECTRIC INTEGRATION TECHNOLOGY CO., LTD. under Foxconn, the vice president of Tripod (Wuxi) Electronics Co., Ltd., and the deputy general manager of APCB (Thailand). Joined Dynamic Group in April 2015 and has been serving in the PCB industry for more than 30 years. Communicate and interact with all directors on relevant business management strategies in the board of directors, and possess planning, execution and risk management capabilities.	1. The representative of the corporate director of Hung-Li Investment of the Company. 2. The rest have been verified in accordance with the independence elements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and meet the relevant independence requirements.	0
Stephan Tsai (Representative of Corporate Director)	Graduated from Chien Hsin University of Science and Technology. He once served as the deputy director of the pre-production engineering department of Tripod Technology and participated in the planning and management of customers' product design and production processes to ensure high efficiency and quality of product production. Joined Dynamic Group in May 2013 and has been serving in PCB industry for more than 27 years. Communicate and interact with all directors on relevant business management strategies in the board of directors, and propose directions and plans for industrial technology development.	1. The representative of the corporate director of Chien-Hung Investment of the Company. 2. The rest have been verified in accordance with the independence elements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and meet the relevant independence requirements.	0

Yi-Chia Chiu (Independence Director)	PhD in Technology Management of National Chiao Tung University Graduate Institute, specializing in technology innovation and business management. His experience as Vice President of Business School, Chengchi University, Professor of NCCU Graduate Institute of Technology, Innovation & Intellectual Property, and independent director of Wowprime Corp. and Flytech Technology highlights his rich academic background and corporate governance experience. Through dual roles in academia and business, he is able to integrate theory and practice, providing comprehensive professional knowledge and excellent leadership capabilities to promote the long-term development and success of the organization.	1. Independence Director of the Company. 2. The rest have been verified in accordance with the independence elements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and meet the relevant independence requirements.	2
Vincent Lin (Independence Director)	PhD in Computer Science, National Chiao Tung University. He once headed the Ministry of Economic Affairs' Smart Home Robot Industry Technology Project. While serving as BU1 Associate Director of Quanta Computer, he participated in the management and development of the computer industry. Currently, he is the Vice President of Technology at Emotibot Technologies Limited, committed to promoting the company's innovation and development in the field of smart technology. The rich academic background and practical experience, as well as leadership skills and expertise in the technology industry assists the company in driving technological innovation and promoting business growth.	1. Independence Director of the Company. 2. The rest have been verified in accordance with the independence elements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and meet the relevant independence requirements.	0
Vincent Weng (Independence Director)	Master of Finance from Pace University and Master of Computer Engineering from Fordham University, with rich academic background. Once served as executive director of Standard Chartered International Commercial Bank and senior vice president of Standard Chartered Bank (Hong Kong), responsible for the strategic formulation and management of financial business. Cross-domain professional knowledge and rich experience have become important resources in the financial and technology fields, helping the Company achieve strategic goals and sustainable development.	1. Independence Director of the Company. 2. The rest have been verified in accordance with the independence elements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and meet the relevant independence requirements.	0
Cheryl Chien (Independence Director)	Bachelor of Law of National Chung Cheng University, with legal background. As a lawyer at LST&C Legal, he has accumulated rich experience in legal practice and specializes in handling and consulting on various legal matters. Currently serving as an independent director of Dynamic Holding, capable of supervising corporate governance, provide fair and professional opinions, and ensure the Company's compliance operations and sustainable development.	1. Independence Director of the Company. 2. The rest have been verified in accordance with the independence elements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and meet the relevant independence requirements.	0

Note: All directors and supervisors of the company have not been found to be involved in any of the provisions of Article 30 of the Company Act.

(2) Diversity and independence of the board of directors

(A) Board Diversity

According to Article 20 of the Company's Corporate Governance Best Practice Principles and Article 2 of Procedures for Election of Directors, the abilities that the overall board of directors should have include: operational judgment ability, accounting and financial analysis ability, business management ability, crisis handling ability, industry knowledge, International market vision, leadership and decision-making skills. Diversity should be considered in the composition of the board of directors, and a policy for diversification of directors should be drawn up based on the needs of the company's operations, business models, and future development trends, including basic conditions and values (gender, age, nationality, race and culture), professional knowledge, and skills, such as

Law, Accounting, Industry, Finance, Marketing or Technology etc. The specific management objectives and achievement of the company's diversification policy are as follows:

- (a) Current situation: Dynamic Holding fully re-elected directors on May 18, 2023, and elected three directors and four independent directors. The directors' majors include strategy, operations, risk, finance, technology, finance, law, corporate governance and other fields, including a female lawyer as an independent director. Dynamic Holding hopes to lead the group towards sustainable development through a more professional, independent and diversified board of directors structure. The diversified situation of each person in terms of basic conditions, professional knowledge, skills, industry trends and developments, and GICS L1 industry experience is shown in the table below.
- (b) Management objectives: The number of independent directors shall not be less than 50%, the number of female directors shall be at least one, and the term of independent directors shall not exceed three terms.
- (c) Achieve status: There are currently seven directors, including four independent directors, one of whom is a female lawyer, and the other independent directors are experts in technology management, law, information technology, accounting and corporate governance, and all independent directors do not exceed three terms to achieve the above-mentioned goals.
- (d) Future goals: continue to increase female directors and strengthen directors with ESG expertise and advanced technical capabilities.

The Company's implementation of the diversity of board members in 2023 is as follows:

Director	Name	Nationality	Gender	Concurrently served as an employee of the Company	Age (Years old)	Time served as an independent director	Concurrently served as a director of other company	Operation Management	Leadership / decision making	Finance/ Accounting/ Law	Strategy and risk assessment	Industrial trend analysis	Industrial technology development	Industry Experience in GICS L1
Chairman	Ken Huang	ROC	Male	v	41-50	-	0	v	v			v	v	
Representative of Corporate director	Hungli Investment Co., Ltd. Bill Nee	ROC	Male	v	61-70	-	0	v	v		v			
Representative of Corporate director	Chienhung Investment Co., Ltd Stephan Tsai	ROC	Male	v	41-50	-	0	v	v				v	
Independent director	Yi-Chia Chiu	ROC	Male		41-50	3-6	2			v	v		v	-
Independent director	Vincent Lin	ROC	Male		41-50	6-9	0		v		v		v	IT
Independent director	Vincent Weng	ROC	Male		51-60	0-3	0	v		v		v		Finance
Independent director	Cheryl Chien	ROC	Female		31-40	0-3	0			v	v			-

(B) Board Independence

The Company held a full re-election of the board of directors in May 2023 and elected seven directors, all of whom do not have any of the conditions listed in Article 30 of the Company Act. There are no members of the board of directors who have spouses or relatives within the second degree, so the circumstances specified in Article 26-3, Items 3 and 4 of the Securities and Exchange Act do not apply. Four of the independent directors have

been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission and meet the relevant independence requirements.

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

Mar. 18, 2024

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	
President	Taiwan R.O.C.	Jean Liu	female	111.08.25	641,514	0.23%	0	0.00%	0	0.00%	Graduated from Economics Dept. of Fujen Catholic University Master of Business Administration Institute of Tatung Institute of Technology EMBA at CEIBS Overseas Div. II, Tatung Co. Sales Director, Suzhou Gold Circuit Sales Director, Tripod (Wuxi) Technology Corp.	Director of Dynamic Electronics Co., Ltd. Supervisor at Dynamic Electronics (Kunshan) Co., Ltd. Director at Dynamic Electronics Overseas Investment Holding Pte. Ltd. Director at Dynamic Electronics Holding Pte. Ltd. Director at Dynamic Technology Manufacturing (Thailand) Co., Ltd.	None	None	None	
Senior VP	Taiwan R.O.C.	Lily Chiang	female	111.08.25	156,903	0.06%	0	0.00%	0	0.00%	Graduated from National Taichung University of Science and Technology Finance Manager, Iteq Corporation AVP, Finance Dept., Uniplus Electronics Co., Ltd.	Director at Dynamic Electronics Overseas Investment Holding Pte. Ltd. Director at Dynamic Electronics Holding Pte. Ltd. Supervisor of CHIANAN TECHNOLOGY CO. LTD. Supervisor of CHENG CHONG TECHNOLOGY CO., LTD.	None	None	None	
Financial & Accounting Director	Taiwan R.O.C.	Cathy Ni	female	111.08.25	80,493	0.03%	0	0.00%	0	0.00%	Graduated from Accounting Department, Ming Chuan University Assistant manager of KPMG Head of financial dept. of FirstMed Manager of Financial Dept. of (Kindom Group) Global Mall	None	None	None	None	
Auditing Director	Taiwan R.O.C.	Angel Tsai	female	111.08.25	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	None	None	None	
Corporate Governance Officer	Taiwan R.O.C.	Cindy Hsieh	female	112.11.03	2,000	0.00%	0	0.00%	0	0.00%	Graduated from the Accounting Department of Changhua Normal University Deputy Manager of Deloitte & Touche, Certified Public Accountants AVP of Finance Department of Kaisan Green Energy Technology Co., Ltd.	None	None	None	None	

C. Compensation for the Directors, Supervisors, 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- associated 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			
Director	Ken Huang																							
	Hung-Li Investment Co., Ltd. (Rep.: Bill Nee)																							
	Ming-Ji Investments Co., Ltd. (Rep.: Yuan- chun Sun)	450	450	0	0	10,747	10,747	30	30	1.12%	1.12%	0	42,364	0	108	0	0	0	0	0	0	11,227 1.12%	53,699 5.35%	none
	Heng-yih Liu																							
	Jonathan Lin Chien-Hung Investment Co., Ltd. (Rep.: Stephen Tsai)																							
Independent Director	Yi-chia Chiu																							
	Vincent Lin																							
	Vincent Weng	1,260	1,260	0	0	4,638	4,638	0	0	5,898	5,898	0	0	0	0	0	0	0	0	0	0	5,898 0.59%	5,898 0.59%	none
	Cheryl Chien																							

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:

In addition to the evaluation results obtained from the director's performance evaluation, the company's independent directors' remuneration also takes into account the company's operating performance, future risks, development strategies, industry trends, and the usual level of payment among peers, etc., and is determined by the remuneration committee in accordance with the organizational regulations of the remuneration committee. Review the level of participation and contribution value of each director in the company's operations, link the reasonable fairness of performance and risks with the remuneration received, and submit it to the board of directors for resolution. The amount paid is indeed reasonable. Please refer to other chapters of this annual report for relevant information.

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	Heng-yih Liu, Jonathan Lin, Ming-Ji Investment Co., Ltd., Yuan-chun Sun, Bill Nee, Stephen Tsai	Heng-yih Liu, Jonathan Lin, Ming-Ji Investment Co., Ltd., Yuan-chun Sun, Bill Nee, Stephen Tsai	Heng-yih Liu, Jonathan Lin, Ming-Ji Investment Co., Ltd., Yuan-chun Sun, Bill Nee, Stephen Tsai	Heng-yih Liu, Jonathan Lin, Ming-Ji Investment Co., Ltd., Yuan-chun Sun
1,000,000 (inclusive) - 2,000,000	Yi-chia Chiu, Vincent Lin, Vincent Weng, Cheryl Chien	Yi-chia Chiu, Vincent Lin, Vincent Weng, Cheryl Chien	Yi-chia Chiu, Vincent Lin, Vincent Weng, Cheryl Chien	Yi-chia Chiu, Vincent Lin, Vincent Weng, Cheryl Chien
2,000,000 (inclusive) - 3,500,000	Chien-Hung Investments Co., Ltd.	Chien-Hung Investments Co., Ltd.	Chien-Hung Investments Co., Ltd.	Chien-Hung Investments Co., Ltd.
3,500,000 (inclusive) - 5,000,000	Hung-Li Investments Co., Ltd.	Hung-Li Investments Co., Ltd.	Hung-Li Investments Co., Ltd.	Hung-Li Investments Co., Ltd., Stephen Tsai
5,000,000 (inclusive) - 10,000,000	Ken Huang	Ken Huang	Ken Huang	
10,000,000 (inclusive) - 15,000,000	-	-		Bill Nee
15,000,000 (inclusive) - 30,000,000	-	-		
30,000,000 (inclusive) - 50,000,000	-	-		Ken Huang
Total	13 people	13 people	13 people	13 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 2023 is NT\$1,099,934 (2023/0/01-2023/12/31)

Note 13: Estimated based on the employee remuneration (cash) of NT\$6,897,356 and director's remuneration (cash) of NT\$15,385,213 approved by the board of directors on Feb.27, 2024, 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) Compensation for Supervisors (A summarized disclosure of names by grade levels)

Unit: NTD thousands

Title	Name	Salary (A)		Pension (B)		Bonus and special expenses etc.(C)		% of sum of A, B and C on the net income		Received reinvestment remuneration from outside of subsidiaries or parent company
		The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	
Supervisor	Eric Chen	675	675	0	0	30	30	705 0.07%	705 0.07%	none
Supervisor	Anna Chen									
Supervisor	Martin Lin									

The above remuneration is calculated from January 1, 2023 to May 18, 2023 when the directors are fully re-elected.

Compensation Levels

Level of remuneration paid to each supervisor of The Company (NTD)	Names of Supervisor	
	The total amount of the first three remunerations (A+B+C)	
	The Company	All companies included in the financial report
Below 1,000,000 NTD	Eric Chen, Anna Chen, Martin Lin	Eric Chen, Anna Chen, Martin Lin
Total	3 people	3 people

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

Unit: NTD thousands

Title	Name (note 1)	Salary (A)		Pension (B)		Bonus and special expenses etc.(C)		Staff remuneration (D)				% of sum of A, B,C, and D on the net income		Received reinvestme nt remuneration from outside of subsidiaries or parent company
		The Company	All companies in the financial statemen t	The Company	All companies in the financial statemen t	The Company	All companies in the financial statemen t	The Company		All companies in the financial statement		The Compa ny	All companies in the financial statement	
								Cash amou nt	Share amou nt	Cash amou nt	Share amount			
President	Jean Liu	3,836	3,836	216	216	640	640	2,672	0	2,672	0	7,364 0.73%	7,364 0.73%	none
Senior VP	Lily Chiang													

*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 Feb. 27, 2024.

Compensation Levels

Level of remuneration paid to President and VP of The Company (NTD)	Names of President and VP	
	The total amount of the first four remunerations (A+B+C+D)	
	The Company	All companies included in the financial report
3,500,000 (inclusive) - 5,000,000	Jean Liu, Lily Chiang	Jean Liu, Lily Chiang
Total	2 people	2 people

Names and status of managers who have been issued employee remuneration

Dec. 31, 2022; Unit: NTD thousands

	Title (note 1)	Name (note 1)	Amount of shares	Amount of cash	Total	% of total on the net income
Managers	President and	Jean Liu	0	4,190	4,190	0.42%
	Senior VP	Lily Chiang				
	Accounting Supervisor	Cathy Ni				
	Audit Supervisor	Angel Tsai				
	Corporate Governance Officer	Cindy Hsieh				

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 Feb. 27, 2024.

(D) Remuneration policy

1. Analysis of the proportion of the total remuneration paid to the company's directors, independent directors, supervisors, presidents and vice presidents to unconsolidated or individual financial reports and after-tax net income in the last two years according to the company's and consolidated company statements:

Unit: NTD thousands

Title \ Item	The Company				All the companies within the consolidated financial statement			
	2022		2023		2022		2023	
	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	3830	0.70%	11,227	1.12%	6,051	1.11%	53,699	5.35%
Independent Directors' compensation	0	0%	5,898	0.59%	0	0%	5,898	0.59%
Supervisors' compensation	570	0.10%	705	0.07%	570	0.10%	705	0.07%
President and VPs' compensation	2630	0.48%	7,364	0.73%	2630	0.48%	7,364	0.73%
Net income	547,238	547,238	1,003,398	1,003,398	547,238	547,238	1,003,398	1,003,398

* The remuneration for 2022 is calculated from the establishment of the company on August 25, 2022, which is less than one year, therefore, cannot be compared.

2. The correlation between the policy, standards, content of remuneration payment, the procedures for setting remuneration and the operating performance and future risks:

1) Remuneration of Directors

According to Article 30 of the company's articles of association, if the company makes a profit during the year, the company may allocate no more than 3% of the above-mentioned profit amount as directors' remuneration by resolution of the board of directors. The company regularly evaluates the performance of directors and functional committees in accordance with the "Rules for Performance Evaluation of Board of Directors" as an important basis for directors' remuneration.

Linkage of director performance and salary remuneration:

- (1) The results of the annual performance evaluation of the board of directors, functional committees and individual director members account for 20% of the remuneration.
- (2) The KPI of the company's overall operating performance (including annual operating income, net profit after tax and return on shareholders' equity) accounts for 20% of the remuneration.
- (3) Sustainable ESG KPIs (including reducing greenhouse gas emission intensity by 4% per year, reducing water consumption intensity by 4% per year, promoting working environment safety, core talent nurturing, risk assessment and management, and improving the supply chain's resilience with climate change risks) accounts for 20% of the remuneration.
- (4) Future risks and development trends of the industry (including assessment of risk projects and formulation of future development strategies) account for 20% of the remuneration.
- (5) The degree of participation and special contributions of all individual director account for 20% of the remuneration.

Relevant performance appraisals and remuneration rationality are reviewed by the Remuneration Committee and the Board of Directors.

2) Remuneration of Managers

Various work allowances and bonuses are clearly defined in accordance with the "Remuneration Measures for Managers" to appease and reward employees for their hard work at work. Relevant bonuses are also awarded based on the company's annual operating performance, financial status, operating conditions and individual work performance. In addition, if the company makes a profit in the current year, it shall allocate no less than one thousandth as employee compensation in accordance with Article 30 of the company's articles of association. The performance evaluation results performed by the company in accordance with the "Management Measures for Annual Performance Appraisal of Managers" serve as the basis for the issuance of bonuses to managers.

Manager performance evaluation items are divided into two parts:

- (1) Financial indicators: According to the company's management income statement, each business unit's contribution to the company's profits, with reference to the manager's goal achievement rate.
- (2) Non-financial indicators: the implementation of the company's core values and operational management capabilities, and participation in sustainable operations.

Annual Comprehensive Performance Review:

- (1) Company performance indicator 24% (based on annual net revenue and net profit after tax)
 - (2) Indicator items of the department to which each individual belongs. 36% (based on the four major goals: sustainability-ESG, transformation-intelligence, upgrade-precision manufacturing, and profit-internal growth).
 - (3) Functional evaluation results 40% (remuneration for operating performance is calculated based on self-management, team leadership, operational capabilities, and personal potential, and is effectively linked to variable remuneration).
- 3) Correlation with operating performance and future risks:
- (1) The review of the payment standards and systems related to the company's remuneration policy takes the company's overall operating conditions as the main consideration, and determines the payment standards based on the performance achievement rate and contribution, in order to improve the overall organizational team effectiveness of the board of directors and management departments. We also refer to industry compensation standards to ensure that the management level's remuneration of the company is competitive in the industry in order to retain outstanding management talents.
 - (2) The performance targets of the company's managers are combined with "risk control" to ensure that possible risks within the scope of responsibility can be managed and prevented, and the results of the ratings are based on actual performance and linked to relevant human resources and related compensation Policy. The important decisions of the company's management are made after weighting various risk factors. The performance of relevant decisions is also reflected in the company's profitability, and the remuneration of the management is linked to the performance of risk control.
 - (3) The company's remuneration to managers includes long-term bonuses, which are paid in the form of cash, with part converted into stocks. They are not fully paid in the year of earnings. Their actual value is related to the future stock price, so as to share future operating risks with the company. In addition, the annual training rate and retention rate of core talents are set as one of the performance goals for directors and managers.

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 9 meetings (A), and the attendance of the Directors are as follows:

Title	Name	Number of actual attendance (B)	Number of by proxy	Ratio of attendance [B/A]	Remarks
Director	Ken Huang	3	0	100.00	The term of the first board of directors is from August 25, 2022 to May 18, 2023. From January 1, 2023 to May 17, 2023, a total of 3 meetings were held, and the attendance rate of all directors and supervisors was 100%.
Corporate Director	Hung-Li Investment Co., Ltd. Representative: Bill Nee	3	0	100.00	
Corporate Director	Ming-Ji Investment Co., Ltd. Representative: Yuan-chun Sun	3	0	100.00	
Director	Heng-yih Liu	3	0	100.00	
Director	Jonathan Lin	3	0	100.00	
Supervisor	Eric Chen	3	0	100.00	
Supervisor	Anna Chen	3	0	100.00	
Supervisor	Martin Lin	3	0	100.00	

Title	Name	Number of actual attendance (B)	Number of by proxy	Ratio of attendance [B/A]	Remarks
Director	Ken Huang	6	0	100.00	The term of the second board of directors is from May 18, 2023 to May 17, 2026. From May 18, 2023 to December 31, 2023, a total of 6 meetings were held, and the attendance rate of all directors was 100%.
Corporate Director	Hung-Li Investment Co., Ltd. Representative: Bill Nee	6	0	100.00	
Corporate Director	Chien-Hung Investment Co., Ltd. Representative: Stephen Tsai	6	0	100.00	
Independent Director	Yi-chia Chiu	6	0	100.00	
Independent Director	Vincent Lin	6	0	100.00	
Independent Director	Vincent Weng	6	0	100.00	
Independent Director	Cheryl Chien	6	0	100.00	

Other items to be mentioned:

1. If any of the following circumstances occurs while functioning the board of directors, the Board meeting date, the Board meeting term, the contents of the motion, the opinions of all independent directors and the follow-up to the opinions of the independent directors should be elaborated:

- (1) The matters listed in Article 14-3 of the Securities Exchange Act: The Company has established an audit committee, and the provisions of Article 14-3 of the Securities and Exchange Act do not apply. For relevant information, please refer to "Operations of the Audit Committee" in this annual report.
- (2) Besides the above-mentioned matters, the resolutions by the board of directors that have been objected to or reserved with record or written statement by other independent director: none.

2. 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:

- (1) November 3, 2023, the 8th board meeting of 2023, discussion of case no. 8: The Company's "Company Vehicle Management Measures" are proposed to be revised and submitted for review. Resolution: This case involves Chairman Ken Huang's own conflict of interest, so he has reused himself from discussion and voting. After Yi-Chia Chiu, the acting chairman, consults other directors present, there was no objection, and the proposal was approved.

- (2) December 15, 2023, the 9th board meeting of 2023, discussion of case no. 9: The Company's "Company Vehicle Management Measures" are proposed to be revised and submitted for review. Resolution: This case involves Chairman Ken Huang's own conflict of interest, so he has reused himself from discussion and voting. After Yi-Chia Chiu, the acting chairman, consults other directors present, there was no objection, and the proposal was approved.
- (3) December 15, 2023, the 9th board meeting of 2023, discussion of case no. 10: A review of various compensation and remuneration projects planned to be implemented by the company in 2024 is submitted for review. Resolution: This case involves Chairman Ken Huang's own conflict of interest, so he has reused himself from discussion and voting. After Yi-Chia Chiu, the acting chairman, consults other directors present, there was no objection, and the proposal was approved.
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) The board of directors was fully re-elected on May 18, 2023, and seven directors were elected, including four independent directors, one of whom is female, and the number of independent director accounts for more than 50% of all directors. The independent directors include technology management, legal, information technology, accounting and finance and corporate governance experts to achieve the set goals.
- (2) Set up functional committees such as audit committee, nomination committee and risk management committee at the same time.
- (3) Formulate the Company's "Organizational Rules of the Audit Committee", "Organizational Rules of the Nomination Committee", "Code of Practice for Risk Management", "Organizational Rules of the Risk Management Committee", "appraisal measures for annual performance of managers", "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties", "Dynamic Group Tax Policy", etc.
- (4) Future goals: Continue to increase the number of female directors and strengthen the directors with ESG and advanced technology capability expertise.

2. Implementation of Board Evaluation

1) Internal Performance Assessment of the Board of Directors

Evaluation cycle	Evaluated period	Evaluation scope	Evaluation method	Evaluation Content	Evaluation results and action plans
Conduct an internal board performance evaluation at least once a year.	Evaluate the performance of the board of directors from Jan. 1, 2023 to Dec. 31, 2023.	Including overall board of directors, individual directors, and functional committees like audit committee, remuneration committee, nomination committee, and risk management committee etc.	Including internal self-evaluation of the board of directors, self-evaluation of board members, self-evaluation of functional committees.	(1) Board performance evaluation (2) Performance evaluation of individual board members (3) Functional committees' performance evaluation.	<p>Comprehensive comments:</p> <p>(1) Each independent director has fulfilled his or her responsibilities on various functional committees, and continues to level up corporate governance.</p> <p>(2) The operation of the board of directors is very conducive to the long-term development and performance improvement of the group.</p> <p>(3) The Company's board of directors continues to pay attention to ESG issues and establishes appropriate functional committees to implement corporate governance and sustainability.</p> <p>Action plan:</p> <p>(1) Arrange the management team to report to the board of directors at least every quarter on relevant information and changes in upstream and downstream and related industries, and provide relevant industry reports from time to time.</p> <p>(2) Use questionnaire to invite directors to share and list relevant issues that they want to have a deeper understanding of, establish a director training plan, and conduct regular evaluations of the effectiveness of director education and training.</p> <p>(3) The risk management committee assesses the risks of its industry on a quarterly basis and reports to the board of directors at least twice a year to accept suggestions and supervision.</p> <p>(4) Strengthen communication and discussion among directors and between directors and the Company.</p> <p>(5) Regularly review the implementation of the succession plan, report to the nomination committee and the board of directors, and track the results.</p>

2) External Performance Assessment of the Board of Directors

Evaluation cycle	Evaluated period	Evaluation scope	Evaluation method	Evaluation Content	Evaluation results and action plans
Conduct an external board performance evaluation at least once in 3 years.	Evaluate the performance of the board of directors from Jan. 1, 2023 to Dec. 31, 2023.	Including overall board of directors, individual directors, and functional committees like audit committee, remuneration committee, nomination committee, and risk management committee etc.	Appointed EY Business Advisory Services Inc. to conduct the performance evaluation through document review and individual interviews with Chairman and one independent director.	Board structure and process, Board composition, Legal person and organizational structure, roles and responsibilities, Behavior and culture, Director training and development, Risk control monitoring, and Declaration, disclosure and performance supervision.	<p>Comprehensive comments: The evaluation results are divided into: basic (complying with the basic requirements of the competent authority and relevant laws and regulations), advanced (complying with the basic requirements of the competent authority and relevant laws and regulations, and having a system of established and effective practices, or actively improving performance in this aspect), benchmark (not only superior to the basic requirements of the competent authority and relevant laws and regulations, but also the practice is equivalent to a benchmark model). After a comprehensive evaluation, Dynamic's overall performance in terms of board structure, members, processes and information is "Advanced".</p> <p>Action plan: (1) Plan and increase the proportion of female directors as a reference for nominations in the full re-election of the next board of directors. (2) Disclose intellectual property management rules and operations on the official website and annual report. (3) It is recommended that companies establish a more active and systematic director education and training mechanism to enhance directors' professionalism and deepen their understanding of corporate governance.</p>

(B) Information of Operations of the Audit Committee:

On May 18, 2023, the Company conducted a comprehensive re-election of directors, elected four independent directors, and established an Audit Committee, which was implemented in accordance with the "Audit Committee Organizational Rules" approved by the Board of Directors on March 15, 2023. The term of the first Audit Committee members came into effect from May 18, 2023 to May 17, 2026, which is the same as the term of the current Board of Directors. All members elected Mr. Yi-chia Chiu as the convener and chairman of the meeting.

The members are as follows:

Responsibilities	Members	Current Position	Educational Qualifications	Experience
Chairman	Yi-chia Chiu	Vice President of Business School, Chengchi University Professor, Graduate Institute of Technology Management and Intellectual Property, Chengchi University	Ph.D. of Technology Management, National Chiao Tung University	CEO of EMBA, Chengchi University
Member	Vincent Lin	Technical VP of Emotibot Technologies Limited	PhD in Computer Science, National Chiao Tung University	Quanta Computer BU1 Associate Director
Member	Vincent Weng	Chairman of Remuneration Committee of Dynamic Holding Co., Ltd.	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
Member	Cheryl Chien	LST&C Legal Lawyer	Bachelor of Law, National Chung Cheng University	Ownlyn Law Firm Lawyer

The main purpose of the operation of this committee is to supervise the following matters:

1. Proper interpretation of the Company's financial statements.
2. The choice of CPA (dismissal), independence and performance.
3. Effective implementation of the company's internal controls.
4. The Company complies with relevant laws and regulations.
5. Management and control of existing or potential risks of the Company.

The committee's duties and authorities are as follows:

1. Establish or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.

3. Establish or amend the procedures for handling major financial business activities such as acquiring or disposing of assets, engaging in derivatives transactions, lending funds to others, endorsing or providing guarantees for others, in accordance with Article 36-1 of the Securities and Exchange Act.
4. Matters involving the directors' own interests.
5. Material asset or derivatives transactions.
6. Material capital loans, endorsements or guarantees.
7. The offering, issuance or private placement of equity-nature securities.
8. Appointment, dismissal or remuneration of CPA.
9. Appointment and discharge of finance, accounting or internal audit supervisors.
10. The annual financial report signed or sealed by the chairman, manager and accounting supervisor and the second quarter financial report reviewed and audited by an accountant.
11. Other major matters stipulated by the Company or the competent authority.

The company's audit committee was established after the full re-election of directors at the shareholders' meeting on May 18, 2023, and consists of 4 independent directors.

The Audit Committee held a total of 4 meetings in 2023, and the matters reviewed mainly included:

1. Financial statement audit and accounting policies and procedures
2. Internal control system and related policies and procedures
3. Material Loaning of Funds and Making of Endorsements/Guarantees
4. Compliance
5. Risk management
6. CPA's independence and performance evaluation
7. Self-evaluation of audit committee performance
8. Conversion matters of unsecured convertible bond
9. Commitments issued by the subsidiary Dynamic (Huangshi) Electronics Co., Ltd. to be listed on a stock exchange in mainland China
10. Formulate the group's tax policy
11. Annual Budget
12. Annual Business Plan

Review Financial Report

It is agreed to and resolved by the Audit Committee and the Board of Directors that the company's 2023 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 2023 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 company's audit committee evaluates the independence and competency of its certified accountants every year. In addition to requiring the certified accountants to provide a "Declaration of Detached Independence", the audit quality is also based on the "Audit Quality Index (AQI) Disclosure Template" issued by the Financial Supervisory Commission. Indicator (AQI) information, including 5 major aspects and 13 indicators including professionalism, independence, quality control, supervision, and innovation ability, effectively and objectively evaluates the ability and commitment of accounting firms and audit teams to improve audit quality. .

The evaluation results of the most recent year have been discussed and approved by the Audit Committee on December 15, 2023, and reported to the Board of Directors on December 15, 2023 to pass the assessment of the independence and competency of the accountants.

Assessment mechanisms include:

1. Confirm that the company's certified accountant is not a related party to the company or its directors.
2. Comply with the provisions of the Corporate Governance Code of Practice to handle the rotation of certified accountants.
3. Before appointing the annual audit service of the Certified Public Accountants, it is necessary to obtain the approval of the Audit Committee in advance. Before the appointment of non-audit service items, the Certified Public Accountants will review the compliance with independence standards. The Certified Public Accountants will make relevant reports when communicating with the Audit Committee every quarter.
4. The certified accountant reports to the Audit Committee on the implementation review/inspection content and independence and other compliance status every quarter.
5. Obtain a declaration of independence from a certified accountant on a regular basis.
6. Incorporate audit quality indicators (AQIs) into the evaluation basis for audit service appointment, and the certified accounting firm will make relevant reports with the audit committee before the annual audit service appointment.

For the most recent year, the audit committee has held 4 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	4	0	100.00	Re-elected on May 18, 2023
Member	Vincent Lin	4	0	100.00	Re-elected on May 18, 2023
Member	Cheryl Chien	4	0	100.00	Re-elected on May 18, 2023

Member	Vincent Weng	4	0	100.00	Re-elected on May 18, 2023
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				
First meeting in year 2023 2023/08/04	1. Propose to amend the company's "Company Organization Chart" 2. Propose to amend the Company's internal control regulations 3. Replacement of the Company's CPA 4. Consolidated Financial Statements for the Second Quarter of 2023 5. Propose the Company's endorsement guarantee for the Group's corporate financing line 6. Set the capital increase base date for the conversion of the "2nd domestic unsecured convertible bonds" of the subsidiary Dynamic Electronics Co., Ltd. into the Company's ordinary shares and the issuance of new shares.				
Second meeting in year 2023 2023/09/22	Commitment letter issued by the Company's subsidiary Dynamic Electronics Co., Ltd. (Huangshi) for listing on the stock exchange in mainland China.				
Third meeting in year 2023 2023/11/03	1. Consolidated Financial Statements for the Third Quarter of 2023 2. Propose the Company's endorsement and guarantee for the group's corporate financing line 3. Set the capital increase base date for the conversion of the "second domestic unsecured convertible bonds" of the subsidiary Dynamic Electronics Co., Ltd. into the Company's ordinary shares and the issuance of new shares. 4. Formulate the group's tax policy				
Fourth meeting in year 2023 2023/12/15	1. The Company's 2024 annual audit plan 2. Revise the Company's 2023 budget proposal 3. Propose the Company's "2024 Business Plan" 4. The company's appointment of accountants and assessment of their independence				
Adverse opinions, qualified opinions or major suggestions of independent directors: None					
The resolution results of the Audit Committee and the company's handling of the opinions of the Audit Committee: The members of the Audit Committee unanimously approved all resolutions, and the Board of Directors passed all proposals in accordance with the recommendations of the Audit Committee.					
(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:

The Audit Committee Date/Term	Important matters to communicate with internal auditors	Important matters to communicate with CPA
First meeting in year 2023 2023/08/04	<ul style="list-style-type: none"> ● Internal audit report ● Amendment to "Company Organization Chart" ● Amendment to regulations related to internal control 	<ul style="list-style-type: none"> ● 2023 Q2 consolidated financial statement review & audit scope and report ● Material accounting and auditing issues ● Condensed income statement and cash flow statement ● Securities Management Act Update ● Tax Act update ● CPA replacement
Third meeting in year 2023 2023/11/03	<ul style="list-style-type: none"> ● Internal audit report 	<ul style="list-style-type: none"> ● 2023 Q3 consolidated financial statement review & audit scope and report ● Material accounting and auditing issues ● Condensed income statement and cash flow statement ● Securities Management Act Update ● Tax Act update ● The latest news of Sustainability Disclosure Standards ● Formulation of the Group's tax policies
Fourth meeting in year 2023 2023/12/15	<ul style="list-style-type: none"> ● Internal audit report ● 2024 annual audit plan 	<ul style="list-style-type: none"> ● The Company's appointed accountants and the assessment of their independence.
Result: The above matters have been reviewed or approved by the Audit Committee, and the independent directors have no adverse opinions.		

(4) Individual communication between independent directors and accountants and audit supervisors

Principles of the communication:

1. The Auditor Officer and CPA may directly contact Independent Directors as necessary, and the communication went well.
2. In addition to receiving monthly audit reports by the Independent Directors of the company, the Auditor Officer also separately reported to the Independent Directors on the important affairs of the company and its subsidiaries in the annual convention, and has fully communicated the implementation and results of the audit business.
3. The CPA reported to the Independent Directors on the audit results and findings of the financial statements in the annual discussion.

Summary of the 2023 communication discussion between Independent Directors, CPA and Internal Auditor Officer

Date	Attendees	Topics of discussion	Result
2023/ 11/3	Independent Director Yi-chia Chiu Independent Director Vincent Lin Independent Director Cheryl Chien Independent Director Vincent Weng CPA Hsiao-Chin Lo CPA Chi-Ming Chang Internal Auditor Officer Angel Tsai	1. Report and communicate the 2023 annual Financial Statement Review Planning. 2. Reporting and communicating internal audit organization and operations.	Agreed.

(C) Information on the operations of the Remuneration Committee

1. Information on the members of the remuneration committee

In order to strengthen the functions of the Board of Directors and improve the compensation and remuneration system of the company's directors and managers, the Company established a "Remuneration Committee" under the Board of Directors in accordance with Article 14-6 of the "Securities and Exchange Act" on October 20, 2022. , composed of members appointed by resolution of the board of directors, and formulates the Company's "Remuneration Committee Organizational Rules". The professional qualifications and independence of the committee members must comply with the provisions of Articles 5 and 6 of Governing the Appointment and Exercise of Powers by the Remuneration Committee. Therefore, Mr. Vincent Weng, Mr. Yi-Chia Chiu, and Mr. Vincent Weng, who meet the professional qualifications and independence, were appointed to serve as members of the company's first Remuneration Committee. The term of the members of the first Remuneration Committee came into effect from October 20, 2022 to May 18, 2023 when the board of directors was fully re-elected.

On May 18, 2023, there was a comprehensive re-election of the Board of Directors. The new directors held an interim board of directors and appointed four new independent directors of the Company, Mr. Vincent Weng, Mr. Yi-Chia Chiu, Mr. Vincent Lin and Ms. Cheryl Chien, to serve as the members of company's second Remuneration Committee. The term of committee members is from May 18, 2023 to May 17, 2026, which is the same as the term of the current board of directors. All members recommended Mr. Vincent Weng to serve as the convener and chairman of the meeting.

Status	Criteria Name	Qualification and Experiences	Independence	Number of other listed companies the person is also serving on the remuneration committee
Convener Independent Director	Vincent Weng	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. Possessing expertise in finance and technology industry management, capable of providing opinion and decision for industry analysis and integration, capital utilization, investment decision-making, risk management etc.. When performing the functions and powers of the Remuneration Committee, the expertise can be used to formulate the performance evaluation standards for directors and managers, long-term performance goals and policies, systems, standards and structures for remuneration	The four members listed on the left have met the qualifications stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission and	0

Member	Yi-chia Chiu	Ph.D. of Technology Management, National Chiao Tung University. Currently as a professor of Graduate Institute of Technology Management and Intellectual Property, Chengchi University. Possessing professional qualifications and experience in financial accounting, strategy, technology management, intellectual property, etc.	Article 14-2 of the Securities Exchange Act during the two years before the election and during their tenure. All of them have been given the rights to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, so as to independently perform relevant functions and powers.	2
Member	Vincent Lin	PhD in Computer Science, National Chiao Tung University. Currently as the Technical VP, Emotibot Technologies Limited. Possessing professional qualifications and experience in industrial technology development knowledge, artificial intelligence, information technology, etc.		0
Member	Cheryl Chien	Bachelor of Law, National Chung Cheng University. Currently as a lawyer of LST&C Legal. Possessing legal, corporate governance and other professional qualifications and experience.		0

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 annual performance evaluation standards for the company's directors, supervisors and managers, as well as 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 the achievement of performance goals and remuneration of the company's directors, supervisors and managers, and determine the content and amount of individual remuneration based on the evaluation results obtained from the performance evaluation standards. The annual report should disclose the individual performance evaluation results of directors, supervisors and managers, as well as the correlation and rationality of the content and amount of individual remuneration with the performance evaluation results, and report it to the shareholders' meeting.

3. Information on the operations of the remuneration committee

- (1) The Company has four members in the remuneration committee.
- (2) Term of office: 2023/05/18 – 2026/05/17. The remuneration committee has held 7 meetings (A) for the most recent fiscal year (2023). The attendance records of committee members are as followings:

Records of committee members are as following:					
Title	Name	Number of actual attendance (B)	Number of by proxy	Ratio of attendance [B/A]	Remarks
Convener	Vincent Weng	7	0	100.00	All 4 members took office on May 18, 2023.
Member	Yi-chia Chiu	7	0	100.00	
Member	Vincent Lin	7	0	100.00	
Member	Cheryl Chien	7	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 directions and the ways the company handled the remuneration committee's opinions should be elaborated (for instance, if the compensation package passed by the board of directors is higher than the suggestion of the remuneration committee, the difference and its causes should be explained): none.

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.

Remuneration Committee	Contents
1st of year 2023 (2023.02.24)	1. Formulate the company's "Annual Performance Appraisal Management Measures for Managers" 2. Actual payment of remuneration of directors and managers in 2022 3. Review of manager performance appraisal indicators in 2022
2nd of year 2023 (2023.03.15)	2022 employee remuneration and director remuneration payment plan
3rd of year 2023 (2023.05.04)	Review of actual performance appraisal of managers in the first quarter of 2023
4th of year 2023 (2023.05.29)	1. Formulate the Company's "Director Remuneration Management Measures" 2. Directors' remuneration in 2022 and distribution of weights to other important contributors
5th of year 2023 (2023.08.04)	Review of actual performance appraisal of managers in the second quarter of 2023
6th of year 2023 (2023.11.03)	1. Review of actual performance appraisal of managers in the third quarter of 2023 2. Salary and benefits review case for executive personnel changes. 3. Amend the Company's "Company car management regulations"
7th of year 2023 (2023.12.15)	1. Directors' remuneration and employee remuneration payment plan for 2023 2. Amend the company's "Company car management regulations" 3. Review of various remuneration projects planned to be implemented by the company in 2024 4. The work plan of the Company's Remuneration Committee for 2024

The resolution results of the Remuneration Committee and the company's handling of the opinions of the Remuneration Committee: The members of the Remuneration Committee unanimously approved all resolutions, and the Board of Directors approved all resolutions based on the recommendations of the Remuneration Committee.

(D) Information on the operations of the Nomination Committee

1. Information on the members of the Nomination Committee

On May 29, 2023, the Company's Board of Directors appointed four independent directors as members of the first Nomination Committee and established a Nomination Committee, which was implemented in accordance with the "Organizational Rules of the Nomination Committee" approved by the board of directors on March 15, 2023. The term of the members of the first Nomination Committee came into effect from May 29, 2023 to May 17, 2026, which is the same as the term of the current Board of Directors. All members recommended Ms. Cheryl Chien to serve as the convener and chairperson of the meeting.

The members are as follows:

Responsibilities	Members	Current Position	Educational Qualifications	Experience
Chairman	Cheryl Chien	LST&C Legal Lawyer	Bachelor of Law, National Chung Cheng University	Ownlyn Law Firm Lawyer
Member	Vincent Lin	Technical VP of Emotibot Technologies Limited	PhD in Computer Science, National Chiao Tung University	Quanta Computer BU1 Associate Director
Member	Vincent Weng	Chairman of Remuneration Committee of Dynamic Holding Co., Ltd.	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
Member	Yi-chia Chiu	Vice President of Business School, Chengchi University Professor, Graduate Institute of Technology Management and Intellectual Property, Chengchi University	Ph.D. of Technology Management, National Chiao Tung University	CEO of EMBA, Chengchi University

2. Responsibilities of Nomination Committee

The Committee shall, in accordance with the authorization of the Board of Directors, faithfully perform the following duties and powers with the due care of a good administrator, and submit its suggestions to the Board of Directors for discussion:

- 1) Establish standards for diversity of backgrounds and independence in terms of professional knowledge, skills, experience, gender, etc. required by board members and executive managers, and use this to identify, review and nominate candidates for directors and executive managers.
- 2) 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.

- 3) Formulate and regularly review director training plans and succession plans for directors and executive managers.
- 4) Formulate the Company's Corporate Governance Code of Practice.

3. Information on the operations of the nomination committee

(1) The Company has four members in the nomination committee.

(2) Term of office: 2023/05/29 – 2026/05/17. The Nomination committee has held 2 meetings (A) for the most recent fiscal year (2023). The attendance records of committee members are as followings:

Other committee members are as followings:

Title	Name	Number of actual attendance (B)	Number of by proxy	Ratio of attendance [B/A]	Remarks
Convener	Cheryl Chien	2	0	100.00	All 4 members took office on May 29, 2023.
Member	Yi-chia Chiu	2	0	100.00	
Member	Vincent Lin	2	0	100.00	
Member	Vincent Weng	2	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 nomination committee's suggestion, the date, number, content of the motion, the results passed by the board of directions and the ways the company handled the nomination committee's opinions should be elaborated: none.

2. For the decisions made by the nomination 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.

Nomination Committee	Contents
1st of year 2023 (2023.11.03)	Propose a personnel case for the "Corporate Governance Supervisor" of the Group.
2nd of year 2023 (2023.12.15)	Propose a personnel case for the company to post a "Dedicated information security supervisor" and a "Dedicated information security personnel".

