

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

**Ticker: 6251**

**DYNAMIC ELECTRONICS CO., LTD.**  
**PARENT-COMPANY-ONLY FINANCIAL STATEMENTS**  
**WITH AUDIT REPORT OF INDEPENDENT ACCOUNTANTS**  
**AS OF DECEMBER 31, 2019 AND 2018**  
**AND FOR THE YEARS THEN ENDED**

Address: 6F., No. 50, Minguang Rd., Luzhu Dist., Taoyuan City 338, Taiwan (R.O.C.)  
Telephone: (03)349-3300

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

English Translation of Financial Statements and a Report Originally Issued in Chinese  
**Parent-company-only financial statements**  
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English Translation of a Report Originally Issued in Chinese  
**AUDIT REPORT OF INDEPENDENT AUDITORS**

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

**Opinion**

We have audited the accompanying parent-company-only balance sheets of Dynamic Electronics Co., LTD. (the “Company”) as of December 31, 2019 and 2018, 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, 2019 and 2018, and their parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of parent-company-only financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's revenue amounting to NT\$5,064,011 thousand for the year ended December 31, 2019 is a significant account to the Company's financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, Asia and Europe, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. We therefore conclude that there are significant risks with respect to the topic of revenue recognition.

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

### Provision against inventory

We determine that provision against inventory is also one of the key audit matters. The Company's inventory in amount of NT\$74,525 thousand, representing 1.06% of total assets, as of December 31, 2019 is significant to the Company's financial statements. The application market of the Company's main products, PCB, has been developing and changing rapidly and influenced significantly by end-customers' preference. The management therefore has to closely monitor the status of new products development and market demand for evaluating any significant impairment, including loss from market decline and slow-movement, incurred toward inventory. Also there was significant management judgement involved in determining the sufficiency of inventory loss provision. With respect to the key audit matter - provision against inventory, our audit procedures include, but not limit to, evaluating the appropriateness of inventory provision policy including how to identify the phased-out or slow-moving items, testing the correctness of inventory aging report, analyzing the reasons for slow-moving inventory, performing observation on the Company's inventory physical taking, and looking into the status of inventory utilization. Meanwhile, we have evaluated the appropriateness of the related disclosure in Note 5 and 6 to the financial statements.



## **Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

## **Auditor's Responsibilities for the Audit of the Parent-Company-Only Financial Statements**

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the accompanying notes, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2019 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.

Cheng, Ching-Piao  
Hong, Mao-Yi  
Ernst & Young  
March 30<sup>th</sup>, 2020  
Taipei, Taiwan,  
Republic of China

Notice to Readers

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

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

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

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

As of December 31, 2019 and 2018

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			As of December 31, 2019		As of December 31, 2018	
Code	Accounts	Notes	Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$213,036	3	\$103,166	2
1136	Financial assets carried at amortized cost	4, 6(2), 8	2,000	-	-	-
1150	Notes receivable, net	4, 6(3)	1,237	-	2	-
1170	Accounts receivable, net	4, 6(4)	1,428,833	21	1,476,484	22
1180	Accounts receivable - related parties, net	4, 6(4), 7	9,438	-	15,819	-
1200	Other receivables		3,819	-	9,097	-
1210	Other receivables - related parties	7	315,081	5	6,844	-
1310	Inventories, net	4, 6(5)	74,525	1	229,287	3
1410	Prepayments		15,332	-	49,777	1
1460	Non-current assets held for sale	4, 6(6), 8	217,280	3	-	-
1470	Other current assets		2,561	-	11,337	-
	Total current assets		<u>2,283,142</u>	<u>33</u>	<u>1,901,813</u>	<u>28</u>
15xx	Non-current assets					
1550	Investment accounted for under equity method	4, 6(7)	4,378,416	62	4,116,359	60
1600	Property, plant and equipment, net	4, 6(8), 8,	10,458	-	540,973	8
1755	Right-of-use assets	4, 6(20)	1,744	-	-	-
1780	Intangible assets, net	4, 6(9)	359	-	5,380	-
1840	Deferred tax assets	4, 6(24)	345,028	5	254,763	4
1900	Other non-current assets	6(10)	3,218	-	2,882	-
	Total non-current assets		<u>4,739,223</u>	<u>67</u>	<u>4,920,357</u>	<u>72</u>
	Total Assets		<u>\$7,022,365</u>	<u>100</u>	<u>\$6,822,170</u>	<u>100</u>

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



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

DYNAMIC ELECTRONICS CO., LTD.