The resolution results of the Nomination Committee and the company's handling of the opinions of the Nomination Committee: The members of the Nomination Committee unanimously approved all resolutions, and the Board of Directors approved all resolutions based on the recommendations of the Nomination Committee.

(E) Information on the operations of the Risk Management Committee

1. Information on the members of the Risk Management Committee

On May 29, 2023, the Company's Board of Directors appointed four independent directors as members of the first Risk Management Committee and established a Risk Management Committee, which was implemented in accordance with the "Organizational Rules of the Risk Management Committee" approved by the Board of Directors on August 4, 2023. The term of the members of the first Risk Management Committee came into effect from May 29, 2023 to May 17, 2026, which is the same as the term of the current Board of Directors. All members recommended Mr. Vincent Lin to serve as the convener and chairman of the meeting.

The members are as follows:

Responsibilities	Members	Current Position	Educational Qualifications	Experience
Chairman	Vincent Lin	Technical VP of Emotibot Technologies Limited	PhD in Computer Science, National Chiao Tung University	Quanta Computer BU1 Associate Director
Member	Vincent Weng	Chairman of Remuneration Committee of Dynamic Holding Co., Ltd.	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
Member	Yi-chia Chiu	Vice President of Business School, Chengchi University Professor, Graduate Institute of Technology Management and Intellectual Property, Chengchi University	Ph.D. of Technology Management, National Chiao Tung University	CEO of EMBA, Chengchi University
Member	Cheryl Chien	LST&C Legal Lawyer	Bachelor of Law, National Chung Cheng University	Ownlyn Law Firm Lawyer

2. Responsibilities of Risk Management Committee

- 1) To be in overall charge to oversee the Company's overall risk management, formulating risk management policies, structures, organizations and mechanisms, and establishing qualitative and quantitative management standards.
- 2) Implement the risk management decisions of the Board of Directors and regularly review the development, establishment and implementation effectiveness of the Company's overall risk management mechanism.
- 3) Coordinate and promote cross-organizational risk management and control plans.
- 4) Supervise and manage the overall risk management and control improvement mechanism of the Company and its subsidiaries.
- 5) Review and integrate various risk management and control reports, submit reports to the Board of Directors regularly every year, update on the

implementation of risk management, and make necessary improvement suggestions.

3. Information on the operations of the risk management committee

(1) The Company has four members in the risk management committee.

(2) Term of office: 2023/05/29 – 2026/05/17. The Risk Management committee has held 2 meetings (A) for the most recent fiscal year (2023). 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	All 4 members took office on May 29, 2023.
Member	Yi-chia Chiu	2	0	100.00	
Member	Vincent Weng	2	0	100.00	
Member	Cheryl Chien	2	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 risk management committee's suggestion, the date, number, content of the motion, the results passed by the board of directions and the ways the company handled the risk management committee's opinions should be elaborated: none.

2. For the decisions made by the risk management 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.

Risk Management Committee	Contents
1st of year 2023 (2023.08.04)	Formulate the Company's "Organizational Rules of the Risk Management.
2nd of year 2023 (2023.11.03)	Formulate the Company's "biodiversity and non-deforestation policy".

The resolution results of the Risk Management Committee and the company's handling of the opinions of the Risk Management Committee: The members of the Risk Management Committee unanimously approved all resolutions, and the Board of Directors approved all resolutions based on the recommendations of the Risk Management Committee.

(E) The differences between the operation of corporate governance and the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and 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. Has the company established a corporate governance code of practice according to the corporate governance code of practice required by all listed companies?	V		The company's board of directors approved the company's "Corporate Governance Best Practice Principles" on August 25, 2022 and disclosed them on the Company's website and Market Observation Post System (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	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?			<p>with affiliated corporations, group enterprises, specific company, and affiliated individuals "as well as our internal control system. The "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" was approved by the board of directors on May 5, 2023.</p> <p>d. Regulated in the Company's "Material Insider Information Non-Disclosure Procedure". The board of directors approved the formulation of the "Management Procedures for Preventing Insider Trading" on March 26, 2024.</p>	
<p>3. Organization and responsibility of the Board of Directors</p> <p>a. Has the board of directors formulated diversity policies, specific management objectives and implement them?</p>	V		<p>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:</p>	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	
			<p>1. Basic conditions and values: gender, age, race, nationality and culture.</p> <p>2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience.</p> <p>The board members should generally possess the necessary knowledge, skills and literacy to perform their duties. In order to achieve the ideal goal of corporate governance, the overall ability of the board of directors should be as follows:</p> <ol style="list-style-type: none"> 1. Good judgment 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. <p>The management targets and achievement status of Dynamic's diversification policy:</p> <p>(a) Current situation: Dynamic Holding fully re-elected directors on May 18, 2023, and elected three directors and four independent directors. The</p>	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			<p>directors' majors include strategy, operations, risk, finance, technology, finance, law, corporate governance and other fields, including a female lawyer as an independent director. Dynamic Holding hopes to lead the group towards sustainable development through a more professional, independent and diversified board of directors structure. The diversified situation of each person in terms of basic conditions, professional knowledge, skills, industry trends and developments, and GICS L1 industry experience is shown in the table below.</p> <p>(b) Management objectives: The number of independent directors shall not be less than 50%, the number of female directors shall be at least one, and the term of independent directors shall not exceed three terms.</p> <p>(c) Achieve status: There are currently seven directors, including four independent directors, one of whom is a female lawyer, and the other independent directors are experts in technology management, law, information technology, accounting and corporate governance, and all independent directors do not exceed three terms to achieve the above-mentioned goals.</p>	

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) Future goals: continue to increase female directors and strengthen directors with ESG expertise and advanced technical capabilities.								
			Director/ Supervisor	Name	Nation ality	Gender		Emplo yee of the compa ny	Age	Time served	
			Director	Ken Huang	ROC	Male		v	41-50	-	
			Director	Bill Nee	ROC	Male		v	61-70	-	
			Director	Stephen Tsai	ROC	Male		v	41-50	-	
			Independe nt Director	Yi-chia Chiu	ROC	Male			41-50	3-6	
			Independe nt Director	Vincent Lin	ROC	Male			41-50	6-9	
			Independe nt Director	Vincent Weng	ROC	Male			51-60	0-3	
			Independe nt Director	Cheryl Chien	ROC	Female			31-40	0-3	
			Diversifica tion Name	Oper ation Mana geme nt	Lead ership & Decisi on-makin g	Finan ce/ Acco unting /Law		Strate gy & Risk Plann ing	Trend analy sis of the indust ry	Indust ry Techn ology Devel opme nt	Indust ry Exper ience GICS L1
			Ken Huang	v	v				v	v	
			Bill Nee	v	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							
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?			Stephen Tsai	v	v				v	
			Yi-chia Chiu			v	v		v	
			Vincent Lin		v		v		v	IT
			Vincent Weng	v		v		v		Finance
			Cheryl Chien			v	v			
			b. 1. Nomination Committee On May 29, 2023, the Company's Board of Directors appointed four independent directors as members of the first Nomination Committee and established a Nomination Committee, which was implemented in accordance with the "Organizational Rules of the Nomination Committee" approved by the board of directors on March 15, 2023. The term of the members of the first Nomination Committee came into effect from May 29, 2023 to May 17, 2026, which is the same as the term of the current Board of Directors. All members recommended Ms. Cheryl Chien to serve as the convener and chairperson of the meeting.							

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes																									
	Y	N	Abstract																										
			<p>The members are as follows:</p> <table> <tr> <th>Responsibilities</th><th>Members</th><th>Current Position</th><th>Educational Qualifications</th><th>Experience</th></tr> <tr> <td>Chairman</td><td>Cheryl Chien</td><td>LST&C Legal Lawyer</td><td>Bachelor of Law, National Chung Cheng University</td><td>Ownlyn Law Firm Lawyer</td></tr> <tr> <td>Member</td><td>Vincent Lin</td><td>Technical VP of Emotibot Technologies Limited</td><td>PhD in Computer Science, National Chiao Tung University</td><td>Quanta Computer BU1 Associate Director</td></tr> <tr> <td>Member</td><td>Vincent Weng</td><td>Chairman of Remuneration Committee of Dynamic Holding Co., Ltd.</td><td>Master of Finance, Institute of Finance, Pace University Master of Computer Engineering, Fordham University</td><td>Standard Chartered International Commercial Bank Executive Director Standard Chartered Bank (Hong Kong) Senior Vice President</td></tr> <tr> <td>Member</td><td>Yi-chia Chiu</td><td>Vice President of Business School, Chengchi University Professor, Graduate Institute of Technology Management and Intellectual Property, Chengchi University</td><td>Ph.D. of Technology Management, National Chiao Tung University</td><td>CEO of EMBA, Chengchi University</td></tr> </table> <p>The Nomination Committee met twice in 2023, and all members were 100% present.</p> <p>2. Risk Management Committee</p>	Responsibilities	Members	Current Position	Educational Qualifications	Experience	Chairman	Cheryl Chien	LST&C Legal Lawyer	Bachelor of Law, National Chung Cheng University	Ownlyn Law Firm Lawyer	Member	Vincent Lin	Technical VP of Emotibot Technologies Limited	PhD in Computer Science, National Chiao Tung University	Quanta Computer BU1 Associate Director	Member	Vincent Weng	Chairman of Remuneration Committee of Dynamic Holding Co., Ltd.	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	Member	Yi-chia Chiu	Vice President of Business School, Chengchi University Professor, Graduate Institute of Technology Management and Intellectual Property, Chengchi University	Ph.D. of Technology Management, National Chiao Tung University	CEO of EMBA, Chengchi University	
Responsibilities	Members	Current Position	Educational Qualifications	Experience																									
Chairman	Cheryl Chien	LST&C Legal Lawyer	Bachelor of Law, National Chung Cheng University	Ownlyn Law Firm Lawyer																									
Member	Vincent Lin	Technical VP of Emotibot Technologies Limited	PhD in Computer Science, National Chiao Tung University	Quanta Computer BU1 Associate Director																									
Member	Vincent Weng	Chairman of Remuneration Committee of Dynamic Holding Co., Ltd.	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																									
Member	Yi-chia Chiu	Vice President of Business School, Chengchi University Professor, Graduate Institute of Technology Management and Intellectual Property, Chengchi University	Ph.D. of Technology Management, National Chiao Tung University	CEO of EMBA, Chengchi University																									

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes															
	Y	N	Abstract																
			<p>On May 29, 2023, the Company's Board of Directors appointed four independent directors as members of the first Risk Management Committee and established a Risk Management Committee, which was implemented in accordance with the "Organizational Rules of the Risk Management Committee" approved by the Board of Directors on August 4, 2023. The term of the members of the first Risk Management Committee came into effect from May 29, 2023 to May 17, 2026, which is the same as the term of the current Board of Directors. All members recommended Mr. Vincent Lin to serve as the convener and chairman of the meeting.</p> <p>The members are as follows:</p> <table border="1"> <thead> <tr> <th>Responsibilities</th><th>Members</th><th>Current Position</th><th>Educational Qualifications</th><th>Experience</th></tr> </thead> <tbody> <tr> <td>Chairman</td><td>Vincent Lin</td><td>Technical VP of Emotibot Technologies Limited</td><td>PhD in Computer Science, National Chiao Tung University</td><td>Quanta Computer BU1 Associate Director</td></tr> <tr> <td>Member</td><td>Vincent Weng</td><td>Chairman of Remuneration Committee of Dynamic Holding Co., Ltd.</td><td>Master of Finance, Institute of Finance, Pace University Master of Computer Engineering, Fordham University</td><td>Standard Chartered International Commercial Bank Executive Director Standard Chartered Bank (Hong Kong)</td></tr> </tbody> </table>	Responsibilities	Members	Current Position	Educational Qualifications	Experience	Chairman	Vincent Lin	Technical VP of Emotibot Technologies Limited	PhD in Computer Science, National Chiao Tung University	Quanta Computer BU1 Associate Director	Member	Vincent Weng	Chairman of Remuneration Committee of Dynamic Holding Co., Ltd.	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)	
Responsibilities	Members	Current Position	Educational Qualifications	Experience															
Chairman	Vincent Lin	Technical VP of Emotibot Technologies Limited	PhD in Computer Science, National Chiao Tung University	Quanta Computer BU1 Associate Director															
Member	Vincent Weng	Chairman of Remuneration Committee of Dynamic Holding Co., Ltd.	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)															

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?					Senior Vice President		
			Member	Yi-chia Chiu	Vice President of Business School, Chengchi University Professor, Graduate Institute of Technology Management and Intellectual Property, Chengchi University	Ph.D. of Technology Management, National Chiao Tung University	CEO of EMBA, Chengchi University
			Member	Cheryl Chien	LST&C Legal Lawyer	Bachelor of Law, National Chung Cheng University	Ownlyn Law Firm Lawyer
			The Risk Management Committee met twice in 2023, and all members were 100% present.				
			c. The company passed the board of directors on October 20, 2022 to formulate the "Measures for Performance Evaluation of the Board of Directors" 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.				

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			<p>3. The composition and structure of the board. 4. Selection and further education of directors. 5. Internal control.</p> <p>The assessment of the performance evaluation of the directors' members shall at least include the following six aspects: 1. The mastery of the Company's goal and mission. 2. The recognition of directors' responsibilities. 3. The degree of participation in the Company's operation. 4. The effort and communication of internal relationship. 5. Directors' profession and further education. 6. Internal control.</p> <p>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.</p>	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			<p>3. Improve the decision-making quality of the functional committee.</p> <p>4. the composition of the functional committee and the selection of members.</p> <p>5. Internal control.</p> <p>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.</p> <p>In 2023, Dynamic implemented both internal and external performance assessment of the Board of Directors.</p> <p>1. Internal Performance Assessment of the Board of Directors</p> <p>1) Evaluation scope: Including overall board of directors, individual directors, and functional committees like audit committee, remuneration committee, nomination committee, and risk management committee</p>	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			<p>2) Evaluated period: from Jan. 1, 2023 to Dec. 31, 2023</p> <p>3) Assessment execution unit: Board of Directors meeting unit</p> <p>4) Evaluation method: internal self-evaluation of the board of directors, self-evaluation of board members, self-evaluation of functional committees.</p> <p>5) Date of submission to the board of directors: March 26, 2024</p> <p>6) Action plan:</p> <p>(a) Arrange the management team to report to the board of directors at least every quarter on relevant information and changes in upstream and downstream and related industries, and provide relevant industry reports from time to time.</p> <p>(b) Use questionnaire to invite directors to share and list relevant issues that they want to have a deeper understanding of, establish a director training plan, and conduct regular evaluations of the effectiveness of director education and training.</p> <p>(c) The risk management committee assesses the risks of its industry on a quarterly basis and</p>	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			<p>reports to the board of directors at least twice a year to accept suggestions and supervision.</p> <p>(d) Strengthen communication and discussion among directors and between directors and the Company.</p> <p>(e) Regularly review the implementation of the succession plan, report to the nomination committee and the board of directors, and track the results.</p> <p>2. External Performance Assessment of the Board of Directors</p> <p>1) Evaluation scope: Including overall board of directors, individual directors, and functional committees like audit committee, remuneration committee, nomination committee, and risk management committee</p> <p>2) Evaluated period: from Jan. 1, 2023 to Dec. 31, 2023</p> <p>3) Assessment execution unit: EY Business Advisory Services Inc.</p> <p>4) Evaluation method: through document review and individual interviews with Chairman and one independent director</p>	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			<p>5) Date of submission to the board of directors: March 26, 2024</p> <p>6) Action plan:</p> <p>(a) Plan and increase the proportion of female directors as a reference for nominations in the full re-election of the next board of directors.</p> <p>(b) Disclose intellectual property management rules and operations on the official website and annual report.</p> <p>(c) It is recommended that companies establish a more active and systematic director education and training mechanism to enhance directors' professionalism and deepen their understanding of corporate governance.</p> <p>The above performance evaluation results will be used as a reference for the overall board of directors, individual directors' salary and remuneration, and nomination for renewal.</p> <p>Linkage of director performance and salary remuneration:</p> <p>(1) The results of the annual performance evaluation of the board of directors, functional committees and individual director members account for 20% of the remuneration.</p>	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			<p>(2) The KPI of the company's overall operating performance (including annual operating income, net profit after tax and return on shareholders' equity) accounts for 20% of the remuneration.</p> <p>(3) Sustainable ESG KPIs (including reducing greenhouse gas emission intensity by 4% per year, reducing water consumption intensity by 4% per year, promoting working environment safety, core talent nurturing, risk assessment and management, and improving the supply chain's resilience with climate change risks) accounts for 20% of the remuneration.</p> <p>(4) Future risks and development trends of the industry (including assessment of risk projects and formulation of future development strategies) account for 20% of the remuneration.</p> <p>(5) The degree of participation and special contributions of all individual director account for 20% of the remuneration.</p> <p>Relevant performance appraisals and remuneration rationality are reviewed by the Remuneration Committee and the Board of Directors.</p>	

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?			<p>d. The company's audit committee evaluates the independence and competency of its certified accountants every year. In addition to requiring the certified accountants to provide a "Declaration of Detached Independence", the audit quality is also based on the "Audit Quality Index (AQI) Disclosure Template" issued by the Financial Supervisory Commission. Indicator (AQI) information, including 5 major aspects and 13 indicators including professionalism, independence, quality control, supervision, and innovation ability, effectively and objectively evaluates the ability and commitment of accounting firms and audit teams to improve audit quality.</p> <p>The evaluation results of the most recent year have been discussed and approved by the Audit Committee on December 15, 2023, and reported to the Board of Directors on December 15, 2023 to pass the assessment of the independence and competency of the accountants.</p> <p>Assessment mechanisms include:</p>	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			<ol style="list-style-type: none"> 1. Confirm that the company's certified accountant is not a related party to the company or its directors. 2. Comply with the provisions of the Corporate Governance Code of Practice to handle the rotation of certified accountants. 3. Before appointing the annual audit service of the Certified Public Accountants, it is necessary to obtain the approval of the Audit Committee in advance. Before the appointment of non-audit service items, the Certified Public Accountants will review the compliance with independence standards. The Certified Public Accountants will make relevant reports when communicating with the Audit Committee every quarter. 4. The certified accountant reports to the Audit Committee on the implementation review/inspection content and independence and other compliance status every quarter. 5. Obtain a declaration of independence from a certified accountant on a regular basis. 6. Incorporate audit quality indicators (AQIs) into the evaluation basis for audit service appointment, and the certified accounting firm will make relevant reports with the audit 	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			committee before the annual audit service appointment.	
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		<p>On November 3, 2023, the company's board of directors approved the "Corporate Governance Supervisor" personnel case of the group and assigned Manager Cindy Hsieh as a full-time corporate governance supervisor. Manager Hsieh has been engaged in financial-related affairs supervisory positions at public company for more than five years since 2017.</p> <p>The main duties of the Corporate Governance Executive include at least:</p> <ol style="list-style-type: none"> 1. Handling matters relating to the Board of Directors and the shareholders' meeting in accordance with the law. 2. Making reports of the board of directors and shareholders' meetings. 3. Assisting the directors in taking up their posts and further education. 4. Providing the information required for the directors to perform their business. 5. Assisting the directors in complying with the laws and regulations. 	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	
			<p>6. Report to the board of directors the review results of whether the qualifications of independent directors at the time of nomination, election and their term of office comply with relevant laws and regulations.</p> <p>7. Handle matters related to the changes of director.</p> <p>8. Other matters formulated in accordance with the articles of association or agreements</p> <p>The business implementation of year 2023 was as follows:</p> <p>1. Provide directors with information that required by their duty performances.</p> <p>2. In 2023, all directors and independent directors of Dynamic have completed the training hours in accordance with the standards.</p> <p>3. To draw up the agenda for the board of directors, inform the directors seven days in advance, convene the meeting and provide information for the meeting. Any issue concerns director's interests that required a particular director to avoid should be reminded beforehand and complete the meeting minutes of the board of directors within 20 days after the meeting.</p>	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
			<p>4. Assist the board of directors and shareholders in the proceedings and compliance matters.</p> <p>5. Responsible for reviewing material information announcement of important resolutions of the board of directors after the meeting, ensuring law conformity and correctness of the content of the material information.</p> <p>6. The date of the shareholders' meeting shall be registered beforehand according to the law, the meeting notice, the proceedings handbook, and the journal shall be made during the statutory period, and the change of registration of the company shall be carried out along with the amendment to the articles or the re-election of the directors.</p> <p>7. Handle the annual performance evaluation of the board of directors and its members.</p> <p>8. Responsible for corporate information disclosure.</p> <p>9. Continuous training. (The former director of corporate governance, Jean Liu, completed 12 hours of training in 2023 and passed the "Basic Corporate Governance Ability Test" administered by the "Securities and Futures Institute" on January 10, 2023, and obtained a certificate of qualification.)</p>	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
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		<p>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, Community and NGO vs management dept. and ESG committee etc.</p> <p>2. The Company website is set with a specific zone for the stakeholders and the contact person's phone and email. It is also available to leave a message at "Contact Us" page, the message will be sent to the responsible unit automatically. Furthermore, contact information of each exterior unit, phone number, email, can also be found on the website.</p> <p>3. The ESG sustainability report published by the company every year is one of the channels for communicating with stakeholders. The communication with stakeholders was reported to the board of directors on November 3, 2023 .</p>	None
6. Has the company assigned professional common shares agency to take care of affairs related to the shareholders meetings?	V		Stock Affairs Agency Department of Taishin Securities Co., Ltd.	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	
<p>7. Information disclosure</p> <p>a. Has the company setup a website to disclose information pertaining finance and corporate governance?</p> <p>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)?</p> <p>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</p>	V		<p>a. The Company website is www.dynaholding.com. The website has been equipped with pages designated to financial information and corporate governance for information disclosure on these aspects.</p> <p>b. The company has an English website, and has designated Chairman Office to be responsible for the collection and disclosure of company information. The company has assigned a spokesperson and a deputy spokesperson, and the contact information is on the company website, which serves as channels of communication for investors and shareholders and caters to their inquiries and needs. The company was invited to participate in 8 institutional investor meetings in 2023, 4 of which provided audio and video files, and relevant information was disclosed on MOPS and the company's website.</p> <p>c. The company announced and declared the annual financial report on Feb. 29, 2024, and announced and declared the first, second and third quarter financial statements on May 5, 2023, Aug. 4, 2023, Nov. 3, 2024 respectively; also announce the</p>	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	
monthly operating situation before the prescribed time limit?			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 2022, 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 in 2023				
1. Use olive oil to prepare healthy lunch boxes to protect employees' health and conduct health education lectures.				
2. Appoint medical institutions recognized by the government to conduct physical checkup for all employees. In addition to statutory items, additional abdominal ultrasound and liver function-related testing items are added.				
Kunshan in 2023				
1. Actively establish employee-employer communication activities to promote harmony between labor and management, participate in the activities of the Kunshan branch of the Suzhou Harmonious Labor Relations Enterprise, and participate in the Kunshan A-level labor security reputation enterprise appraisal.				
2. Employee holiday and recreational activities: monthly birthday parties, Spring Festival activities, etc.				
3. Develop cooperation and interaction between the two plants in mainland China to actively develop sports activities and hold basketball and football matches.				
Huangshi in 2023				
1. Develop innovative events to make community activities active. Running club, basketball club, yoga club...etc. Participate in friendly competitions in of the development zone members as a company club				

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. Improve product quality stability through experience learning in the knowledge management system, and complete the mid-year summary meeting to promote lean production management in 2023.				
3. Promote the learning, growth and progress of colleagues, and organize internal lecturer training courses. And publicly express gratitude for the organization's internal lecturers on Teachers' Day.				
4. Participate in the talent selection activities of Huangshi government agencies, and 4 people passed in November 2023.				
c. Social Care of Dynamic group in 2023				
1. The souvenirs for the shareholder meeting are the handmade soaps from the Xiaoyangmiao Shelter Workshop and the handmade soaps made by the Star Workshop of Taoyuan Autism Association. (The total purchase amount is NT\$315,000).				
2. Sponsor the National Hsinchu Commercial vocational High School Archery Team and students from poor families to learn archery. (The total amount of sponsorship is NT\$100,000).				
3. Sponsor National Chengchi University Academic Research Fund. (The total amount of sponsorship is NT\$200,000).				
4. Sponsor Liver Disease Prevention and Treatment Research Foundation. (The total amount of sponsorship is NT\$100,000) °				
5. Mid-Autumn Festival gifts for employees: Support the employment of local people with physical challenges; choose products from sheltered workshops in Luzhu District, Taoyuan, and handmade biscuits without additives by a single mother who independently raises a pair of children. (Total purchase amount NT\$174,480)				
6 Hubei Factory community care material donation (Huangshi Welfare Institution RMB 3,212, Jinshan Subdistrict Office Finance Office Shanglin Community RMB 10,000, Huangshi Caixu Ecological Park RMB 36,133.8				
7. Donations from the Chinese Red Cross Foundation are used for education and promotion public welfare projects, including aiding in the construction of the Red Cross Library and Boai School, and improving the standard of rural basic education by improving school running conditions in poor areas. (RMB 30,000)				
8. Donate to the Hubei Institute of Technology Education Fund to care for education, set up a special fund account for the Dynamic (Huangshi) Electronics project, and conduct research and application of key technologies for recycling metal waste liquids in the electronics industry. (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.				

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes	
	Y	N	Abstract		
e. Supplier relations: In the process of improving the sustainable operation and competitiveness of the corporate, establish a mutually beneficial strategic partnership with suppliers, jointly develop new products and break through issues such as 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 plan and meet customers' requirements, 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	2023/02/07	Taiwan Corporate Governance Association	Information Security Governance Practice: Analysis of Key Management Issues	3.0
Director	Ken Huang	2023/02/14	Taiwan Corporate Governance Association	The new look of corporate governance under the ESG trend	3.0
Corporate director Representative	Bill Nee	2023/11/22	Securities and futures institute	Advanced Seminar for Directors, Supervisors and Corporate Governance Officers - Sustainable Supply Chain and Circular Economy	3.0
Corporate director Representative	Bill Nee	2023/12/12	Securities and futures institute	Advanced Seminar on Practice for Directors, Supervisors and Corporate Governance Supervisors - Concepts, Practices and Instruments of Group Tax Governance	3.0
Corporate director	Stephen Tsai	2023/05/19	Taiwan Corporate Governance Association	Trade secrets protection and non-compete	3.0

Item to be assessed				Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
				Y	N	Abstract	
	Representative						
	Corporate director Representative	Stephen Tsai	2023/11/04	Taiwan Corporate Governance Association			The distance between climate change and us 3.0
	Independent Director	Yi-chia Chiu	2023/07/21	Taiwan Corporate Governance Association			How the startup company carries out equity planning and organizational structure design 3.0
	Independent Director	Yi-chia Chiu	2023/08/04	Taiwan Corporate Governance Association			The role of directors and compliance responses to management rights challenges under corporate governance 3.0 3.0
	Independent Director	Vincent Lin	2023/11/22	Securities and futures institute			Advanced Seminar for Directors, Supervisors and Corporate Governance Officers - Sustainable Supply Chain and Circular Economy 3.0
	Independent Director	Vincent Lin	2023/12/12	Securities and futures institute			Advanced Seminar on Practice for Directors, Supervisors and Corporate Governance Supervisors - Concepts, Practices and Instruments of Group Tax Governance 3.0
	Independent Director	Vincent Weng	2023/02/07	Taiwan Corporate Governance Association			Information Security Governance Practice: Analysis of Key Management Issues 3.0
	Independent Director	Vincent Weng	2023/02/14	Taiwan Corporate Governance Association			The new look of corporate governance under the ESG trend 3.0
	Independent Director	Cheryl Chien	2023/08/04	Taiwan Corporate Governance Association			The role of directors and compliance responses to management rights challenges under corporate governance 3.0 3.0
	Independent Director	Cheryl Chien	2023/08/11	Taiwan Corporate Governance Association			The roles and responsibilities of the board of directors/senior managers in ESG governance 3.0

Item to be assessed				Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
				Y	N	Abstract	
Financial Accounting Director	Cathy Ni	2023/12/25-26	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	2023/12/21-22	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	2023/4/13~5/6	The Institute of Internal Auditors		(CIA Part 3) Knowledge Elements and Skills Series for Internal Auditors: Business Knowledge of Internal Audit		25.0
Corporate Governance Officer	Jean Liu	2023/07/04	Taiwan Stock Exchange		2023 Cathay Sustainable Finance and Climate Change Summit Forum		6.0
Corporate Governance Officer	Jean Liu	2023/12/04	Taiwan Project Management Association		Risk management perspective on digital transformation and information security		3.0
Corporate Governance Officer	Jean Liu	2022/12/12	Securities and futures institute		Concepts, practices and tools of Corporate tax governance		3.0

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

1. Risk management policies and procedures

The company formulated the "Risk Management Policy" on October 30, 2015, and established the "Risk Management Committee", which was approved by the board of directors as the highest guiding principle and execution unit of the company's risk management. The risk management committee of the company regularly evaluates the frequency of internal and external risks and the severity of the impact on operations through the risk matrix (Risk Map) on a quarterly basis, and defines risk levels and priorities, hoping to respond in a cost-effective manner. At the same time, according to the latest internal audit development and standard requirements, monitor the potential risks of internal operations and implement preventive measures to strengthen risk management.

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. 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's board of directors held on May 5, 2023 formulated the Company's "Risk Management Practice Code", which disclosed important company internal regulations on the company's official website. At the Company's board of directors meeting held on May 29, 2023, the "Risk Management Committee" was upgraded to a functional committee of the board of directors, and four independent directors were appointed as members of the first risk management committee. Independent director Vincent Lin was elected as convener and meeting chairperson of the Risk Management Committee. This committee meets at least once a year and reports to the Board of Directors. The Company held the first Risk Management Committee of 2023 on August 4, 2023, and formulated the company's "Rules of Organization for Risk Management Committee", which is disclosed as the important internal company rules on the Company's official website.				
4. Responsibilities and Operation The power of the committee is as follows: 1. In overall charge of the company's overall risk management, formulate risk management policies, structures, organizations and mechanisms, and establish qualitative and quantitative management standards. 2. Implement the board of directors’ risk management decisions and regularly review the development, establishment and execution effectiveness of the company’ s overall risk management mechanism. 3. Coordinate and promote the control plans of cross-organizational risk management. 4. Supervise and manage the overall risk management and control improvement mechanism of the company and its subsidiaries. 5. Examine and integrate various risk management and control reports, submit reports to the board of directors regularly every year, explain the implementation of risk management, and make necessary improvement suggestions.				
5. Operational Situation in 2023				

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	Y	N	Abstract	
In 2023, the Risk Management Committee assessed a total of 3 risk issues, including: biodiversity issue risks, exchange rate change risks, and Thai factory financial risk assessment. The responsible units have developed response plans and reported them to the board of directors on November 3, 2023, and also reported the governance implementation on climate change risks.				
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, 2024 to 12:00 March 1, 2025. The insured amount is US\$2,000,000. 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 is planned to reported in the board of directors in Apr. 29, 2024.				
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 ninth corporate governance evaluation of year 2022, the company scored 104, ranking bracket of listed companies: 6%~20%. The results of the 9th Corporate Governance Evaluation in 2023 have not yet been announced. The improvement projects in 2023 are as follows:				
Item	Indicator			
2.6	Does the company's board of directors include at least one female director?			
2.22	Does the Company formulate risk management policies and procedures approved by the board of directors, disclose the scope of risk management, organizational structure and its operation, and report to the board of directors at least once a year?			
Priority improvement projects in the future include the following:				

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

Item	Indicator
2.5	Are the number of directors of the company who are employees of the parent company, subsidiary or Brother-sister corporation less than (inclusive) one-third of the director seats?
2.6	Does the company's board of directors include at least one female director? [One point is added to the total score If each gender of the company's directors accounts for more than one-third of the seats on the board of directors.]
3.14	Does the company's annual report disclose the linkage of performance evaluation and remuneration of directors and managers?

(F) Differences between the implementation of sustainable development and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed

Item to be assessed	Operational status (note 1)			Deviations from the Sustainable Development Best Practice Principles 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		<p>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.</p> <p>The "ESG Sustainability Committee" serves as a cross-departmental communication platform for vertical integration and horizontal connection. Through quarterly meetings and task groups set up according to the issues, we identify sustainable issues related to the company's operations and stakeholders' concerns, formulate corresponding strategies and work guidelines, plan and implement annual plans, and track the implementation results to</p>	

Item to be assessed	Operational status (note 1)			Deviations from the Sustainable Development Best Practice Principles for listed companies
	Y	N	Abstract (note 2)	
			<p>ensure sustainability development strategy is fully implemented in the company's daily operations.</p> <p>The "ESG Sustainability Committee" regularly reports to the board of directors on the implementation results of sustainable development and future action plans.</p> <p>The main topics reported to the board of directors on Feb. 24, 2023 are: (1) 2023 directors and senior executives' ESG KPI achievement status; (2) According to the Financial Supervisory Commission's "Sustainable Development Roadmap" - greenhouse gas inspection and verification progress report.</p> <p>The main topics reported to the board of directors on May. 5, 2023 are: (1) Dynamic carbon reduction actions; (2) Coverage status of D&O liability insurance.</p> <p>The main topic reported to the board of directors on Nov. 3, 2023 is: Dynamic Climate Change Governance Implementation Report.</p> <p>The board of directors regularly listens to reports from the management team, reviews the progress of the strategy, evaluates the possibility of success of</p>	

Item to be assessed	Operational status (note 1)			Deviations from the Sustainable Development Best Practice Principles for listed companies								
	Y	N	Abstract (note 2)									
			the strategy, and urges the management team to strengthen or adjust when necessary.									
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?	V		This disclosure covers the Company's sustainable development performance in major sites from August 25, 2022 to December 31, 2022. The risk assessment covers the Company and its two important subsidiaries, Kunshan and Huangshi, both of which are mainly engaged in the manufacturing service business of PCB.									
			Based on the materiality principle of ESG report, the relevant risk management policies or strategies for the risks after the company conducting risk assessments on important issues as follows. Please refer to the company's sustainability report for specific implementation.									
			<table><tr><td>Major issues</td><td>Risk assessment projects</td><td>Risk management policies and strategies</td></tr><tr><td rowspan="2">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.</td></tr><tr><td>Waste and harmful substances management</td><td>Promote UL2799 waste zero landfill certification, conduct compliance management, inspection and audit of waste flow, confirm that waste has undergone transformation processes such as reduction, recycling and energy use, and avoid waste of heat energy after landfill treatment and incineration; 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</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.	Waste and harmful substances management	Promote UL2799 waste zero landfill certification, conduct compliance management, inspection and audit of waste flow, confirm that waste has undergone transformation processes such as reduction, recycling and energy use, and avoid waste of heat energy after landfill treatment and incineration; 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
			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.										
	Waste and harmful substances management	Promote UL2799 waste zero landfill certification, conduct compliance management, inspection and audit of waste flow, confirm that waste has undergone transformation processes such as reduction, recycling and energy use, and avoid waste of heat energy after landfill treatment and incineration; 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										

Item to be assessed	Operational status (note 1)					Deviations from the Sustainable Development Best Practice Principles for listed companies
	Y	N	Abstract (note 2)			
					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.	
				Energy and Climate Change Strategy	In addition to observing the opportunities brought about by various climate change risks, Dynamic also formulates strategies and goals that comply with the relevant requirements of environmental and energy regulations and effectively improve corporate efficiency: In terms of manufacturing process, optimize the efficiency of energy resource use, manage waste emissions, increase the proportion of renewable energy use, etc.; in terms of business, increase the proportion of revenue from green energy industries and low-carbon products to respond to the increasing demands of the public and consumers for sustainable products. Through strategic promotion in various aspects, assist each plant to achieve energy conservation and carbon reduction goals, as well as sustainable transformation and adjustment, and establish Dynamic's sustainable resilience.	
			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.	

Item to be assessed	Operational status (note 1)			Deviations from the Sustainable Development Best Practice Principles for listed companies
	Y	N	Abstract (note 2)	
<p>3. Environmental Issue</p> <p>a. Has the company established a suitable environmental management system by referencing its industry's characteristics?</p> <p>b. Does the company strive to enhance the utility rate of every resource, and use renewable materials that pose less impact on the environment?</p>	V		<p>a. Each plant of the company has established ISO14001 environmental management system and IECQ QC 080000 hazardous substance process management system in line with industrial characteristics. In order to improve management performance related to energy and resources, Kunshan plant has passed ISO50001 energy management system certification, ISO14064-1 greenhouse gas inspection and have certified by AWS International Water Resources Management Standard. Huangshi Plant also obtained the UL2799 zero waste to landfill platinum level certification in 2023, and completed the ISO14067 certification and the establishment of a product carbon footprint trial calculation platform.</p> <p>b. The company actively optimizes energy efficiency and designs energy-saving equipment, and expands the use of renewable energy; the Kunshan plant has carried out a low-nitrogen energy-saving burner project, and has carried out combustion head rectification for boilers, in addition to reducing acid gases such as carbon and sulfur dioxide The emission of the electric</p>	None

Item to be assessed	Operational status (note 1)			Deviations from the Sustainable Development Best Practice Principles for listed companies
	Y	N	Abstract (note 2)	
			<p>boiler will not be affected by the power cut. The Kunshan plant also reduced the production of CO2 gas by 24% under the same value; The heat dissipation loss of the heating pipe is low, and the quality of hot water can be adjusted flexibly according to the change of the outdoor temperature, so as to meet the requirements of saving fuel and ensuring the quality of heating supply. Compared with steam heating, there is no condensation water and secondary evaporation loss problem, the fuel intensity can drop by 12.92%.</p> <p>The company promotes IECQ QC 080000 Hazardous Substance Process Management System Requirements, and uses raw materials that meet the EU's RoHS, REACH, and halogen-free specifications according to customer requirements. The Resource Management Department was established to focus on circular economy work and establish a circular system of resource integration, including material recycling, renewable energy usage, and manufacturing process to reduce pollution in order to reduce the impact on the environment. The current recycling</p>	

Item to be assessed	Operational status (note 1)			Deviations from the Sustainable Development Best Practice Principles for listed companies
	Y	N	Abstract (note 2)	
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?			<p>ratio of waste has exceeded 96%, and passed UL 2799 waste zero landfill certification in 2023 to concretely fulfill the commitment of environmental protection policy.</p> <p>c. The Company's sustainable development committee is the highest organization for climate change management, chaired by the chairman. It deliberates the Company's climate change strategy and goals, manages climate change risks and opportunities, and reviews the implementation status and discusses future plans every year, then report to the Board of Directors.</p> <p>Based on the Task Force on Climate-Related Financial Disclosures (TCFD), the company carries out identification of climate-related risks and opportunities, formulates management policies and countermeasures, and incorporates scenario analysis of climate change risks to reduce and transfer the impact of risks when they occur. The nine major climate change risk issues identified by the company are: raw material supply, general environmental regulations, cap control and carbon rights/energy trading, renewable energy, changes in customer demand, instable energy supply, changes in market</p>	

Item to be assessed	Operational status (note 1)			Deviations from the Sustainable Development Best Practice Principles 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?			<p>demand/innovative Industrial technologies, increased extreme weather events, and the climate issues stakeholders concerned about.</p> <p>Elaboration on the above potential financial impacts, related opportunities, management policies and response measures, goal setting and implementation have been disclosed in the company's sustainability report. (https://www.dynaholding.com/csr/report.html)</p> <p>d. The greenhouse gas emissions, water consumption and total waste weight of the company's two production bases - Kunshan Plant and Huangshi Plant in the past two years are explained as follows:</p>	

Item to be assessed	Operational status (note 1)			Deviations from the Sustainable Development Best Practice Principles for listed companies																																
	Y	N	Abstract (note 2)																																	
			<p><u>Kunshan plant</u></p> <table><tr><th>Item</th><th>2022</th><th>2023</th><th>Changes in comparison with the previous year %</th></tr><tr><td>Direct emissions of Greenhouse gas (tons CO₂e/year) Scope 1</td><td>4,140</td><td>2,836</td><td>-31.49%</td></tr><tr><td>Indirect emissions of Greenhouse gas (tons CO₂e/year) Scope 2</td><td>82,119</td><td>57,433</td><td>-30.06%</td></tr><tr><td>Emissions of Greenhouse gas in total (tons CO₂e/year)</td><td>86,259</td><td>60,270</td><td>-30.13%</td></tr><tr><td>Annual water consumption (10,000 tons)</td><td>168</td><td>114</td><td>-31.74%</td></tr><tr><td>General industrial waste (tons)</td><td>3,905</td><td>347</td><td>-91.11%</td></tr><tr><td>Hazardous industrial waste (tons)</td><td>9,454</td><td>4,645</td><td>-50.86%</td></tr><tr><td>Weight of waste (tons)</td><td>13,359</td><td>4,992</td><td>-62.63%</td></tr></table> <p>All indicators of the Kunshan factory have declined in 2023. The implementation measures of energy resources include the copper recovery system used by the solder mask pumice scrubbing machine to refine water and replace municipal water. The vacuum pump of the hot press was originally running all the time, but was changed to stop running during the cooling section. Change the street lights in the factory area from municipal power supply to solar power supply. Integrate, reconstruct and merge the less frequently used transformers in the Plant 1 Public Works Building. Turn off lighting equipment in production idle areas.</p>	Item	2022	2023	Changes in comparison with the previous year %	Direct emissions of Greenhouse gas (tons CO ₂ e/year) Scope 1	4,140	2,836	-31.49%	Indirect emissions of Greenhouse gas (tons CO ₂ e/year) Scope 2	82,119	57,433	-30.06%	Emissions of Greenhouse gas in total (tons CO ₂ e/year)	86,259	60,270	-30.13%	Annual water consumption (10,000 tons)	168	114	-31.74%	General industrial waste (tons)	3,905	347	-91.11%	Hazardous industrial waste (tons)	9,454	4,645	-50.86%	Weight of waste (tons)	13,359	4,992	-62.63%	
Item	2022	2023	Changes in comparison with the previous year %																																	
Direct emissions of Greenhouse gas (tons CO ₂ e/year) Scope 1	4,140	2,836	-31.49%																																	
Indirect emissions of Greenhouse gas (tons CO ₂ e/year) Scope 2	82,119	57,433	-30.06%																																	
Emissions of Greenhouse gas in total (tons CO ₂ e/year)	86,259	60,270	-30.13%																																	
Annual water consumption (10,000 tons)	168	114	-31.74%																																	
General industrial waste (tons)	3,905	347	-91.11%																																	
Hazardous industrial waste (tons)	9,454	4,645	-50.86%																																	
Weight of waste (tons)	13,359	4,992	-62.63%																																	

Item to be assessed	Operational status (note 1)			Deviations from the Sustainable Development Best Practice Principles for listed companies																																
	Y	N	Abstract (note 2)																																	
			<p>Waste management continues to refine recyclables to increase recycling rates.</p> <p><u>Huangshi plant</u></p> <table><tr><th>Item</th><th>2022</th><th>2023</th><th>Changes in comparison with the previous year %</th></tr><tr><td>Direct emissions of Greenhouse gas (tons CO₂e/year) Scope 1</td><td>14,643</td><td>21,147</td><td>44.42%</td></tr><tr><td>Indirect emissions of Greenhouse gas (tons CO₂e/year) Scope 2</td><td>90,803</td><td>128,664</td><td>41.69%</td></tr><tr><td>Emissions of Greenhouse gas in total (tons CO₂e/year)</td><td>105,446</td><td>149,811</td><td>42.07%</td></tr><tr><td>Annual water consumption (10,000 tons)</td><td>275</td><td>310</td><td>12.81%</td></tr><tr><td>General industrial waste (tons)</td><td>5,698</td><td>7,065</td><td>23.99%</td></tr><tr><td>Hazardous industrial waste (tons)</td><td>32,106</td><td>36,675</td><td>14.23%</td></tr><tr><td>Weight of waste (tons)</td><td>37,804</td><td>43,740</td><td>15.70%</td></tr></table> <p>As Dynamic Huangshi plant continues to expand in 2023, all indicators have increased, but the unit revenue intensity has declined: greenhouse gas emission intensity decreased by 7.45% compared with the previous year, and water consumption per unit revenue decreased by 20.99%. The amount of waste generated in revenue decreased by 6.76%. Implementation measures for energy resources in 2023 include:</p> <p>1. Purchase approximately 40 million kWh of green energy electricity</p>	Item	2022	2023	Changes in comparison with the previous year %	Direct emissions of Greenhouse gas (tons CO ₂ e/year) Scope 1	14,643	21,147	44.42%	Indirect emissions of Greenhouse gas (tons CO ₂ e/year) Scope 2	90,803	128,664	41.69%	Emissions of Greenhouse gas in total (tons CO ₂ e/year)	105,446	149,811	42.07%	Annual water consumption (10,000 tons)	275	310	12.81%	General industrial waste (tons)	5,698	7,065	23.99%	Hazardous industrial waste (tons)	32,106	36,675	14.23%	Weight of waste (tons)	37,804	43,740	15.70%	
Item	2022	2023	Changes in comparison with the previous year %																																	
Direct emissions of Greenhouse gas (tons CO ₂ e/year) Scope 1	14,643	21,147	44.42%																																	
Indirect emissions of Greenhouse gas (tons CO ₂ e/year) Scope 2	90,803	128,664	41.69%																																	
Emissions of Greenhouse gas in total (tons CO ₂ e/year)	105,446	149,811	42.07%																																	
Annual water consumption (10,000 tons)	275	310	12.81%																																	
General industrial waste (tons)	5,698	7,065	23.99%																																	
Hazardous industrial waste (tons)	32,106	36,675	14.23%																																	
Weight of waste (tons)	37,804	43,740	15.70%																																	

Item to be assessed	Operational status (note 1)			Deviations from the Sustainable Development Best Practice Principles for listed companies
	Y	N	Abstract (note 2)	
			<p>2. Expand solar photovoltaic power generation, with an estimated annual power generation capacity of 700,000 kwh;</p> <p>3. The aeration fans of the new D2 wastewater treatment system will all use high-efficiency and energy-saving air suspension fans to replace Roots blowers;</p> <p>4. Build 35 new solar streetlights;</p> <p>5. Expand 2 electrolytic recycling copper lines of waste etching waste solution.</p> <p>The Company's management goals for greenhouse gas emission reduction, water consumption reduction, and waste recycling are as follows: Greenhouse gas reduction: taking 2020 as the baseline, reduce carbon emission intensity by 4% per year; water use reduction: taking 2020 as the baseline, reduce water use intensity by 4% per year; waste recovery rate reaches 95~98%.</p> <p>Kunshan Plant ISO14001 Environmental Management System Certificate (Validity period: 2023.06.29~2026.06.28) Kunshan Plant AWS Water Resources Sustainable Management Certification (Validity period: 2022.08.09~2025.08.09) Kunshan Plant ISO14064-1 Greenhouse Gas Emission Verification Statement</p>	

Item to be assessed	Operational status (note 1)			Deviations from the Sustainable Development Best Practice Principles for listed companies
	Y	N	Abstract (note 2)	
			(Validity period: 2023.01.02~2024.01.02) Huangshi Factory ISO14001 Environmental Management System Certificate (Validity period: 2022.01.03~2025.01.02) Huangshi plant passed UL2799 zero waste to landfill certification (Validity period: 2023.06.20~2024.06.20)	
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 7.0, 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	None

Item to be assessed	Operational status (note 1)			Deviations from the Sustainable Development Best Practice Principles 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?			<p>and benefits, humanitarian treatment, non-discrimination, freedom of association. Details are posted on the company website.</p> <p>Man-times and man-hour of internal education and training related to "human rights" in 2023:</p> <ul style="list-style-type: none"> • Taoyuan, 2 man-times, 1.0 man-hour. • Kunshan, 1,169 man-times, 584.5 man-hours • Huangshi, 4,702 man-times, 2,351 man-hours <p>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 30 of Corporate Charter specifies that if there is profit made in the year, not less than one-thousandth 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.</p>	

Item to be assessed	Operational status (note 1)			Deviations from the Sustainable Development Best Practice Principles for listed companies
	Y	N	Abstract (note 2)	
c. Has the company offered a safe and healthy work environment for its staff, and routinely implement safety and health education for its staff?			c. For labor safety, the company insists on abiding by laws and regulations, fulfilling its duties, and providing employees with a healthy, safe and tidy working environment as the sole goal of implementing occupational safety policies. The company's Kunshan plant and Huangshi plant established in mainland China have established and completed labor safety and health systems in accordance with the requirements of Labor Law Article 52 and Work Safety Law Article 21 of the People's Republic of China, and are staffed with full-time or part-time occupational health management personnel, and has completed the ISO45001 system verification. Each plant has a dedicated occupational safety and health management unit. The members are full-time and hold national certificates. Each unit of the production line is staffed with safety and health inspectors, and with the Industrial safety division supervising its operations. In order to encourage colleagues to further study, the Kunshan plant requires all supervisors above the team leader level to obtain the certificate qualification of safety production management personnel, and the Huangshi plant requires the supervisors of the production unit to obtain the certificate qualification.	

Item to be assessed	Operational status (note 1)			Deviations from the Sustainable Development Best Practice Principles for listed companies
	Y	N	Abstract (note 2)	
d. Has the company established an effective career developmental plan for its employees?			<p>Kunshan Plant ISO45001 Occupational Safety and Health Management System Certificate (Validity period: 2024.02.26~2027.02.25)</p> <p>Huangshi Plant ISO45001 Occupational Safety and Health Management System Certificate (Validity period: 2022.01.03~2025.01.02)</p> <p>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 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.</p> <p>The average hours of education and training in Taoyuan, Kunshan, and Huangshi in 2023 are 31.1 hours, 42.9 hours, and 25.8 hours, respectively.</p>	
e. Does the company follow relevant regulations and international guidelines on issues such as			e. Throughout the product life cycle, customer health and safety and consumer rights and interests are	

Item to be assessed	Operational status (note 1)			Deviations from the Sustainable Development Best Practice Principles for listed companies
	Y	N	Abstract (note 2)	
<p>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?</p> <p>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?</p>			<p>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.</p> <p>f. Our company stipulated the "Supplier Code of Conduct" and disclosed it on the company's website. It also has a supplier management policy that requires major raw material suppliers to promise and guarantee:</p> <ol style="list-style-type: none"> 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 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. 	

Item to be assessed	Operational status (note 1)			Deviations from the Sustainable Development Best Practice Principles for listed companies
	Y	N	Abstract (note 2)	
			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. 7. Jointly promote a net-zero carbon emissions plan. 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. The company prepared the "2022 Sustainability Report" in accordance with the internationally accepted report preparation guidelines (GRI Standards), and was published by Ernst & Young in accordance with the TWSAE3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation. (Set with reference to the international assurance standard ISAE3000) Independent limited assurance is conducted and published on the company website. https://www.dynaholding.com/csr/report.html	None
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:				

Item to be assessed	Operational status (note 1)			Deviations from the Sustainable Development Best Practice Principles for listed companies
	Y	N	Abstract (note 2)	
In August 2022, the company's board of directors approved the formulation of the company's "Corporate Social Responsibility Best Practice Principles" in order to practice corporate social responsibility and promote the balance and sustainable development of the economy, society and environmental ecology. The Company regularly reviews the implementation of the principles and makes improvements accordingly, and there has been no inconsistency in implementation so far.				
7. Other important information to understand the implementation of promoting sustainable development: none				

Note 1: If "Yes" is checked for the implementation status, please specify the important policies, strategies, measures and implementation status adopted; if you check "No" is checked for the implementation status, please go to "The Difference Situation and Reason to Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" column explains the difference situation and reasons, and explains plans for adopting relevant policies, strategies and measures in the future.

However, regarding promoted items 1 and 2, listed companies should describe the governance and supervision structure for sustainable development, including but not limited to management policies, strategy and goal setting, review measures, etc. Also describe the company's risk management policies or strategies for environmental, social and corporate governance issues related to its operations, and its assessment status.

Note 2: The principle of materiality refers to environmental, social and corporate governance issues that have a significant impact on company investors and other stakeholders.

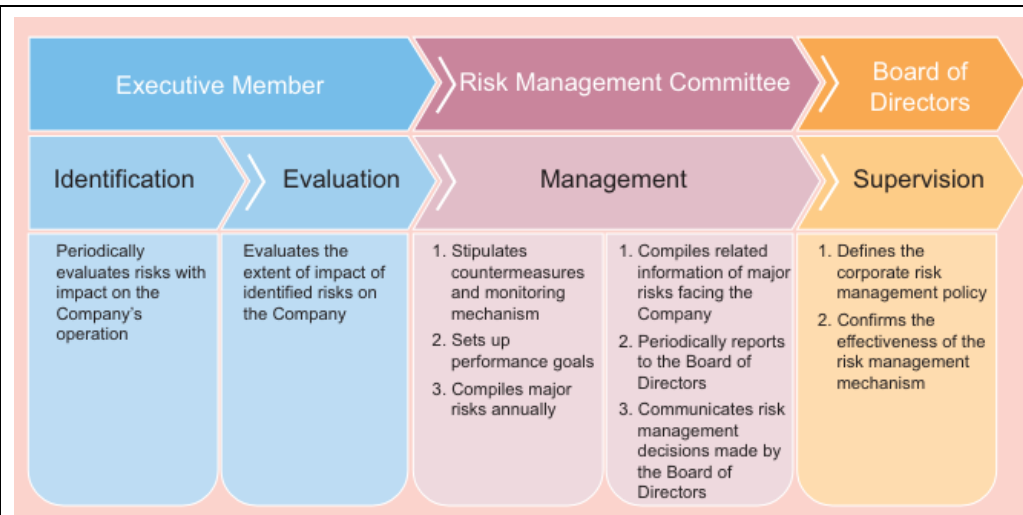
(G) Climate related information

1. Implementation of climate-related information

Item	Execution situation
<p>1. Describe board and management's supervision and governance of climate-related risks and opportunities.</p> <p>2. Describe how the identified climate risks and opportunities will affect the company's business, strategy and finances (short, medium and long term).</p> <p>3. Describe the impact of extreme climate events and transformational actions on finance.</p>	<p>1. Dynamic's "Sustainable Development Committee" reported to the board of directors quarterly on the performance of reducing greenhouse gas emission intensity and water consumption intensity, and report in the 4th quarter on the biodiversity risks that may arise from the company's activities, and accept the supervision and guidance of the board of directors.</p> <p>2. Business: Increase the proportion of revenue from green energy industry and low-carbon products to respond to the public and consumers' continuous demand for strengthening sustainable products. Strategy: Through the promotion of various strategies, we assist each plant to achieve independent energy saving and carbon reduction, self-built solar power generation systems, and purchase of green electricity to reduce carbon emissions. Finance: We conducted a scenario analysis of the financial impact by climate change, including: (1) Analysis of rainfall disasters of major suppliers, the study found that the risk exposure level of major suppliers' climate risk is not large, and will have little possibility of significant financial impact; (2) Carbon fee risk analysis. The assessment results show that the impact on the company's operations is not harmful yet. However, the company pays close attention to carbon-related issues. In addition to actively introducing renewable energy equipment, it also promotes upstream carbon emission inspection, and 100% priority in purchasing raw materials with less carbon emissions per unit of product, reducing carbon emissions in each link of the product life cycle, expecting to provide customers with an environmentally friendly and low-carbon emission product.</p> <p>3. Traffic interruptions, flooding, power outages, and production line-down caused by factory facility damage resulted from extreme weather, at the same time cause supply difficulties of supply chain, resulting in deferred raw material procurement cycles and price increases, affecting factory</p>

<p>4. Describe how the identification, assessment and management of climate risks are integrated into the overall risk management system.</p>	<p>shutdowns or production delays, and even causing the loss of tangible and intangible assets within the enterprise. Dynamic strives for stable supply by increasing diversified sources of raw materials and increasing its own choice, so as to reduce the risk of material outages caused by extreme weather; improve the company's preparations for resisting risks in advance, lay high foundations at the initial stage of factory planning, place expensive equipment on higher floors, open up rain and sewage drainage systems, etc., and improve various emergency response plans to increase tolerance to extreme weather impacts.</p> <p>In terms of the impact of transformation actions on finances, including the increased operating costs of pollutants to stricter requirements such as the tightening of environmental regulations, the strengthening of pollution prevention facilities; excess carbon emissions may have to be purchased from the carbon market, thereby increasing energy costs and the cost of purchasing carbon rights; additional costs that may be increased due to the use of green electricity; increased costs due to green product development and green raw material purchases, etc.</p> <p>4. Dynamic follows the TCFD guidelines and divides the risk management process into four stages: identification, assessment, management, and supervision and establishes a comprehensive climate change-related risk and opportunity management mechanism through the participation of the executive committee, the risk management committee, and the board of directors. Among them, the risk management committee collects all the company's major risk-related information to achieve the integration of the company's overall risk management system. The detailed process is as follows:</p>
---	--

5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be explained



5. (1) Dynamic Electronics takes an inventory check of the exposure to the climate risk among its Top 3 suppliers and evaluates the disasters brought about by rainfall in the locations of primary suppliers. With the difference equivalent between 2100 and 1750 of radiative forcing as the benchmark according to "Representative Concentration Pathways" (RCPs) in the Fifth Evaluation Report of the United Nations Intergovernmental Panel on Climate Change (IPCC), Dynamic Electronics adopts RCP 2.6 and RCP 8.5 as two scenarios and cites data of these two scenarios from Climate Analytics. Results of the evaluation show that the risk exposure percentage of revenue from the analysis of the simulated RCP 2.6 scenario was 0.0160 % and that of RCP8.5 was 0.0169 %. Primary suppliers of Dynamic Electronics are not exposed to significant physical risks and hence there will be no significant financial impacts.

(2) The overall greenhouse gas emissions of Dynamic Electronics throughout 2020 came to 217,322.5717 tones (only Scopes 1 and 2). With 2020 as the baseline, the annual carbon reduction ratio is forecast according to Dynamic Electronics' carbon reduction goal of 4 % linear reduction a year and the five

<p>6. If there is a transformation plan to manage climate-related risks, explain the content of the plan, and the indicators and goals used to identify and manage physical risks and transformation risks.</p> <p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be explained.</p> <p>8. If there are climate-related goals set, the covered activities, scope of greenhouse gas emissions, scheduled timeline, annual progress and other information should be stated; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the information of the source</p>	<p>criteria of carbon prices, namely “EPA-recommended rate”, “EU-estimated carbon tax rate”, “IEA-estimated rate”, Greenpeace-recommended rate”, and “carbon price trend survey of the China Carbon Forum” and is calculated according to the current actual carbon credit trade ratio while Dynamic Electronics is evaluated for its extent of risk exposure under different scenarios in the future and up to 2050. Results of the evaluation show that under each of the five estimated rates by 2050, financial impacts are the most significant applying the EU carbon tax and the Greenpeace-estimated rate and the minimal with the EPA-recommended rate. Although analysis findings do not impact the operations of Dynamic Electronics to a hazardous extent, Dynamic Electronics is highly concerned about related issues. Besides proactively introducing renewable energy equipment, it communicates with upstream suppliers on getting approvals for carbon emissions and prioritizing 100 % the purchase of raw materials and regular materials with fewer carbon emissions per unit product to reduce emissions at each segment of the product’s life cycle and to hopefully provide customers with environmentally-friendly and low-carbon-emission products.</p> <p>6. (1) Develop low-carbon raw materials, (2) Accelerate clean production and carry out low-carbon transformation, (3) Increase the percentage of green energy products.</p> <p>7. Currently, internal carbon pricing is not used as a planning tool, and future planning will be based on the impact of climate change.</p> <p>8. (1) Greenhouse gas emission intensity reduction target: Taking 2020 as the baseline, the greenhouse gas emission intensity (based on revenue) is reduced by 4% per year, and by 2025 it will be reduced by at least 20%. (2) Scope of activities and greenhouse gas emissions covered in 2023: installing electric vehicle charging piles in the plant area (Scope 1), converting to low-carbon fuels, improving energy efficiency (Scope 1), energy-saving and carbon-reducing processes, and introducing high-efficiency power equipment</p>
--	---

and quantity of carbon reduction credits to be exchanged or the quantity of RECs should be stated.	(Scope 2). Self-built solar power generation (Scope 2), switching to solar and wind energy self-generated street lights (Scope 2), and actively purchasing green electricity. In 2023, 42 million kWh of green electricity has been purchased from Hubei Carbon Emission Exchange, accounting for approximately 18.64% of the total plant power consumption (Scope 2). (3) Annual achievement progress: as of 2023, carbon emission intensity per million revenue has been reduced by 21.96%.
9. The greenhouse gas inspection and confirmation status are shown in the table 1-1 and 1-2 below.	

1-1 Company GHG Inventory and Assurance in the last two years

Scope1	2023 total emission (tons CO2e)	2023 intensity (tons CO2e/million NTD)	2022 total emission (tons CO2e)	2022 intensity (tons CO2e/million NTD)	Verifying Institute	Description of the verifying situation
The Company	11.2646	NA (revenue is 0)	10.2047	NA (revenue is 0)	DQS	DQS was appointed to complete the external audit in 2022, and the certificate number is 50600533 GHG-1; the verification in 2023 is expected to be verified by the DQS German System Certification Group in early May 2024 (the audit has not been completed as of the publication of the annual report)
Kunshan Plant	2,836.2657	0.8607	4,139.8269	0.6661	WIT	WIT Assessment was appointed to complete the external verification in 2022, with the certificate number 15/WIT GHG 2023068; the external verification in 2023 was completed by WIT Assessment on March 21-22, 2024, with the certificate number 15/WIT GHG 2024035.
Huangshi Plant	21,147.5190	1.7118	14,643.4203	1.6163	BSI	In 2022, Department of Ecology and Environment of Hubei Province has conducted an external verification of Huangshi Plant (Dynamic Huang) by CEC. The report number is 194-05-Dynamic (Huangshi) Electronics Co., Ltd.-2022-HB; the verification in 2023 has been carried out by appointed BSI to complete the external verification (the written certificate has not been obtained as of the publication of the annual report)
Total	23,995.0493	1.5333	18,793.4519	1.2304		

Scope 2	2023 total emission (tons CO2e)	2023 intensity (tons CO2e/million NTD)	2022 total emission (tons CO2e)	2022 intensity (tons CO2e/million NTD)	Verifying Institute	Description of the verifying situation
The Company	58.0173	NA (Revenue is 0.)	77.1710	NA (Revenue is 0.)	DQS	Same as above.
Kunshan Plant	57,433.2352	17.4279	82,119.2656	13.2140	WIT	
Huangshi Plant	128,663.6698	10.4149	90,803.4287	10.0225	BSI	
Total	186,154.9223	11.8954	172,999.8653	11.3261		

1-2 Greenhouse gas reduction goals, strategies and specific action plans

Climate-related goals	Scope of activities	Scope of greenhouse gas emissions	Implementation plan	Scheduled timeline
Greenhouse gas emission intensity reduction target: Taking 2020 as the baseline, the greenhouse gas emission intensity (based on revenue) is reduced by 4% per year, and by 2025 it will be reduced by at least 20%.	Installing electric vehicle charging piles in the plant area	Scope 1	The installation of charging piles in the parking lot is under planning.	As of 2023, carbon emission intensity per million revenue has been reduced by 21.96%.
	Converting to low-carbon fuels, improving energy efficiency	Scope 1	Oil-fired boilers have been completely converted into natural gas boilers	
	Energy-saving and carbon-reducing processes, and introducing high-efficiency power equipment	Scope 2	Building D2 wastewater treatment system, the aeration fans will all use high-efficiency and energy-saving air suspension fans to replace Roots blowers. Two units have been purchased in 2023 and one unit will be purchased in 2024. Seven 2000KVA transformers with load rates below 30% were shut down for consolidation in 2023, saving 187,000 kwh of electricity annually; The vacuum pump of the hot press runs all the time and stops running in the cooling section, which can save 190,470 kwh of electricity every year; The lighting in the resin plug hole area that was fully turned on was changed to 40% turned on, saving 1,100 kwh of electricity annually. In 2024, the ice water pipelines in the out-of-use production area will be removed and consolidated, which will save 65,700 kwh of electricity annually.	
	Self-built solar power generation	Scope 2	163.5 KW rooftop distributed solar energy installation has been completed in 2023; in 2024, the planned installed capacity is 1,900 KW, with an estimated annual power generation of 2 million KWH.	
	Switching to solar and wind energy self-generated street lights	Scope 2	36 new solar street lights and 28 wind-solar hybrid street lights were built in 2023, saving 36,280 kwh of electricity consumption annually. In 2024, it is planned to replace original street light of worn out and damaged circuits with solar street lights, and the plan is 20 units.	
	Actively purchasing green electricity.	Scope 2	42 million kilowatt-hours of green electricity has been purchased in 2023, accounting for approximately 18.64% of the plant's total power consumption; it is planned to increase the purchase of green electricity to 90 million kilowatt-hours in 2024.	

(H) 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	
<p>1. Establish ethical operational policy and program</p> <p>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?</p> <p>b. Does the company establish an assessment mechanism for the risk of dishonesty, regularly analyze and evaluate business activities with a high</p>	V		<p>a. The Company's corporate culture: integrity, enthusiasm, customer's trust and innovation after passed by board meeting are well shown in the primary documents that the company issues internally and externally. The company referred to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and formulated the company's "Ethical Corporate Management Best Practice Principles" on August 25, 2022, which has been implemented after being approved by the board of directors. It was also revised on February 27, 2024, to include environmental, health and safety provisions for anti-discrimination and employee protection. This code is disclosed on the company's website, and the board of directors and senior management actively implement their commitment to the business policy.</p> <p>b. The company's risk assessment mechanism includes an dishonest/unethical behavior item for a periodic analysis and evaluation on</p>	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	
<p>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?</p> <p>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?</p>			<p>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 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.</p> <p>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</p>	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
			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, 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 implemented simultaneously after the establishment of Huangshi Plant.	
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?	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	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 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?			<p>prohibiting the usage of toxic matters etc. with its trading partners.</p> <p>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 of directors at least once a year. The 2023 report date is May 5. On the same day, the newly revised "Reporting and Reward Operation Measures" will be reported to comply with the requirements of corporate governance and will be disclosed on the company's website.</p> <p>The main matters in charge:</p> <ol style="list-style-type: none"> 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 	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
			<p>conduct guidelines with respect to the Company's operations and business.</p> <p>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.</p> <p>4. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>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.</p> <p>Implementation in year 2023</p> <p>1. Education and training: Conducting education on integrity promotion, with a</p>	

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?			<p>total of 5,873 person-times and 2,936.5 hours.</p> <p>2. CEO mailbox received reports of cases: No complaint letter was received from the CEO mailbox in 2023.</p> <p>c.</p> <p>1. Any director, manager and other interested parties present and in attendance as observer without voting rights in the board of directors or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter. Directors should also exercise self-discipline and refrain from inappropriate mutual support. There were three proposals of the 2023 board of directors involved Chairman Ken Huang's own interests, so he recused himself from participating in discussions and</p>	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
			<p>voting. After consultation with the acting chairman Chia-Yi Chiu and independent directors, the remaining directors present had no objections and the proposal was approved.</p> <p>2. When engaging in commercial activities, directors, managers, employees, and mandataries of the company or persons having substantial control over such companies shall not directly or indirectly offer, promise to offer, request or accept any improper benefits. No such matter happened in 2023.</p> <p>3. The seller of the company agrees that the shareholders, managers and employees of the seller and its affiliated companies and their relatives shall not offer treats, gifts, private kickbacks, commissions, securities, physical things or any other form of benefits etc. to employees or their relatives of Dynamic and its affiliated companies for business, settlement, and other matters, etc. Regardless of the amount, once discovered, the seller shall compensate NT\$2.5 million, or 30% of the total business amount incurred as liquidated damages (whichever is higher), and the seller shall be deemed to have</p>	

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?			<p>breached the contract. Dynamic may terminate this contract and handle based on the liability for breach of contract. If the seller discovers that a Dynamic employee has made the above request, he or she must take the initiative to report it to Dynamic, or report it to Dynamic's whistleblower hotline 0980-051-059 or email ceo@dynamicpcb.com.tw. No such matter happened in 2023.</p> <p>d. The Company attaches great importance to ensuring the accuracy and completeness of the financial reporting process and its controls, and has set up relevant internal control systems for operating procedures with potentially higher risks of dishonest conduct. The internal audit unit also conducts various audits based on the annual audit plan drawn up based on the risk assessment results, and reports the audit results and subsequent improvement plans to the management, audit committee and board of directors to implement the audit results. In addition, through annual corporate internal control self-assessment, all units and subsidiaries within the company are required to self-examine the effectiveness of the</p>	

Item to be assessed	Operational status (note 1)			Deviations from the corporate governance code of practice of listed companies and causes
	(Y)	(N)	Abstract	
e. Does the company host routine internal and external ethical business operations training?			<p>design and implementation of the internal control system.</p> <p>e. All new employees of the company are required to receive internal integrity education training. The relevant personnel are also scheduled to participate in Internal and external training related to integrity-related courses.</p>	
<p>3. Operations of the company's reporting system</p> <p>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?</p>	V		<p>a. The Company amended the "Rewards Operation of Violation Reporting" on March 13th 2023 and disclosed on the Company's website. The detailed information of specific reporting and reward system is as follows:</p> <p>1. Reporting channels: Chairman's independent reporting mailbox (ceo@dynamicpcb.com); dedicated telephone line (+886-980-051-059); or write to the company's unreasonable mailbox, email to the company's supervisor's mailbox, etc.</p> <p>2. Information to be provided by the informant: The content of the report should include the name of the reported person or other information sufficient to identify the identity of the reported person, specific evidence to be investigated, and relevant evidence and</p>	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	
			<p>proof of dishonesty or misconduct ; The matter of reporting should be objective and true, and the whistleblower is responsible for the authenticity of the content of the report, and must not fabricate or distort facts, and must not make false accusations or frames. Reporters who have only heard rumors will not be accepted for investigation.</p> <p>3. Acceptance level of different reporting objects: The chairman's mailbox is received by the chairman himself, and the case is submitted to the legal office for investigation after the acceptance is confirmed; the remaining reporting sent to other mailboxes are passed to the chairman by the recipient and then handed over to the legal office for acceptance and investigation according to instructions. If the report involves ordinary employees, it should be reported to the head of the department; if it involves a director or senior executive, it should be reported to the independent directors.</p> <p>4. Reward system (1) Reward will be given out after the case has been closed and the amount has been quantified.</p>	

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?			<p>(2) Real-name whistleblower reports with evidence will be rewarded 50% of the restored amount, but no more than NT\$ 10 million.</p> <p>(3) Real-name whistleblower reports without evidence will be rewarded 25% of the restored amount, but no more than NT\$ 5 million.</p> <p>(4) With permission from the Chairman, the monetary reward for reporting personnel who offer extra significant service can exceed the above limit.</p> <p>b. Operating procedures and relevant confidentiality mechanism The chairman receives and reads the case, instructs the legal affairs to investigate, contact/protect the whistleblower, and then the legal affairs report the investigation results to the chairman and advise on the handling of the case (bonus adjustment, disciplinary action, improvement direction of the unit) and the results of the investigation shall be stored in written or electronic form for a period of at least five years. During the processing process, the case and the informant are kept strictly confidential.</p>	

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. The Company set the “Whistleblower Channel and Protection Regulation Operating Procedure”, passed by the board of directors on August 25, 2022, setting 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 sustainability report and the company 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/corporate governance/corporate governance structure/formulation of relevant regulations and rules for corporate governance
(http://mops.twse.com.tw/mops/web/t100sb04_1)
 2. Dynamic Company Website/Corporate Sustainability/Corporate Governance/Important Company Internal Regulations
(<https://www.dynaholding.com/csr/rule.html#s6>)
- (I) Other important information that can strengthen the understanding of the operations of the company's corporate governance: none
- (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 / Interim meeting	Important Resolutions
Board of Directors	First BoD in 2023 (2023.02.24)	1. Issue an "Internal Control System Statement".
		2. Planned to increase the capital expenditure budget for the automation needs of Plant 1, a reinvested business in mainland China "Dynamic (Hunagshi) Electronics Co., Ltd."
		3. Planned to increase the capital expenditure budget for the construction of Plant 2 of the reinvested business in mainland China "Dynamic (Hunagshi) Electronics Co., Ltd."
		4. Planned to propose the company's "2023 budget".
		5. Planned to submit an application for group's corporate financing credit line with the bank.
		6. Reassignment of directors of Dynamic Electronics Holding Pte. Ltd.
		7. Planned to formulate the company's "Pre-approved general policy of Non-assurance Services provisions, NAS".
		8. Results of the 2022 board performance evaluation.
		9. Planned to amend the "Articles of Association".
		10. Planned to amend the "Rules Governing the Conduct of Shareholders Meetings".
		11. Planned to amend and rename "Procedures for Election of Directors and Supervisors".
		12. Full re-election of directors.
		13. The date, location, and method of convening the 2023 general shareholders' meeting and matters related to the acceptance of shareholder proposals and nominations.
		14. Planned to formulate the company's "Annual Performance Appraisal Management Measures for Managers".
		15. Issuance status of salary and remuneration for directors and managers in 2022.
		16. Review of manager performance appraisal indicators in 2022.
Board of Directors	Second BoD in 2023 (2023.03.15)	1. Year 2022 payment plan for the remuneration of employees and directors.
		2. 2022 annual business report, unconsolidated financial statements and consolidated financial statements.
		3. The company's 2022 earnings distribution plan.
		4. Planned to formulate the company's "Audit Committee charter".
		5. Planned to formulate the company's "Nomination Committee Charter"
		6. The date, location, and method of convening the 2023 general shareholders' meeting and matters related to the acceptance of shareholder proposals and nominations are proposed for discussion (supplementary reporting matters).
Board of Directors	Third BoD in 2023	1. Consolidated Financial Statements for the first quarter of 2023
		2. Planned to amend the company's "Subsidiary Supervision Measures"

Board of Directors / Shareholder's meeting	Date of Board of Directors / Interim meeting	Important Resolutions
	(2023.05.05)	3. Planned to propose group corporate financing credit line and endorsement guarantee. 4. Considering the flexible use of the group's long-term funds, it is planned to apply for a capital loan from the mainland business Dynamic Electronics (Kunshan) Co., Ltd. and the mainland enterprise Dynamic (Hunagshi) Electronics Co., Ltd. 5. Planned to stipulate the company's "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises". 6. Planned to formulate the company's "Management of the procedures for preparation of financial statements". 7. Planned to adjust the investment structure of CHIANAN TECHNOLOGY CO., LTD. and CHENG CHONG TECHNOLOGY CO., LTD, 70% of which are indirectly held by the Company. 8. Planned to propose modifications to the company's internal control regulations. 9. Planned to formulate the company's "Risk management best-practice principles". 10. Review of managers' actual performance appraisal in the first quarter of 2023.
Board of Directors	Fourth (interim) BoD in 2023 (2023.05.18)	1. Election matters: Election of the second chairman of the board. 2. Matters discussed: Appointment of members of the company's second remuneration committee and selection of the convener and chairman of the remuneration committee.
Board of Directors	Fifth BoD in 2023 (2023.05.29)	1. Appoint members of the first Nomination Committee and select the convener and meeting chairperson of the Nomination Committee. 2. Appoint members of the first Risk Management Committee and select the convener and meeting chairperson of the Risk Management Committee. 3. Planned to abolish the company's special committee and related charter, and dismiss its members. 4. Planned to abolish the "Dynamic Electronics (Kunshan) Procedure for the Acquisition and Disposal of Assets", "Dynamic Electronics (Kunshan) Operation Procedure for Making of Guarantee/Endorsement" and "Dynamic Electronics (Kunshan) Operation Procedure for Loaning Funds to others" and "Dynamic Electronics (Huangshi) Procedure for the Acquisition and Disposal of Assets" stipulated by the company's subsidiary Dynamic Electronics Co., Ltd.. 5. Compensation and benefit review case for the changes in appointment of senior managers. 6. Directors' remuneration in 2022 and the weight distribution of other important contributors.
Board of Directors	Sixth BoD in 2023 (2023.08.04)	1. Planned to amend the company's "Company Organization Chart". 2. Planned to amend the company's internal control-related regulations. 3. Replace the company's CPA. 4. Consolidated financial statements for the second quarter of 2023. 5. Planned to propose the company's endorsement and guarantee for the group's corporate financing credit line. 6. Planned to set the capital increase base date for the conversion of the "second domestic unsecured convertible bonds" of the subsidiary Dynamic Electronics Co., Ltd. into the company's ordinary shares and the issuance of new shares. 7. Planned to increase US\$14 million forward foreign exchange transactions for the purpose of hedging transactions of the subsidiary Dynamic (Hunagshi) Electronics Co., Ltd. (hereinafter referred to as Dynamic Huangshi). 8. Planned to increase US\$14 million forward foreign exchange transactions for the purpose of hedging transactions of the subsidiary Dynamic Electronics (Kunshan) Co., Ltd. (hereinafter referred to as Kunshan). 9. Planned to formulate the company's "Risk Management Committee Charter". 10. Review of managers' actual performance appraisal in the second quarter of 2023.
Board of Directors	Seventh BoD in 2023 (2023.09.22)	1. Commitment issued by the company's subsidiary, Dynamic (Hunagshi) Electronics Co., Ltd., to be listed on the stock exchange in mainland China.
Board of Directors	Eighth meeting in 2023 (2023.11.03)	1. Consolidated financial statements for the third quarter of 2023. 2. Planned to propose the company's endorsement and guarantee for the group's corporate financing credit line. 3. Planned to set the capital increase base date for the conversion of the "second domestic unsecured convertible bonds" of the subsidiary Dynamic Electronics Co., Ltd. into the company's ordinary shares and the issuance of new shares. 4. Planned to formulate the tax policy of the group. 5. Planned to propose a personnel case for the "Corporate Governance Manager" of the group company. 6. Review of managers' actual performance appraisal in the third quarter of 2023. 7. Compensation and benefit review case for the changes in appointment of senior managers. 8. Planned to revise the company's "Company vehicle management regulations". 9. Planned to stipulate the company's "Biodiversity and No Deforestation Commitment".
Board of Directors	Ninth BoD in 2023 (2023.12.15)	1. The company's 2024 audit plan. 2. Plan to revise the company's 2023 budget. 3. Planned to propose the company's "Business Plan for 2024".

Board of Directors / Shareholder's meeting	Date of Board of Directors / Interim meeting	Important Resolutions
		4. The company's appointed accountants and their independent assessment. 5. Planned to formulate the company's "Business Continuity Planning". 6. Update on the group's succession plan. 7. Planned to propose a personnel case for the company to deploy a "dedicated information security manager" and a "dedicated information security officer". 8. Remuneration plan for directors and employees in 2023. 9. It is planned to revise the company's "Company Vehicle Management Measures". 10. Review of all salary and remuneration projects planned to be implemented by the company in 2024. 11. The work plan of the company's remuneration committee for 2024.
Board of Directors	First BoD in 2024 (2024.02.27)	1. Planned to amend the company's internal control-related regulations. 2. Issue an "Internal Control System Statement". 3. 2023 annual business report, unconsolidated financial statements and consolidated financial statements. 4. The company's 2023 earnings distribution plan. 5. Planned to propose the company's "2024 budget". 6. Planned to submit an application for group's corporate financing credit line with the bank. 7. Planned to propose the company's endorsement and guarantee for the group's corporate financing credit line. 8. Planned to reassure the company's "Pre-approved general policy of Non-assurance Services provisions, NAS". 9. Revise the company's "Ethical Corporate Management Best Practice Principles" case. 10. Nomination and qualification review case for independent director candidates. 11. The date, location, and method of convening the 2024 general shareholders' meeting, as well as matters related to the acceptance of shareholder proposals and nominations, are proposed for discussion. 12. Remuneration plan for employees and directors in 2023. 13. The actual distribution of remuneration to directors and managers in 2023. 14. Review of manager performance appraisal indicators in 2023. 15. Salary and benefit review case for the appointment changes of senior managers.
Board of Directors	Second BoD in 2024 (2024.03.26)	1. Planned to formulate the company's "Management Procedures for Prevention of Insider Trading". 2. Results of the internal and external performance evaluation of the board of directors in 2023.
Shareholder's meeting	2023 (2023.05.18)	1. Acknowledge the 2022 business report, unconsolidated financial statements and consolidated financial statements. Review of implementation: announced and reported in accordance with regulations. 2. Approved the 2022 earnings distribution statement. Review of implementation: Cash dividends have been distributed on August 10, 2023. 3. Amendment to the "Articles of Association". Review of implementation: Implemented in accordance with the revised content. 4. Amend the "Rules Governing the Conduct of Shareholders Meetings" bill. Review of implementation status: Implemented in accordance with the revised content. 5. Amend and rename the "Procedures for Election of Directors and Supervisors" case. Review of implementation: Implemented in accordance with the revised content. 6. Election matters: Full re-election of directors. Review of the implementation: 7 directors (including 4 independent directors) were elected abiding by regulations, and have been submitted to the Ministry of Economic Affairs within 15 days in accordance with the law. Review of the implementation situation: The registration of the change was approved by the Ministry of Economic Affairs on June 8, 2023 approved.

(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 2023 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:
Independent director Vincent Lin tendered his resignation on February 16, 2024, and his term will be until May 15, 2024. A by-election proposal for an independent director will be proposed at the company's 2024 general meeting of shareholders.

E. Accountant Public Expense Information

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Remarks
Ernst & Young Taiwan	Hsiao-Chin Lo	Chi-Ming Chang	2023/1/1~2023/12/31	-

Unit: NTD thousands

Fee range		Fee items	Audit Fee	Non-audit Fee	Total
1	Less than 2,000 thousand NTD			v	1,560
2	2,000 thousands (inclusive) ~ 4,000 thousand				
3	4,000 thousand (inclusive) ~ 6,000 thousand				
4	6,000 thousand (inclusive) ~ 8,000 thousand		v		6,030
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	Hsiao-Chin Lo	6,030	0	140	0	1,420	1,560	2023/1/1~2023/12/31	
	Chi-Ming Chang								

- (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: Non-audit services include sustainability report consulting and assurance services, DJSI corporate questionnaire consulting services, Science Based Targets initiative (SBTi) consulting services, convertible corporate bonds exchange for new shares change registration services and investment review committee application for subsidiary organization type and name changes.
- (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	Aug. 4th, 2023		
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	Hsiao-Chin Lo Chi-Ming Chang
Date of Appointment	Aug. 4th, 2023
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

Title	Name	2023		As of Mar. 18, 2024	
		Increase/decrease in shares held	Increase/decrease in equity pledges	Increase/decrease in shares held	Increase/decrease in equity pledges
Chairman	Ken Huang	0	(3,010,789)	0	0
Corporate Director	Hung-Li Investments Co., Ltd.	0	0	0	0
Representative of Corporate Director	Bill Nee	0	0	0	0
Director	Heng-yih Liu (Dismissal date:2023/05/18)	0	0	NA	NA
Corporate Director	Ming-Ji Investments Co., Ltd. (Dismissal date:2023/05/18)	0	0	NA	NA
Representative of Corporate Director	Yuan-chun Sun (Dismissal date:2023/05/18)	0	0	NA	NA
Director	Jonathan Lin (Dismissal date:2023/05/18)	0	0	NA	NA
Corporate Director	Chien-Hung Investments Co., Ltd.	0	0	0	0
Representative of Corporate Director	Stephen Tsai	0	0	0	0
Supervisor	Eric Chen (Dismissal date:2023/05/18)	0	0	NA	NA
Supervisor	Anna Chen (Dismissal date:2023/05/18)	0	0	NA	NA
Supervisor	Martin Lin (Dismissal date:2023/05/18)	0	0	NA	NA
President	Jean Liu	0	0	0	0
VP	Lily Chiang	(128,000)	0	0	0
Independent Director	Yi-chia Chiu	0	0	0	0
Independent Director	Vincent Lin	0	0	0	0
Independent Director	Vincent Weng	0	0	0	0

Independent Director	Cheryl Chien	0	0	0	0
Financial Director	Cathy Ni	(73,000)	0	0	0
Accounting Director	Cathy Ni	(73,000)	0	0	0
Corporate Governance Director	Jean Liu (Dismissal date:2023/11/03)	0	0	0	0
Auditing Director	Hsin-Yi Tsai	0	0	0	0
Corporate Governance Director	Cindy Hsieh	0	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. 18, 2024

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	0.00%	Hung-Li Investment Co., Ltd. Chien-Hung Investment Co., Ltd.	Company Chairperson is the spouse of 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%	0	0.00%	Chien-Hung Investment Co., Ltd.	Chairperson and the company Chairperson is the same person..	
Cathay Life Insurance	8,398,000	3.02%	0	0.00%	0	0.00%	NA	NA	
Yuanta Commercial Bank is entrusted with the custody of the special investment account of Qiaowan Value No. 1 Co., Ltd.	6,435,000	2.32%	0	0.00%	0	0.00%	NA	NA	
Hsiu-Ching Chen	4,485,896	1.62%	0	0.00%	0	0.00%	NA	NA	
Jun-Yue Lee	4,141,000	1.49%	0	0.00%	0	0.00%	NA	NA	
Rong Cheng	3,259,000	1.17%	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%	0	0.00%	Hung-Li Investment Co., Ltd.	Chairperson and the company Chairperson is the same person..	
JP Morgan Chase Bank Taipei Branch is entrusted with the custody of Advanced Starlight Fund Company's advanced aggregate international stock index fund investment account	2,423,365	0.87%	0	0.00%	0	0.00%	NA	NA	
King's Town Bank Co., Ltd.	2,154,000	0.78%	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: share; %

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	%
Dynamic Electronics Co., Ltd.	277,548,934	100.00%	-	-	277,548,934	100.00%
Chianan Technology Co., Ltd.	7	70%	-	-	7	70%
Cheng Chong Technology Co., Ltd.	7	70%	-	-	7	70%
WINTEK (MAURITIUS) CO., LTD.	-	-	8,581,000	100.00%	8,581,000	100.00%
Dynamic Electronics Holding Pte. Ltd.	-	-	141,917,000	100.00%	141,917,000	100.00%
Dynamic Electronics Co.,Ltd.(Note 2)	-	-	376,277,619	97.8541%	376,277,619	97.8541%
Dynamic PCB Electronics Co., Ltd.	-	-	48,927	97.8541%	48,927	97.8541%
Dynamic Electronics Co.,Ltd. (Seychelles)	-	-	48,927	97.8541%	48,927	97.8541%
Dynamic Electronics Overseas Investment Holding Pte. Ltd.(Note 3)	-	-	39,190,567	97.8541%	39,190,567	97.8541%
Dynamic Electronics (Kunshan) Co.,Ltd.	-	-	(Note 4)	97.8541%	(Note 4)	97.8541%
Dynamic Technology Manufacturing (Thailand) Co., Ltd.			13,828,498	97.8541%	13,828,498	97.8541%

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

Note 2: Dynamic Electronics (Huangshi) Co., Ltd. changed its name to Dynamic Electronics Co., Ltd. on February 16, 2023.

Note 3: Dynamics Electronics Trading Pte. Ltd. changed its name to Dynamic Electronics Overseas Investment Holding Pte. Ltd. on February 24, 2023.

Note 4: It is a limited company, so there is no shares amount.