PARENT-COMPANY-ONLY BALANCE SHEETS(Continued)

As of December 31, 2019 and 2018

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2019		As of December 31, 2018	
Code	Accounts	Notes	Amount	%	Amount	%
21xx	Current liabilities					
2100	Short-term loans	6(11)	\$729,780	10	\$913,793	13
2170	Accounts payable		75,245	1	254,959	4
2180	Accounts payable - related parties	7	1,141,257	16	667,480	10
2200	Other payables	6(12)	124,484	2	187,208	3
2280	Lease liabilities	4, 6(20)	1,195	-	-	-
2300	Other current liabilities		10,230	-	12,770	-
2322	Current portion of long-term loans	6(13), 8	600,000	9	91,200	1
2355	Lease payable	6(14)	-	-	441	-
2365	Refund liability	4, 6(15)	49,624	1	41,457	1
	Total current liabilities		<u>2,731,815</u>	<u>39</u>	<u>2,169,308</u>	<u>32</u>
25xx	Non-current liabilities					
2540	Long-term loans	6(13), 8	-	-	455,600	6
2570	Deferred tax liabilities	4, 6(24)	378,721	5	265,952	4
2580	Lease liabilities	4, 6(20)	133	-	-	-
2613	Lease payable	6(14)	-	-	451	-
2640	Net defined benefit liabilities	4	1,575	-	1,359	-
	Total non-current liabilities		<u>380,429</u>	<u>5</u>	<u>723,362</u>	<u>10</u>
	Total liabilities		<u>3,112,244</u>	<u>44</u>	<u>2,892,670</u>	<u>42</u>
31xx	Equity					
3100	Capital	6(17)				
3110	Common stock		2,810,594	40	2,810,594	41
3200	Capital surplus	6(17)	1,061,873	15	1,061,873	16
3300	Retained earnings	6(17)				
3310	Legal reserve		531,385	8	531,385	8
3320	Special reserve		299,666	4	299,666	4
3350	Accumulated profit or loss		(335,453)	(5)	(490,759)	(7)
3400	Other components of equity		(457,944)	(6)	(283,259)	(4)
	Total equity		<u>3,910,121</u>	<u>56</u>	<u>3,929,500</u>	<u>58</u>
	Total liabilities and equity		<u>\$7,022,365</u>	<u>100</u>	<u>\$6,822,170</u>	<u>100</u>

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

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

DYNAMIC ELECTRONICS CO., LTD.

PARENT-COMPANY-ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2019 and 2018

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

Code	Accounts	Notes	2019		2018	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(18), 7	\$5,064,011	100	\$4,316,209	100
5000	Operating costs	6(5), 7	(4,964,816)	(98)	(4,188,400)	(97)
5900	Gross profit		99,195	2	127,809	3
6000	Operating expenses	7				
6100	Sales and marketing expenses		(157,995)	(3)	(169,111)	(4)
6200	General and administrative expenses		(240,245)	(5)	(139,504)	(3)
6300	Research and development expenses		(5,109)	-	(704)	-
6450	Expected credit gains (losses)	4, 6(19)	51	-	-	-
	Operating expenses total		(403,298)	(8)	(309,319)	(7)
6900	Operating loss		(304,103)	(6)	(181,510)	(4)
7000	Non-operating income and expenses	6(22), 7				
7010	Other income		35,991	1	27,079	1
7020	Other gains and losses		(130,576)	(2)	14,508	-
7050	Finance costs		(30,679)	(1)	(27,097)	(1)
7070	Share of profit or loss of subsidiaries, associates and joint ventures	4, 6(7)	617,995	12	(111,616)	(2)
	Non-operating income and expenses total		492,731	10	(97,126)	(2)
7900	Income (loss) from continuing operations before income tax		188,628	4	(278,636)	(6)
7950	Income tax benefit (expense)	4, 6(24)	(33,322)	(1)	37,751	-
8200	Net income (loss)		155,306	3	(240,885)	(6)
8300	Other comprehensive income (loss)	6(23)				
8310	Not to be reclassified to profit or loss in subsequent periods					
8311	Remeasurements of defined benefit plans		-	-	2,137	-
8360	May be reclassified to profit or loss in subsequent periods					
8361	Exchange differences arising on translation of foreign operations		(185,503)	(3)	(45,661)	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss		10,818	-	6,140	-
	Total other comprehensive income (loss), net of tax		(174,685)	(3)	(37,384)	-
8500	Total comprehensive income (loss)		\$(19,379)	-	\$(278,269)	(6)
9750	Earnings (loss) per share - basic (in NT\$)	6(25)	\$0.55		\$(0.86)	
9850	Earnings (loss) per share - diluted (in NT\$)	6(25)	\$0.55		\$(0.86)	