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
2022/05	10	400,000	4,000,000	277,540	2,775,400	Issuing new shares by Convertible Bond	-	Note 29
2022/08	10	400,000	4,000,000	277,548	2,775,490	Issuing new shares by Convertible Bond	-	Note 29 、 30
2023/08	10	400,000	4,000,000	277,617	2,776,170	Issuing new shares by Convertible Bond	-	Note 31
2023/11	10	400,000	4,000,000	277,675	2,776,746	Issuing new shares by Convertible Bond	-	Note 32

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.
Note 29: 2022/08/19; approval document no. Ching Shou Shang Tzu 11101161440.
Note 30: The shareholders' meeting of Dynamic Electronics Co., Ltd. on May 20, 2022 resolved to approve the establishment of the new company "Dynamic Holding Co., Ltd." (hereinafter referred to as Dynamic Holding) by way of share swap. Dynamic Electronics Co., Ltd. becomes a 100% subsidiary of Dynamic Holding.
Note 31: 2023/09/04 approval document no. Ching Shou Shang Tzu 11230167080
Note 32: 2023/12/25 approval document no. Ching Shou Shang Tzu 11230223790

2. Type of Stock

Type of Share	Authorized capital			Remarks
	Issued Shares	Un-issued shares	Total	
Registered Common stock	277,674,584	122,325,416	400,000,000	-

3. Information for Shelf Registration: not applicable.

(B) Shareholder Structure

As of Mar. 18, 2024

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	3	31	212	56,084	164	56,494
Shareholding (shares)	1,822,000	22,278,360	19,883,843	204,877,957	28,812,424	277,674,584
Percentage	0.66%	8.02%	7.16%	73.78%	10.38%	100.00%

(C) Shareholding Distribution Status

As of Mar. 18, 2024

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	22,537	2,763,439	1.00%
1,000 ~ 5,000	28,185	55,202,671	19.88%
5,001 ~ 10,000	3,168	24,868,571	8.96%
10,001 ~ 15,000	882	11,406,791	4.11%
15,001 ~ 20,000	516	9,605,786	3.46%
20,001 ~ 30,000	417	10,805,448	3.89%
30,001 ~ 40,000	200	7,244,340	2.61%
40,001 ~ 50,000	132	6,109,425	2.20%
50,001 ~ 100,000	239	17,083,873	6.15%
100,001 ~ 200,000	89	13,011,242	4.69%
200,001 ~ 400,000	58	15,354,841	5.53%
400,001 ~ 600,000	27	13,742,407	4.95%

600,001 ~ 800,000	14	9,673,527	3.48%
800,001 ~ 1,000,000	7	6,519,744	2.35%
1,000,001 or above	23	74,282,479	26.75%
Total	56,494	277,674,584	100.00%

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

Name	Shareholding	Shares	Percentage
Ken Huang		11,162,071	4.02%
Hung-Li Investment Co., Ltd.		9,497,735	3.42%
Cathay Life Insurance		8,398,000	3.02%
Yuanta Commercial Bank is entrusted with the custody of the special investment account of Qiaowan Value No. 1 Co., Ltd.		6,435,000	2.32%
Hsiu-Ching Chen		4,485,896	1.62%
Jun-Yue Lee		4,141,000	1.49%
Rong Zheng		3,259,000	1.17%
Chien-Hung Investment Co., Ltd.		3,069,023	1.11%
JPMorgan Chase Bank Taipei Branch is entrusted with the custody of Advanced Starlight Fund Company's advanced aggregate international stock index fund investment account		2,423,365	0.87%
King's Town Bank Co., Ltd.		2,154,000	0.78%

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

Item		Year	2022	2023	2023/1/1~2024/3/31 (note 8)
Market price per share (note 1)	Highest		21.25	112	85.6
	Lowest		15.95	16	68
	Average		17.66	46.64	78.43
Net worth per share (note 2)	Before allocation		22.17	24.31	N/A
	After allocation		21.37	(note 9)	N/A
Earnings per share	Weighted average shares (thousand shares)		277,531	277,607	277,607
	Earnings per share (note 3)	Before retroactive adjustment	1.97	3.61	N/A
		After retroactive adjustment	1.97	(note 9)	N/A
Dividend per share	Cash dividend		0.8	1.5	-
	Stock dividend	From retained earnings	-	-	-
		From paid-in capital	-	-	-
	Accumulated undistributed dividends (note 4)		-	-	-

Year		2022	2023	2023/1/1~2024/3/31 (note 8)
Return on investment analysis	Price-earnings ratio (note 5)	8.96	12.92	N/A
	Price-dividend ratio (note 6)	22.08	31.09	N/A
	Yield on cash dividend (note 7)	4.53	3.22	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 2023 was approved by the board of directors on Feb 27, 2024.

(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. 27, 2024 has decided to forward Earnings Distribution Table as follows to the shareholder's meeting in 2024:

Unit: NTD

Item	Amount
Opening undistributed surplus after adjustment	38,426,743
Net profit of 2023	1,003,398,316
Less : Legal reserve	(100,339,832)
Less: Special surplus reserve	(65,711,443)
Earnings available for distribution	875,773,784
Distribution Item:	
Cash Dividends in 2023 (NT\$1.5 per share)	(416,511,876)
Closing un-appropriated earnings	459,261,908

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, The provision requires a provision of no less than 0.1% for employee 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 2023 is estimated at no less than 0.1% 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 2023 were 6,897 thousand NTD and 15,385 thousand NTD, respectively.
4. Actual allocations of employee and directors' remuneration in previous year: There is no significant difference between the actual amount of remuneration distributed to employees and directors by the Company in 2023 and the amount stated as expenses in the 2023 annual financial report.

(I) Buyback of Treasury Stock: none.

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

V. Operations Overview

A. Business Content

(A) Scope of Business

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

Unit: NTD thousands

Major Products	Consolidated for 2023	
	Sales Amount	Sales Ratio
Printed Circuit Board	15,649,281	99.59
Others	64,673	0.41
Total	15,713,954	100.00

- Dynamic concentrates on PCB products including multilayer board, high-end multilayer board, high density interconnected 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 AI Server, High-end Switch, Networking Communication, Auto Pilot, Smart cockpit, Domain Controller, BMS, ADAS, mmWave Radar, Camera module, High-end High-speed Storage devices, Robot, 5G mmWave 28GHz/39GHz communication high-frequency base station, terminal transceiver, High and low orbit satellite ground receiver, and aerospace/military etc. with high reliability requirements.

(B) Industry Overview

1. The industry's current situation and development

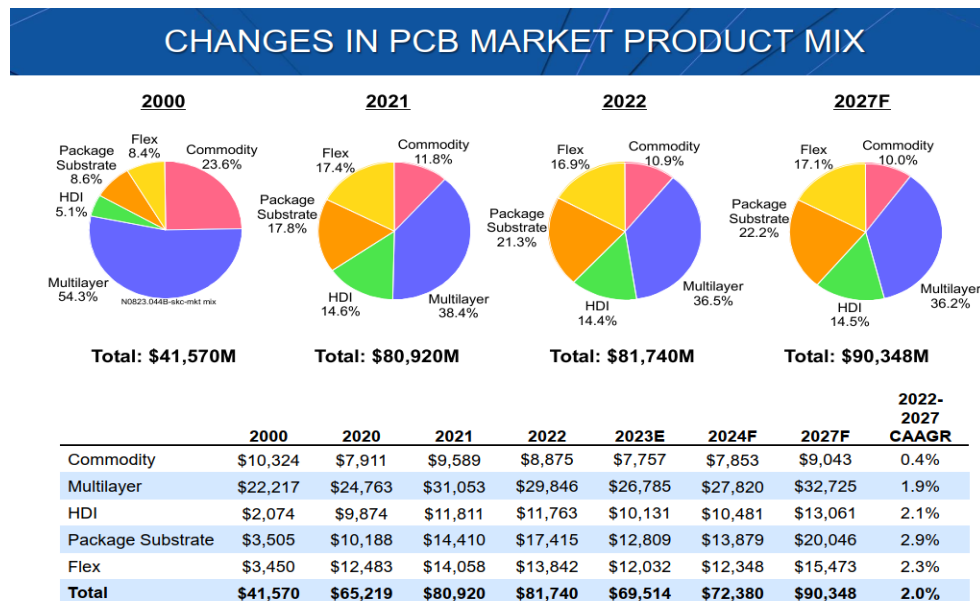
PCB (Printed Circuit Board, abbreviated PCB) is the base board before electronic components are assembled, and through the PCB, electrical routes are formed, and various electronic components can be connected to exert its overall capacity and to reach the objective of relay transmission. Its application 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

In 2023, the inflationary pressure has gradually been brought under control. The rapid progress of artificial intelligence (AI) technology and the increase in demand from the automotive industry have stimulated demand growth in related supply chains. However, the global economy still faces many challenges, including the ongoing Russia-Ukraine conflict, tensions in the Middle East, complex geopolitical risks and a high interest rate environment,

these factors have weakened consumer confidence and led to fluctuations in global market demand. By 2024, as inflationary pressures has furtherly eased and the economy has recovered, it is expected that artificial intelligence (AI), the growth of the automotive industry, and the application of satellite technology will become the main driving force for market demand. However, ongoing uncertainties still require close attention in response to potential economic fluctuations.

Overview of the world's major PCB output value

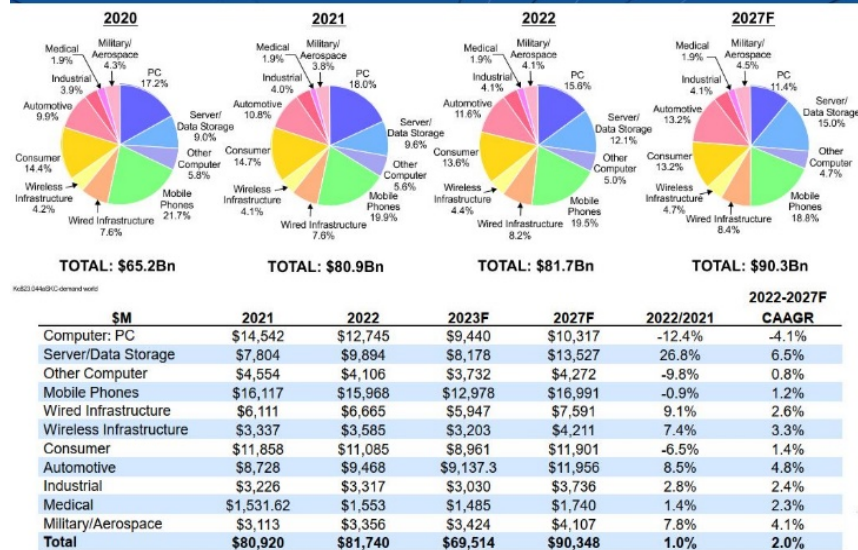


Source: PRISMARK Jan. 2024

According to a research report issued by PRISMARK in January 2024, PCB output value was forecast to be US\$69.5 billion in 2023, a 15% decline compared to 2022. PCB output value in 2024 is currently forecast to increase by 4% from US\$69.5 billion to US\$72.3 billion.

The global proportion of PCB distribution in application

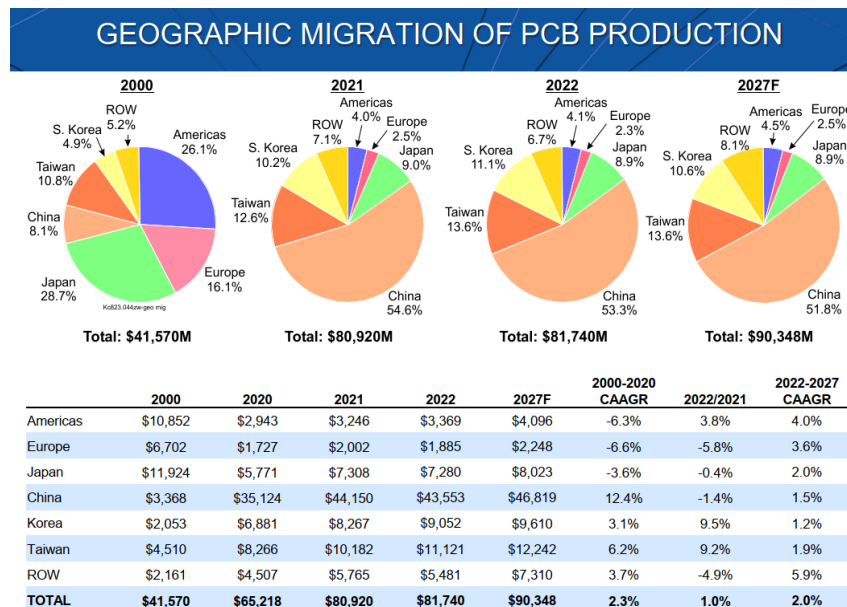
TOTAL PCB AND SUBSTRATE DEMAND BY APPLICATION



Source: PRISMARK Jan. 2024

According to a research report issued by PRISMARK in January 2024, among various global PCB products, server and data storage have the highest compound growth rate of 6.5%, followed by automotive at 4.8%.

Market share of the major PCB manufacture countries



Source: PRISMARK Jan. 2024

The market share of global PCB manufacturing countries is dominated by mainland China, which accounts for 53.3%, followed by Taiwan at 13.6%. Mainland China has advantages such as supply chain integrity and labor resources. However, affected by factors such as geopolitical risks, Southeast

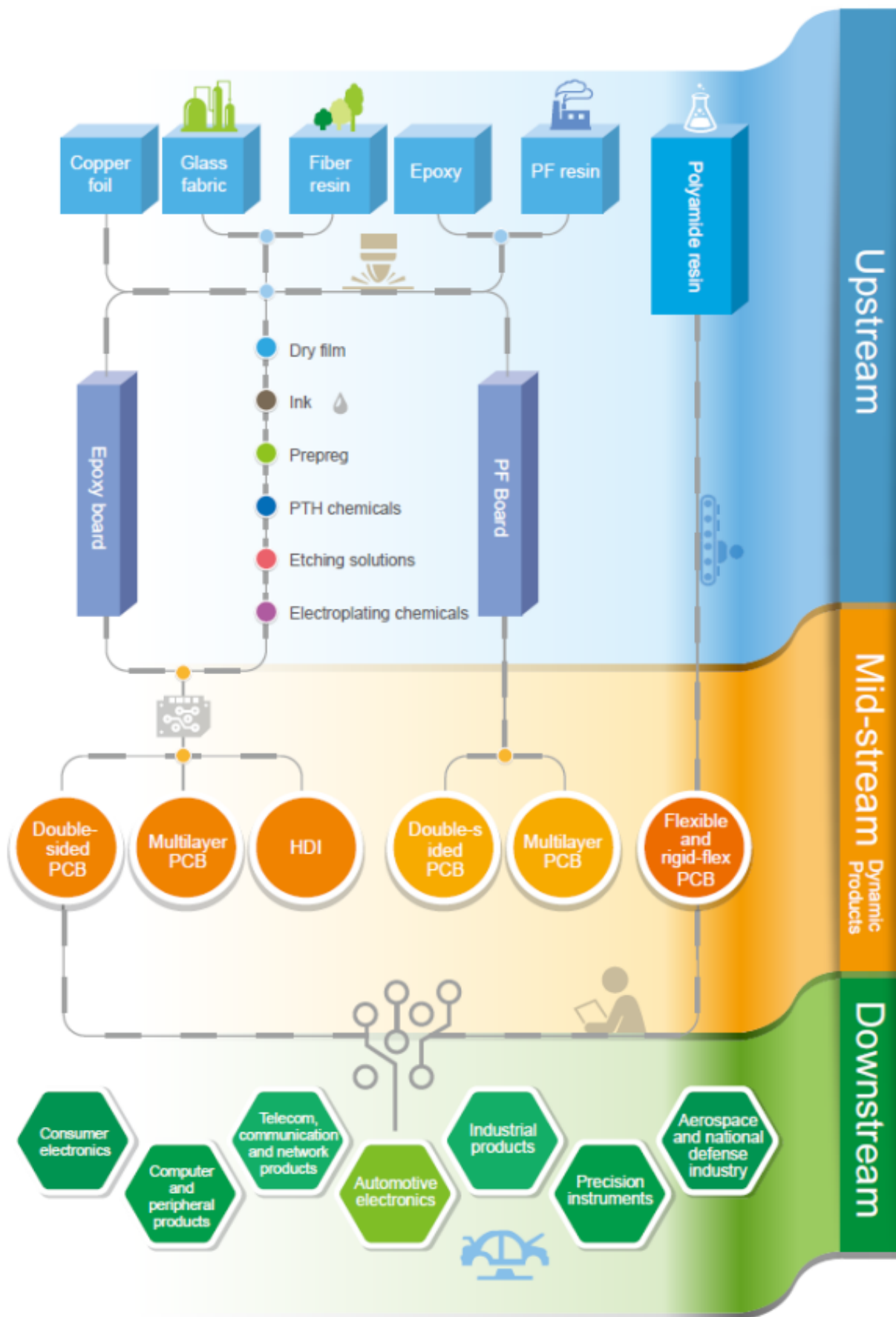
Asia has rapidly emerged to be an important investment hotspot for PCB industry.

(2) The Current Status and Development of Taiwan

According to the Taiwan Printed Circuit Association (TPCA) report analysis, Taiwan's PCB output value was forecast to be NT\$778.3 billion in 2023, an annual decline of 15.8%. This recession trend is mainly affected by the negative factors such as weak terminal demand, geopolitical conflicts, high inflation, high inventory, etc. In 2024, as inflationary pressures has furtherly eased and the economy improved, it is expected that artificial intelligence (AI), the growth of the automotive industry, and the application of satellite technology will become the main driving force for market demand. However, the ongoing uncertainties still require close attention in response to potential economic fluctuations.

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. The oversupply situation has accelerated the price decline of low-end technology products. 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	2022	2023
R&D Expenses	660,154	618,511

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 2023 in the following six points:

- (1) High-speed and low-signal-loss products: Continue to test various materials such as Ultra low loss, Ultra low loss 2, Super Ultra low loss, etc. and obtain UL certification, and have produced a small amount of optical transceiver products for 800G. For AI servers and Data Center servers, the demand for data processing and AI accelerated computing in various application fields is increasing, and the demand for global cloud data centers and high-

performance computing (HPC) servers is also growing. The promotion of corporate customers' intelligent networking (AI+IoT, AIoT) and Open Ran further expands the demand of telecom manufacturers for ODM Direct servers; at the same time, server platforms are showing diversified development, with X86-based Intel and AMD taking more than 90% of the market share. Affected by geopolitics and product diversification demand, the market share of ARM products is expected to grow higher in 2024. In terms of product design, the speed of the new generation of server platform products has reached the 32GT/s requirement of PCIe5.0, and the speed of the next generation of PCIe6.0 products will further go up to 64GT/s, and the Coding method will be changed from NRZ of PCIe 5.0 to PAM4. The BGA Pitch has further shrunk from 37mil in PCIe 5.0 generation to 35.4mil in PCIe 6.0 generation. The trace width/spacing in the DDR area reaches 3mil/3mil, and the board factory's thin line processing and impedance control capabilities are further examined. The low etching browning solution for improving the skin effect of high-speed products has been certified, and the browning solution without biting and etching has also begun to be actively tested. The company actively participates in chip manufacturers' new platform materials and electrical testing projects and obtains positive feedback. The technical capability certification project for important domestic customers was also successfully carried out and passed with high scores, further opening up channels for expanding high-speed markets.

- (2) High-end HDI and thin products: Successfully completed 16-layer Anylayer HDI small volume production of high-end HDI, 14-layer Anylayer PCS size>550mm LCD/LED size control motherboard completed successful mass production, 12-layer Anylayer Cavity high-end laptop motherboard certification and mass production. Completed the development and mass production of 12-layer Anylayer automotive central control motherboards, and mass-produced 14-layer 3oz inner-outer design smart grid control HDI boards. Successfully developed and mass-produced 8+8 HDI PCS size>580mm, 1pc/panel test module products. Completed the development and mass production of finished lens module of any-layer with board thickness <0.3mm, and the aperture diameter of the blind hole that can be produced is capable of achieving 3mil. In addition, the investigation and standardization of materials that can withstand multiple laminations have been completed, so that the materials used by Anylayer can be more diverse and stable. The thinner product Mini-LED with a thickness of 0.2mm has been certified and started production. The focus of research and development in 2023 is to invest in process capabilities 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 product design and development with minimum pad gap design of 0.04mm, board thickness as thin as 0.2mm, and reflectivity as high as 90%. The development of outdoor screen display panels designed with mixed-laminated of BT-like materials and FR4 materials has been completed.

- (4) High-frequency millimeter-wave (mmWave) products: The shipments of automotive millimeter-wave radar 60GHz/77GHz is increasing. Keep developing the related prospective customers. The antenna performance independent test probe platform has started trial operation and can independently test S parameters near the 77GHz frequency band. In terms of the development of new antenna technology, the 4D imaging radar part has begun in-depth cooperation with many customers and launched a variety of front and corner imaging vehicles radar, sample production has begun and will be shipped gradually for customer verification. At the same time, it has begun to cooperate with well-known Tier-1 and chip companies to develop next-generation radar products, and has obtained sample certification. In addition, relevant testing equipment has been purchased, which has testing capabilities and can meet customer needs in an all-round way. In terms of satellite communication and microwave products, the GEO (Geostationary Satellite) ground receiving station continues to be mass-produced, and for the most scalable LEO (Low Orbit Satellite) ground receiving station, we continue to approach customers for mass production opportunities. The 5G Open RAN RU module is being developed in cooperation with customers. The 5G small base station FWA (Fixed Wireless Access) and CPE (Customer Pre-Equipment) have obtained multiple customer certifications. Due to the delay in the overall progress of 5G millimeter wave resulted from the epidemic, we are currently working with customers on initial-stage sample development and production tests for 28GHz and 39GHz products.
- (5) Embedded copper technology continues to follow the automotive and communications user end to assist in design and sample build-up. For the heat dissipation application of heavy copper 3oz or above, we can effectively provide design suggestions and development for customers' heat dissipation needs; 12oz products have entered the sample production stage. In the evaluation and development of high thermal conductivity materials, we are currently evaluating high thermal conductivity CCLs with a thermal conductivity of 2.0W/m-k or above. In response to the demand for IMS materials from automotive board customers, we have also started the development process for materials and technologies; the electroplating pre-treatment processing technology and equipment for the highly thermally conductive ceramic material aluminum nitride have also entered the development and evaluation stage. Overall, a complete product and process service technology will be established for the cooling technology needs that customers are concerned about.
- (6) Embedded active and passive component products: Use embedded component technology to jointly develop embedded component 48V integrated Belt Starter Generator (iBSG) products with customers, and the product has completed certification. Through the capability improvement of embedded copper technology and equipment testing, the minimum size capability of embedded components has been improved to 2X2mm, and the operation of smaller sizes continues to be improved. Regarding the processing technology of magnetic materials and corresponding product design

technology, we conduct sample co-development stages with customers and strengthen the compatibility between materials and product processing technology.

3. Intellectual Property Management

(1) Intellectual Property Management

Participating in the early-stage development of customer products with professional technical services is one of the company's missions which makes intellectual property management one of the company's key tasks. The company values its own intellectual property and respects the intellectual property of others (such as customers, suppliers, etc.) and prevents the occurrence of infringement or disclosure. Therefore, the company launched a conjoined-business project, which is to establish and control the knowledge management system to protect intellectual property. The company encourages employees to innovate and develop high-quality intellectual property to strengthen competitiveness and improve profitability.

The company's main business model is to participate in customers' product development and to manufacture printed circuit boards for customers, therefore, keep intellectual property related affairs confidential is our main job, followed by patents.

1) Confidentiality management:

- Access control management: Each employee of the company is provided with an access control card and is given appropriate access permissions based on departments and ranks. Non-employee personnel should fill in personal information before entering and be limited to the area of activities during the visit, and should be accompanied by company's employee at all time.
- Document management: The company uses a knowledge management system to manage internal and external documents. Appropriate reading permissions will be granted based on departments and ranks. The technical information related to customers is only allowed to be used on the project leader computer.
- Information security management: Each computer of the company must be identified and logged on by the user's account and password of an employee, and the password is changed every two months.
- Confidentiality propaganda: In addition to signing confidentiality agreements with all employees, the company also regularly reminds them of the confidentiality with a special topic to effectively establish the awareness of law-abiding and confidentiality.

2) Patent management:

- Standardization: The company establishes patent management regulations to standardize patent management. The incentives

system and the implementation of education and training are used to ensure the company's research and development results.

- Proposals: All employees of the company can submit patent proposals after the internal search and evaluation. The proposals will be processed in accordance with the operating procedures after reviewing by the responsible supervisor and the approval by the R&D director or ranks above.
- Management: The company builds a patent database on the knowledge management system after the patent being applied, sets reading permissions based on departments and ranks, and manages the confidentiality of relevant information. Providing the required list according to the needs of the department/employee based on the authority and responsibility. Publishing the patent quarterly report on the company's knowledge management system homepage.
- Usage: The use of the company's patent rights can only be authorized or cross-authorized externally after the chairman's approval. If a notice of infringement dispute is received, the legal department and related departments will handle it.

(2) Implementation

- 1) Link with operational goals: The R&D headquarters sets a KPI for the number of patent applications on a quarterly basis, and reviews quarterly.
- 2) The achievement and list of intellectual property obtained: As of the year 2023, the company has filed a total of 101 patent applications in Taiwan and mainland China, of which 86 have been granted and are currently maintained.
- 3) Report the implementation results to the board of directors at least once a year, and report to the board of directors on December 15, 2023.

(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

- Huangshi Plant is a highly automated, intelligent and efficient factory. It is the priority to meet the production capacity Huangshi I and II, while the Kunshan plant is making flexible allocation based on customer needs.

- Thailand Plant is expected to start trial production in the second quarter of 2024 and proceed system certification to obtain LOI before the end of July to be qualified for production so as to respond to customer audits.
- Take advantage of automation, intelligence, and information 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.

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

- Expand the HDI production capacity of Huangshi Plant.
- Expand the production base in Southeast Asia.
- Thailand factory will start production in 2024.
- 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

- <1.2 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
- High layer count development

B. Market and Production/Sales Conditions

(A) Market Analysis

1. Sales Locations for Major Products

Unit: NTD thousands

Sales Location \ Year		2023 Consolidated	
		Sales Amount	Ratio %
Domestic		593,359	3.78%
Export	China	6,109,842	38.88%
	Korea	1,178,761	7.50%
	America	827,303	5.26%
	Mexico	819,806	5.22%
	Other countries	6,184,883	39.36%
Total		15,713,954	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		2022	2023
Value of cross-strait Taiwanese businesses in PCB industry		9,033	7,783
Dynamic Electronics' consolidated revenue		152	157
Dynamic Electronics' consolidated revenue/value of cross-strait Taiwanese businesses in PCB industry (%)		1.68%	2.02%

Source: IEK of ITRI

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

Inflation is gradually under control and consumer demand is expected to slowly recover. In the next five years, it is estimated that fast-growing products will revolve around AI, servers, and electric vehicles, including the Internet of Things, autonomous vehicles, ADAS, Robot, High-speed transmission, and low orbit satellites, etc.

4. Niche Competitiveness

Niche competitiveness of the Company includes:

- (1) Fulfilling ESG 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: High layer count, HDI, High speed high frequency board, Heavy Copper, Rigid-Flex, Semi-Flex, etc.

- (4) Strengthen the functions of FAE, deeply involve and participate in customers' early product development and design, and support customers' 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.
- (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: Promoting clean production enhances market competitiveness, shapes the company's positive image, and wins recognition from international customers; improving the company's power consumption efficiency not only reduces production costs, but also enables continuous operation under limited power supply.
- 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: effectively implement safety education and training for five minutes before shifts, carry out regular safety training and drills, and enhance the safety awareness of all employees in the factory; implement hierarchical management and control of areas with greater risks; strengthen the management and control of dangerous operations in the factory, implement in accordance with the "12345" requirements, and strengthen the safety of foreign manufacturers. safety awareness; every year, the plant president leads a team to conduct 4 major inspections of safety production of the entire factory, and implement the main responsibility of the company's safety production.
- 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.

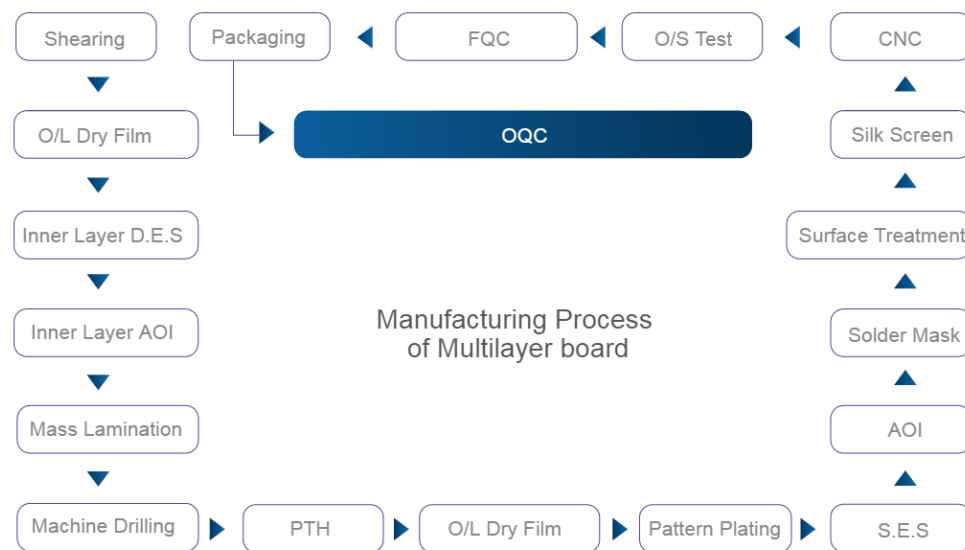
(B) Important Applications and Production Processes of Major Products

1. Important Applications of Major Products

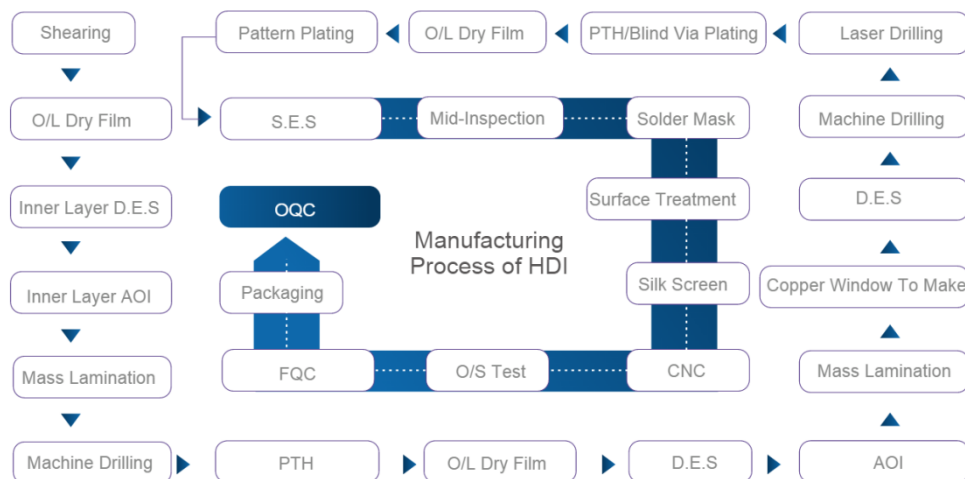
Product Type	Major Applications
Multilayer PCB	Automotive, Display, Storage devices, Communication board, Server, Industrial computers etc.
HDI	AI server, Camera module, ADAS, Area controller, Smart cockpit, Autonomous driving, Display panels, Solid state drives, Memory modules, Wearable devices, Communication modules, Robots, Medical products, etc.
High-frequency PCB	Car radar, Power amplifiers, Filters, 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.

Continue to ensure the balance between supply and demand for internal and external procurement. During the period affected by the shortage of materials and workers in the general environment, the supply, cost and delivery date of the main raw material manufacturers have been adjusted to different extend.

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 Thailand 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
PP	Sheng-yi, Iteq, Nanya, EMC, Jinbao, Wazam
Dry Film	Eternal Materials, Chang Chun, First
Copper Foil	Nanya, Shandong Jindu, Jiangxi Copper Yates Foil, Co-Tech, Huitong

- (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

Item	2022 Consolidated				2023 Consolidated			
	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	1,177,843	13.59	None	B	898,684	11.75	None
2	Others	7,488,152	86.41	None	Others	6,748,916	88.25	None
	Net purchasing	8,665,995	100		Net purchasing	7,647,601	100	

Analysis: The Company's main purchases include substrates, glass fiber films, copper foil, etc. Due to changes in product structure in the past two years, the net purchase amount from supplier A decreased and from supplier B increased in 2023.

2. Major customers for the most recent two years:

Unit: NTD thousands

Item	2022 Consolidated				2023 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	C	2,634,304	17.22	None	C	2,808,606	17.87	None
2	D	1,780,628	11.64	None	D	2,046,976	13.03	None
	Others	10,882,080	71.14	None	Others	10,858,372	69.10	None

	Net sales	15,297,012	100		Net sales	15,713,954	100	
--	-----------	------------	-----	--	-----------	------------	-----	--

Analysis: The Company mainly sells automotive board to customers B and D. In 2023, benefiting from the growth of the automobile industry and the booming development of electric vehicles, the sales proportion of these two customers increased.

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

Unit: thousands square feet; thousands piece; NTD thousands

Year qty/value	2022			2023		
	Capacity	Quantity	Value	Capacity	Quantity	Value
Major products						
Printed Circuit Board	46,500	31,460	11,974,164	33,600	29,781	10,932,514

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

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

(F) Sales volume for the past two years

Unit: thousands piece; NTD thousands

Year qty/value	2022				2023			
	Domestic sales		Export		Domestic sales		Export	
Major products	Q'ty	Value	Q'ty	Value	Q'ty	Value	Q'ty	Value
Printed Circuit Board	967	737,408	29,647	14,514,843	693	593,359	30,029	15,044,837
Module	-	43,148	-	-	-	64,673	-	-
Others	-	-	-	1,613	-	-	-	11,085
Total	967	780,556	29,674	14,516,456	693	658,032	30,029	15,055,922

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		2022/12/31	2023/12/31	2024/3/31
Number of workers	Direct workers	3,411	3,090	3,904
	Indirect workers	702	1,719	961
	Total	4,113	4,809	4,865
Average age		32.97	33.28	33.10
Average years of service		3.74	3.68	3.66
Distribution of education	Master	0.36%	0.40%	0.41%
	University	37.22%	52.19%	54.22%
	High school	15.54%	11.25%	11.49%
	Below high school	46.88%	36.16%	33.88%

D. Environmental Expenditure Information

(A) Total amount of Environmental Expenditure

Kunshan plant: Total environmental expenditure of year 2023 was RMB 16.32 mil.

Huangshi plant: Total environmental expenditure of year 2023 was RMB 57.68 mil.

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 2023, the actual hours of education and training per person are as the following: Taoyuan Operation Center 31.1 hours, Kunshan Plant 42.9 hours, and Huangshi Plant 25.8 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.

- (1~15 years)×2 base + (16 years~)×1 base≤45 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 of Harmonious Labor Relations Enterprise by the Suzhou City in 2021, and in July 2023, it was rated as a 2022 Kunshan City A-level labor security credit unit.

(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.

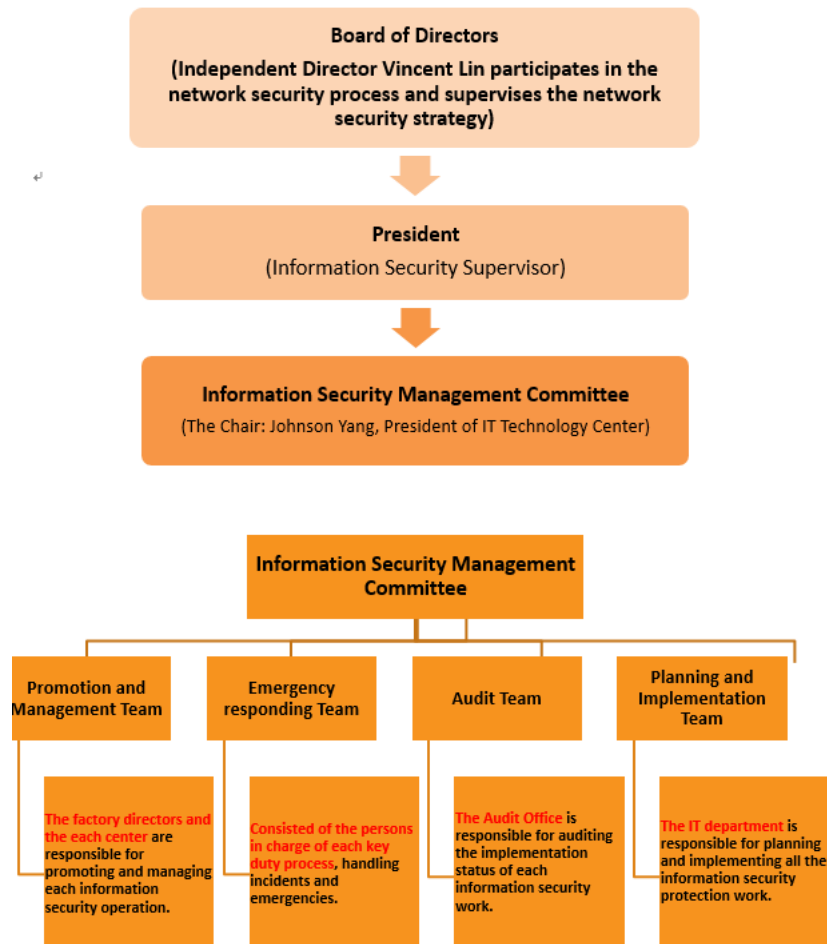
1. Neither Kunshan Factory nor Huangshi Factory had loss for labor disputes in 2023.

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

(A) 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 promotion of the group's information security, so as to build the company's comprehensive information security defense capabilities and colleagues' good information security awareness. The General Manager of the Information Technology Center serves as the chairman and reports to the President. Information security risks are regularly assessed and reported to the board of directors.
- (2) On the board of directors, Vincent Lin, an Independent Director with expertise in information technology, participates in the network security process and supervises the network security strategy. He has a PhD in information engineering from the National Chiao Tung University and currently serves as the Vice President of Technology at Emotibot Technologies Limited.

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:
- Automatically perform website and system vulnerability scans on a regular basis.
 - Sign regular contracts with external security companies to ensure that all software services installed on end systems, including IT and OT equipment, are kept up to date and all vulnerabilities have been patched.
 - Manage and monitor movable company equipment.
 - Import the bastion host and perform multi-factor authentication for maintenance personnel.
 - Firewall integration and replacement to improve protection.
 - Information security management system certification ISO 27001:2013 has been revised to ISO 27001:2022.
 - Daily tape offline backup, weekly cloud offline backup; regular restore drills every six months to avoid blackmail.
 - Regularly review the legality of account permissions, remove account permissions of resigned employees, and regularly change internal passwords.
 - Provide regular information security training to senior managers and lower-level employees to effectively establish information security defense lines.
 - Regularly conduct information security incident response drills.
 - Use Sangfor Internet Behavior Management System for web page filtering, behavior control, traffic management, prevention of intranet leaks, prevention of regulatory risks, Internet security, etc.; set up firewalls and anti-virus walls to block malicious attacks and viruses from spreading to the internal network, and prevent Unauthorized users enter the system; use the WhatsUp system to monitor the network status of servers, switches and other equipment.
 - Reported to the board of directors on December 15, 2022 and December 15, 2023.
 - No data breaches in 2022 and 2023.
4. Investing in the resources of information security management:
- There are currently 6 people in charge of information security, and we are continuing to add more people.
 - The current construction cost of information security software and hardware equipment is approximately NT\$33.8 million.
 - The budget for information security in 2024 is approximately NT\$23.36 million.
5. Number of personnel receiving information security education and training, and their hours:
- Course name: Information security and confidentiality awareness training

- In 2023, 1,478 people received information security education and training, with a total of 2,672 hours.

(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

Item \ Year		Financial Information for the past five years (Note 1, 2)				
		2019	2020	2021	2022	2023
Current assets		7,492,419	7,281,248	10,826,446	9,478,273	10,975,113
Real estate, factories and equipment		5,331,401	5,240,292	6,241,643	9,947,463	10,917,047
Intangible assets		13,709	28,812	44,583	67,801	47,652
Other assets		681,399	634,954	525,923	520,168	499,267
Total assets		13,518,928	13,185,306	17,638,595	20,013,705	22,439,079
Current liabilities	Prior to allocation	8,151,762	6,593,878	10,462,119	10,177,714	10,005,721
	After distribution	8,151,762	6,704,884	10,656,382	10,399,753	10,422,233
Non-current liabilities		1,457,045	1,460,162	1,655,680	3,682,589	5,526,094
Total liabilities	Prior to allocation	9,608,807	8,054,040	12,117,799	13,860,303	15,531,815
	After distribution	9,608,807	8,165,046	12,312,062	14,082,342	15,948,327
Equity from parent company		3,910,121	5,131,266	5,520,796	6,153,402	6,907,264
Capital stock		2,810,594	2,775,141	2,775,184	2,775,490	2,776,746
Paid-in capital		1,061,873	1,250,883	1,314,873	2,970,307	2,981,296
Retained earnings	Before distribution	495,598	1,510,116	1,869,564	600,917	1,382,276
	After distribution	495,598	1,399,110	1,675,301	378,878	965,764
Other equity		-457,944	-404,874	-438,825	-324,242	-389,953
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	130,930	156,899
Total equity	Before distribution	3,910,121	5,131,266	5,520,796	6,153,402	6,907,264
	After distribution	3,910,121	5,020,260	5,326,533	5,931,363	6,490,752

Unit: NTD thousands

Note 1: Emphasis of matter paragraphs in combined report.

Note 2: The above annual financial information has been verified by certified public accountant.

Note 3: The earning distribution case for 2023 was approved by a special resolution of the board of directors on February 27, 2024.

2. Concise Balance Sheet - Unconsolidated

Unit: NTD thousands

Year Item		Financial information for the past five years (Note 1, 2)				
		2019	2020	2021	2022	2023
Current assets		NA		0	7,354	693,093
Investment using the Equity Method				5,520,796	6,045,287	6,086,331
Real estate, plants and equipment				0	357	231
Intangible assets				0	0	0
Other assets				0	0	630
Total assets				5,520,796	6,052,998	6,780,285
Current liabilities	Prior to distribution			0	30,526	29,920
	After distribution			0	252,565	446,432
Non-current liabilities				0	0	0
Total liabilities	Prior to distribution			0	30,526	29,920
	After distribution			0	252,565	446,432
Capital stock				2,775,184	2,775,490	2,776,746
Paid-in capital				1,314,873	2,970,307	2,981,296
Retained earnings	Before distribution			1,869,564	600,917	1,382,276
	After distribution			1,675,301	378,878	965,764
Other equity				-438,825	-324,242	-389,953
Treasury stock				-	-	-
Total equity	Before distribution			5,520,796	6,022,472	6,750,365
	After distribution			5,326,533	5,800,433	6,333,853

Note 1: Emphasis of matter paragraphs in single report.

Note 2: The above annual financial information has been verified by certified public accountant.

Note 3: The earning distribution case for 2023 was approved by a special resolution of the board of directors on February 27, 2024.

(B) Concise Income Statement

1. Concise Income Statement - Consolidated

Unit: NTD thousands

Item \ Year	Financial information for the past five years (Note 1, 2)				
	2019	2020	2021	2022	2023
Revenue	13,717,231	12,624,101	15,753,057	15,297,012	15,713,954
Operating Margin	1,759,060	1,713,650	2,582,854	2,660,203	3,785,573
Operating Income	525,757	548,775	649,300	833,483	1,641,266
Non-operating income/expenses	-289,121	229,108	-2,164	-56,635	-175,743
Pre-tax net profit	236,636	777,883	647,136	776,848	1,465,523
Net profit for this period for continuing operating units	155,306	679,065	470,454	552,634	1,030,653
Loss from termination of business unit	-	-	-	-	-
Net profit (loss) for this period	155,306	679,065	470,454	552,634	1,030,653
Other accumulated profit/loss for this period (after-tax net value)	-174,685	53,070	-33,951	117,940	-67,213
Total comprehensive profit (loss) for this period	-19,379	732,135	436,503	670,574	963,440
Net profit for parent company	155,306	679,065	470,454	547,238	1,003,398
Net profit for non-controlling interest	-	-	-	5,396	27,255
Comprehensive profit/loss for parent company	-19,379	732,135	436,503	661,821	937,687
Comprehensive profit/loss for non-controlling interest	-	-	-	8,753	25,753
Earnings per share	0.63	2.58	1.70	1.97	3.61

Note 1: Emphasis of matter paragraphs in combined report.

Note 2: 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, 2)				
	2019	2020	2021	2022	2023
Revenue	NA		470,454	570,053	1,046,391
Operating Margin			470,454	570,053	1,046,391
Operating Income			470,454	547,272	984,757
Non-operating income/expenses			0	-34	18,641
Pre-tax net profit			470,454	547,238	1,003,398
Net profit for this period for continuing operating units			470,454	547,238	1,003,398
Losses for terminated business unit			-	-	-
Net profit (loss) for this period			470,454	547,238	1,003,398
Other accumulated profit/loss for this period (after-tax net value)			-33,951	114,583	-65,711
Total comprehensive profit (loss) for this period			436,503	661,821	937,687

Earnings per share		1.70	1.97	3.61
--------------------	--	------	------	------

Note 1: Emphasis of matter paragraphs in single report.

Note 2: 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
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
2022	Ernst & Young Taiwan	Chi-Ming Chang, Kuo-shuai Chen	Unqualified opinion with emphasis of matter or other matters
2023	Ernst & Young Taiwan	Hsiao-Chin Lo ,Chi-Ming Chang	Unqualified opinion with emphasis of matter or other matters

B. Financial Analysis for the Past Five Years

(A) Financial Analysis - Consolidated

Item to be analyzed \ Year		Financial Analysis for the past five years(note2)				
		2019	2020	2021	2022	2023
Financial structure	Debt to asset ratio (%)	71.08	61.08	68.70	69.25	69.22
	Long-term funds to fixed asset ratio (%)	100.67	125.78	107.92	94.99	113.89
Debt payback ability	Liquidity ratio (%)	91.91	110.42	103.48	93.13	109.69
	Current ratio (%)	67.83	80.48	71.76	62.22	83
	Interest protection multiples	2.07	5.84	5.81	4.29	4.57
Operational ability	Receivables turnover (times)	3.35	3.1	3.63	3.35	3.40
	Average collection turnovers (days)	109	118	101	109	107
	Inventory turnover (times)	7.01	7	5.38	4.18	4.56
	Payables turnover (times)	4.89	4.13	4.12	3.84	3.97
	Average inventory turnover (days)	52	52	68	87	80
	Fixed asset turnover (times)	2.43	2.39	2.59	0	1.51
	Total asset turnover (times)	0.99	0.95	1.02	0.81	0.74
Profitability	Return on assets (%)	2.44	6.05	3.75	3.94	6.4
	Return on equity (%)	3.96	15.02	8.83	9.48	15.78
	Profit before tax to paid-in capital ratio (%)	8.42	28.03	23.32	27.99	52.78
	Net Profit Margin (%)	1.13	5.38	2.99	3.61	6.56
	Earnings per share (NTD)	0.63	2.58	1.70	1.97	3.61
Cash flow	Cash flow ratio (%)	20.22	25.19	1.45	14.64	30.58
	Cash flow adequacy ratio (%)	46.96	58.5	38.14	46.93	67.82
	Cash reinvestment ratio (%)	15.81	14.06	0.30	7.94	14.53
Leverage	Operating leverage	2.59	4.59	5.09	3.72	2.45
	Financial leverage	1.73	1.41	1.26	1.39	1.33
Explanation of the reasons for changes in various financial ratios in the last two years (items that have increased or decreased by 20%)						
1. Increase in quick ratio: Mainly due to increased profits, increased working capital and inventory reduction.						
2. Decrease in the turnover rate of real estate, plants and equipment: mainly due to the increase in fixed assets.						
3. Increase in return on assets, return on equity, income before tax to paid-in capital ratio, net profit rate and earnings per share: mainly due to the increase in profits.						
4. Increase in cash flow ratio, Cash Adequacy Ratio and Cash Re-investment Ratio: mainly due to the increase in profits and the increase in cash flow from operating activities.						
5. Decrease in operating leverage: Mainly due to increase in operating profits.						

Note 1: Emphasis of matter paragraphs in combined report.

Note 2: The above annual financial information has been verified by certified public accountant.

Note 3: The total net cash flow of operating activities is negative, so the relevant ratio of the cash flow is not

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

Year Item to be analyzed			Financial Analysis for the past five years (note 1, 2)				
			2019	2020	2021	2022	2023
Financial structure	Debt to asset ratio (%)		NA	-	0.50	0.44	
	Long-term funds to fixed asset ratio (%)			-	1,686,966.95	2,922,235.93	
Debt payback ability	Liquidity ratio (%)			-	24.09	2,316.49	
	Current ratio (%)			-	22.88	2,306.75	
	Interest protection multiples			-	12,727.47	3,345.66	
Operational ability	Receivables turnover (times)			-	-	-	
	Average collection turnovers (days)			-	-	-	
	Inventory turnover (times)			-	-	-	
	Payables turnover (times)			-	-	-	
	Average inventory turnover (days)			-	-	-	
	Fixed asset turnover (times)			-	3,193.57	3,559.15	
	Total asset turnover (times)			0.09	0.10	0.16	
	Profitability	Return on assets (%)		8.52	9.46	15.64	
Return on equity (%)		8.52		9.48	15.71		
Profit before tax to paid-in capital ratio (%)		Operating profit		16.95	19.72	35.46	
		Net profit before tax		16.95	19.72	36.14	
Net Profit Margin (%)		100.00		96.00	95.89		
Earnings per share (NTD)		1.70		1.97	3.61		
Cash flow		Cash flow ratio (%)		-	-	3,252.0287	
	Cash flow adequacy ratio (%)			-	-	-	
	Cash reinvestment ratio (%)			-	-	113.17	
Leverage	Operating leverage			1.00	1.04	1.06	
	Financial leverage			1.00	1.00	1	
Explanation of the reasons for changes in various financial ratios in the last two years (items that have increased or decreased by 20%)							
1. Long-term Fund to Property, Plant and Equipment: Mainly due to the increase in profits resulting in the increase in shareholders’ equity.							
2. Current ratio and quick ratio: mainly due to the increase in bank deposits.							
3. Interest coverage ratio: Mainly due to the increase in interest expenses.							
4. Return on total assets: Mainly due to the increase in income during the current period.							
5. Increase in return on assets, return on equity, income before tax to paid-in capital ratio and earnings per share: mainly due to increase in profits.							

Note 1: Emphasis of matter paragraphs in single report.

Note 2: The above annual financial information has been verified by certified public accountant.

- C. The audit report from the audit committee for the financial report of the most recent year
Please see page 189 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 191 ~ 318 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 319 ~ 393 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	2022 (Consolidated)	2023 (Consolidated)	Variance	
			Amount	%
Current Assets	9,478,273	10,975,113	1,496,840	15.79%
Property, Plant and Equipment	9,947,463	10,917,047	969,584	9.75%
Other Assets and Intangible Assets (Including Funds and Investments)	587,969	546,919	-41,050	-6.98%
Total Assets	20,013,705	22,439,079	2,425,374	12.12%
Current Liabilities	10,177,714	10,005,721	-171,993	-1.69%
Non-current liabilities	3,682,589	5,526,094	1,843,505	50.06%
Total Liabilities	13,860,303	15,531,815	1,671,512	12.06%
Common Stock	2,775,490	2,776,746	1256	0.05%
Capital Surplus	2,970,307	2,981,296	10,989	0.37%
Retained Earnings	600,917	1,382,276	781,359	130.03%
Other Equity	-193,312	-233,054	-39,742	20.56%
Total Equity	6,153,402	6,907,264	753,862	12.25%

Analysis and explanation of the increase and decrease in the ratios:

1. Increase in total assets: mainly due to the increase in cash and cash equivalents, property, plant, and equipment.
2. Increase in non-current liabilities: mainly due to the increase in long-term borrowings.
3. Increase in total liabilities: mainly due to the increase in long-term borrowings.
4. Increase in retained earnings: mainly due to profits in 2023.
5. Decrease in other items of shareholders' equity: Mainly due to the decrease in exchange differences on translation of foreign financial statements
6. Increase in total shareholders' equity: mainly due to profits in 2023.

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	2022	2023	Variance	
			Amount	%
Net Operating Revenue	15,297,012	15,713,954	416,942	2.73%
Operating Cost	12,636,809	11,928,381	-708,428	-5.61%
Gross Profit	2,660,203	3,785,573	1,125,370	42.30%
Operating Expense	1,826,720	2,144,307	317,587	17.39%
Operating Income (Loss)	833,483	1,641,266	807,783	96.92%
Non-Operating Income and Expenses	-56,635	-175,743	-119,108	210.31%
Income Before Tax (Loss)	776,848	1,465,523	688,675	88.65%
Income Tax (Fee) Interests	-224,214	-434,870	-210,656	93.95%
Net Income (Loss)	552,634	1,030,653	478,019	86.50%
Other Comprehensive Income (Net Income After Tax)	117,940	-67,213	-185,153	-156.99%
Total Comprehensive Income	670,574	963,440	292,866	43.67%
Analysis and explanation of the increase and decrease ratio:				
1. Operating gross profit: mainly due to product structure adjustment and production efficiency improvement.				
2. Operating expenses: mainly due to the management expenses of the new factory in Thailand and the provision of employee bonuses from earnings.				
3. Operating profit: Mainly due to the increase in gross profit margin, resulting in an increase in operating profit.				
4. Non-operating income and expenses: Mainly due to the increase in interest expenses.				
5. Net profit before tax: Mainly due to the increase in gross profit margin, the profit increased compared with last year.				
6. Income tax expenses: Mainly due to the increase in profits in the current period.				
7. Net profit for the current period: Mainly due to the increase in gross profit margin, the profit increased compared with last year.				
8. Other comprehensive gains and losses for the current period: mainly due to exchange rate fluctuations.				
9. Total comprehensive profit and loss for the current period: Mainly due to the increase in gross profit margin, the profit increased compared with last year.				

(2) Sales Forecast and its basis. Possible impact on the company's future financial business and response plans. Due to the many uncertainties in the environmental aspects in 2024, the company has set the main direction for 2024 by integrating the evaluation of the company's strengths and market trends:

Production capacity: According to customer demand, the Huangshi plant plans to increase HDI production capacity by approximately 30% by adopting bottleneck-free manufacturing processes. The high-end process capacity of the Thailand factory is expected to be launched in 2024.

Technology type: Including multi-layer boards, high-density interconnect boards, high-frequency boards, thick copper boards, and semi-flex boards.

Product application type:

- (1) Automotive boards: Customer demand is relatively stable, and there are continued new product and part numbers. We collaborate deeply with customers in the direction of advanced driver assistance systems, smart cabins, and autonomous driving.
- (2) Networking and servers: Including cloud and enterprise servers and AI server.
- (3) Storage devices: Demand for memory modules is increasing.

C. Cash Flow

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

Item \ Year	2022	2023	Increase (Decrease) %
Cash flow percentage	14.64%	30.58%	108.89%
Cash flow adequacy ratio	46.39%	67.82%	46.19%
Cash reinvestment ratio	7.94%	14.53%	77.63%
Analysis of changes in increase (decrease) percentage: Mainly due to the increase in profits and the increase in cash flow from operating activities.			

(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
\$3,374,862	\$2,076,915	-\$2,054,659	\$3,397,118		

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 in 2023 is NT\$3,083,521 thousand, which was mainly for the expansion construction of the Thailand factory and 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 quality and cost, Huangshi Plant has transformed its production and manufacturing processes to automation, intelligence and informatization, improving automated production capabilities through information collection, analysis and control. Continues to build an automated production factory in Thailand with the experience of setting up Huangshi Plant. Keep expanding business in domestic and overseas markets and enhance the company's future competitiveness.

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
Dynamic Electronic Co., Ltd.	1,044,835	Investment holdings	Recognition of investment income	-	-
WINTEK(MAURITIUS) CO., LTD.	968,971	Investment holdings	Recognition of reinvestment income	-	-
Dynamic Electronics Holding Pte. Ltd.	969,253	Investment business	Recognition of reinvestment income	-	-
Dynamic Electronic Co., Ltd.	1,168,918	Production site	Operating profit	-	-
Dynamic Electronic (Kunshan) Co., Ltd.	(87,108)	Production site	The overall decrease in operating volume resulted in losses for the current period	Reduce costs and adjust product mix to improve operating conditions	-
Dynamic Electronics Co., Ltd. (Seychelles)	553,895	Trading business	Operating profit	-	-
Dynamic PCB Electronics Co., Ltd.	(123)	Triangle Trade	Recognition of Consultation fee	To cooperate with the group's business restructuring and consolidation, it is expected to terminate operations in 2024.	-
Dynamic Electronics Overseas Investment Holding Pte. Ltd.	(21,620)	Management operation and investment business	Recognition of reinvestment losses	-	-
CHIANAN TECHNOLOGY CO., LTD.	1,586	Mockup manufacture	Operating profit	-	-
CHENG CHONG TECHNOLOGY CO., LTD.	4,426	Mockup manufacture	Operating profit	-	-
Dynamic Technology Manufacturing (Thailand) Co., Ltd.	(21,218)	Production site	Expenses in the initial phase of operation	2023 is the initial phase of factory construction and has not yet started production. It is expected to operate profitably after mass production in the future.	It is expected to start mass production in 2024

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	2022	2023	
Interest Rate	Interest Income	16,930	43,720	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	235,783	410,993	
Changes in Exchange Rate	Net profit/loss from Exchange	215,192	45,383	<p>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.</p> <p>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:</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
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	2022	2023	
				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 Group's current derivatives transactions are mainly forward foreign exchange transactions to reduce the Group's foreign exchange risk. On the basis of the consolidated financial statements, the forward foreign exchange derivatives and foreign currency exchange gains and losses measured at fair value in 2023 were classified under the current profit and loss, with a net profit of NT\$46,271 thousand, the hedging effect is adequate. The Group regularly assesses risks and reports them to the Board of Directors on a quarterly basis. Continues to observe foreign currency exchange rate trends and operate pre-sold forward foreign exchange appropriately within the limits approved by the Board of Directors to reduce the Group's risks in holding U.S. dollar assets.

(C) R&D Plans and Estimated Expenses in Coming Years

- a. The R&D plan for 2024 includes: 5G telecom/datacom small cell process capability build up and samples, High-end Server, Switch, 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 2024 will be NTD717,305 thousand.

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

- a. In terms of Taiwan's regulatory environment, relevant laws and regulations for public companies (Standards for handling stock affairs, Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks, Regulations Governing Information to be Published in Annual Reports, Regulations Governing Information to be Published in Public Tender Offer Prospectuses, Regulations Governing Public Tender Offers for Securities of Public Companies, Regulations Governing Information to be Published in Public Offering and Issuance Prospectuses), Trademark Act, Securities and Exchange Act, etc. None of the above amendments are of major impact. We shall just follow the new revised principles and regulations. We always pay attention to the amendments to laws, regulations and policies as well as the company's long-term development and daily operations, and incorporate them into the company's governance and management development strategies in a timely manner.
- b. In terms of China's regulatory environment, we mainly focus on social and labor-related fields such as: revision of social insurance laws, judicial interpretations of ecological environment infringement cases, and revisions of provincial production safety regulations in Hubei and Jiangsu provinces (for the implementation of the 2021 Production Safety Law in the provinces). Among them, Regulation on the Provision of Social Insurance Services shall help improve the efficiency of social security governance and the security of social insurance funds; the newly revised regulations on production safety emphasize the person responsible for production safety, strengthen the construction of production safety infrastructure and supervision capabilities, and establish the establishment of safety risk prevention control mechanism, work responsibility evaluation and appraisal, and accident liability investigation system. The above revisions can be seen to strengthen the management of negative social and economic impacts and reduce the loss of people's lives and property.

(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: Construction of Thailand factory:
1. Expected benefits: The Thailand factory is a highly intelligent and automated smart factory with a more advanced and innovative design than the Huangshi No. 2 factory. It focuses on high-end multilayer boards and HDI technology, including the application of high-frequency and high-speed materials. The products will be used in servers, network communications, storage devices, automobiles and other fields, and will become an important breakthrough for us to enter the high-end artificial intelligence server and switch market.
 2. Possible risks and countermeasures:
 - (1) Risk: Debt ratio is too high and financing is difficult
Countermeasures: Improve high-end process capabilities and increase gross profit margins; reduce scrap rates and increase profits.
 - (2) Risk: long-term funding gap, affecting subsequent investment planning
Response measures: joint loan financing planning and strengthening budget control.
- (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 13.59% of the company's total purchase amount, so there is no risk caused by excessive concentration. In the recent two years, Two of the company's customers accounts for over 10% of the company's sales net amount, and the highest percentage is 17.87% 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:

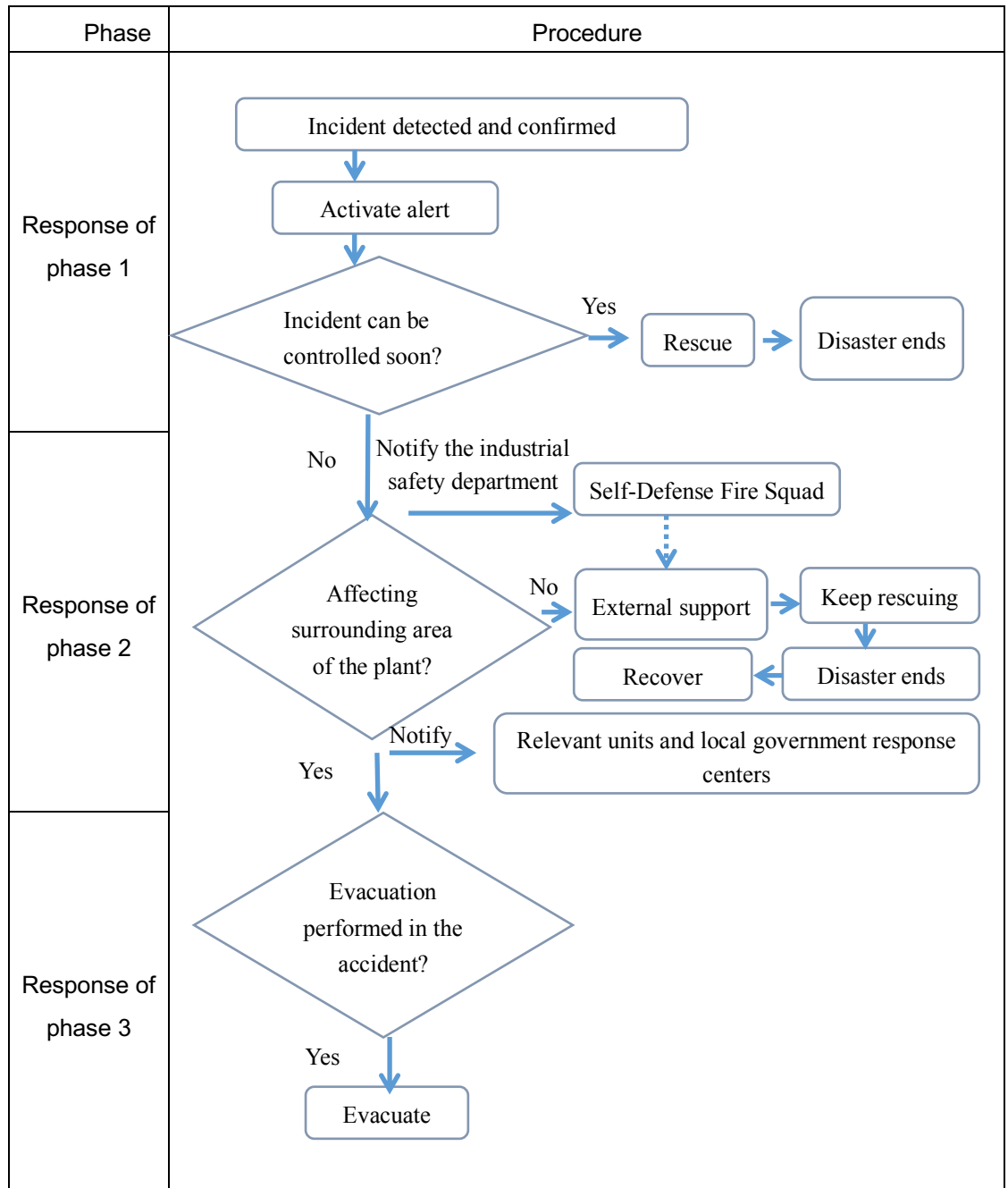
None of the Company's directors, president and subsidiaries - Kunshan Plant and Huangshi Plant is in a lawsuit, non-litigation and administrative disputes whose results may have a significant impact on the company's shareholders' equity or prices of securities.

(M) Other Major Risks and Response Measures:

1. Assessment of Risk Issues

In 2023, the Risk Management Committee has assessed a total of 3 risk issues, including: financial risks, exchange rate risks, and biodiversity risks that may be faced when building Thailand Plant. The responsible units have developed corresponding plans and reported them to the board of directors after review by the audit committee, and will continue to track.

2. Preparations and Response Procedures for Emergency Situations



3. Other incidents impacting normal operation:

Department	Operational functions	Incident handling	Acceptable recovery time	Operational function ranks
Corporate Operational Risk Office	<ul style="list-style-type: none"> • External spokesperson for crisis events • Risk assessment and hazard identification of recovery process • Assessment and analysis of Corporate's available recovery resources • Participate in recovery plan progress planning • Risk analysis for recovery decisions • Continuous monitoring of crisis risks 	Formulate and announce relevant press releases on recovery work, provide relevant recovery information to customers, manufacturers, investors, news media and government units in a unified manner, and supervise and control the progress of the recovery plan.	24 hours	Extremely important
Human Resources	Production Line Operation (Maintain stable and sufficient production manpower)	<p>1) Short term:</p> <ol style="list-style-type: none"> Through flexible allocation of personnel between production lines Establish recovery shift schedule and group operation process Activating the mechanism for deputy Urgent recruitment of new manpower Condolences to injured colleagues and help deal with the aftermath Assist in the payment of allowances and consolation payments <p>2) Mid-term: Continue to strengthen employee relationships through retaining employees, reducing turnover rates, adjusting promotion channels etc., and at the same time continue to expand external recruitment channels, including internal referral, internal recruitment, Internet, school recruitment, headhunter, etc., to achieve stable acquisition. The manpower required to achieve operational goals.</p> <p>3) Long-term: Improve the overall quality of personnel and achieve a high degree of equipment automation and information automation.</p>	<p>short term: 24 hours</p> <p>Mid-term: 1 month</p> <p>Long-term: 1 year</p>	Important
Official affairs	Production line operation (Maintain the operation of the equipment)	<ol style="list-style-type: none"> 1) Confirmation of loss of facilities in the factory 2) Recovering the equipment planning and installation of the site 3) Develop recovery production schedule 	8 hours	Important

		4) Activate emergency maintenance of material preparation system 5) Equipment recovery test 6) Online trial operation		
Factory Affairs	Water, gas and electricity supply (water outage, power outage, etc.)	1) Dispatch temporary power generation facilities to maintain the operation of important equipment. 2) Add temporary storage tanks and dispatch water trucks for temporary use by important production lines. 3) Complete the restoration of public facilities as soon as possible.	8 hours	extremely important
Procurement	Raw material supply (Supplier emergencies)	1) Urgently contact relevant suppliers to confirm the damage to upstream and downstream suppliers 2) Check the inventory in plant and supplier's available inventory. 3) Find other ways to purchase backup resources and conduct related emergency procurement operations 4) Collect manufacturer information of substitute raw materials, maintain normal supply of customer products by purchasing substitute materials when necessary. 5) Smooth procurement processes and channels 6) Order new equipment or parts to replace damaged equipment 7) Assist in clearing and transporting damaged equipment	24 hours	Important
Environmental safety	Environmental safety issues (Response to sudden environmental pollution accidents)	1) Activate emergency preparation plan and reserve emergency response materials and personnel. 2) Activate the emergency wastewater storage tank to ensure that contaminated wastewater does not affect the external environment and normal production capacity of the factory. 3) Plan separate storage and clearance for waste and discarded equipment after a disaster	4 hours	Extremely important
Environmental safety	Environmental safety issues (Emergency response to sudden fires and safety incidents)	1) Activate corresponding emergency preparation plans and safe operating practices for recovery work. 2) Establish a temporary medical station during the recovery period 3) Strengthen the control of people entering and exiting the rebuilt area 4) Strengthen safety and health promotion work during recovery work 5) Activate the safety and health audit during the recovery work	0.5 hour	Extremely important
Environmental safety	In-plant blockage from pandemic	1) Analysis and evaluation of business trips to epidemic areas. 2) Activate epidemic prevention measures of the factories and customer service centers in epidemic areas.	1 week	Important

Information technology	Information security issues (Virus infected devices, response to hacker's hacking)	1) Check the host computer for damage 2) If it is a hacker or virus, IT will immediately isolate the network segment and find out the cause of the infection. 3) When information leakage is discovered, the unit to which the data belongs will evaluate the importance of the leaked information and notify legal affairs to handle it in accordance with the law. 4) Confirm that the hardware facilities are restored and back online 5) Off-site backup data recovery 6) Assist various departments to restore interrupted computer systems 7) Activate temporary information management center	12 hours	Important
Management	Public disaster (Handling of employee injuries and food poisoning, operation of general affairs)	1) Cross-department communication within the company 2) Organization and allocation of useful corporate recovery resources 3) Take photos and record the restoration process 4) Assist in insurance claim filing 5) Provide daily living and catering supplies for employees 6) Construction and planning of temporary work spaces 7) Meeting minutes related to the recovery plan	24 hours	Important
Finance Department	Support post-disaster financial needs	1) Raising and allocation of recovery funds 2) Maintain normal salary payment 3) Investigation of property losses caused by disasters and accidents 4) Assist in insurance claims settlement 5) Establish a strategy to stabilize the company's stock price after a disaster	1 week	Important
Production and marketing	Maintain production schedule operations	1) Check abnormal production and sales needs 2) Activate partner-Factory supports production and distribution. 3) Make arrangements for off-site support.	24 hours	Important
Sales Department	Stability of existing business	1) Continuously communicate with customers 2) Pacify customers and stabilize the market 3) Survey and analysis of post-disaster market share 4) Competitor market dynamics survey	1 week	Important
Customer Service	After-sales product quality maintenance	1) Establish a post-disaster product maintenance and warranty mechanism	1 month	Minor

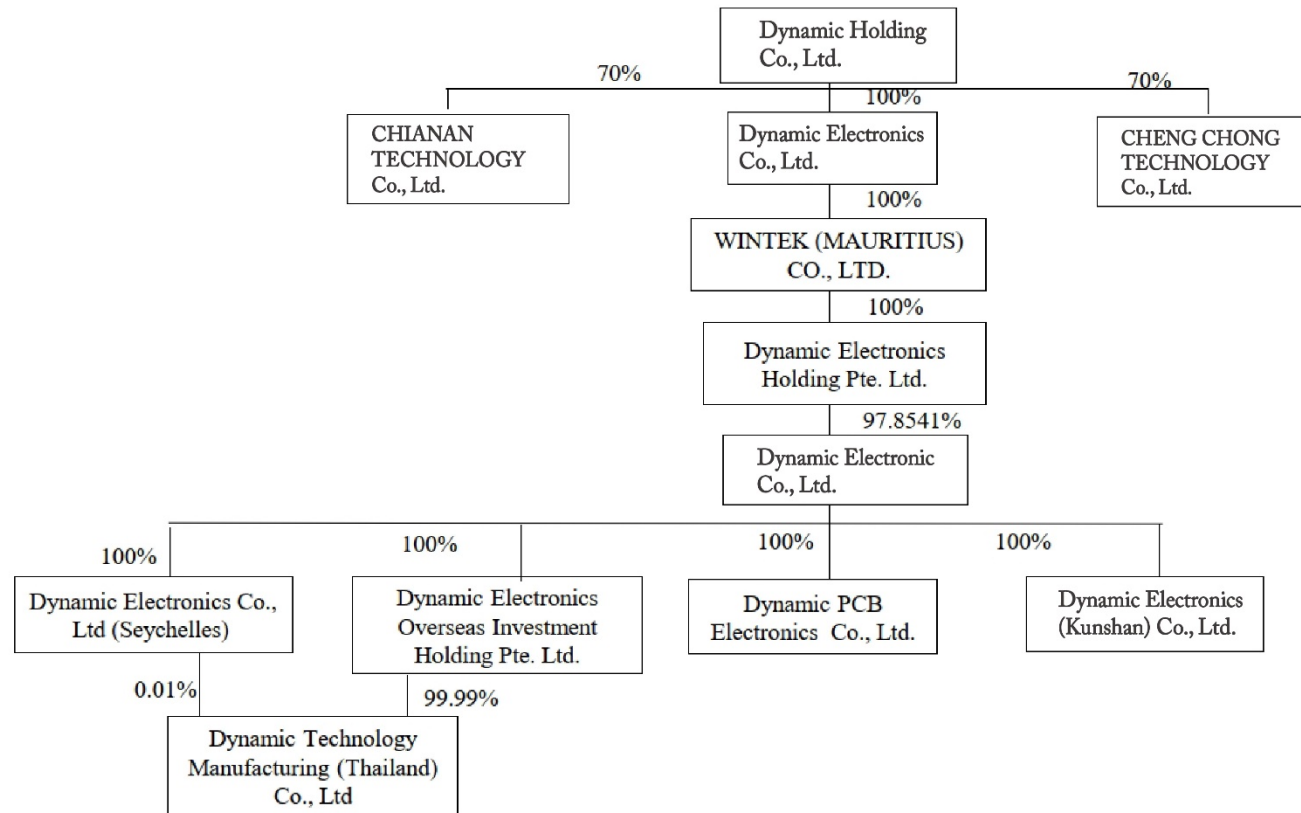
		2) Establish a temporary customer service center 3) Keep customer service communication channels open and smooth 4) Provision of reliable product information		
legal office	Handling of legal affairs	1) Handle penalties and lawsuits caused by disasters and accidents 2) Assist the company in handling complaints from relevant stakeholders	1 month	Minor

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, 2023

Company Name	Date of Incorporation	Address	Paid-in Capital	Major Business Activities
Dynamic Electronics Co., Ltd.	1988.08	6F., No. 50, Minquan Rd., Luzhu Dist., Taoyuan City, Taiwan	NTD 2,775,489	PCB and business which relates to import and export
WINTEK(MAURITIUS) CO., LTD.	2001.12	Level3,Alexander House,35 Cybercity,Ebene ,Mauritius	USD 85,810	Investment Holdings
Dynamic Electronics Holding Pte. Ltd.	2015.01	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE (169876)	USD 141,917	Investment Holdings
Dynamic Electronics Co., Ltd.	2015.11	No. 189, Jinshan Avenue, Huangshi Economic and Technological Development Zone, China	RMB 384,529	Manufacture and sales of PCB
<i>Dynamic Electronics (Kunshan) Co., Ltd.</i>	2002.02	<i>No. 1688, Jinshajiang North Road, Kunshan, Jiangsu, China</i>	RMB 592,008	Manufacture and sales of PCB
<i>Dynamic Electronics Co., Ltd. (Seychelles)</i>	2014.10	<i>1stFloor,#5DEKK House,De Zippora Street, Providence Industrial Estate, Mahe,Republic of Seychelles</i>	USD 50	PCB and business which relates to import and export
<i>Dynamic PCB Electronics Co., Ltd.</i>	2008.01	<i>1stFloor,#5DEKK House,De Zippora Street, P.O.BOX 456 Providence Industrial Estate,Mahe,Republic of Seychelles</i>	USD 50	PCB and business which relates to import and export
<i>Dynamic Electronics Overseas Investment Holding Pte. Ltd.</i>	2015.01	<i>151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE (169876)</i>	USD 40,050	Management Operations and investment business
CHIANAN TECHNOLOGY CO. LTD.	1978.02	2F, No. 649, Zhongzheng Road, Xinzhuang District, New Taipei City	NTD 6,000	Mockup manufacture
CHENG CHONG TECHNOLOGY CO.,LTD.	2015.01	17F, No. 545, Longan Road, Xinzhuang District, New Taipei City	NTD 5,000	Mockup manufacture
Dynamic Technology Manufacturing (Thailand) Co., Ltd.	2023.04	106 Moo 7 Thatoom, Srimahaphot, Prachinburi 25140	THB 1,413,295	Operating PCB production and sales business

(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, 2023

Company Name	Title	Name or Representative	Holding of Shares	
			Shares	%
Dynamic Electronics Co., Ltd.	Chairman	Ken Huang	277,548,934	100.00%
WINTEK(MAURITIUS) CO., LTD.	Director	Ken Huang	8,581,000	100.00%
Dynamic Electronics Holding Pte. Ltd.	Director	Ken Huang, Jean Liu, Lily Chiang, Jungong Yang	141,917,000	100.00%
Dynamic Electronics Co., Ltd.	Director	Ken Huang, Jean Liu, Dai-long Li, Louis Chiu, Shi-ming Wang Zhi-yuan Liu, Xianze Li, Meina Zhu Ken Huang	376,277,619	97.8541 %
	Supervisor			
	President			
Dynamic Electronics (Kunshan) Co., Ltd.	Executive Director Supervisor President	Ken Huang Jean Liu Ken Huang	-	97.8541 %
Dynamic Electronics Co., Ltd. (Seychelles)	Director	Ken Huang	48,927	97.8541 %
Dynamic PCB Electronics Co., Ltd.	Director	Ken Huang	48,927	97.8541 %
Dynamic Electronics Overseas Investment Holding Pte. Ltd.	Director	Ken Huang, Jean Liu, Lily Chiang, Jungong Yang	39,190,567	97.8541 %
CHIANAN TECHNOLOGY CO. LTD.	Chairman Supervisor President	Jason Wu Lily Chiang Zheng-wei Hsu	7	70.00%
CHENG CHONG TECHNOLOGY CO.,LTD.	Chairman Supervisor President	Jason Wu Lily Chiang Zheng-wei Hsu	7	70.00%
Dynamic Technology Manufacturing (Thailand) Co., Ltd.	Directors	Ken Huang Jean Liu Bill Nee	13,828,498	97.8541 %

(F) Operation Results of Affiliated Companies

Unit: thousand NTD; Dec. 31, 2023

Company Name	Paid-In Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Income	Net Income	EPS
Dynamic Holding Co., Ltd.	2,776,746	6,780,285	29,920	6,750,365	1,046,391	984,757	1,003,398	3.61
Dynamic Electronics Co., Ltd.	2,775,489	6,694,717	661,786	6,032,931	0	-18,739	1,044,835	-
WINTEK(MAURITIUS) CO., LTD.	2,634,796	6,528,519	0	6,528,519	-	-321.9	968,971	-
Dynamic Electronics Holding Pte. Ltd.	4,357,561	6,527,865	224	6,527,641	-	-1,765	969,270	-
Dynamic Electronics Co., Ltd.	1,667,015	20,072,349	13,183,667	6,888,682	11,453,712	1,282,758	1,186,050	-
Dynamic Electronics (Kunshan) Co., Ltd.	2,566,479	6,462,738	3,756,997	2,705,741	7,712,220	-65,482	-88,385	-
Dynamic Electronics Co., Ltd. (Seychelles)	1,535	4,333,063	3,473,050	860,013	11,682,504	461,269	553,898	-
Dynamic PCB Electronics Co., Ltd.	1,535	247,472	245,640	1,832	0	-193	-124	-
Dynamic Electronics Overseas Investment Holding Pte. Ltd.	1,229,735	1,255,935	181	1,255,754	1,405	-523	-21,618	-
CHIANAN TECHNOLOGY CO. LTD.	6,000	17,659	5,497	12,162	28,469	1,121	1,586	-
CHENG CHONG TECHNOLOGY CO.,LTD.	5,000	25,566	7,479	18,087	36,204	5,437	4,426	-
Dynamic Technology Manufacturing (Thailand) Co., Ltd.	1,274,474	1,498,731	245,622	1,253,108	-	-12,405	-21,212	-

Note 1: Refer to foreign exchange rates to NTD:

For the balance sheet, USD=30.705, RMB=4.335208, THB=0.901775

For the income statement, USD=31.157678, RMB=4.398748, THB=0.895283

(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 2023 report (starting from January 1st, 2023 to December 31st, 2023) "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 2023

1. In order to ensure a comfortable and bright office space for employees, an examination agency is appointed to examine indoor carbon dioxide and illumination every year, and environmental improvements are made based on the monitoring results.
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 2023

1. The number of incidents in 2022 was 13 (11 people injured at work, 2 people involved in traffic accidents), and the number in 2023 was 7 (5 people injured at work, 2 people involved in traffic accidents), a decrease of 46%..
2. Most of the work-related injuries that have occurred in 2022 were new employees and transferred personnel who were injured due to poor manufacturing processes.
3. Through the measures such as strengthening the factory-level, teams and groups-level safety production education training and assessment for new recruits and reshuffled employees, no work safety accidents occurred in the fourth quarter.
3. After strengthening the workshop-level and team-level safety production education, training and assessment for new and shifted employees, there were no work safety accidents for new employees in 2023. The five accidents that occurred in 2023 were all caused by the senior employees with more than 5 years of experience, these employees have been performing business at their posts for a long time and should be less prone to industrial safety injuries. After analysis, incidents were caused by their overconfidence and negligence. Standard action requirements on site will be strengthened. Workers are prohibited from operating based on personal assumption and perception.

(C) Occupational safety measures for Huangshi plant in 2023

1. 12 work-related injuries in 2022 and 14 injuries in 2023, an increase of 17%.

2. Analysis of the main causes of work-related injuries was during the Plant II expansion, new recruits had insufficient safety awareness, and maintenance personnel went straight to maintenance without shutting down the machine for convenience. There were 3 traffic accidents outside the factory.
3. The improvement measures are as follows: the industrial safety personnel use the morning meeting time to go to each section in turn to conduct safety publicity and safety case broadcasts and formulate safety training plans. At the same time, by optimizing the safety design of equipment, adding micro switches, light curtains and equipment linkage, shutdown upon abnormality, to avoid work-related injuries caused by inappropriate reactions by new employees.

(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. Statement on Internal Control System

Dynamic Holding Co., Ltd.

Statement on Internal Control System

Date: Feb. 27, 2024

According to self-inspected results, the Company's internal control system of 2023 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, 2023, 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. 27, 2024, among the 7 attendees, there were 0 dissenting opinions.

Dynamic Holding Co., Ltd.

Chairman: Ken Huang Signature

President: Jean Liu Signature

XI. Auditor's Report and 2023 Financial Statements

Audit Committee's Review Report

It is agreed to and resolved by the Audit Committee and the Board of Directors that the company's 2023 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, financial statement and Earnings Distribution Table of 2023 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 Holding Co., Ltd. According to article 219 of Company Law, we hereby submit this report.

To
2024 Annual Meeting of Shareholders of Dynamic Holding Co., Ltd.

Chairman of the Audit Committee: Yi-chia Chiu

February 27th, 2024

MANAGEMENT REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Dynamic Holding Co., Ltd. as of and for the year ended December 31, 2023, 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 HOLDING CO., LTD.

By



KEN HUANG

Chairman

Feb. 27, 2024

English Translation of a Report Originally Issued in Chinese
AUDIT REPORT OF INDEPENDENT AUDITORS

To: The Board of Directors
Dynamic Holding Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Dynamic Holding Co., Ltd. (the “Company”) and its subsidiaries as of December 31, 2023 and 2022, 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

As stated in Note 1 to the consolidated financial report, Dynamic Holding Co., Ltd. acquired 100% equity of Dynamic Electronics Co., Ltd. by means of share swap on August 25, 2022. The above-mentioned share swap was an organizational restructuring under common control. Dynamic Holding Co., Ltd. was actually the continuation of Dynamic Electronics Co., Ltd., so the consolidated financial statements of Dynamic Holding Co., Ltd. recognized the relevant assets and liabilities based on the book value of the consolidated financial statements of Dynamic Electronics Co., Ltd. The consolidated financial statements for the comparative period were prepared as if the entities had been combined from the beginning.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 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\$15,713,954 thousand for the year ended December 31, 2023 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\$2,260,382 thousand, representing 10% of consolidated total assets, as of December 31, 2023 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, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

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

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 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 including an Emphasis of Matter Paragraph on the parent-company-only financial statements of the Company for the years ended December 31, 2023 and 2022.