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

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

DYNAMIC ELECTRONICS CO., LTD.

PARENT-COMPANY-ONLY STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2019 and 2018

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Capital 3100	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, 2018	\$2,810,594	\$1,061,873	\$531,385	\$299,666	\$(252,011)	\$(243,738)	\$4,207,769
D1	Net loss for 2018					(240,885)		(240,885)
D3	Other comprehensive income (loss) for 2018					2,137	(39,521)	(37,384)
D5	Total comprehensive income (loss)	-	-	-	-	(238,748)	(39,521)	(278,269)
Z1	Balance as of December 31, 2018	<u>\$2,810,594</u>	<u>\$1,061,873</u>	<u>\$531,385</u>	<u>\$299,666</u>	<u>\$(490,759)</u>	<u>\$(283,259)</u>	<u>\$3,929,500</u>
A1	Balance as of January 1, 2019	\$2,810,594	\$1,061,873	\$531,385	\$299,666	\$(490,759)	\$(283,259)	\$3,929,500
D1	Net income for 2019					155,306		155,306
D3	Other comprehensive income (loss) for 2019						(174,685)	(174,685)
D5	Total comprehensive income (loss)	-	-	-	-	155,306	(174,685)	(19,379)
Z1	Balance as of December 31, 2019	<u>\$2,810,594</u>	<u>\$1,061,873</u>	<u>\$531,385</u>	<u>\$299,666</u>	<u>\$(335,453)</u>	<u>\$(457,944)</u>	<u>\$3,910,121</u>

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



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

DYNAMIC ELECTRONICS CO., LTD.

PARENT-COMPANY-ONLY STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2019	2018	Code	Items	2019	2018
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income (loss) before tax	\$188,628	\$(278,636)	B00040	Disposal (acquisition) of financial assets at amortised cost	(2,000)	-
A20000	Adjustments:			B02400	Proceeds from capital reduction of investments accounted for under equity method	-	210,853
A20010	Profit or loss not effecting cash flows:			B02700	Acquisition of property, plant and equipment	(78,007)	(54,918)
A20100	Depreciation(including right-of-use assets)	96,511	139,326	B02800	Proceeds from disposal of property, plant and equipment	337,755	4,577
A20200	Amortization	5,841	6,221	B04500	Acquisition of intangible assets	(820)	(303)
A20300	Expected credit losses (gain)	(51)	-	B03700	Decrease (increase) in refundable deposits	(336)	(735)
A20900	Interest expense	30,679	27,097	BBBB	Net cash provided by (used in) investing activities	256,592	159,474
A21200	Interest income	(687)	(3,920)				
A22400	Share of profit or loss of subsidiaries, associates and joint ventures	(617,995)	111,616				
A22500	Loss (gain) on disposal of property, plant and equipment	76,882	(2,614)				
A23700	Impairment loss on non-financial assets	36,327	-	CCCC	Cash flows from financing activities:		
A30000	Changes in operating assets and liabilities:			C00200	Increase in (repayment of) short-term loans	(184,013)	270,353
A31130	Notes receivable	(1,235)	8,714	C01600	Increase in long-term loans	600,000	-
A31150	Accounts receivable	47,702	(304,013)	C01700	Repayment of long-term loans	(546,800)	(53,200)
A31160	Accounts receivable - related parties	6,381	(15,617)	C03900	Increase (decrease) in lease payable	-	892
A31180	Other receivables	5,278	5,407	C04020	Payments of lease liabilities	(1,342)	-
A31190	Other receivables - related parties	(308,237)	(5,984)	CCCC	Net cash provided by (used in) financing activities	(132,155)	218,045
A31200	Inventories	154,762	23,923				
A31230	Prepayment	34,445	5,741				
A31240	Other current assets	8,776	(355)				
A32150	Accounts payable	(179,714)	(63,070)				
A32160	Accounts payable - related parties	473,777	(69,756)				
A32180	Accrued expenses	(47,974)	(18,674)				
A32190	Other payables - related parties	-	(4,057)				
A32230	Other current liabilities	(2,540)	1,716				
A32240	Net defined benefit liabilities	216	2,353				
A32990	Refund liability	8,167	41,457				
A32000	Cash generated from operations	15,939	(393,125)	EEEE	Net Increase (decrease) in cash and cash equivalents	109,870	(37,854)
A33100	Interest received	687	3,920	E00100	Cash and cash equivalents at beginning of period	103,166	141,020
A33300	Interest paid	(31,193)	(26,168)	E00200	Cash and cash equivalents at end of period	\$213,036	\$103,166
AAAA	Net cash provided by (used in) operating activities	(14,567)	(415,373)				