/s/Lo, Hsiao Chin

/s/Chang, Chih Ming

Ernst & Young
February 27th, 2024
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 audit 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 HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			As of December 31, 2023		As of December 31, 2022	
Code	Accounts	Notes	Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$3,374,862	15	\$1,677,887	8
1110	Financial assets at fair value through profit or loss	4, 6(2)	800	-	-	-
1136	Financial assets measured at amortized cost	4, 6(3), 8	29,046	-	162,441	1
1150	Notes receivable, net	4, 6(4), 8	341,528	2	40,165	-
1170	Accounts receivable, net	4, 6(5)	4,448,885	20	4,365,314	22
1200	Other receivables		97,898	-	84,356	-
1310	Inventories, net	4, 6(6)	2,260,382	10	2,706,870	14
1410	Prepayments		410,077	2	439,137	2
1470	Other current assets		11,635	-	2,103	-
	Total current assets		<u>10,975,113</u>	<u>49</u>	<u>9,478,273</u>	<u>47</u>
15xx	Non-current assets					
1600	Property, plant and equipment	4, 6(7), 8, 9	10,917,047	49	9,947,463	50
1755	Right-of-use assets	4, 6(23), 8	384,723	2	407,627	2
1780	Intangible assets	4, 6(8), 6(9)	47,652	-	67,801	-
1840	Deferred tax assets	4, 6(27)	103,667	-	110,334	1
1900	Other non-current assets	6(10)	10,877	-	2,207	-
	Total non-current assets		<u>11,463,966</u>	<u>51</u>	<u>10,535,432</u>	<u>53</u>
	Total Assets		<u>\$22,439,079</u>	<u>100</u>	<u>\$20,013,705</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 HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)

As of December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2023		As of December 31, 2022	
Code	Accounts	Notes	Amount	%	Amount	%
21xx	Current liabilities					
2100	Short-term loans	6(11)	\$3,906,953	18	\$3,918,562	20
2120	Financial liabilities at fair value through profit or loss	6(12)	-	-	77	-
2130	Contract liability	6(21)	23,132	-	1,359	-
2150	Notes payable		168	-	1,211	-
2170	Accounts payable		2,991,560	13	3,022,435	15
2200	Other payables	6(13)	2,431,561	11	2,658,529	13
2230	Current tax liabilities	4	62,351	-	63,420	-
2280	Lease liabilities	6(23)	1,833	-	4,910	-
2300	Other current liabilities		40,175	-	61,545	-
2321	Current portion of bonds payable	4, 6(14)	-	-	2,363	-
2322	Current portion of long-term loans	6(15), 8	219,903	1	182,394	1
2365	Refund liability	6(16)	328,085	1	260,909	1
	Total current liabilities		<u>10,005,721</u>	<u>44</u>	<u>10,177,714</u>	<u>50</u>
25xx	Non-current liabilities					
2540	Long-term loans	6(15), 8	4,129,166	18	2,607,712	13
2570	Deferred tax liabilities	4, 6(27)	664,756	3	395,643	2
2580	Lease liabilities	6(23)	741	-	1,654	-
2630	Long-term deferred revenue	6(17)	589,994	3	599,457	3
2645	Guarantee deposits		141,437	1	78,123	1
	Total non-current liabilities		<u>5,526,094</u>	<u>25</u>	<u>3,682,589</u>	<u>19</u>
	Total liabilities		<u>15,531,815</u>	<u>69</u>	<u>13,860,303</u>	<u>69</u>
31xx	Equity attributable to the parent company					
3100	Capital	6(19)				
3110	Common stock		2,776,746	13	2,775,490	14
3200	Capital surplus	6(19)	2,981,296	13	2,970,307	15
3300	Retained earnings	6(19)				
3310	Legal reserve		16,209	-	-	-
3320	Special reserve		324,242	1	438,825	2
3350	Accumulated profit or loss		1,041,825	5	162,092	1
3400	Other components of equity		(389,953)	(2)	(324,242)	(2)
36xx	Non-controlling interests	6(19)	156,899	1	130,930	1
	Total equity		<u>6,907,264</u>	<u>31</u>	<u>6,153,402</u>	<u>31</u>
	Total liabilities and equity		<u>\$22,439,079</u>	<u>100</u>	<u>\$20,013,705</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 HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2023 and 2022
(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(21)	\$15,713,954	100	\$15,297,012	100
5000	Operating costs	6(6)	(11,928,381)	(76)	(12,636,809)	(83)
5900	Gross profit		<u>3,785,573</u>	<u>24</u>	<u>2,660,203</u>	<u>17</u>
6000	Operating expenses					
6100	Sales and marketing expenses		(592,594)	(4)	(484,528)	(3)
6200	General and administrative expenses		(953,893)	(6)	(659,689)	(4)
6300	Research and development expenses		(618,511)	(3)	(660,154)	(4)
6450	Expected credit gains (losses)	4, 6(22)	20,691	-	(22,349)	-
	Operating expenses total		<u>(2,144,307)</u>	<u>(13)</u>	<u>(1,826,720)</u>	<u>(11)</u>
6900	Operating income		<u>1,641,266</u>	<u>11</u>	<u>833,483</u>	<u>6</u>
7000	Non-operating income and expenses	6(25)				
7100	Interest income		43,720	-	16,930	-
7010	Other income		274,922	2	169,925	1
7020	Other gains and losses		(83,392)	-	(7,707)	-
7050	Finance costs		(410,993)	(3)	(235,783)	(2)
	Non-operating income and expenses total		<u>(175,743)</u>	<u>(1)</u>	<u>(56,635)</u>	<u>(1)</u>
7900	Income from continuing operations before income tax		1,465,523	10	776,848	5
7950	Income tax expense	4, 6(27)	(434,870)	(3)	(224,214)	(1)
8200	Net income		<u>1,030,653</u>	<u>7</u>	<u>552,634</u>	<u>4</u>
8300	Other comprehensive income (loss)	6(26)				
8360	May be reclassified to profit or loss in subsequent periods					
8361	Exchange differences arising on translation of foreign operations		(67,213)	-	117,940	-
	Total other comprehensive income (loss), net of tax		<u>(67,213)</u>	<u>-</u>	<u>117,940</u>	<u>-</u>
8500	Total comprehensive income (loss)		<u>\$963,440</u>	<u>7</u>	<u>\$670,574</u>	<u>4</u>
8600	Net income attributable to:					
8610	Shareholders of the parent		\$1,003,398	7	\$547,238	4
8620	Non-controlling interests		27,255	-	5,396	-
			<u>\$1,030,653</u>	<u>7</u>	<u>\$552,634</u>	<u>4</u>
8700	Total comprehensive income attributable to:					
8710	Shareholders of the parent		\$937,687	7	\$661,821	4
8720	Non-controlling interests		25,753	-	8,753	-
			<u>\$963,440</u>	<u>7</u>	<u>\$670,574</u>	<u>4</u>
9750	Earnings per share - basic (in NT\$)	6(28)	<u>\$3.61</u>		<u>\$1.97</u>	
9850	Earnings per share - diluted (in NT\$)	6(28)	<u>\$3.61</u>		<u>\$1.96</u>	

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

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2023 and 2022
(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	Non-controlling Interests	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	31XX	36XX	3XXX
A1	Balance as of January 1, 2022	\$2,775,141	\$43	\$1,314,873	\$599,291	\$299,666	\$970,607	\$(438,825)	\$5,520,796	\$-	\$5,520,796
	Appropriation and distribution of 2021 earnings										
B1	Legal reserve				47,045		(47,045)		-		-
B3	Special reserve					139,159	(139,159)		-		-
B5	Cash dividends-common shares						(194,263)		(194,263)		(194,263)
C5	Equity component of convertible bonds			(2,847)					(2,847)		(2,847)
D1	Net income for 2022						547,238		547,238	5,396	552,634
D3	Other comprehensive income (loss) for 2022							114,583	114,583	3,357	117,940
D5	Total comprehensive income (loss)	-	-	-	-	-	547,238	114,583	661,821	8,753	670,574
H3	Effect of joint share exchange	-	-	1,621,622	(646,336)	-	(975,286)	-	-		-
I1	Conversion of convertible bonds	349	(43)	379					685		685
M7	Charges in ownership interest in subsidiaries			36,280					36,280	114,879	151,159
O1	Non-controlling interests increase									7,298	7,298
Z1	Balance as of December 31, 2022	<u>\$2,775,490</u>	<u>\$-</u>	<u>\$2,970,307</u>	<u>\$-</u>	<u>\$438,825</u>	<u>\$162,092</u>	<u>\$(324,242)</u>	<u>\$6,022,472</u>	<u>\$130,930</u>	<u>\$6,153,402</u>
A1	Balance as of January 1, 2023	\$2,775,490	\$-	\$2,970,307	\$-	\$438,825	\$162,092	\$(324,242)	\$6,022,472	\$130,930	\$6,153,402
	Appropriation and distribution of 2022 earnings										
B1	Legal reserve				16,209		(16,209)		-		-
B3	Special reserve					(114,583)	114,583		-		-
B5	Cash dividends-common shares						(222,039)		(222,039)		(222,039)
D1	Net income for 2023						1,003,398		1,003,398	27,255	1,030,653
D3	Other comprehensive income (loss) for 2023							(65,711)	(65,711)	(1,502)	(67,213)
D5	Total comprehensive income (loss)	-	-	-	-	-	1,003,398	(65,711)	937,687	25,753	963,440
I1	Conversion of convertible bonds	1,256	-	1,130					2,386		2,386
M7	Charges in ownership interest in subsidiaries			9,859					9,859	216	10,075
Z1	Balance as of December 31, 2023	<u>\$2,776,746</u>	<u>\$-</u>	<u>\$2,981,296</u>	<u>\$16,209</u>	<u>\$324,242</u>	<u>\$1,041,825</u>	<u>\$(389,953)</u>	<u>\$6,750,365</u>	<u>\$156,899</u>	<u>\$6,907,264</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2023	2022	Code	Items	2023	2022
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income (loss) before tax	\$1,465,523	\$776,848	B00040	Disposal (acquisition) of financial assets measured at amortized cost	133,395	(161,223)
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(3,083,521)	(3,057,249)
A20010	Income and expense adjustments:			B02800	Proceeds from disposal of property, plant and equipment	15,381	63,209
A20100	Depreciation (including right-of-use assets)	1,363,163	850,545	B03700	Decrease (increase) in refundable deposits	(839)	(715)
A20200	Amortization	20,928	26,838	B04500	Acquisition of intangible assets	(1,037)	(16,917)
A20300	Expected credit losses (gain)	(20,691)	22,349	B05000	Cash outflow from business combination	-	(67,622)
A20400	Net loss (gain) of financial assets at fair value through profit or loss	(888)	4,348	B06700	Increase in other non-current assets	(10,843)	-
A20900	Interest expense	410,993	235,783	B09900	Proceeds from disposal of right-of-use assets	74,727	-
A21200	Interest income	(43,720)	(16,930)	B09900	Increase (decrease) in long-term deferred revenue	49,986	243,566
A21900	Share-based payment expenses	10,075	-	BBBB	Net cash provided by (used in) investing activities	(2,822,751)	(2,996,951)
A22500	Loss on disposal of property, plant and equipment	103,574	53,697				
A23700	Impairment loss (reversal) on non-financial assets	609	33,715				
A24200	Losses on redemption of bonds	-	55,572				
A29900	Gains on disposal of right-of-use assets	(71,588)	-	CCCC	Cash flows from financing activities:		
A29900	Loss (gain) on government grants	(50,082)	(38,566)	C00100	Increase in (repayment of) short-term loans	(11,609)	(668,509)
A30000	Changes in operating assets and liabilities:			C01300	Repayment of bonds	-	(548,850)
A31130	Notes receivable	(301,363)	26,612	C01600	Increase in long-term loans	1,897,509	2,520,258
A31150	Accounts receivable	(63,071)	235,678	C01700	Repayment of long-term loans	(293,627)	(788,416)
A31180	Other receivables	(13,542)	19,259	C03000	Increase (decrease) in guarantee deposits	63,314	(43,001)
A31200	Inventories	446,488	246,186	C04020	Payments of lease liabilities	(5,149)	(3,382)
A31230	Prepayment	29,060	(73,110)	C04500	Cash dividends	(222,039)	(194,263)
A31240	Other current assets	(9,532)	(291)	C05800	Increase (decrease) in non-controlling interests	-	151,159
A32125	Contract liability	21,773	(2,707)	CCCC	Net cash provided by (used in) financing activities	1,428,399	424,996
A32130	Notes payable	(1,043)	(1,108)				
A32150	Accounts payable	(30,875)	(540,690)				
A32180	Other payables	261,454	(171,373)				
A32230	Other current liabilities	(21,370)	16,326	DDDD	Effect of exchange rate changes on cash and cash equivalents	31,410	30,155
A32990	Refund liability	67,176	27,747				
A32000	Cash generated from operations	3,573,051	1,786,728				
A33100	Interest received	43,720	16,930				
A33300	Interest paid	(397,708)	(221,908)	EEEE	Net Increase (decrease) in cash and cash equivalents	1,696,975	(1,051,673)
A33500	Income tax paid	(159,146)	(91,623)	E00100	Cash and cash equivalents at beginning of period	1,677,887	2,729,560
AAAA	Net cash provided by (used in) operating activities	3,059,917	1,490,127	E00200	Cash and cash equivalents at end of period	\$3,374,862	\$1,677,887

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

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2023 and 2022 and for the years then ended

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

1. History and organization

Dynamic Holding Co., Ltd. (hereinafter referred to as " the Company") was approved and established on August 25, 2022 and listed for trading on the Taiwan Stock Exchange.

Dynamic Electronics Co., Ltd. (hereinafter referred to as " Dynamic Electronics") applied for the establishment of Dynamic Holding Co., Ltd. by the board of directors on March 31, 2022 and the shareholders' meeting on May 20, 2022 to acquire 100% equity of Dynamic Electronics. The share swap is to exchange 1 common share of Dynamic Electronics for 1 common share of the Company and has been completed on August 25, 2022. On the same day, Dynamic Electronics became a 100% subsidiary of the Company and terminated the stock listing and public offering. The Company's common stock was listed and traded under the stock code "3715" from the same day. The aforementioned share swap was an organizational restructuring under common control. The Company was actually the continuation of Dynamic Electronics Co., Ltd., and the parent company only financial statements for the comparative period were prepared as if the entities had been combined from the beginning.

The main activities of the Company and its subsidiaries (the“Group”) are mainly the manufacturing and processing of various electronic components, the design of microcomputers and peripheral equipment, the manufacturing and processing of integrated circuits and substrates, the manufacturing and processing of various circuit boards, the quotation, bidding, and distribution of products from domestic and foreign manufacturers as an agent, and the import and export trading business of the aforementioned products. 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 27, 2024.

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

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, 2023. The adoption of these new standards and amendments 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, 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	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
B	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
C	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
D	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

(A) 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.

(B) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

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

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

(C) Non-current Liabilities with Covenants – Amendments to IAS 1

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

(D) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. As the Group has determined the potential impact of the standards and interpretations, there is 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	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

(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 gain 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 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) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

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. As the Group has determined the potential impact of the standards and interpretations, there is 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, 2023 and 2022 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.

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

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.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

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, or transfer directly to retained earnings.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of Ownership (%)	
			Dec. 31, 2023	Dec. 31, 2022
The Company	Dynamic Electronics Co., Ltd.	Investing activities	100.00% (Note 1)	100.00% (Note 1)
The Company	CHIANAN TECHNOLOGY CO., LTD.	Mockup manufacture	70.00% (Note 11)	-% (Note 11)
The Company	CHENG CHONG TECHNOLOGY CO., LTD	Mockup manufacture	70.00% (Note 12)	-% (Note 12)
Dynamic Electronics Co., Ltd.	WINTEK (MAURITIUS) CO., LTD.	Investing activities	100.00%	100.00%

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

Investor	Subsidiary	Main businesses	Percentage of Ownership (%)	
			Dec. 31, 2023	Dec. 31, 2022
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	PCB and business which relates to import and export	-% (Note 2)	-% (Note 2)
Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	PCB and business which relates to import and export	-% (Note 3)	-% (Note 3)
Dynamic Electronics Co., Ltd.	Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to: Dynamic Overseas Investment)	Management operations services	-% (Note 2, 9)	-% (Note 2, 9)
Dynamic Electronics Co., Ltd.	CHIANAN TECHNOLOGY CO., LTD.	Mockup manufacture	-% (Note 4, 11)	70.00% (Note 4, 11)
Dynamic Electronics Co., Ltd.	CHENG CHONG TECHNOLOGY CO., LTD	Mockup manufacture	-% (Note 5, 12)	70.00% (Note 5, 12)
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics Holding Pte. Ltd.	Investing activities	100.00%	100.00%

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

Investor	Subsidiary	Main businesses	Percentage of Ownership (%)	
			Dec. 31, 2023	Dec. 31, 2022
Dynamic Electronics Holding Pte. Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	Manufacturing and selling of PCB	97.8541% (Note 6, 7, 8)	97.8541% (Note 6, 7, 8)
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	100.00% (Note 7, 8)	100.00% (Note 7, 8)
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic PCB Electronics Co., Ltd.	PCB and business which relates to import and export	100.00% (Note 2, 7, 8)	100.00% (Note 2, 7, 8)
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics Co., Ltd. (Seychelles)	PCB and business which relates to import and export	100.00% (Note 3, 7, 8)	100.00% (Note 3, 7, 8)
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to: Dynamic Overseas Investment)	Management operations services	100.00% (Note 2, 7, 8, 9)	100.00% (Note 2, 7, 8, 9)

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

Investor	Subsidiary	Main businesses	Percentage of Ownership (%)	
			Dec. 31, 2023	Dec. 31, 2022
Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Technology Manufacturing (Thailand) Co., Ltd (referred to: Dynamic Technology (Thailand))	Manufacturing and selling of PCB	0.01% (Note 13)	-% (Note 13)
Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to: Dynamic Overseas Investment)	Dynamic Technology Manufacturing (Thailand) Co., Ltd (referred to: Dynamic Technology (Thailand))	Manufacturing and selling of PCB	99.99% (Note 10)	-% (Note 10)

Note 1: The Company acquired 100% equity of Dynamic Electronics Co., Ltd. by way of share swap on August 25, 2022. Since it is reorganization under joint control, the consolidated financial statements for the comparative period were prepared as if the entities had been combined from the beginning.

Note 2: Considering the long-term development needs of the Group on August 4, 2022, the Board of Directors resolved to change the investment structure of Dynamic PCB Electronics Co., Ltd. and Dynamic Electronics Trading Pte. Ltd. That is to change Dynamic Electronics Co., Ltd.'s reinvestment in Dynamic PCB Electronics Co., Ltd. and Dynamic Electronics Trading Pte. Ltd. to Dynamic Electronics Co., Ltd. (Huangshi) 's reinvestment in Dynamic PCB Electronics Co., Ltd. and Dynamic Electronics Trading Pte. Ltd. The aforementioned transaction is an equity adjustment under organizational restructuring.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

Note 3: Considering the long-term development needs of the Group, on July 20, 2022 the Board of Directors resolved to change the investment structure of Dynamic Electronics Co., Ltd. (Seychelles), the reinvested business in the third region. Dynamic Electronics Co., Ltd.'s reinvestment in Dynamic Electronics Co., Ltd. (Seychelles) is changed to Dynamic Electronics Co., Ltd. (Huangshi)'s reinvestment in Dynamic Electronics Co., Ltd. (Seychelles). The above transaction is an equity adjustment under organizational restructuring.

Note 4: Considering the needs of long-term development on February 23, 2022, the Board of Directors resolved to acquire 70% shares of CHIANAN TECHNOLOGY CO., LTD. and acquired the shares of CHIANAN TECHNOLOGY CO., LTD. on March 17, 2022 for NTD 46,060 thousand. The share acquisition ratio was 70%. The share settlement was completed on March 17, 2022. The Group has obtained the control of the company and included it when preparing the Group's consolidated financial statements.

Note 5: Considering the needs of long-term development, the Group acquired 70% shares in CHENG CHONG TECHNOLOGY CO., LTD. with the resolution of the board of directors on February 23, 2022, and acquired the shares of CHENG CHONG TECHNOLOGY CO., LTD. on March 17, 2022 for NT\$33,211 thousand. The share acquisition ratio is 70%. The share settlement was completed on March 17, 2022. The Group has obtained the control to include it in the Group's consolidated financial statements preparation.

Note 6: Considering the needs of long-term development, the Company's board meeting held on September 2, 2022 approved to conduct a cash issuance amounted RMB35,000 thousand and was completed on September 28, 2022. The Group surrendered its preempted right, while the Group's ownership interest on Dynamic Electronics (Huangshi) Co., Ltd. reduced from 100.00% to 97.8541%.

Note 7: Dynamic Electronics (Huangshi) Co., Ltd. has successfully applied for a shareholding restructure and became a company limited by shares during November 2022. The registration procedures were completed on December 7, 2022.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

Note 8: Dynamic Electronics (Huangshi) Co., Ltd. passed a resolution at the extraordinary shareholder's meeting held on February 16, 2023 to apply for name change from Dynamic Electronics (Huangshi) Co., Ltd. to Dynamic Electronics Co., Ltd. (Huangshi). The registration procedures were completed on February 22, 2023.

Note 9: Dynamic Electronics (Huangshi) Co., Ltd. passed a resolution the extraordinary shareholder's meeting held on February 16, 2023 to apply for name change of its subsidiary from Dynamic Electronics Trading Pte. Ltd. to Dynamic Overseas Investment Holding Pte. Ltd. (Dynamic Overseas Investment). The registration procedures were completed on March 13, 2023.

Note 10: Considering the needs of long-term development, the Group passed the resolution of the board of directors on October 20, 2022, and established a Thai subsidiary, Dynamic Technology (Thailand), through the reinvested Dynamic Overseas Investment by Dynamic Electronics Co., Ltd. (Huangshi). The amount is US\$40 million, and the registration and establishment of the company was completed on April 25, 2023. As of December 31, 2023, a capital inflow of US\$40 million has been completed. The Group's percentage of ownership in Dynamic Technology (Thailand) is 99.99%. Additionally, on December 15, 2023, the board of directors of Dynamic Electronics Co., Ltd. (Huangshi) resolved to increase investment in the amount of US\$40 million. As of December 31, 2023, the amount was not remitted.

Note 11: Considering the needs of long-term development, the board of directors resolved on May 5, 2023 to change CHIANAN TECHNOLOGY CO., LTD., originally invested by Dynamic Electronics Co., Ltd., to an investment by the Company, stock delivery was completed on July 3, 2023. The aforementioned transaction is an equity adjustment under organizational reorganization.

Note 12: Considering the needs of long-term development, the board of directors resolved on May 5, 2023 to change CHENG CHONG TECHNOLOGY CO., LTD., originally invested by Dynamic Electronics Co., Ltd., to an investment by the Company, stock delivery was completed on July 3, 2023. The aforementioned transaction is an equity adjustment under organizational reorganization.

Note 13: Considering the needs of long-term development, the board of directors of Dynamic Electronics Co., Ltd. (Seychelles) resolved on December 20, 2023 to acquire 0.01% of the shares of Dynamic Technology (Thailand) from other shareholders. Therefore, the Group's ownership in Dynamic Technology (Thailand) amounted to 100%.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollar, which is the parent 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.

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

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

(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 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 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 (include 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 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 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 Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its 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 represent 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 and financial asset measured at amortized cost. 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 Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- c. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the 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 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 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 group is provided internally on that basis to the key management personnel.

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

(E) Offsetting of financial 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) Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss.

(10) 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.

(11) 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.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the 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	16~30 years
Machinery and equipment	1~10 years
transportation equipment	3~6 years
Office equipment	1~6 years
Other equipment	1~5 years
Leasehold 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.

(13) 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.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

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, maximising the use of observable information.

Group as a lessee

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

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the 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 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 statement of comprehensive income.

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

(14) 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 of 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

(15) 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 CGU, or groups of CGUs, 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.

(16) 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.

(17) 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:

Sales 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 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 Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(18) 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.

(19) 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.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

(20) 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.

(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 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 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 reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

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.

(22) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgments, estimates and assumptions

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

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) Fair values of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or 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 trade 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.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

(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

	As of	
	December 31, 2023	December 31, 2022
Cash on hand	\$1,050	\$1,061
Checking and savings	2,731,817	1,676,427
Fixed-term deposits	641,995	399
Total	<u>\$3,374,862</u>	<u>\$1,677,887</u>

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

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

	As of	
	December 31, 2023	December 31, 2022
Held for trading – current:		
Forward foreign exchange contracts	\$800	\$-
Current	\$800	\$-
Non-current	-	-
Total	\$800	\$-

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

(3) Financial assets measured at amortized cost

	As of	
	December 31, 2023	December 31, 2022
Restricted deposits	\$27,695	\$161,090
Fixed-term deposits	1,351	1,351
Total	\$29,046	\$162,441
Current	\$29,046	\$162,441
Non-current	\$-	\$-

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. Please refer to Note 8.

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

(4) Notes receivable, net

	As of	
	December 31,	December 31,
	2023	2022
Notes receivable arising from operating activities	\$341,528	\$40,165
Less: loss allowance	-	-
Total	\$341,528	\$40,165

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(22) for more details on loss allowance and Note 12 for details on credit risk.

(5) Accounts receivable, net

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

	As of	
	December 31,	December 31,
	2023	2022
Accounts receivable arising from operating activities	\$4,467,519	\$4,405,196
Less: loss allowance	(18,634)	(39,882)
Total	\$4,448,885	\$4,365,314

(b) Accounts receivables were not pledged.

(c) Accounts receivables are generally on 60 to 150 day terms. As of December 31, 2023 and 2022, the total carrying amount were NT\$4,467,519 thousand and NT\$4,405,196 thousand, respectively. Please refer to Note 6(22) for more details on loss allowance of accounts receivable for the years ended December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

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

(6) Inventories

(a) Details of inventories are as below:

	As of	
	December 31, 2023	December 31, 2022
Raw materials and Supplies	\$201,866	\$163,472
Work in progress	674,697	647,636
Finished goods	1,383,819	1,895,762
Total	<u>\$2,260,382</u>	<u>\$2,706,870</u>

(b) The cost of inventories recognized in expenses amounted to NT\$11,928,381 thousand and NT\$12,636,809 thousand for the years ended December 31, 2023 and 2022. The following losses were included in cost of sales:

Item	For the years ended December 31,	
	2023	2022
Inventory valuation losses (gains)	<u>\$(16,220)</u>	<u>\$(103,299)</u>

The Group recognized gains on recovery of inventory market decline because some of the inventories previously provided with market loss or obsolescence were disposed for the years ended December 31, 2023 and 2022.

(c) Inventories were not pledged.

(7) Property, plant and equipment

	As of	
	December 31, 2023	December 31, 2022
Owner occupied property, plant and equipment	<u>\$10,917,047</u>	<u>\$9,947,463</u>

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

							Construction in progress and equipment to be examined	Total
	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Lease improvement		
Cost:								
As of January 1, 2023	\$4,836,911	\$8,421,801	\$34,007	\$644,012	\$2,387,857	\$8,820	\$210,751	\$16,544,159
Additions	529,054	619,017	1,740	118,440	28,442	-	1,288,779	2,585,472
Disposals	-	(269,118)	(6,628)	(11,061)	(16,156)	-	-	(302,963)
Other changes	1,811,890	925,968	-	(670,302)	(1,897,236)	-	(170,320)	-
Exchange differences	(81,422)	(142,100)	(447)	(10,565)	(39,874)	-	(3,547)	(277,955)
As of December 31, 2023	<u>\$7,096,433</u>	<u>\$9,555,568</u>	<u>\$28,672</u>	<u>\$70,524</u>	<u>\$463,033</u>	<u>\$8,820</u>	<u>\$1,325,663</u>	<u>\$18,548,713</u>
Cost:								
As of January 1, 2022	\$2,742,170	\$6,902,330	\$30,031	\$344,299	\$1,351,744	\$8,820	\$1,233,152	\$12,612,546
Additions	(64,145)	26,973	-	29,639	61,248	-	4,503,282	4,556,997
Acquisitions through business combinations	-	19,727	1,128	-	2,542	-	-	23,397
Disposals	-	(812,908)	(387)	(5,539)	(28,152)	-	-	(846,986)
Transfer	2,115,977	2,176,660	2,776	270,306	979,261	-	(5,544,980)	-
Other changes	-	(5,930)	-	-	-	-	-	(5,930)
Exchange differences	42,909	114,949	459	5,307	21,214	-	19,297	204,135
As of December 31, 2022	<u>\$4,836,911</u>	<u>\$8,421,801</u>	<u>\$34,007</u>	<u>\$644,012</u>	<u>\$2,387,857</u>	<u>\$8,820</u>	<u>\$210,751</u>	<u>\$16,544,159</u>
Depreciation and impairment:								
As of January 1, 2023	\$909,302	\$4,188,726	\$26,319	\$267,199	\$1,196,330	\$8,820	\$-	\$6,596,696
Depreciation	373,338	719,049	4,269	129,083	123,183	-	-	1,348,922
Impairment loss	-	530	-	-	79	-	-	609
Disposals	-	(152,747)	(6,345)	(10,443)	(14,473)	-	-	(184,008)
Other changes	786,087	443,915	-	(317,200)	(912,802)	-	-	-
Exchange differences	(20,700)	(81,721)	(383)	(6,109)	(21,640)	-	-	(130,553)
As of December 31, 2023	<u>\$2,048,027</u>	<u>\$5,117,752</u>	<u>\$23,860</u>	<u>\$62,530</u>	<u>\$370,677</u>	<u>\$8,820</u>	<u>\$-</u>	<u>\$7,631,666</u>

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Lease improvement	Construction in progress and equipment to be examined	Total
Depreciation and impairment:								
As of January 1, 2022	\$733,505	\$4,390,260	\$22,366	\$201,137	\$1,014,815	\$8,820	\$-	\$6,370,903
Depreciation	164,879	410,849	3,130	68,337	190,591	-	-	837,786
Acquisitions through								
business combinations	-	16,462	870	-	2,261	-	-	19,593
Impairment loss	-	3,697	-	-	-	-	-	3,697
Disposals	-	(700,294)	(376)	(5,117)	(26,640)	-	-	(732,427)
Other changes	-	(3,583)	-	-	-	-	-	(3,583)
Exchange differences	10,918	71,335	329	2,842	15,303	-	-	100,727
December 31, 2022	<u>\$909,302</u>	<u>\$4,188,726</u>	<u>\$26,319</u>	<u>\$267,199</u>	<u>\$1,196,330</u>	<u>\$8,820</u>	<u>\$-</u>	<u>\$6,596,696</u>
Net carrying amount as of:								
December 31, 2023	<u>\$5,048,406</u>	<u>\$4,437,816</u>	<u>\$4,812</u>	<u>\$7,994</u>	<u>\$92,356</u>	<u>\$-</u>	<u>\$1,325,663</u>	<u>\$10,917,047</u>
December 31, 2022	<u>\$3,927,609</u>	<u>\$4,233,075</u>	<u>\$7,688</u>	<u>\$376,813</u>	<u>\$1,191,527</u>	<u>\$-</u>	<u>\$210,751</u>	<u>\$9,947,463</u>

- (a) For the year ended December 31, 2023, NT\$609 thousand impairment loss represented the write down of certain property, plant and equipment to the recoverable amount. This has been recognized in the statement of comprehensive income.

For the year ended December 31, 2022, NT\$3,697 thousand impairment loss represented the write down of certain property, plant and equipment to the recoverable amount. This has been recognized in the statement of comprehensive income.

- (b) Capitalized borrowing costs of property, plant and equipment are as follows:

Items	2023	2022
Building and construction in progress and Equipment awaiting examination	\$18,708	\$70,225
Capitalization rate of borrowing costs	3.95%-4.45%	3.95%~4.45%

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

(c) Significant Components of building include main building structure, and additional expansion construction, which are depreciated over useful 16~30 years and 20 years, respectively.

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

(8) Intangible assets

	Computer software	Technology expertise	Goodwill	Total
Cost:				
As of January 1, 2023	\$69,827	\$10,737	\$62,244	\$142,808
Additions – acquired separately	1,037	-	-	1,037
Derecognized upon retirement	(27,068)	-	-	(27,068)
Exchange differences	(1,002)	(181)	-	(1,183)
As of December 31, 2023	<u>\$42,794</u>	<u>\$10,556</u>	<u>\$62,244</u>	<u>\$115,594</u>
As of January 1, 2022	\$59,799	\$10,607	\$-	\$70,406
Additions – acquired separately	16,917	-	-	16,917
Acquisition through business combinations	1,151	-	62,244	63,395
Derecognized upon retirement	(8,875)	(35)	-	(8,910)
Exchange differences	835	165	-	1,000
As of December 31, 2022	<u>\$69,827</u>	<u>\$10,737</u>	<u>\$62,244</u>	<u>\$142,808</u>
Amortization and impairment:				
As of January 1, 2023	\$39,620	\$5,369	\$30,018	\$75,007
Amortization	18,786	2,142	-	20,928
Derecognized upon retirement	(27,068)	-	-	(27,068)
Exchange differences	(804)	(121)	-	(925)
As of December 31, 2023	<u>\$30,534</u>	<u>\$7,390</u>	<u>\$30,018</u>	<u>\$67,942</u>

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

	Computer software	Technology expertise	Goodwill	Total
As of January 1, 2022	\$22,618	\$3,205	\$-	\$25,823
Acquisition through business combinations	946	-	-	946
Amortization	24,681	2,157	-	26,838
Impairment loss	-	-	30,018	30,018
Derecognized upon retirement	(8,875)	(35)	-	(8,910)
Exchange differences	250	42	-	292
As of December 31, 2022	<u>\$39,620</u>	<u>\$5,369</u>	<u>\$30,018</u>	<u>\$75,007</u>
Net carrying amounts as of:				
December 31, 2023	<u>\$12,260</u>	<u>\$3,166</u>	<u>\$32,226</u>	<u>\$47,652</u>
December 31, 2022	<u>\$30,207</u>	<u>\$5,368</u>	<u>\$32,226</u>	<u>\$67,801</u>

Amortization of intangible assets is as follows:

	For the years ended December 31,	
	2023	2022
Operating costs	\$2,800	\$2,587
Operating expenses	18,128	24,251
Total	<u>\$20,928</u>	<u>\$26,838</u>

(9) Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to two cash-generating units, for impairment testing as follows:

	As of	
	December 31, 2023	December 31, 2022
Subsidiaries-CHENG CHONG TECHNOLOGY CO., LTD	\$24,385	\$24,385
Subsidiaries-CHIANAN TECHNOLOGY CO., LTD.	7,841	7,841
Total	<u>\$32,226</u>	<u>\$32,226</u>

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

(A) The recoverable amount of CHENG CHONG TECHNOLOGY CO., LTD cash-generating unit is NT\$38,428 thousand as of December 31, 2023. This recoverable amount has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for product. The pre-tax discount rate applied to cash flow projections is 16.03% and cash flows beyond the five-year period are extrapolated using a 5.00% growth rate. As a result of the updated analysis, management did not identify an impairment for goodwill of NT\$24,385 thousand which is allocated to this cash-generating unit.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for both electronics and fire prevention equipment units are most sensitive to the following assumptions:

- (a) Gross margin
- (b) Discount rates
- (c) Growth rate used to extrapolate revenue beyond the budget period.

Gross margins – Gross margins are estimated based on the value achieved in prior year and referencing the future market trends.

Discount rates – Discount rates reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Group, taking into account the particular situations of the Group and its operating segments. The WACC includes both the cost of liabilities and cost of equities. The cost of equities is derived from the expected returns of the Group's investors on capital, where the cost of liabilities is measured by the interest-bearing loans that the Group has obligation to settle.

Growth rate estimates of revenue – Rates is estimated based on past experience, the long-term average growth rate has been adjusted based on the economic environment.

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

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of CHENG CHONG TECHNOLOGY CO., LTD, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

(B) The recoverable amount of CHIANAN TECHNOLOGY CO., LTD. cash-generating unit is NT\$20,057 thousand as of December 31, 2023. This recoverable amount has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for products. The pre-tax discount rate applied to cash flow projections is 16.03% and cash flows beyond the five-year period are extrapolated using a 5.00% growth rate. As of December 31, 2023, the impairment loss of NT\$30,018 thousand was recognized. Based on the results of this analysis, management evaluated that there is no impairment of goodwill.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for both electronics and fire prevention equipment units are most sensitive to the following assumptions:

- (a) Gross margin
- (b) Discount rates
- (c) Growth rate used to extrapolate revenue beyond the budget period.

Gross margins – Gross margins are estimated based on the value achieved in prior year and referencing the future market trends.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

Discount rates – Discount rates reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Group, taking into account the particular situations of the Group and its operating segments. The WACC includes both the cost of liabilities and cost of equities. The cost of equities is derived from the expected returns of the Group's investors on capital, where the cost of liabilities is measured by the interest-bearing loans that the Group has obligation to settle.

Growth rate estimates of revenue – Rates is estimated based on past experience, the long-term average growth rate has been adjusted based on the economic environment.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of CHIANAN TECHNOLOGY CO., LTD, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

(10) Other non-current assets

Other non-current assets consist of the following:

	As of	
	December 31, 2023	December 31, 2022
Refundable deposits	\$3,046	\$2,207
Long-term prepaid expenses	7,831	-
Total	\$10,877	\$2,207

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

(11) Short-term loans

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

		As of	
		December 31,	December 31,
	Interest Rates (%)	2023	2022
Unsecured bank loans	2.95% ~ 7.15%	\$3,733,690	\$3,918,562
Secured bank loans	3.30% ~ 3.31%	173,263	-
Total		\$3,906,953	\$3,918,562

(b) The Group's unused short-term lines of credits amounts to NT\$4,694,574 thousand and NT\$3,132,419 thousand as of December 31, 2023 and 2022, respectively.

(12) Financial liabilities at fair value through profit or loss

		As of	
		December 31,	December 31,
		2023	2022
Held for trading — current :			
Forward foreign exchange contracts		\$-	\$77
Current		\$-	\$77
Non-current		-	-
Total		\$-	\$77

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

(13) Other payables

Other payables consist of the following:

	As of	
	December 31, 2023	December 31, 2022
Accrued expenses	\$912,947	\$651,493
Accrued interest payable	25,785	16,158
Payables to equipment suppliers	1,492,829	1,990,878
Total	<u>\$2,431,561</u>	<u>\$2,658,529</u>

(14) Bonds payable

A. The details of the bonds payable as of December 31, 2023 and 2022, are as follows:

	As of	
	December 31, 2023	December 31, 2022
Liability component:		
Unsecured domestic bonds payable	\$-	\$2,400
Less: Discounts on bonds payable	-	(37)
Subtotal	-	2,363
Less: Current portion	-	(2,363)
Net	<u>\$-</u>	<u>\$-</u>
Embedded derivative—redemption and put options	<u>\$-</u>	<u>\$-</u>
Equity component—conversion right	<u>\$-</u>	<u>\$281</u>

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(25)(d) to the consolidated financial statement.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

B. On May 13, 2021, Dynamic Electronics 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

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

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.

Because the cash dividend-common stock, distributed in 2022. According to the policies for the second domestic unsecured conversion of corporate bonds issued and conversion, the conversion price was subject to adjustments. Since July 18, 2022, the conversion price was adjusted to NT\$22.4.

Because the cash dividend-common stock, distributed in 2023. According to the policies for the second domestic unsecured conversion of corporate bonds issued and conversion, the conversion price was subject to adjustments. Since April 25, 2023, the conversion price was adjusted to NT\$19.1.

- (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

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

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 announced 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.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

- (j) Bond holder's sell-back right : From August 26, 2022 to September 24, 2022, creditors can sell the convertible bonds back to the issuer company at the issuer price of NT\$110.1 plus interest compensation (0.25% real yield).

C. For the year ended December 31, 2022, the second unsecured convertible bonds in the amount of NT\$800 thousand was applied to be converted into 35 thousand common shares. The surplus arising from the conversion amounted to NT\$533 thousand and were recorded under additional paid-in capital.

D. For the year ended December 31, 2023, the second unsecured convertible bonds in the amount of NT\$2,400 thousand was applied to be converted into 126 thousand common shares of Dynamic Holding Co., Ltd. The surplus arising from the conversion amounted to NT\$1,130 thousand and were recorded under additional paid-in capital.

E. In accordance with Article 11 (1) the share swap resolution passed at the regular shareholder's meeting on May 20, 2022: "After this share swap case is approved by the competent authority before the share swap date, the creditor may, within the designated period announced by the company, apply for a put-option or exercise the right of conversion in accordance with the issuance and conversion rules of the convertible bonds. The Dynamic II CB applied for a put-option will be redeemed in cash with each "bond face value" plus interest compensation. The interest compensation is calculated by multiplying the actual yield of 0.25% by the actual number of days of issuance, i. e. from the date of issuance until the put-option date." The resolution of the board of directors was adjusted on May 21, 2022 to " After this share swap case is approved by the competent authority, and before the share swap date, the creditor may, within the designated period announced by the company, apply for a put-option or exercise the right of conversion in accordance with the issuance and conversion rules of the convertible bonds. The Dynamic II CB applied for a put-option will be redeemed in cash with each "bond issued price" plus interest compensation. The interest compensation is calculated by multiplying the actual yield of 0.25% by the actual number of days of issuance, i. e., from the date of issuance until the put-option date." In the second quarter of 2022, the Company recognized gain on convertible bonds redemption in the amount of NT\$2,096 thousand in accordance with the revised issuance rules and the gain on convertible bonds redemption have been recognized in the statement of comprehensive income.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

F. As stated in Note 1 to the financial statement, Dynamic Electronics terminated its listing on August 25, 2022, so the second domestic unsecured convertible bonds issued by the Company on May 13, 2021 were also be terminated from the over-the-counter trading on the same day. According to Article 11 of the share swap resolution passed at the shareholders meeting, the Company allows the creditors to choose, within the period specified by the Company from August 26, 2022 to September 24, 2022, whether to apply to sell the bonds back to the company; or to apply for the right to convert into common shares of Dynamic Holdings Co., Ltd.; or to continue to hold Dynamic II until maturity in accordance with the Dynamic II issuance and conversion rules. As of December 31, 2022, the investor applied to a put-option in the amount of NT\$496,800 thousand, the redemption amount was NT\$548,850 thousand, the interest paid was NT\$1,873 thousand; and the loss of redemption of convertible bonds of NT\$57,668 thousand has been recognized in the statement of comprehensive income.

(15) Long-term loans

(a) Details of long-term loans as of December 31, 2023 and 2022 are as follows:

Lenders	December 31, 2023	Interest Rate (%) (Note2)	Maturity and terms of repayment
Bank of Shanghai Co., Ltd. — Zhongli Branch — Unsecured bank loans	\$130,056	RMB variable interest rate HIBOR 3M+0.9%	The grace period is 12 months upon first usage. After the grace period expires, principal is repayable in installments of the equal amount for eight terms. Pay interest quarterly.
Agricultural Bank of China — Kunshan Branch — Credit loans (Note1)	2,883,347	The benchmark interest rate of the People's Bank of China for a period of over five years - LPR- 0.2%	After the grace period expires, the following terms are defined as every six months since then. The principle is repayable in installments of equal amount for eight years.

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

Lenders	December 31, 2023	Interest Rate (%) (Note2)	Maturity and terms of repayment
Bank of Shanghai Co., Ltd. — Corporate Banking Business Credit Loan	1,335,666	TAIFX3+163BP to 165BP for three months	The first installment shall be paid upon 24 months after the first withdrawal, and thereafter every 6 months as a term, a total of 3 terms. 15% of the principal of the credit line for withdrawal should be repaid in the first term and in the second term, 70% of the principal of the credit line for withdrawal should be repaid in the third term.
Less: Current portion of long-term loans	(219,903)		
Non-current portion of long-term loans	<u>\$4,129,166</u>		

Lenders	December 31, 2022	Interest Rate (%) (Note2)	Maturity date and terms of repayment
Bank of Shanghai Co., Ltd. — Zhongli Branch — Unsecured bank loans	\$264,566	RMB variable interest rate HIBOR 3M+0.9%	The grace period is 12 months upon first usage. After the grace period expires, principal is repayable in installments of the equal amount for eight terms. Pay interest quarterly.
Agricultural Bank of China — Kunshan Branch — Credit loans (Note1)	2,402,701	The benchmark interest rate of the People's Bank of China for a period of over five years - LPR- 0.2%	After the grace period expires, the following terms are defined as every six months since then. The principle is repayable in installments of equal amount for eight years.

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

<u>Lenders</u>	<u>December 31, 2022</u>	<u>Interest Rate (%) (Note2)</u>	<u>Maturity date and terms of repayment</u>
EnTie Bank – Offshore Banking Business Credit Loan	122,839	Taipei Foreign Exchange Trading Center Taifx3+2% for three months	The grace period is 12 months upon first usage. After the grace period expires, the principal is repayable in installments of the equal amount for eight terms.
Less: Current portion of long-term loans	<u>(182,394)</u>		
Non-current portion of long-term loans	<u>\$2,607,712</u>		

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:

	<u>As of</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Interest rate (%)	3.95%~7.51%	3.5047%~7.15%

(b) On November 22, 2022, the Group has entered into a 3-year agreement of syndicated loans in credit line of USD 60,000 thousand, with Shanghai Bank and 3 other banks for the purpose of settling the unpaid loan balance mentioned above and replenishing operating capital.

(16) Refund liability

	<u>As of</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Refund liability	<u>\$328,085</u>	<u>\$260,909</u>

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

(17) Long-term deferred revenue

Government grants

	For the years ended December 31,	
	2023	2022
Beginning balance	\$599,457	\$389,065
Received during the period	49,986	243,566
Released to the statement of comprehensive income	(50,082)	(38,566)
Exchange differences	(9,367)	5,392
Ending balance	<u>\$589,994</u>	<u>\$599,457</u>

	As of	
	December 31, 2023	December 31, 2022
Non-current deferred revenue - government grants related to assets	<u>\$589,994</u>	<u>\$599,457</u>

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.

(18) 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.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

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, 2023 and 2022 amounted to NT\$1,319 thousand and NT\$1,804 thousand, respectively.

Additional pension expenses recognized for the executives commissioned by the Group amounted to NT\$217 thousand and NT\$2,833 thousand, for the years ended December 31, 2023 and 2022.

(19) Equities

(a) Common stock

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

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, Dynamic Electronics's board meeting resolved to increase capital and the measurement date was on January 1, 2022.

During 2022, the second unsecured convertible bonds in the amount of NT\$700 thousand were converted into 31 thousand common shares.

As stated in Note 1 to the consolidated financial statements, the Company exchanged 1 common share of Dynamic Electronics for 1 common share of the Company through share conversion on August 25, 2022, and acquired 100% equity of Dynamic Electronics. As of December 31, 2023 and 2022, the Company's registered capital were both NT\$4,000,000 thousand, and the issued share capital were NT\$2,776,746 thousand and NT\$2,775,490 thousand, with a par value of NTD10 per share, divided into 277,674,584 shares and 277,548,934 shares, respectively.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

During 2023, the second unsecured convertible bonds in the amount of NT\$2,400 thousand were converted into 126 thousand common shares.

(b) Capital surplus

	As of	
	December 31, 2023	December 31, 2022
Additional paid-in capital	\$1,176,745	\$1,176,745
Conversion premium of convertible corporate bonds	1,943	533
Treasury share transactions	34,946	34,946
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	61,670	51,811
Gain on sale of assets	155	155
Employee stock option	6,528	6,528
Share options	77,687	77,967
Merger by share exchange	1,621,622	1,621,622
Total	<u>\$2,981,296</u>	<u>\$2,970,307</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) The promoters meeting of Dynamic Electronics Co., Ltd./Dynamic Holdings Co., Ltd. passed the company's articles of association through the shareholders' meeting on May 20, 2022. According to the company's articles of association, when allocating the current year's earnings, if any, after having paid all taxes and dues, shall first set aside 10% of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply; the rest shall be set aside as special surplus or reversal according to laws or the regulations of the competent authority; if there is any remaining portion, the board of directors shall, along with the accumulated undistributed earnings, submit a surplus distribution proposal to the shareholders meeting for a resolution to distribute shareholder dividends. The Company may, in accordance with Articles 240 and 241 of the Company Act, authorize the board of directors to issue cash dividends and bonuses by special resolutions, and distribute in cash the above-mentioned dividends or capital reserve or/and legal reserve in compliance with the Company Act and shall report the distribution in the most recent shareholder's meeting.

(2) Dividend policy

The company's dividend policy is based on the expansion of business scale, considering the company's capital expenditure and operating turnover needs and the degree of dilution of earnings per share to moderately distribute stock dividends or cash dividends, but cash dividends are paid at a rate not lower than the current 10% of total annual dividends.

- (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, Dynamic Electronics shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, Dynamic Electronics 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, Dynamic Electronics 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, 2023 and 2022, special reserve set aside for the first-time adoption of T-IFRS reduced to NT\$299,666 thousand accordingly.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

- (5) The appropriations of earnings for the years ended December 31, 2023 and 2022 were approved through the Board meeting and stockholders' meeting held on February 27, 2024 and May 18, 2023, respectively. The details of the distributions are as follows.

	Appropriation of earnings		Dividend per share (in NT\$)	
	2023	2022	2023	2022
Legal reserve	\$100,340	\$16,209		
Special reserve	65,711	(114,583)		
Cash dividend	416,512	222,039	\$1.5	\$0.8
Total	<u>\$582,563</u>	<u>\$123,665</u>		

Please refer to Note 6(24) for details on employees' compensation and remuneration to directors and supervisors.

(d) Non-controlling interests

	For the years ended December 31,	
	2023	2022
Beginning balance	\$130,930	\$-
Profit attributable to non-controlling interests	27,255	5,396
Exchange differences resulting from translating the financial statements of a foreign operation	-	3,357
Acquisition off additional interest in subsidiary	-	7,298
Exchange differences arising from translation of foreign operations	(1,502)	-
Acquisition of new shares in a subsidiary	-	114,879
Issuance of employees share options by the subsidiary	216	-
Ending Balance	<u>\$156,899</u>	<u>\$130,930</u>

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

(20) Share-based payment plans

The subsidiary of the Group, Dynamic Electronics Co., Ltd. (Huangshi), conducted a cash capital increase for the year ended December 31, 2022, of which 8,252 thousand shares were held by the platform of employee stock ownership in accordance with the regulations of Dynamic Electronics Co., Ltd. (Huangshi)'s employee stock ownership. For the year ended December 31, 2023, an expense of NT\$10,075 thousand was recognized due to the transfer of 682 thousand shares by the platform of employee stock ownership.

(21) Operating revenues

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Sale of goods	\$15,702,869	\$15,294,099
Operating revenues	11,085	2,913
Total	<u>\$15,713,954</u>	<u>\$15,297,012</u>

Analysis of revenue from contracts with customers for the years ended December 31, 2023 and 2022 are as follows:

A. Disaggregation of revenue

For the year ended December 31, 2023

	PCB Segment	Mock-up Segment	Total
Sales of goods	\$15,638,196	\$64,673	\$15,702,869
Other	11,085	-	11,085
Total	<u>\$15,649,281</u>	<u>\$64,673</u>	<u>\$15,713,954</u>

The timing for revenue recognition:

At a point in time	<u>\$15,649,281</u>	<u>\$64,673</u>	<u>\$15,713,954</u>
--------------------	---------------------	-----------------	---------------------

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

For the year ended December 31, 2022

	PCB Segment	Mock-up Segment	Total
Sales of goods	\$15,250,951	\$43,148	\$15,294,099
Others	2,913	-	2,913
Total	<u>\$15,253,864</u>	<u>\$43,148</u>	<u>\$15,297,012</u>

The timing for revenue recognition:

At a point in time	<u>\$15,253,864</u>	<u>\$43,148</u>	<u>\$15,297,012</u>
--------------------	---------------------	-----------------	---------------------

B. Contract balances

(a) Contract liabilities - current

	As of	
	December 31, 2023	December 31, 2022
Sales of goods	<u>\$23,132</u>	<u>\$1,359</u>

The significant changes in the Group's balances of contract liabilities for the year ended December 31, 2023 are as follows:

	Sales of goods
The opening balance transferred to revenue	\$(341)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	22,114

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

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

	Sales of goods
The opening balance transferred to revenue	\$(3,410)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	703

(22) Expected credit losses (gains)

	For the years ended December 31,	
	2023	2022
Operating expenses – Expected credit losses (gains)		
Accounts receivable	\$(20,691)	\$22,349

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

The Group measures the loss allowance of its trade receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31, 2023 and 2022 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:

As of December 31, 2023

	Not yet due	Past due					
	(Note)	≤30 days	31-60 days	61-90 days	91-120 days	≥121 days	Total
Gross carrying amount	\$4,721,822	\$76,212	\$3,896	\$244	\$1,283	\$5,590	\$4,809,047
Loss rate	-%	10%	100%	100%	100%	100%	
Lifetime expected credit losses	-	(7,621)	(3,896)	(244)	(1,283)	(5,590)	(18,634)
Carrying amount of trade receivables	\$4,721,822	\$68,591	\$-	\$-	\$-	\$-	\$4,790,413

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

As of December 31, 2022

	Not yet due (Note)	Past due					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$4,262,321	\$143,158	\$23,472	\$11,454	\$181	\$4,775	\$4,445,361
Loss rate	-%	-%	100%	100%	100%	100%	
Lifetime expected credit losses	-	-	(23,472)	(11,454)	(181)	(4,775)	(39,882)
Carrying amount of trade receivables	\$4,262,321	\$143,158	\$-	\$-	\$-	\$-	\$4,405,479

Note: All the Group's notes receivables were not past due.

- B. The movement in the provision for impairment of note receivable and accounts receivable for the years ended December 31, 2023 and 2022 are as follows:

	Notes receivable	Accounts receivable
Beginning balance as of January 1, 2023	\$-	\$39,882
Addition/(reversal) for the current period	-	(20,691)
Write-off as unrecoverable	-	(748)
Effect of exchange rate changes	-	191
Ending balance as of December 31, 2023	\$-	\$18,634
Beginning balance as of January 1, 2022	\$-	\$15,919
Addition/(reversal) for the current period	-	22,349
Effect of exchange rate changes	-	1,614
Ending balance as of December 31, 2022	\$-	\$39,882

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

(23) Leases

(a) Group as a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and equipment and 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.

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

The carrying amount of right-of-use assets

	Land	Buildings	Machinery and equipment	Transportation equipment	Total
Cost:					
As of January 1, 2023	\$463,347	\$1,178	\$4,573	\$6,056	\$475,154
Additions	-	-	-	1,082	1,082
Disposals	(5,490)	-	-	-	(5,490)
Exchange differences	(7,720)	(20)	(77)	-	(7,817)
As of December 31, 2023	<u>\$450,137</u>	<u>\$1,158</u>	<u>\$4,496</u>	<u>\$7,138</u>	<u>\$462,929</u>
Cost:					
As of January 1, 2022	\$456,208	\$-	\$-	\$6,056	\$462,264
Additions	-	1,178	4,573	-	5,751
Disposals	-	-	-	-	-
Exchange differences	7,139	-	-	-	7,139
As of December 31, 2022	<u>\$463,347</u>	<u>\$1,178</u>	<u>\$4,573</u>	<u>\$6,056</u>	<u>\$475,154</u>

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

	Land	Buildings	Machinery and equipment	Transportation equipment	Total
Depreciation and impairment:					
As of January 1, 2023	\$62,052	\$294	\$1,143	\$4,038	\$67,527
Depreciation	9,208	587	2,281	2,165	14,241
Disposals	(2,351)	-	-	-	(2,351)
Exchange differences	(1,144)	(13)	(52)	(2)	(1,211)
As of December 31, 2023	<u>\$67,765</u>	<u>\$868</u>	<u>\$3,372</u>	<u>\$6,201</u>	<u>\$78,206</u>
Depreciation and impairment:					
As of January 1, 2022	\$51,972	\$-	\$-	\$2,019	\$53,991
Depreciation	9,298	295	1,147	2,019	12,759
Disposals	-	-	-	-	-
Exchange differences	782	(1)	(4)	-	777
As of December 31, 2022	<u>\$62,052</u>	<u>\$294</u>	<u>\$1,143</u>	<u>\$4,038</u>	<u>\$67,527</u>
Net carrying amount as at:					
December 31, 2023	<u>\$382,372</u>	<u>\$290</u>	<u>\$1,124</u>	<u>\$937</u>	<u>\$384,723</u>
December 31, 2022	<u>\$401,295</u>	<u>\$884</u>	<u>\$3,430</u>	<u>\$2,018</u>	<u>\$407,627</u>

In order to comply with the overall urban planning of Kunshan City and the regulatory plan and construction needs of Kunshan Economic and Technological Development Zone, Dynamic Electronics (Kunshan) Co., Ltd. agreed with the expropriation compensation agreement from the Kunshan Development Zone Housing Acquisition Implementation Center and authorized the chairman to sign the “Expropriation Compensation Agreement” with the aforementioned expropriator. An expropriation and compensation was agreed for all real estate assets held by the company covering an area of 10,000 square meters; The two parties also agreed to vacate the area and hand it over to the aforementioned expropriator for acceptance by August 31, 2023 at the latest. As of December 31, 2023, the aforementioned expropriation agreement has been fully completed with the expropriator and the cancellation of the real estate title was completed on September 13, 2023.

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

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

b. Lease liabilities

	As of	
	December 31, 2023	December 31, 2022
Lease liabilities	\$2,574	\$6,564
Current	\$1,833	\$4,910
Non-current	741	1,654
Total	\$2,574	\$6,564

Please refer to Note 6(25)(d) for the interest on lease liabilities recognized during the years ended December 31, 2023 and 2022 refer to Note12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2023 and 2022.

B. Income and costs relating to leasing activities

	For the years ended December 31,	
	2023	2022
The expenses relating to short-term leases	\$29,104	\$32,370

As of December 31, 2023 and 2022, 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 expense disclosed above and the amount of its lease commitments is NT\$0.

C. Cash outflow relating to leasing activities

For the years ended December 31, 2023 and 2022, the Group's total cash outflows for leases amounting to NT\$34,523 thousand and NT\$35,752 thousand, respectively.

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

(24) Summary of employee benefits, depreciation and amortization expenses by function for the years ended December 31, 2023 and 2022 is as follows:

Function Nature	2023			2022		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$1,268,487	\$953,674	\$2,222,161	\$1,301,614	\$703,268	\$2,004,882
Labor and health insurance	1,408	2,077	3,485	1,615	1,967	3,582
Pension	308	1,228	1,536	574	4,063	4,637
Other employee benefits	266	234	500	182	145	327
Depreciation	1,203,574	159,589	1,363,163	763,359	87,186	850,545
Amortization	2,800	18,128	20,928	2,587	24,251	26,838

The promoter meeting of Dynamic Electronics Co., Ltd./Dynamic Holding Co., Ltd. was passed the Company's articles of association (hereinafter the Articles of Incorporation) at the shareholders' meeting on May 20, 2022. According to the Articles of Incorporation, if there is profit in the year, no less than 0.1% shall be allocated as employee compensation and no more than 3% as director remuneration. However, when there are accumulated losses, the profit shall be used to cover the losses first. 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.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

Based on profit of the years ended December 31, 2023 and 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the years ended December 31, 2023 and 2022 to be not lower than 0.1% 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, 2023 amounted to NT\$6,897 thousand and NT\$15,385 thousand, respectively; for the year ended December 31, 2022 amounted to NT\$2,619 thousand and NT\$2,508 thousand, respectively. A resolution was passed at a board meeting to distribute in the form of stocks as employees' compensation; the number of stocks distributed was calculated based on the closing price one day before the date of resolution. If there is a discrepancy between the estimated number and the actual distribution amount determined by the board of directors, it will be recognized as a gain or loss in the following year.

No material differences existed between the actual distribution amount of the employee compensation and remuneration to directors and supervisors and the amount expensed in the financial statements for the year ended December 31, 2023.

No material differences exist between the actual distribution amount of the employee compensation and remuneration to directors and supervisors and the amount expensed in the financial statements for the year ended December 31, 2022.

(25) Non-operating income and expenses

(A) Interest income

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest revenue		
Financial assets measured at amortized cost	<u>\$43,720</u>	<u>\$16,930</u>

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

(B) Other income

	For the years ended December 31,	
	2023	2022
Other income — others	\$190,502	\$96,247
Other income — Gain on government grants	84,420	73,678
Total	\$274,922	\$169,925

(C) Other gains and losses

	For the years ended December 31,	
	2023	2022
Gain (loss) on disposal of property, plant and equipment	\$(103,574)	\$(53,697)
Foreign exchange (losses) gains, net	45,383	215,192
Gains (loss) on financial assets at fair value through profit or loss	888	(4,348)
Impairment loss	(609)	(33,715)
Gain on disposal of right-of-use assets	71,588	-
Loss on bonds redemption	-	(57,668)
Other losses — others	(97,068)	(73,471)
Total	\$(83,392)	\$(7,707)

(D) Finance costs

	For the years ended December 31,	
	2023	2022
Interest on borrowings from bank	\$410,809	\$228,610
Interest on lease liabilities	161	127
Interest on bonds payable	23	7,046
Total	\$410,993	\$235,783

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

(26) Components of other comprehensive income (loss)

For the year ended December 31, 2023

	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>\$(67,213)</u>	<u>\$-</u>	<u>\$(67,213)</u>	<u>\$-</u>	<u>\$(67,213)</u>

For the year ended December 31, 2022

	Arising during the period	Reclassificat ion 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>\$117,940</u>	<u>\$-</u>	<u>\$117,940</u>	<u>\$-</u>	<u>\$117,940</u>

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

(27) 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 years ended December 31,	
	2023	2022
Current income tax expense (income):		
Current income tax charge	\$130,959	\$106,556
Adjustments in respect of current income tax of prior periods	28,159	(17,667)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	275,752	135,325
Total income tax expense	<u>\$434,870</u>	<u>\$224,214</u>

(b) A reconciliation between income tax expense and income before tax at the Company's applicable tax rates is as follows:

	For the years ended December 31,	
	2023	2022
Income before tax	<u>\$1,465,523</u>	<u>\$776,848</u>
Tax at the domestic rates applicable to profits in the country concerned	\$645,174	\$254,264
Other adjustments according to the Tax Law	(213,567)	(35,523)
Tax on undistributed earnings	383	4,633
Tax effect of deferred tax assets/liabilities	(25,279)	18,507
Prior years' tax adjustments	28,159	(17,667)
Total income tax expense recognized in profit or loss	<u>\$434,870</u>	<u>\$224,214</u>

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

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

For the year ended December 31, 2023

	Beginning balance as of January 1, 2023	Deferred tax income (expense) recognized in profit or loss	Exchange adjustment	Ending balance as of December 31, 2023
Temporary differences				
Bad debts loss	\$456	\$(401)	\$(1)	\$54
Unrealized loss on inventory valuation	20,030	(11,510)	(171)	8,349
Investments accounted for using the equity method	(392,342)	(274,073)	1,659	(664,756)
Unrealized exchange loss (gain)	(3,301)	3,301	-	-
Sales returns and allowances	-	6,771	-	6,771
Government grants revenue	89,848	160	(1,515)	88,493
Deferred tax income (expense)		<u>\$(275,752)</u>	<u>\$(28)</u>	
Net deferred tax assets (liabilities)	<u>\$(285,309)</u>			<u>\$(561,089)</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$110,334</u>			<u>\$103,667</u>
Deferred tax liabilities	<u>\$(395,643)</u>			<u>\$(664,756)</u>

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

For the year ended December 31, 2022

	Beginning balance as of January 1, 2022	Deferred tax income (expense) recognized in profit or loss	Exchange adjustment	Ending balance as of December 31, 2022
Temporary differences				
Bad debts loss	\$345	\$105	\$6	\$456
Unrealized loss on inventory valuation	24,793	(5,168)	405	20,030
Investments accounted for using the equity method	(266,559)	(125,783)	-	(392,342)
Gain on disposal of property, plant and equipment	30,652	(30,652)	-	-
Unrealized exchange loss (gain)	366	(3,667)	-	(3,301)
Sales returns and allowances	986	(986)	-	-
Government grants revenue	58,216	30,826	806	89,848
Deferred tax income (expense)		<u>\$(135,325)</u>	<u>\$1,217</u>	
Net deferred tax assets (liabilities)	<u>\$(151,201)</u>			<u>\$(285,309)</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$115,358</u>			<u>\$110,334</u>
Deferred tax liabilities	<u>\$(266,559)</u>			<u>\$(395,643)</u>

(d) Unrecognized deferred tax assets

As of December 31, 2023 and 2022, deferred tax assets that have not been recognized amounted to NT\$251,573 thousand and NT\$380,455 thousand, respectively.

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

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

<u>Year incurred</u>	<u>Net Operating Loss</u>	<u>Expiration year</u>
2022	\$22,202	2032
2023 (proposed)	12,643	2033
Total	<u>\$34,845</u>	

The following tables contain information of the net operating losses of the Subsidiaries:

<u>Year incurred</u>	<u>Net Operating Loss</u>	<u>Expiration year</u>
2018	\$52,504	2028
2019	198,948	2029
2023 (proposed)	7,566	2033
Total	<u>\$259,018</u>	

(f) The assessment of income tax returns

As of December 31, 2023, the assessment status of income tax returns of the Company and subsidiaries was as follows:

	<u>The assessment of income tax returns</u>
The Company	The first-time assessment of 2022 has not yet been approved.
Subsidiary - Dynamic Electronics Co., Ltd.	Assessed and approved up to 2021
Subsidiary - CHIANAN TECHNOLOGY CO., LTD.	Assessed and approved up to 2021
Subsidiary - CHENG CHONG TECHNOLOGY CO., LTD.	Assessed and approved up to 2021

(28) 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.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

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 years ended December 31,	
	2023	2022
(a) Basic earnings per share		
Net income available to common shareholders of the parent (in thousand NT\$)	\$1,003,398	\$547,238
Weighted average number of common stocks outstanding (in thousand shares)	277,607	277,531
Basic earnings per share (in NT\$)	\$3.61	\$1.97
(b) Diluted earnings per share		
Net income available to common shareholders of the parent (in thousand NT\$)	\$1,003,398	\$547,238
Issued domestic bonds payable of valuation through profit or loss on redemption	-	865
Interest on convertible bonds	18	20
Gains on redemption of bonds	-	(1,677)
Losses on redemption of bonds	-	(Note)
Net income available to common shareholders of the parent after dilution (in thousand NT\$)	\$1,003,416	\$546,446

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

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Weighted average number of common stocks outstanding (in thousand shares)	277,607	277,531
Effect of dilution:		
Employee bonus (compensation) - stock (in thousand shares)	110	500
Convertible bonds (in thousands shares)	68	121
Redemption of bonds (in thousands shares)	-	(Note)
Weighted average number of common stocks outstanding after dilution (in thousand shares)	<u>277,785</u>	<u>278,152</u>
Diluted earnings per share (in NT\$)	<u>\$3.61</u>	<u>\$1.96</u>

Note: It is not applicable due to anti-dilutive effect.

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.

(29) Business combination

Acquisition of subsidiary – CHIANAN TECHNOLOGY CO., LTD.

On February 23, 2022, the board of directors of the Group resolved to acquire 70% of the voting shares of CHIANAN TECHNOLOGY CO., LTD. It is a Taiwan based unlisted company specializing in mockup manufacturing. The Group's acquisition of CHIANAN TECHNOLOGY CO., LTD., is to achieve the goal of long-term expansion, improve the overall operating performance, and carry out diversified development.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

The fair value of the identifiable assets and liabilities of CHIANAN TECHNOLOGY CO., LTD. at date of acquisition were:

	Fair value recognized on the acquisition date
Assets	
Cash and cash equivalents	\$6,114
Notes and Accounts Receivable	10,205
Prepayments	51
Property, Plant and Equipment	927
Intangible assets	101
Subtotal	<u>17,398</u>
Liabilities	
Notes and accounts payable	2,134
Other payables	2,404
Income tax liabilities	1,106
Other current liabilities	38
Subtotal	<u>5,682</u>
Net identifiable assets	<u><u>\$11,716</u></u>

The Company has elected to measure the non-controlling interest in CHIANAN TECHNOLOGY CO., LTD. at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

From the acquisition date to December 31, 2022, CHIANAN TECHNOLOGY CO., LTD. has contributed NT\$20,237 thousand of revenue and NT\$798 thousand to the net loss before tax of the Group. If the combination had taken place at the beginning of the year, revenue from the continuing operations would have been NT\$15,302,683 thousand and the profit from continuing operations for the Group would have been NT\$583,579 thousand.

The goodwill of NT\$37,859 thousand comprises the fair value of expected synergies arising from acquisition.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

The amount of goodwill of CHIANAN TECHNOLOGY CO., LTD. is as follows:

Consideration transferred	\$46,060
Plus: value of non-controlling interests	3,515
Less: fair value of net identifiable assets	(11,716)
Goodwill	<u>\$37,859</u>
Cash flow from acquisition	
Net cash received from subsidiaries	\$6,114
Amount of cash payments	(46,060)
Net cash outflow	<u>\$(39,946)</u>

Acquisition of Subsidiary – CHENG CHONG TECHNOLOGY CO., LTD.

On February 23, 2022, the board of directors of the Group resolved to acquire 70% of the voting shares of CHENG CHONG TECHNOLOGY CO., LTD. It is a Taiwan based unlisted company specializing in mockup manufacturing. The Group's acquisition of CHENG CHONG TECHNOLOGY CO., LTD. is to achieve the goal of long-term expansion, improve the overall operating performance, and carry out diversified development.

The fair value of the identifiable assets acquired and liabilities of CHENG CHONG TECHNOLOGY CO., LTD. at date of acquisition were:

	<u>Fair value recognized on the acquisition date</u>
Assets	
Cash and cash equivalents	\$5,535
Notes and Accounts Receivable	13,325
Prepayments	123
Property, Plant and Equipment	2,877
Intangible assets	104
Subtotal	<u>21,964</u>
Liabilities	
Notes and accounts payable	2,386
Other payables	4,927

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

	Fair value recognized on the acquisition date
Income tax liabilities	1,786
Other current liabilities	256
Subtotal	9,355
Net identifiable assets	\$12,609

The Company has elected to measure the non-controlling interest in CHENG CHONG TECHNOLOGY CO., LTD. at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

From the acquisition date to December 31, 2022, CHENG CHONG TECHNOLOGY CO., LTD. has contributed NT\$22,910 thousand of revenue and NT\$737 thousand to the net profit before tax of the Group. If the combination had taken place at the beginning of the year, revenue from the continuing operations would have been NT\$15,305,399 thousand and the profit from continuing operations for the Group would have been NT\$586,035 thousand.

The goodwill of NT\$24,385 thousand comprises the fair value of expected synergies arising from acquisition.

The amount of goodwill of CHENG CHONG TECHNOLOGY CO., LTD. is as follows:

Consideration transferred	\$33,211
Plus: value of non-controlling interests	3,783
Less: fair value of net identifiable assets	(12,609)
Goodwill	\$24,385

Cash flow from acquisition	
Net cash received from subsidiaries	\$5,535
Amount of cash payments	(33,211)
Net cash outflow	\$(27,676)

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

(30) Changes in ownership equity of subsidiaries

Acquisition of new shares in a subsidiary not in proportionate to ownership interest

Dynamic Electronics Co., Ltd. (Huangshi) issued new shares on September 27, 2022. The Group did not participate in the subscription, so its ownership was reduced to 97.8541%. The capital increase cash obtained by the Group was NT\$156,279 thousand, and the book value of the net assets of Dynamic Electronics Co., Ltd. (Huangshi) (on initial acquisition and excluding goodwill) was NT\$5,472,007 thousand. The Group's reduction of relevant equity in Dynamic Electronics Co., Ltd. (Huangshi) including the increase in non-controlling equity is as follows:

Additional cash received from the issuance of new shares	\$156,279
Increase to non-controlling interests	(119,999)
Difference recognized in capital surplus within equity	<u>\$36,280</u>

7. Related party transactions

(1) Significant transactions with related parties

(a) Key management personnel compensation

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$62,757	\$33,386
Post-employment benefits	461	521
Total	<u>\$63,218</u>	<u>\$33,907</u>

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

8. Assets pledged as collateral

As of December 31, 2023 and 2022, the assets pledged for the Group's loans consist of the following:

Item	Book value	Purpose of pledge
<u>2023.12.31</u>		
Property, plant and equipment – Buildings	\$2,638,008	Secured loans
Property, plant and equipment – Machinery and equipment	955,662	Secured loans
Property, plant and equipment – Office equipment	19,549	Secured loans
Property, plant and equipment – Other equipment	4,077	Secured loans
Construction in progress	72,986	Secured loans
Right-of-use assets	357,428	Secured loans
Financial assets measured at amortized cost	27,695	Secured loans
Notes receivable	173,263	Secured loans
Total	<u>\$4,248,668</u>	
<u>2022.12.31</u>		
Property, plant and equipment – Buildings	\$2,689,655	Secured loans
Property, plant and equipment – Machinery and equipment	1,175,690	Secured loans
Property, plant and equipment – Office equipment	46,447	Secured loans
Property, plant and equipment – Other equipment	13,814	Secured loans
Construction in progress	74,235	Secured loans
Right-of-use assets	371,807	Secured loans
Financial assets measured at amortized cost	162,441	Secured loans
Total	<u>\$4,534,089</u>	

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

9. Significant contingencies and unrecognized contract commitments

As of December 31, 2023, the Group's outstanding contracts relating to purchased property, plant and equipment were as follows:

<u>Type of Asset</u>	<u>Total Amount</u>	<u>Amount paid</u>	<u>Amount unpaid</u>
Machinery and construction contracts	<u>\$2,676,210</u>	<u>\$931,655</u>	<u>\$1,744,555</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

For the needs of business development, the Company increased the capital of Dynamic Overseas Investment Holding Pte. Ltd. by US\$13 million through its subsidiary Dynamic Electronics Co., Ltd. (Huangshi) on January 16 and February 20, 2024, and also increased capital of Dynamic Technology Manufacturing (Thailand) Co., Ltd. by US\$13 million through Dynamic Overseas Investment on January 17 and February 21, 2024.

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

12. Others

(1) Categories of financial instruments

Financial assets

	As of	
	December 31,	December 31,
	2023	2022
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	\$3,373,812	\$1,676,826
Financial assets measured at amortized cost	29,046	162,441
Notes receivable	341,528	40,165
Accounts receivable	4,448,885	4,365,314
Other receivables	97,898	84,356
Refundable deposits	3,046	2,207
Subtotal	8,294,215	6,331,309
Financial assets at fair value through profit or loss:		
Held for trading	800	-
Total	<u>\$8,295,015</u>	<u>\$6,331,309</u>

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

Financial liabilities:

	As of	
	December 31, 2023	December 31, 2022
Financial liabilities at amortized cost:		
Short-term loan	\$3,906,953	\$3,918,562
Payables	5,423,289	5,682,175
Bonds payable (including current portion with maturity less than 1 year)	-	2,363
Leased liabilities (including current portion with maturity less than 1 year)	2,574	6,564
Long-term loan (including current portion with maturity less than 1 year)	4,349,069	2,790,106
Subtotal	13,681,885	12,399,770
Financial liabilities at fair value through profit or loss:		
Held for trading	-	77
Total	\$13,681,885	\$12,399,847

(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).

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

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 of 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 analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended December 31, 2023 and 2022 is decreased/increased by NT\$31,794 thousand and NT\$11,033 thousand, respectively.

When NTD strengthens/weakens against RMB by 1%, the profit for the years ended December 31, 2023 and 2022 is increased/decreased by NT\$99,568 thousand and NT\$83,556 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, 2023 and 2022 to decrease/increase by NT\$6,728 thousand and NT\$5,868 thousand, respectively.

Equity price risk

As of December 31, 2023 and 2022, 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, 2023 and 2022, accounts receivable from top ten customers represent 46.77% and 65.41% 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.

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

Non-derivative financial liabilities

	<u>< 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>> 5 years</u>	<u>Total</u>
<u>2023.12.31</u>					
Loans	\$4,262,103	\$2,271,565	\$1,270,931	\$1,153,469	\$8,958,068
Payables	5,423,289	-	-	-	5,423,289
Lease liabilities	1,879	762	-	-	2,641
<u>2022.12.31</u>					
Loans	\$4,327,936	\$579,157	\$1,123,642	\$1,410,788	\$7,441,523
Payables	5,682,175	-	-	-	5,682,175
Bonds payable	2,400	-	-	-	2,400
Lease liabilities	5,049	1,671	-	-	6,720

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2023:

	<u>Short-term</u>	<u>Bonds</u>	<u>Long-term</u>	<u>Refundable</u>	<u>Lease</u>	<u>Total liabilities</u>
	<u>loans</u>	<u>payable</u>	<u>loans</u>	<u>deposits</u>	<u>liabilities</u>	<u>from financing</u>
						<u>activities</u>
As of January 1, 2023	\$3,918,562	\$2,363	\$2,790,106	\$78,123	\$6,564	\$6,795,718
Cash flows	(11,609)	-	1,603,882	63,314	(5,149)	1,650,438
Non-cash changes						
Lease modification	-	-	-	-	1,082	1,082
Others	-	(2,386)	-	-	-	(2,386)
Interest expense	-	23	-	-	161	184
Foreign exchange movement	-	-	(44,919)	-	(84)	(45,003)
As of December 31, 2023	<u>\$3,906,953</u>	<u>\$-</u>	<u>\$4,349,069</u>	<u>\$141,437</u>	<u>\$2,574</u>	<u>\$8,400,033</u>

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

Reconciliation of liabilities for the year ended December 31, 2022:

	Short-term loans	Bonds payable	Long-term loans	Refundable deposits	Lease liabilities	Total liabilities from financing activities
As of January 1, 2022	\$4,587,071	\$486,152	\$1,041,959	\$121,124	\$4,064	\$6,240,370
Cash flows	(668,509)	(548,850)	1,731,842	(43,001)	(3,382)	468,100
Non-cash changes						
Lease modification	-	-	-	-	5,751	5,751
Others	-	58,015	-	-	-	58,015
Interest expense	-	7,046	-	-	127	7,173
Foreign exchange movement	-	-	16,305	-	4	16,309
As of December 31, 2022	\$3,918,562	\$2,363	\$2,790,106	\$78,123	\$6,564	\$6,795,718

(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.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

- 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	
	As of	
	December 31, 2023	December 31, 2022
Financial liabilities:		
Bonds payable	\$-	\$2,363

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

	Fair value	
	As of	
	December 31, 2023	December 31, 2022
Financial liabilities:		
Bonds payable	\$-	\$2,361

(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

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of December 31, 2023 and 2022 are 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.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

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
2023.12.31		
Forward currency contracts	Sell foreign currency USD 3,000	2023.11.23~2024.01.26
Forward currency contracts	Sell foreign currency USD 3,000	2023.12.07~2024.02.26
Forward currency contracts	Sell foreign currency USD 3,000	2023.12.27~2024.03.26
2022.12.31		
Forward currency contracts	Sell foreign currency USD 3,000	2022.12.22~2023.03.20

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.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

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

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

As of December 31, 2023

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

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

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets:</u>				
Financial assets at fair value				
through profit or loss				
Forward foreign exchange				
contracts	\$-	\$77	\$-	\$77

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2023 and 2022, 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:

For the year ended December 31, 2023, there were no reconciliation for fair value measurements in Level 3 of the fair value measurements. The recurring assets and liabilities measured at fair value that fall into level 3 of the fair value hierarchy for the year ended December 31, 2022, the reconciliation of the balance from the beginning to the end of the period is as follows:

	Assets
	At fair value through profit or loss
Beginning balances as of January 1, 2022	\$800
Acquisition/issues for the period	(2,347)
Disposal/settlements for the period	(500)
Total gains and losses for the period	
Amount recognized in gains/losses (report on other gains and losses)	2,047
Ending balances as of December 31, 2022	\$-

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

Total gains and losses recognized in profit or loss for the year ended December 31, 2022 in the table above contain gains and losses related to assets or liabilities on hand in the amount of NT\$2,047 thousand.

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, 2023: None.

As of December 31, 2022

	Valuation	Significant	Quantitative	Relationship	Sensitivity of the
	techniques	unobservable	information	between inputs	input to fair value
		inputs		and fair value	
Financial liabilities:					
At fair value through					
profit or loss					
Embedded	Binary tree-based	Volatility	39.06%	The higher the	5% increase
derivatives	model for			volatility, the	(decrease) in the
	valuation of			higher the fair	volatility would
	convertible bonds			value of the	result in increase
				embedded	(decrease) in the
				derivatives	Group's profit or
					loss by NT\$10
					thousand

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

- (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, 2023: None.

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (Please refer to the Note6(14))	\$-	\$-	\$2,361	\$2,361

- (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:

	As of					
	December 31, 2023			December 31, 2022		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$157,110	30.71	\$4,824,246	\$132,717	30.71	\$4,076,297
RMB	\$652,445	4.3352	\$2,828,480	\$467,464	4.4094	\$2,061,251
<u>Financial liabilities:</u>						
Monetary items:						
USD	\$53,569	30.71	\$1,644,843	\$62,529	30.71	\$1,920,275
RMB	\$2,676,139	4.3352	\$11,601,620	\$2,362,399	4.4094	\$10,416,840

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

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\$45,383 thousand and NT\$215,192 thousand for the years ended December 31, 2023 and 2022, 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, 2023: None.
- b. Endorsement/Guarantee provided to others for the year ended December 31, 2023: Please refer to Attachment 1.
- c. Securities held as of December 31, 2023 (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, 2023: None.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

- 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, 2023: 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, 2023: 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, 2023: None.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of December 31, 2023: None.
- i. Financial instruments and derivative transactions: None.
- j. Significant intercompany transactions between the parent with subsidiaries or among subsidiaries: Please refer to Attachment 7.

(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 2.
- B. An investor controls operating; investing and financial decisions of an investee, the related information Note13(1) for the investee shall be disclosed as below:
 - (a) Financing provided to others for the year ended December 31, 2023: Please refer to Attachment 3.
 - (b) Endorsement/Guarantee provided to others for the year ended December 31, 2023: Attachment 1.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

- (c) Securities held as of December 31, 2023 (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, 2023: 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, 2023: Please refer to Attachment 4.
- (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, 2023: 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, 2023: Please refer to Attachment 5.
- (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of December 31, 2023: Please refer to Attachment 6.
- (i) Financial instruments and derivative transactions: Please refer to Note 12(8).

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

(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, 2023	Investment Flow		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	\$2,456,400 (Note 2, 3 and 6)	(Note 12)	\$2,260,265	\$-	\$-	\$2,260,265	\$(87,108) (Note 2)	97.8541%	\$(90,825) (Note 2, 4, 5 and 11)	\$2,705,741 (Note 2, 4, 5 and 11)	\$1,851,696 (Note 2)	\$2,260,265	\$- (Note 12)	No upper limit (Note 10)

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

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, 2023	Investment Flow		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Dynamic Electronics Co., Ltd. (Huangshi)	Manufacturing and selling of PCB	\$1,788,566 (Note 2, 6, 7, 8 and 9)	(Note 1)	\$504,167	\$-	\$-	\$504,167	\$1,168,918 (Note 2)	97.8541%	\$722,869 (Note 2, 4, 5 and 11)	\$6,527,356 (Note 2, 4, 5 and 11)	\$-	\$504,167	\$3,397,582	No upper limit (Note 10)

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 Co., Ltd., (Huangshi) through Dynamic Electronics Holding Pte. Ltd.

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

- 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: Dynamic Electronics Co., Ltd. (Huangshi) passed the resolution of the board of directors on August 4, 2022 to reduce the capital of USD 73,000 thousand, which was booked under capital surplus. In addition, on September 2, 2022, the board of directors approved a cash capital increase of RMB 35,000 thousand of which RMB 8,888 thousand (equivalent to USD 1,250 thousand) was booked as capital, and the remaining RMB 26,112 thousand was booked as capital surplus.
- Note 9: Total amount of paid-in capital is USD58,250 thousand.
- Note 10: 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 11: Transactions between consolidated entities are eliminated in the consolidated financial statements.
- Note 12: 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 Co., Ltd. (Huangshi).

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

b. Purchases and accounts payable with the related parties: Please refer to Attachment 7.

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, 2023, the Company wrote off the profit of property, plant and equipment amounted to NT\$66,165 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 3.

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 7.

h. The aforementioned transaction had been eliminated in the consolidated financial statements. Please refer to Attachment 7.

(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:

PCB segment: The segment is primarily responsible for the manufacturing of PCBs and selling them to electronic producers.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

Mock-up segment: This segment is responsible for mock-up manufacturing and sales to electronic product manufacturers.

No operating segments have been aggregated to form the above reportable operating segments.

The Group's operating segments adopts the same accounting policies as the ones in Note 4. 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.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

	PCB Segment	Mock-up Segment	Subtotal	Adjustments and eliminations (Note 1)	Consolidated
<u>2023</u>					
Revenues					
External customers	\$15,649,281	\$64,673	\$15,713,954	\$-	\$15,713,954
Inter-segment	15,200,533	-	15,200,533	(15,200,533)	-
Interest revenue	83,724	74	83,798	(40,078)	43,720
Total	<u>\$30,933,538</u>	<u>\$64,747</u>	<u>\$30,998,285</u>	<u>\$(15,240,611)</u>	<u>\$15,757,674</u>
Segment income (loss)	<u>\$1,024,641</u>	<u>\$6,012</u>	<u>\$1,030,653</u>	<u>\$-</u>	<u>\$1,030,653</u>
<u>2022</u>					
Revenues					
External customers	\$15,253,864	\$43,148	\$15,297,012	\$-	\$15,297,012
Inter-segment	24,956,885	-	24,956,885	(24,956,885)	-
Interest revenue	62,275	17	62,292	(45,362)	16,930
Total	<u>\$40,273,024</u>	<u>\$43,165</u>	<u>\$40,316,189</u>	<u>\$(25,002,247)</u>	<u>\$15,313,942</u>
Segment income (loss)	<u>\$552,721</u>	<u>\$(87)</u>	<u>\$552,634</u>	<u>\$-</u>	<u>\$552,634</u>

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

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, 2023 and 2022 are as follows:

	PCB Segment	Mock-up Segment	Subtotal	Adjustments and eliminations	Consolidated
<u>2023.12.31</u>					
Segment assets	<u>\$22,644,380</u>	<u>\$43,225</u>	<u>\$22,687,605</u>	<u>\$(248,526)</u>	<u>\$22,439,079</u>
<u>2022.12.31</u>					
Segment assets	<u>\$20,246,761</u>	<u>\$39,955</u>	<u>\$20,286,716</u>	<u>\$(273,011)</u>	<u>\$20,013,705</u>

(2) Geographical information

(a) Revenues from external customers (Note)

	For the years ended December 31,	
	2023	2022
China	\$6,109,842	\$6,381,200
Korea	1,178,761	1,118,564
Germany	773,043	927,756
Mexico	819,806	805,614
Other countries	6,832,502	6,063,878
Total	<u>\$15,713,954</u>	<u>\$15,297,012</u>

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

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

(b) Non-current assets

	As of	
	December 31, 2023	December 31, 2022
Taiwan	\$39,405	\$46,232
China	10,417,418	10,378,866
Thailand	903,476	-
Total	\$11,360,299	\$10,425,098

(3) Information about major customers

	For the years ended December 31,	
	2023	2022
Customer A	(Note)	\$2,634,307

Note: The net revenue from sales to the customer during the year did not reach 10% or more of the consolidated net revenue of the Group. Therefore, it is not disclosed.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2023

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 Holding Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	2	\$6,750,365	\$3,172,750	\$3,004,190	\$1,425,458	\$-	44.50%	\$6,750,365	Y	N	Y
0	Dynamic Holding Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	2	\$6,750,365	\$744,625	\$-	\$-	\$-	-%	\$6,750,365	Y	N	N
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	2	\$6,032,931	\$1,734,660	\$258,120	\$129,060	\$-	4.28%	\$6,032,931	Y	N	Y
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	2	\$6,032,931	\$61,320	\$-	\$-	\$-	-%	\$6,032,931	Y	N	N

Note 1: Dynamic Holding Co., Ltd. and subsidiaries are coded as follows:

1. Dynamic Holding 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. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
3. A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90 percent or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company whose co-investment relationship is endorsed by all shareholders in proportion to their shareholding ratio.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: According to 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.

Investor	Investee	Address	Main Business and Product	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of December 31, 2023	As of December 31, 2022	Shares	%	Carrying Value			
Dynamic Holding Co., Ltd.	Dynamic Electronics Co., Ltd.	33846 6F., No. 50, Minquan Rd., Luzhu Dist., Taoyuan City, Taiwan	Investing activities	\$6,148,342	\$6,148,342	277,548,934	100.00%	\$6,032,932	\$1,044,835	\$1,044,835	Note 2
Dynamic Holding Co., Ltd.	CHIANAN TECHNOLOGY CO., LTD.	24257 2F, No. 649, Zhongzheng Road, Xinzhuang District, New Taipei City, Taiwan	Mockup manufacture	\$16,428 (Note 3)	\$-	7	70.00%	\$16,353	\$1,586	\$(233)	Note 2
Dynamic Holding Co., Ltd.	CHENG CHONG TECHNOLOGY CO., LTD	24260 17F, No. 545, Longan Road, Xinzhuang District, New Taipei City, Taiwan	Mockup manufacture	\$33,533 (Note 3)	\$-	7	70.00%	\$37,046	\$4,426	\$1,789	Note 2
Dynamic Electronics Co., Ltd.	WINTEK (MAURITIUS) CO., LTD.	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	Investing activities	\$2,783,433	\$2,783,433	8,581,000	100.00%	\$6,528,519	\$968,971	\$1,158,963 (Note 1)	Note 2
Dynamic Electronics Co., Ltd.	CHIANAN TECHNOLOGY CO., LTD.	24257 2F, No. 649, Zhongzheng Road, Xinzhuang District, New Taipei City, Taiwan	Mockup manufacture	\$- (Note 3)	\$46,060	-	0.00%	\$-	\$1,586	\$1,343	Note 2
Dynamic Electronics Co., Ltd.	CHENG CHONG TECHNOLOGY CO., LTD	24260 17F, No. 545, Longan Road, Xinzhuang District, New Taipei City, Taiwan	Mockup manufacture	\$- (Note 3)	\$33,211	-	0.00%	\$-	\$4,426	\$1,310	Note 2
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics Holding Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Investing activities	\$1,559,261	\$1,559,261	141,917,000	100.00%	USD 212,557	USD 31,108	USD 31,108	Note 2
Dynamic Electronics Co., Ltd. (Huangshi)	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	\$1,957	\$1,957	50,000	100.00%	CNY 423	(CNY 28)	(CNY 28)	Note 2
Dynamic Electronics Co., Ltd. (Huangshi)	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	\$82,967	\$82,967	50,000	100.00%	CNY 198,379	CNY 125,921	CNY 125,921	Note 2
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Overseas Investment Holding Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Management operations services	\$1,251,478	\$2,930	40,050,000	100.00%	CNY 289,664	(CNY 4,915)	(CNY 4,915)	Note 2
Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Technology Manufacturing (Thailand) Co., Ltd.	106 Moo 7 Thatoom, Srimahaphot, Prachinburi 25140	PCB Manufacturing	\$-	\$-	2	0.01%	USD 0	USD (681)	USD 0	Note 2
Dynamic Overseas Investment Holding Pte. Ltd.	Dynamic Technology (Thailand) (Thailand) Co., Ltd.	106 Moo 7 Thatoom, Srimahaphot, Prachinburi 25140	PCB Manufacturing	\$1,241,803	\$-	14,131,749	99.99%	USD 40,811	(USD 681)	(USD 681)	Note 2

Note 1: Including investment loss recognized under equity method amounted to NT\$968,971 thousand and realized profit on transaction between subsidiaries amounted to NT\$189,992 thousand

Note 2: Transactions are eliminated when preparing the consolidated financial statements.

Note 3: Considering the needs of long-term development, the investment structure of Chianan Technology Co., Ltd. and Cheng Chong Technology Co., Ltd. is changed from Dynamic Electronics Co., Ltd. to Dynamic Holding Co., Ltd.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

Financing provided to others

For the year ended December 31, 2023

Attachment 3

(In Thousands of New Taiwan Dollars)

NO. (Note 1)	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 Co., Ltd. (Huangshi)	Other receivables	Yes	\$1,149,200	\$1,118,520	\$1,118,520	3.45-3.65%	2	\$-	Business turnover	\$-	-	\$-	\$1,623,445 (Note 3)	\$1,623,445 (Note 3)
2	Dynamic Electronics Co., Ltd.	Dynamic Holding Co., Ltd.	Other receivables	Yes	\$80,000	\$-	\$-	-%	2	\$-	Business turnover	\$-	-	\$-	\$6,032,931 (Note 4)	\$6,032,931 (Note 4)

Note 1: Dynamic Holding Co., Ltd. and subsidiaries are coded as follows:

1. The Company is "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, 2023. Limit of financing amount for individual counter-party shall not exceed 60% of the lender's net assets value as of December 31, 2023.

Note 4: Limit of total financing amount shall not exceed 100% of the lender's net assets of value as of December 31, 2023. Limit of financing amount for individual counter-party shall not exceed 100% of the lender's net assets value as of December 31, 2023.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING 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, 2023

Attachment 4

(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	Transfer Date	Amount			
Dynamic Technology (Thailand)	<u>Land</u> Land of Thailand Plant	2023.08.09	THB 352,639	As of December 31, 2023, THB 282,111 was paid	304 INDUSTRIAL PARK 7 COMPANY LIMITED	None	None	None	None	None	Negotiation	Land for plant expansion	None
Dynamic Technology (Thailand)	<u>Buildings</u> Construction of Thailand Plan	2023.08.31	THB 1,344,776	As of December 31, 2023, THB 439,880 was paid	China State Construction (Thailand) Co., Ltd.	None	None	None	None	None	By Bidding	Production expansion and operation planning	None

DYNAMIC HOLDING 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, 2023

Attachment 5

(In Thousands of Foreign Currency)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	Subsidiary	Sales	RMB 1,151,547	65.68%	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 330,217	54.41%	Note 1
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	Sales	RMB 62,760	3.58%	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 26,833	4.73%	Note 1
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	Purchases	RMB 984,271	73.40%	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 348,170	68.50%	Note 1
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Sales	RMB 984,271	37.80%	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 348,170	39.83%	Note 1
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchases	RMB 62,760	4.30%	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 26,833	4.33%	Note 1
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics Co., Ltd. (Seychelles)	Subsidiary	Sales	RMB 1,256,753	48.27%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 120 days after	Accounts receivable RMB 361,112	41.31%	Note 1
Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	Purchases	USD 177,737	52.37%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 50,753	52.40%	Note 1
Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchases	USD 161,650	47.63%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 38,101	39.34%	Note 1

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING 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, 2023

Attachment 6

(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 Electronics Co., Ltd (Seychelles)	Subsidiary	RMB 330,217	6.97	\$-	-	\$-	\$-
			(Note 1 amd 2)					
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	RMB 26,833	3.68	\$-	-	\$-	\$-
			(Note 1 amd 2)					
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	RMB 56,662	-	\$-	-	\$-	\$-
			(Note 1 amd 2)					
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	RMB 361,112	6.96	\$-	-	\$-	\$-
			(Note 1 amd 2)					
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	RMB 348,170	3.01	\$-	-	\$-	\$-
			(Note 1 amd 2)					
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	USD 8,000	-	\$-	-	\$-	\$-
			(Note 1 amd 2)					

Note1: Accounts receivable.

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

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

Intercompany relationships and significant intercompany transactions

For the year Ended December 31, 2023

Attachment 7

(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)
	<u>Year 2023</u>						
0	Dynamic Holding Co., Ltd.	Dynamic Electronics Co., Ltd.	1	Interest expense	\$300	-	-%
1	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics (Kunshan) Co., Ltd.	3	Purchases	USD 161,650	90 days after monthly closing	31.59%
1	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics (Kunshan) Co., Ltd.	3	Accounts payable	USD 38,101	90 days after monthly closing	5.21%
1	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Co., Ltd. (Huangshi)	3	Purchases	USD 177,737	90 days after monthly closing	34.73%
1	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Co., Ltd. (Huangshi)	3	Accounts payable	USD 50,753	90 days after monthly closing	6.94%
1	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Overseas Investment Holding Pte. Ltd.	3	Other managing expenses	USD 45	-	0.01%
1	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic PCB Electronics Co., Ltd.	3	Accounts payable	USD 8,000	90 days after monthly closing	1.09%
2	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	3	Accounts payable	USD 8,000	90 days after monthly closing	1.09%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Purchases	RMB 984,271	90 days after monthly closing	27.15%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Accounts payable	RMB 348,170	90 days after monthly closing	6.73%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Other receivables	RMB 3,810	-	0.07%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Other receivables (financing)	RMB 260,000	-	5.02%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Other Interest income	RMB 9,043	-	0.25%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Other operating revenue	RMB 1,098	-	0.03%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Outsourced manufacturing expenses	RMB 314	-	0.01%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Accounts receivable	RMB 26,833	90 days after monthly closing	0.52%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Sales	RMB 62,760	90 days after monthly closing	1.73%

Note 1: Dynamic Holding Co., Ltd. and subsidiaries are coded as follows:

1. Dynamic Holding 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 Holding Co., Ltd.

Opinion

We have audited the accompanying parent-company-only balance sheets of Dynamic Holding Co., Ltd. (the “Company”) as of December 31, 2023 and 2022, 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

As stated in Note 1 to the parent-company-only financial report, Dynamic Holding Co., Ltd. acquired 100% equity of Dynamic Electronics Co., Ltd. by means of share swap on August 25, 2022. The above-mentioned share swap was an organizational restructuring under common control. Dynamic Holdings Co., Ltd. was actually the continuation of Dynamic Electronics Co., Ltd., so the parent-company-only financial statements of Dynamic Holdings Co., Ltd. recognized the relevant assets and liabilities based on the book value of the parent-company-only financial statements of Dynamic Electronics Co., Ltd. The parent-company-only financial statements for the comparative period were prepared as if the entities had been combined from the beginning.

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, 2023. 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 (including investments in subsidiaries)

We determine that revenue recognition is one of the key audit matters. The Company's revenue (including investments in subsidiaries) for the year ended December 31, 2023 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. Meanwhile, we have 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, 2023 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 2023 parent-company-only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

/s/Lo, Hsiao Chin

/s/Chang, Chih Ming

Ernst & Young

February 27th, 2024

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 HOLDING CO., LTD.

PARENT-COMPANY-ONLY BALANCE SHEETS

As of December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			As of December 31, 2023		As of December 31, 2022	
Code	Accounts	Notes	Amount	%	Amount	%
11XX	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$690,027	10	\$6,984	-
1410	Prepayments		2,913	-	370	-
1470	Other current assets		153	-	-	-
	Total current assets		693,093	10	7,354	-
15XX	Non-current assets					
1550	Investment accounted for under equity method	4, 6(2)	6,086,331	90	6,045,287	100
1600	Property, plant and equipment, net	4, 6(3)	231	-	357	-
1920	Refundable deposits		630	-	-	-
	Total non-current assets		6,087,192	90	6,045,644	100
	Total Assets		\$6,780,285	100	\$6,052,998	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 HOLDING CO., LTD.

PARENT-COMPANY-ONLY BALANCE SHEETS

As of December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2023		As of December 31, 2022	
Code	Accounts	Notes	Amount	%	Amount	%
21XX	Current liabilities					
2200	Other payables	6(4)	\$29,824	-	\$10,394	-
2220	Other payables - related parties	7	-	-	20,043	-
2300	Other current liabilities		96	-	89	-
	Total current liabilities		29,920	-	30,526	-
	Total liabilities		29,920	-	30,526	-
31XX	Equity attributable to the parent company					
3100	Capital	6(6)				
3110	Common stock		2,776,746	41	2,775,490	46
3200	Capital surplus	6(6)	2,981,296	44	2,970,307	49
3300	Retained earnings	6(6)				
3310	Legal reserve		16,209	-	-	-
3320	Special reserve		324,242	5	438,825	7
3350	Accumulated profit or loss		1,041,825	16	162,092	3
3400	Other components of equity		(389,953)	(6)	(324,242)	(5)
	Total equity		6,750,365	100	6,022,472	100
	Total liabilities and equity		\$6,780,285	100	\$6,052,998	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 HOLDING CO., LTD.

PARENT-COMPANY-ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2023 and 2022

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

Code	Accounts	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenues	4	\$1,046,391	100	\$570,053	100
5000	Operating costs		-	-	-	-
5900	Gross profit		1,046,391	100	570,053	100
6000	Operating expenses					
6200	General and administrative expenses		(61,634)	(6)	(22,781)	(4)
	Operating expenses total		(61,634)	(6)	(22,781)	(4)
6900	Operating income		984,757	94	547,272	96
7000	Non-operating income and expenses	6(10)				
7100	Interest income		19,783	2	1	-
7010	Other income		135	-	8	-
7020	Other gains and losses		(977)	-	-	-
7050	Finance costs		(300)	-	(43)	-
	Non-operating income and expenses total		18,641	2	(34)	-
7900	Income from continuing operations before income tax		1,003,398	96	547,238	96
7950	Income tax expense	4, 6(12)	-	-	-	-
8200	Net income		1,003,398	96	547,238	96
8300	Other comprehensive income (loss)	6(11)				
8360	May be reclassified to profit or loss in subsequent periods					
8380	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		(65,711)	(6)	114,583	20
	Total other comprehensive income (loss), net of tax		(65,711)	(6)	114,583	20
8500	Total comprehensive income (loss)		\$937,687	90	\$661,821	116
9750	Earnings per share - basic (in NT\$)	6(13)	\$3.61		\$1.97	
9850	Earnings per share - diluted (in NT\$)	6(13)	\$3.61		\$1.96	

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

DYNAMIC HOLDING CO., LTD.

PARENT-COMPANY-ONLY STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Capital 3110	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, 2022	\$2,775,141	\$43	\$1,314,873	\$599,291	\$299,666	\$970,607	\$(438,825)	\$5,520,796
B1	Appropriation and distribution of 2021 earnings								
B1	Legal reserve				47,045		(47,045)		-
B3	Special reserve					139,159	(139,159)		-
B5	Cash dividends-common shares						(194,263)		(194,263)
C5	Equity component of convertible bonds			(2,847)					(2,847)
D1	Net income for 2022						547,238		547,238
D3	Other comprehensive income (loss) for 2022							114,583	114,583
D5	Total comprehensive income (loss)	-	-	-	-	-	547,238	114,583	661,821
H3	Effect of joint share exchange			1,621,622	(646,336)		(975,286)		-
I1	Conversion of convertible bonds	349	(43)	379					685
M7	Charges in ownership interest in subsidiaries			36,280					36,280
Z1	Balance as of December 31, 2022	\$2,775,490	\$-	\$2,970,307	\$-	\$438,825	\$162,092	\$(324,242)	\$6,022,472
A1	Balance as of January 1, 2023	\$2,775,490	\$-	\$2,970,307	\$-	\$438,825	\$162,092	\$(324,242)	\$6,022,472
B1	Appropriation and distribution of 2022 earnings								
B1	Legal reserve				16,209		(16,209)		-
B3	Special reserve					(114,583)	114,583		-
B5	Cash dividends-common shares						(222,039)		(222,039)
D1	Net income for 2023						1,003,398		1,003,398
D3	Other comprehensive income (loss) for 2023							(65,711)	(65,711)
D5	Total comprehensive income (loss)	-	-	-	-	-	1,003,398	(65,711)	937,687
I1	Conversion of convertible bonds	1,256		1,130					2,386
M7	Charges in ownership interest in subsidiaries			9,859					9,859
Z1	Balance as of December 31, 2023	\$2,776,746	\$-	\$2,981,296	\$16,209	\$324,242	\$1,041,825	\$(389,953)	\$6,750,365

(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 HOLDING CO., LTD.

PARENT-COMPANY-ONLY STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2023	2022
AAAA	Cash flows from operating activities:		
A10000	Net income before tax	\$1,003,398	\$547,238
A20000	Adjustments:		
A20010	Profit or loss not effecting cash flows:		
A20100	Depreciation	126	21
A20900	Interest expense	300	43
A21200	Interest income	(19,783)	(1)
A22400	Share of profit or loss of subsidiaries, associates and joint ventures	(1,046,391)	(570,053)
A30000	Changes in operating assets and liabilities:		
A31230	Prepayment	(2,543)	(370)
A31240	Other current assets	(153)	-
A32180	Other payables	19,430	10,394
A32230	Other current liabilities	7	89
A32000	Cash generated from operations	(45,609)	(12,639)
A33100	Interest received	19,783	1
A33200	Dividends received	999,176	-
A33300	Interests paid	(343)	-
AAAA	Net cash provided by (used in) operating activities	973,007	(12,638)
BBBB	Cash flows from investing activities:		
B01800	Acquisition of investments accounted for using the equity method	(49,961)	-
B02700	Acquisition of property, plant and equipment	-	(378)
B03700	(Increase) decrease in refundable deposits	(630)	-
BBBB	Net cash provided by (used in) investing activities	(50,591)	(378)
CCCC	Cash flows from financing activities:		
C01700	Cash dividends	(222,039)	-
C03700	Increase (decrease) in other payables to related parties	(20,000)	20,000
C09900	Other financing activities	2,666	-
CCCC	Net cash provided by (used in) financing activities	(239,373)	20,000
EEEE	Net Increase (decrease) in cash and cash equivalents	683,043	6,984
E00100	Cash and cash equivalents at beginning of period	6,984	-
E00200	Cash and cash equivalents at end of period	\$690,027	\$6,984

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

DYNAMIC HOLDING CO., LTD.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS

As of December 31, 2023 and 2022 and for the years then ended

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

1. History and organization

Dynamic Holding Co., Ltd. (hereinafter referred to as “the Company”) was approved and established on August 25, 2022 and listed for trading on the Taiwan Stock Exchange.

Dynamic Electronics Co., Ltd. (hereinafter referred to as “Dynamic Electronics”) applied for the establishment of Dynamic Holding Co., Ltd. by the board of directors on March 31, 2022 and the shareholders' meeting on May 20, 2022 to acquire 100% equity of Dynamic Electronics. The share swap consideration is to exchange 1 common share of Dynamic Electronics for 1 common share of the Company, and the share swap transaction has been completed on August 25, 2022. On the same day, Dynamic Electronics became a 100% subsidiary of the Company and terminated the stock listing and public offering. The company's common stock was listed and traded under the stock code "3715" from the same day. The aforementioned share swap was an organizational restructuring under common control. The Company was actually the continuation of Dynamic Electronics Co., Ltd., and the parent company only financial statements for the comparative period were prepared as if the entities had been combined from the beginning.

The Company is an investment holding company. 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 27, 2024.

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, 2023. The adoption of these new standards and amendments had no material impact on the Company.

DYNAMIC HOLDING CO., LTD.

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

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

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are 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	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
B	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
C	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
D	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

(A) 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.

(B) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

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

(C) Non-current Liabilities with Covenants – Amendments to IAS 1

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

DYNAMIC HOLDING CO., LTD.

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

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

(D) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. As the Company has determined the potential impact of the standards and interpretations, there is 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	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

- (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.

DYNAMIC HOLDING CO., LTD.

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

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

IFRS 10 was also amended so that the gain 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 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) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

DYNAMIC HOLDING CO., LTD.

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

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

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. As the Company has determined the potential impact of the standards and interpretations, there is no material impact on the Company.

4. Summary of significant accounting policies

(1) Statement of compliance

The parent-company-only financial statements of the Company for the years ended December 31, 2023 and 2022 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.

DYNAMIC HOLDING CO., LTD.

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

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

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 derivatives 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 is part of a reporting entity's net investment in a foreign operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss upon disposal of such 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.

DYNAMIC HOLDING CO., LTD.

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

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

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and the income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by the Company: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

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

(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.

DYNAMIC HOLDING CO., LTD.

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

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

A liability is classified as current when:

- (a) The Group expects to settle the liability in 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 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 instruments: Recognition and Measurement

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

DYNAMIC HOLDING CO., LTD.

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

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

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

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

Financial assets measured at amortized cost

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

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

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

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

- a. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

DYNAMIC HOLDING CO., LTD.

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

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

- 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.

DYNAMIC HOLDING CO., LTD.

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

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

- (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 Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its 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 represent 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.

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

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

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

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

The loss allowance is measures as follows:

- a. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- c. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- 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.

DYNAMIC HOLDING CO., LTD.

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

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

(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.

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

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

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 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.

DYNAMIC HOLDING CO., LTD.

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

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

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.

DYNAMIC HOLDING CO., LTD.

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

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

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

Derecognition of financial liabilities

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

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

(E) Offsetting of financial instruments

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

(8) Fair value measurement

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

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

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

DYNAMIC HOLDING CO., LTD.

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

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

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) 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.

DYNAMIC HOLDING CO., LTD.

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

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

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 affect 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 prorata 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.

DYNAMIC HOLDING CO., LTD.

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

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

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.

(10) 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:

Office equipment	3 years
------------------	---------

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

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

DYNAMIC HOLDING CO., LTD.

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

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

(11) Leases

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

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

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

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.

DYNAMIC HOLDING CO., LTD.

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

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

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

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

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

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

DYNAMIC HOLDING CO., LTD.

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

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

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.

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

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

(12) Impairment of non-financial assets

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

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

A CGU, or groups of CGU, 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.

DYNAMIC HOLDING CO., LTD.

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

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

(13) 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.

(14) 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.

DYNAMIC HOLDING CO., LTD.

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

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

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.

DYNAMIC HOLDING CO., LTD.

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

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

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

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 value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or 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.

DYNAMIC HOLDING CO., LTD.

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

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

(b) Income tax

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

	As of	
	December 31, 2023	December 31, 2022
Checking and savings	\$690,027	\$6,984

DYNAMIC HOLDING CO., LTD.

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

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

(2) Investments accounted for under the equity method

Investee companies	As of			
	December 31, 2023		December 31, 2022	
	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investments in subsidiaries:				
Dynamic Electronics Co., Ltd.	\$6,032,932	100.00%	\$6,045,287	100.00%
CHIANAN TECHNOLOGY CO., LTD. (Note 1)	16,353	70.00%	-	-%
CHENG CHONG TECHNOLOGY CO., LTD. (Note 2)	37,046	70.00%	-	-%
	<u>\$6,086,331</u>		<u>\$6,045,287</u>	

Note 1: Considering the long-term development needs of the Company, on May 5, 2023 the Board of Directors resolved to that Dynamic Electronics Co., Ltd.'s reinvestment in CHIANAN TECHNOLOGY CO., LTD. is changed to the Company's reinvestment in CHIANAN TECHNOLOGY CO., LTD. On July 3, 2023, the share settlement was completed. The above transaction is an equity adjustment under organizational restructuring.

Note 2: Considering the long-term development needs of the Company, on May 5, 2023 the Board of Directors resolved to that Dynamic Electronics Co., Ltd.'s reinvestment in CHENG CHONG TECHNOLOGY CO., LTD. is changed to the Company's reinvestment in CHENG CHONG TECHNOLOGY CO., LTD. On July 3, 2023, the share settlement was completed. The above transaction is an equity adjustment under organizational restructuring.

- (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.

DYNAMIC HOLDING CO., LTD.

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

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

(3) Property, plant and equipment

	As of	
	December 31, 2023	December 31, 2022
Owner occupied property, plant and equipment	\$231	\$357
		Office equipment
Cost:		
As of January 1, 2023		\$378
Additions		-
Disposals		-
Transfer		-
As of December 31, 2023		\$378
Depreciation and impairment:		
As of January 1, 2023		\$21
Depreciation		126
Impairment loss		-
Disposals		-
Transfer		-
As of December 31, 2023		\$147
Cost:		
As of January 1, 2022		\$-
Additions		378
Disposals		-
Transfer		-
As of December 31, 2022		\$378

DYNAMIC HOLDING CO., LTD.

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

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

	Office equipment
Depreciation and impairment:	
As of January 1, 2022	\$-
Depreciation	21
Impairment loss	-
Disposals	-
Transfer	-
As of December 31, 2022	\$21
Net carrying amount as of:	
December 31, 2023	\$231
December 31, 2022	\$357

(4) Other payables

	As of	
	December 31, 2023	December 31, 2022
Other payables consist of the following:		
Accrued expenses	\$29,824	\$10,394

(5) 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, 2023 and 2022 amounted to NT\$782 and NT\$229 thousand.

DYNAMIC HOLDING CO., LTD.

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

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

(6) Equities

(a) Common stock

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

For the year ended December 31, 2021, the second unsecured convertible bonds in the amount of NT\$100 thousand were converted into 4 thousand common shares. On December 28, 2021, Dynamic Electronics' board meeting resolved to increase capital and the measurement date was on January 1, 2022.

For the year ended December 31, 2022, the second unsecured convertible bonds in the amount of NT\$700 thousand were converted into 31 thousand common shares.

As stated in Note 1 to the parent-company-only financial statements, the Company exchanged 1 common share of Dynamic Electronics for 1 common share of the Company through share conversion on August 25, 2022, and acquired 100% equity of Dynamic Electronics. As of December 31, 2023 and 2022, the Company's registered capital was NT\$4,000,000 thousand, and the issued share capital were NT\$2,776,746 thousand and NT\$2,775,490 thousand, with a par value of NT\$10 per share, divided into 277,674,584 shares and 277,548,934 shares.

For the year ended December 31, 2023, Dynamic Electronics issued the second unsecured convertible bonds and applied to convert into shares of Dynamic Holdings Co., Ltd. in the amount of NT\$2,400 thousand, and the Company issued 126 thousand common shares in exchange.

DYNAMIC HOLDING CO., LTD.

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

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

(b) Capital surplus

	As of	
	December 31, 2023	December 31, 2022
Additional paid-in capital	\$1,176,745	\$1,176,745
Conversion premium of convertible corporate bonds	1,943	533
Treasury share transactions	34,946	34,946
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	61,670	51,811
Gain on sale of assets	155	155
Employee stock option	6,528	6,528
Share options	77,687	77,967
Merger by share exchange	1,621,622	1,621,622
Total	<u>\$2,981,296</u>	<u>\$2,970,307</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.

DYNAMIC HOLDING CO., LTD.

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

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

(c) Retained earnings and dividend policies

(1) The promoters meeting of Dynamic Electronics Co., Ltd./Dynamic Holdings Co., Ltd. passed the company's articles of association through the shareholders' meeting on May 20, 2022. According to the company's articles of association, when allocating the current year's earnings, if any, after having paid all taxes and dues, shall first set aside 10% of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply; the rest shall be set aside as special surplus or reversal according to laws or the regulations of the competent authority; if there is any remaining portion, the board of directors shall, along with the accumulated undistributed earnings, submit a surplus distribution proposal to the shareholders meeting for a resolution to distribute shareholder dividends. The Company may, in accordance with Articles 240 and 241 of the Company Act, authorize the board of directors to issue cash dividends and bonuses by special resolutions, and distribute in cash the above-mentioned dividends or capital reserve or/and legal reserve in compliance with the Company Act and shall report the distribution in the most recent shareholder's meeting.

(2) Dividend policy

The company's dividend policy is based on the expansion of business scale, considering the company's capital expenditure and operating turnover needs and the degree of dilution of earnings per share to moderately distribute stock dividends or cash dividends, but cash dividends are paid at a rate not lower than the current 10% of total annual dividends.

(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.

DYNAMIC HOLDING CO., LTD.

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

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

(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, Dynamic Electronics shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, Dynamic Electronics 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, Dynamic Electronics 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, 2023 and 2022, special reserve set aside for the first-time adoption of TIFRS reduced to NT\$299,666 thousand accordingly

- (5) The appropriations of earnings for the years 2023 and 2022 were approved through the Board meeting and stockholders' meeting held on February 27, 2024 and May 18, 2023, respectively. The details of the distributions are as follows.

	Appropriation of earnings		Dividend per share (in NT\$)	
	2023	2022	2023	2022
Legal reserve	\$100,340	\$16,209		
Special reserve	65,711	(114,583)		
Cash dividend	416,512	222,039	\$1.5	\$0.8
Total	<u>\$582,563</u>	<u>\$123,665</u>		

DYNAMIC HOLDING CO., LTD.

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

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

Please refer to Note 6(9) for details on employees' compensation and remuneration to directors and supervisors.

(7) Operating revenues

	For the years ended December 31,	
	2023	2022
Investment revenues	<u>\$1,046,391</u>	<u>\$570,053</u>
By the timing for revenue recognition:		
At a point in time	<u>\$1,046,391</u>	<u>\$570,053</u>

(8) Leases

(a) Company as a lessee

The Company leases buildings, machinery. The lease terms 1 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. Income and costs relating to leasing activities

	For the years ended December 31,	
	2023	2022
The expenses relating to short-term leases	<u>\$2,709</u>	<u>\$882</u>

As of December 31, 2023 and 2022, 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 were both NT\$0.

DYNAMIC HOLDING CO., LTD.

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

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

B. Cash outflow relating to leasing activities

For the years ended December 31, 2023 and 2022, the Company's total cash outflows for leases amounted to NT\$2,709 thousand and NT\$882 thousand.

- (9) Summary of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2023 and 2022 is as follows:

Function Nature	For the years ended December 31,					
	2023			2022		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$-	\$21,554	\$21,554	\$-	\$11,119	\$11,119
Labor and health insurance	-	1,408	1,408	-	535	535
Pension	-	782	782	-	229	229
Directors' remuneration	-	16,645	16,645	-	2,888	2,888
Other employee benefits	-	117	117	-	-	-
Depreciation	-	126	126	-	21	21

Note:

- The headcounts of the Company amounted to 13 and 16, respectively, as of December 31, 2023 and 2022. Among the Company's directors, there were both 0 who were not the employees.
- Companies who have been listed on Taiwan Stock Exchange or Taipei Exchange should disclose the following information:
 - For the years ended December 31, 2023 and 2022, the average employee benefits were NT\$1,835 thousand and NT\$743 thousand.
 - For the years ended December 31, 2023 and 2022, the average salaries were NT\$1,658 thousand and NT\$695 thousand.
 - The change in the average salaries was 138.6%.

DYNAMIC HOLDING CO., LTD.

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

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

(4) The salary and remuneration policy of the Company:

According to Article 26 of the Company's Articles of Incorporation, no less than 0.1% of profit of the current year is distributable as employees' compensation and no more 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 promoter meeting of Dynamic Electronics Co., Ltd./Dynamic Holding Co., Ltd. was passed the Company's articles of association (hereinafter the Articles of Incorporation) at the shareholders' meeting on May 20, 2022. According to the Articles of Incorporation, if there is profit in the year, no less than 0.1% shall be allocated as employee compensation and no more than 3% as director remuneration. However, when there are accumulated losses, the profit shall be used to cover the losses first. 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.

DYNAMIC HOLDING CO., LTD.

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

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

Based on profit of the years ended December 31, 2023 and 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the years ended December 31, 2023 and 2022 to be not lower than 0.1% 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, 2023 amounted to NT\$6,897 thousand and NT\$15,385 thousand, respectively; for the year ended December 31, 2022 amounted to NT\$2,619 thousand and NT\$2,508 thousand, respectively. A resolution was passed at a board meeting to distribute in the form of stocks as employees' compensation; the number of stocks distributed was calculated based on the closing price one day before the date of resolution. If there is a discrepancy between the estimated number and the actual distribution amount determined by the board of directors, it will be recognized as a gain or loss in the following year.

No material differences existed between the actual distribution amount of the employee compensation and remuneration to directors and supervisors and the amount expensed in the financial statements for the year ended December 31, 2023.

No material differences exist between the actual distribution amount of the employee compensation and remuneration to directors and supervisors and the amount expensed in the financial statements for the year ended December 31, 2022.

(10) Non-operating income and expenses

(a) Interest income

	For the years ended December 31,	
	2023	2022
Financial assets measured at amortized cost	\$19,783	\$1

(b) Other income

	For the years ended December 31,	
	2023	2022
Other income — others	\$135	\$8

DYNAMIC HOLDING CO., LTD.

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

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

(c) Other gains and losses

	For the years ended December 31,	
	2023	2022
Foreign exchange (losses) gains, net	<u>\$ (977)</u>	<u>\$ -</u>

(d) Finance costs

	For the years ended December 31,	
	2023	2022
Interest on borrowings from financing	<u>\$ 300</u>	<u>\$ 43</u>

(11) Components of other comprehensive income (loss)

For the year ended December 31, 2023

	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>\$ (65,711)</u>	<u>\$ -</u>	<u>\$ (65,711)</u>	<u>\$ -</u>	<u>\$ (65,711)</u>

DYNAMIC HOLDING CO., LTD.

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

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

For the year ended December 31, 2022

	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>\$114,583</u>	<u>\$-</u>	<u>\$114,583</u>	<u>\$-</u>	<u>\$114,583</u>

(12) 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 years ended December 31,	
	2023	2022
Current income tax expense (income):		
Current income tax charge	\$-	\$-
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	-	-
Total income tax expense	<u>\$-</u>	<u>\$-</u>

DYNAMIC HOLDING CO., LTD.

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

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

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

	For the years ended December 31,	
	2023	2022
Accounting profit before tax from continuing operations	\$1,003,398	\$162,092
Tax at the domestic rates applicable to profits in the country concerned	\$200,680	\$32,418
Other adjustments according to the Tax Law	(209,278)	(36,981)
Tax effect of deferred tax assets/liabilities	8,598	4,563
Total income tax expense recognized in profit or loss	\$-	\$-

- (c) Unrecognized deferred tax assets

As of December 31, 2023 and 2022, the amount of deferred income tax assets unrecognized by the Company were NT\$13,039 thousand and NT\$4,990 thousand.

- (d) The following table contains information of the net operating loss of the Company:

Year incurred	Net operating loss	Expiration year
2022	\$22,202	2032
2023 (proposed)	12,643	2033
	\$34,845	

- (e) The assessment of income tax returns

	The assessment of income tax returns
The Company	The first-time assessment of 2022 has not yet been approved.

DYNAMIC HOLDING CO., LTD.

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

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

(13) 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 years ended December 31,	
	2023	2022
(a) Basic earnings per share		
Net income available to common shareholders of the parent (in thousand NT\$)	\$1,003,398	\$547,238
Weighted average number of common stocks outstanding (in thousand shares)	277,607	277,531
Basic earnings per share (in NT\$)	\$3.61	\$1.97
(b) Diluted earnings per share		
Net income available to common shareholders of the parent (in thousand NT\$)	\$1,003,398	\$547,238
Issued domestic bonds payable of valuation through profit or loss on redemption	-	865
Interest on convertible bonds	18	20
Gains on redemption of bonds	-	(1,677)
Losses on redemption of bonds	-	(Note)
Net income available to common shareholders of the parent after dilution (in thousand NT\$)	\$1,003,416	\$546,446

DYNAMIC HOLDING CO., LTD.

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

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

	For the years ended December 31,	
	2023	2022
Weighted average number of common stocks outstanding (in thousand shares)	277,607	277,531
Effect of dilution:		
Employee bonus (compensation)—stock (in thousand shares)	110	500
Convertible bonds (in thousands shares)	68	121
Redemption of bonds (in thousands shares)	-	(Note)
Weighted average number of common stocks outstanding after dilution (in thousand shares)	277,785	278,152
Diluted earnings per share (in NT\$)	\$3.61	\$1.96

Note: It is not applicable due to anti-dilutive effect.

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

Name of the related parties	Nature of relationship of the related parties
Dynamic Electronics Co., Ltd.	Subsidiary

DYNAMIC HOLDING CO., LTD.

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

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

(2) Significant transactions with related parties

(a) Other receivables from related parties (including capital finance)

	As of	
	December 31, 2023	December 31, 2022
Dynamic Electronics Co., Ltd.	\$-	\$20,043

(b) Capital finance with related parties (No collateral provided)

Other payables	The highest balance (Cr)	Balance at year end (Cr)	Interest Rates	Total interest for the year
<u>2023</u>				
Dynamic Electronics Co., Ltd.	\$20,000	\$-	2.366%	\$300
<u>2022</u>				
Dynamic Electronics Co., Ltd.	\$80,000	\$20,000	2.366%	\$43

(c) Key management personnel compensation

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$27,161	\$2,180
Post-employment benefits	353	104
Total	\$27,514	\$2,284

8. Assets pledged as collateral

None.

9. Significant contingencies and unrecognized contract commitments

None.

DYNAMIC HOLDING CO., LTD.

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

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

10. Losses due to major disasters

None.

11. Significant subsequent events

For the needs of business development, the Company increased the capital of Dynamic Overseas Investment Holding Pte. Ltd. by US\$13 million through its subsidiary Dynamic Electronics Co., Ltd. (Huangshi) on January 16 and February 20, 2024, and also increased capital of Dynamic Technology Manufacturing (Thailand) Co., Ltd. by US\$13 million through Dynamic Overseas Investment on January 17 and February 21, 2024.

12. Others

(1) Categories of financial instruments

Financial assets

	As of	
	December 31, 2023	December 31, 2022
Financial assets measured at amortized cost:		
Cash and cash equivalents (not included cash on hand and petty cash)	\$690,027	\$6,984

Financial liabilities

	As of	
	December 31, 2023	December 31, 2022
Financial liabilities at amortized cost:		
Payables	\$29,824	\$30,437

DYNAMIC HOLDING CO., LTD.

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

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

(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 Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk 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. 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.

DYNAMIC HOLDING CO., LTD.

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

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

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 of 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, 2023 and 2022 is increased/decreased by NT\$6,418 thousand and NT\$0, 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, 2023 and 2022 to decrease/increase by NT\$48 thousand and NT\$13 thousand.

Equity price risk

As of December 31, 2023 and 2022, the Company does not hold equity securities at fair value; therefore the Company is not subject to equity price risk.

DYNAMIC HOLDING CO., LTD.

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

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

(4) 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

	<u>< 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>> 5 years</u>	<u>Total</u>
<u>2023.12.31</u>					
Payables	\$29,824	\$-	\$-	\$-	\$29,824
<u>2022.12.31</u>					
Payables	\$30,437	\$-	\$-	\$-	\$30,437

(5) 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.

DYNAMIC HOLDING CO., LTD.

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

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

- ii. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
 - iii. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
 - iv. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.).
 - v. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).
- (b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

DYNAMIC HOLDING CO., LTD.

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

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

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(6) for fair value measurement hierarchy for financial instruments of the Company.

(6) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

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

The Company does not have assets that are measured at fair value on a non-recurring basis. And the Company assets or liabilities that are measured at fair value on a recurring basis.

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

DYNAMIC HOLDING CO., LTD.

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

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

(7) Significant assets and liabilities denominated in foreign currencies

As of December 31, 2022, the Company did not hold any significant financial assets and liabilities in foreign currencies. Additionally, the information about significant financial assets and liabilities in foreign currencies that had a significant impact as of December 31, 2023, is as follows:

	As of December 31, 2023		
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$20,901	30.705	\$641,759

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 Company, the Company was unable to disclose foreign exchange gain (loss) towards each foreign currency with significant impact. The Company recognized exchange loss amounted to NT\$977 thousand for the years ended December 31, 2023.

(8) 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.

DYNAMIC HOLDING CO., LTD.

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

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

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, 2023: None.
- b. Endorsement/Guarantee provided to others for the year ended December 31, 2023: Please refer to Attachment 1.
- c. Securities held as of December 31, 2023 (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, 2023: 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, 2023: 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, 2023: 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, 2023: None.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of December 31, 2023: None.
- i. Financial instruments and derivative transactions: None.

DYNAMIC HOLDING CO., LTD.

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

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

(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 2.
- B. An investor controls operating, investing and financial decisions of an investee. The related information for the investee shall be disclosed in Note 13(1) below:
- (a) Financing provided to others for the year ended December 31, 2023: Please refer to Attachment 3.
- (b) Endorsement/Guarantee provided to others for the year ended December 31, 2023: Please refer to Attachment 1.
- (c) Securities held as of December 31, 2023 (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, 2023: 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, 2023: Please refer to Attachment 4.
- (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, 2023: 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, 2023: Please refer to Attachment 5.

DYNAMIC HOLDING CO., LTD.

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

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

(h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of December 31, 2023: Please refer to Attachment 6.

(i). Financial instruments and derivative transactions: None.

DYNAMIC HOLDING CO., LTD.

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

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

(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, 2023	Investment Flow		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	\$2,456,400 (Note 2, 3 and 6)	(Note 11)	\$2,260,265	\$-	\$-	\$2,260,265	\$(87,108) (Note 2)	97.8541%	\$(90,825) (Note 2, 4 and 5)	\$2,705,741 (Note 2, 4 and 5)	\$1,851,696 (Note 2)	\$2,260,265	\$- (Note 11)	No upper limit (Note 10)

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

DYNAMIC HOLDING CO., LTD.

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

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

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, 2023	Investment Flow		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Dynamic Electronics Co., Ltd. (Huangshi)	Manufacturing and selling of PCB	\$1,788,566 (Note 2, 6, 7, 8 and 9)	(Note 1)	\$504,167	\$-	\$-	\$504,167	\$1,168,918 (Note 2)	97.8541%	\$722,869 (Note 2, 4 and 5)	\$6,527,356 (Note 2, 4 and 5)	\$-	\$504,167	\$3,397,582	No upper limit (Note 10)

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 Co., Ltd., (Huangshi) through Dynamic Electronics Holding Pte. Ltd.

DYNAMIC HOLDING CO., LTD.

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

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

- 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: Dynamic Electronics Co., Ltd. (Huangshi) passed the resolution of the board of directors on August 4, 2022 to reduce the capital of USD 73,000 thousand, which was booked under capital surplus. In addition, on September 2, 2022 , the board of directors approved a cash capital increase of RMB 35,000 thousand of which RMB 8,888 thousand (equivalent to USD 1,250 thousand) was booked as capital, and the remaining RMB 26,112 thousand was booked as capital surplus.
- Note 9: Total amount of paid-in capital is USD58,250 thousand.
- Note 10: 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 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 Co., Ltd. (Huangshi).

DYNAMIC HOLDING 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: None.

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, 2023, the Company wrote off the profit of property, plant and equipment amounted to NT\$66,165 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 3.

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 HOLDING CO., LTD.

Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2023

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 Holding Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	2	\$6,750,365	\$3,172,750	\$3,004,190	\$1,425,458	\$-	44.50%	\$6,750,365	Y	N	Y
0	Dynamic Holding Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	2	\$6,750,365	\$744,625	\$-	\$-	\$-	-%	\$6,750,365	Y	N	N
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	2	\$6,032,931	\$1,734,660	\$258,120	\$129,060	\$-	4.28%	\$6,032,931	Y	N	Y
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	2	\$6,032,931	\$61,320	\$-	\$-	\$-	-%	\$6,032,931	Y	N	N

Note 1: Dynamic Holding Co., Ltd. and subsidiaries are coded as follows:

1. Dynamic Holding 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. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
3. A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90 percent or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company whose co-investment relationship is endorsed by all shareholders in proportion to their shareholding ratio.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: According to 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 Parent-Company-Only Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD.

Investees over Which the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As of December 31, 2023

Attachment 2

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Address	Main Business and Product	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of December 31, 2023	As of December 31, 2022	Shares	%	Carrying Value			
Dynamic Holding Co., Ltd.	Dynamic Electronics Co., Ltd.	33846 6F., No. 50, Minquan Rd., Luzhu Dist., Taoyuan City, Taiwan	Investing activities	\$6,148,342	\$6,148,342	277,548,934	100.00%	\$6,032,932	\$1,044,835	\$1,044,835	
Dynamic Holding Co., Ltd.	CHIANAN TECHNOLOGY CO., LTD.	24257 2F, No. 649, Zhongzheng Road, Xinzhuang District, New Taipei City, Taiwan	Mockup manufacture	\$16,428 (Note 2)	\$-	7	70.00%	\$16,353	\$1,586	\$(233)	
Dynamic Holding Co., Ltd.	CHENG CHONG TECHNOLOGY CO., LTD	24260 17F, No. 545, Longan Road, Xinzhuang District, New Taipei City, Taiwan	Mockup manufacture	\$33,533 (Note 2)	\$-	7	70.00%	\$37,046	\$4,426	\$1,789	
Dynamic Electronics Co., Ltd.	WINTEK (MAURITIUS) CO., LTD.	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	Investing activities	\$2,783,433	\$2,783,433	8,581,000	100.00%	\$6,528,519	\$968,971	\$1,158,963 (Note 1)	
Dynamic Electronics Co., Ltd.	CHIANAN TECHNOLOGY CO., LTD.	24257 2F, No. 649, Zhongzheng Road, Xinzhuang District, New Taipei City, Taiwan	Mockup manufacture	\$- (Note 2)	\$46,060	-	0.00%	\$-	\$1,586	\$1,343	
Dynamic Electronics Co., Ltd.	CHENG CHONG TECHNOLOGY CO., LTD	24260 17F, No. 545, Longan Road, Xinzhuang District, New Taipei City, Taiwan	Mockup manufacture	\$- (Note 2)	\$33,211	-	0.00%	\$-	\$4,426	\$1,310	
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics Holding Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Investing activities	\$1,559,261	\$1,559,261	141,917,000	100.00%	USD 212,557	USD 31,108	USD 31,108	
Dynamic Electronics Co., Ltd. (Huangshi)	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	\$1,957	\$1,957	50,000	100.00%	CNY 423	(CNY 28)	(CNY 28)	
Dynamic Electronics Co., Ltd. (Huangshi)	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	\$82,967	\$82,967	50,000	100.00%	CNY 198,379	CNY 125,921	CNY 125,921	
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Overseas Investment Holding Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Management operations services	\$1,251,478	\$2,930	40,050,000	100.00%	CNY 289,664	(CNY 4,915)	(CNY 4,915)	
Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Technology Manufacturing (Thailand) Co. Ltd.	106 Moo 7 Thatoom, Srimahaphot, Prachinburi 25140	PCB Manufacturing	\$-	\$-	2	0.01%	USD 0	USD (681)	USD 0	
Dynamic Overseas Investment Holding Pte. Ltd.	Dynamic Technology Manufacturing (Thailand) Co. Ltd.	106 Moo 7 Thatoom, Srimahaphot, Prachinburi 25140	PCB Manufacturing	\$1,241,803	\$-	14,131,749	99.99%	USD 40,811	(USD 681)	(USD 681)	

Note 1: Including investment loss recognized under equity method amounted to NT\$968,971 thousand and realized profit on transaction between subsidiaries amounted to NT\$189,992 thousand

Note 2: Considering the needs of long-term development, the investment structure of Chianan Technology Co., Ltd. and Cheng Chong Technology Co., Ltd. is changed from Dynamic Electronics Co., Ltd. to Dynamic Holding Co., Ltd.

DYNAMIC HOLDING CO., LTD.

Financing provided to others

For the year ended December 31, 2023

Attachment 3

(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 Co., Ltd. (Huangshi)	Other receivables	Yes	\$1,149,200	\$1,118,520	\$1,118,520	3.45-3.65%	2	\$-	Business turnover	\$-	-	\$-	\$1,623,445 (Note 3)	\$1,623,445 (Note 3)
2	Dynamic Electronics Co., Ltd.	Dynamic Holding Co., Ltd.	Other receivables	Yes	\$80,000	\$-	\$-	-%	2	\$-	Business turnover	\$-	-	\$-	\$6,032,931 (Note 4)	\$6,032,931 (Note 4)

Note 1: Dynamic Holding Co., Ltd. and subsidiaries are coded as follows:

1. The Company is "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, 2023. Limit of financing amount for individual counter-party shall not exceed 60% of the lender's net assets value as of December 31, 2023.

Note 4: Limit of total financing amount shall not exceed 100% of the lender's net assets of value as of December 31, 2023. Limit of financing amount for individual counter-party shall not exceed 100% of the lender's net assets value as of December 31, 2023.

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

DYNAMIC HOLDING 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, 2023

Attachment 4

(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	Transfer Date	Amount			
Dynamic Technology (Thailand)	<u>Land</u> Land of Thailand Plant	2023.08.09	THB 352,639	As of December 31, 2023, THB 282,111 was paid	304 INDUSTRIAL PARK 7 COMPANY LIMITED	None	None	None	None	None	Negotiation	Land for plant expansion	None
Dynamic Technology (Thailand)	<u>Buildings</u> Construction of Thailand Plan	2023.08.31	THB 1,344,776	As of December 31, 2023, THB 439,880 was paid	China State Construction (Thailand) Co., Ltd.	None	None	None	None	None	By Bidding	Production expansion and operation planning	None

(In Thousands of Foreign Currency)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	Subsidiary	Sales	RMB 1,151,547	65.68%	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 330,217	54.41%	
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	Sales	RMB 62,760	3.58%	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 26,833	4.73%	
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	Purchases	RMB 984,271	73.40%	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 348,170	68.50%	
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Sales	RMB 984,271	37.80%	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 348,170	39.83%	
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchases	RMB 62,760	4.30%	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 26,833	4.33%	
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics Co., Ltd. (Seychelles)	Subsidiary	Sales	RMB 1,256,753	48.27%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 120 days after	Accounts receivable RMB 361,112	41.31%	
Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	Purchases	USD 177,737	52.37%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 50,753	52.40%	
Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchases	USD 161,650	47.63%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 38,101	39.34%	

DYNAMIC HOLDING CO., LTD.

Receivables from Related Parties with Amounts exceeding the lower of NT\$100 Million or 20% of Capital Stock

As of December 31, 2023

Attachment 6

(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 Electronics Co., Ltd (Seychelles)	Subsidiary	RMB 330,217	6.97	\$-	-	\$-	\$-
			(Note 1)					
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	RMB 26,833	3.68	\$-	-	\$-	\$-
			(Note 1)					
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	RMB 56,662	-	\$-	-	\$-	\$-
			(Note 1)					
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	RMB 361,112	6.96	\$-	-	\$-	\$-
			(Note 1)					
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	RMB 348,170	3.01	\$-	-	\$-	\$-
			(Note 1)					
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	USD 8,000	-	\$-	-	\$-	\$-
			(Note 1)					

Note1: Accounts receivable.

Dynamic Holding Co., Ltd.

Chairman : Ken Huang