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

1. History and organization

Dynamic Electronics Co., Ltd. (“the Company”) was incorporated in August 18, 1988. The main activities of the Company are engaged in the design, development, and manufacture of multi-layers PCB boards and electronics components. The Company’s common shares were publicly listed on the Taiwan Stock Exchange (TWSE) in March 18, 2009. The Company’s registered office and the main business location is at 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 March 30, 2020.

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, 2019. The nature and the impact of each new standard and amendment have no material effect on the Company is described below:

A. IFRS 16 “Leases”

IFRS 16 “Leases” replaces IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, SIC-15 “Operating Leases - Incentives” and SIC-27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”.

The Company followed the transition provision in IFRS 16 and the date of initial application was January 1, 2019. The impacts arising from the adoption of IFRS 16 are summarised as follows:

a. Please refer to Note 4 for the accounting policies before or after January 1, 2019.

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

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- b. For the definition of a lease, the Company elected not to reassess whether a contract was, or contains, a lease on January 1, 2019. The Company is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. That is, for contracts entered into (or changed) on or after January 1, 2019, the Company need to assess whether contracts are, or contain, leases applying IFRS 16. In comparing to IAS 17, IFRS 16 provides that 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. The Company assessed most of the contracts are, or contain, leases and has no significant impact arisen.
- c. The Company is a lessee and elects not to restate comparative information in accordance with the transition provision in IFRS 16. Instead, the Company recognizes the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.

I. Leases previously classified as operating leases

In accordance with the transition provision in IFRS 16, the Company used the following practical expedients on a lease-by-lease basis to leases previously classified as operating leases:

- i. Apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
- ii. Elect to account in the same way as short-term leases to leases for which the lease term ends within 12 months of January 1, 2019.
- iii. Exclude initial direct costs from the measurement of the right-of-use asset on January 1, 2019.
- iv. Use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

II. Leases previously classified as finance leases

For leases that were previously classified as finance leases applying IAS 17, the Company reclassified the lease asset of NT\$1,483 thousand and the lease payable of NT\$892 thousand as measured by IAS 17 to the right-of-use asset of NT\$1,483 thousand and the lease liability of NT\$892 thousand, respectively, on January 1, 2019.



English Translation of Parent-Company-Only Financial Statements and Footnotes Originally Issued in Chinese  
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III. Please refer to Note 4, Note 5 and Note 6 for additional disclosure of lessee which required by IFRS 16.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Definition of a Business - Amendments to IFRS 3	January 1, 2020
b	Definition of Material - Amendments to IAS 1 and 8	January 1, 2020
c	Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7	January 1, 2020

A. Definition of a Business - Amendments to IFRS 3

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

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

B. Definition of a Material - Amendments to IAS 1 and 8

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

C. Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7

The amendments include a number of exceptions, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is directly

affected if the interest rate benchmark reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. Hence, the entity shall apply the exceptions to all hedging relationships directly affected by the interest rate benchmark reform.

The amendments include:

a. Highly probable requirement

When determining whether a forecast transaction is highly probable, an entity shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the interest rate benchmark reform.

b. Prospective assessments

When performing prospective assessments, an entity shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.

c. IAS 39 retrospective assessment

An entity is not required to undertake the IAS 39 retrospective assessment (i.e. the actual results of the hedge are within a range of 80–125%) for hedging relationships directly affected by the interest rate benchmark reform.

d. Separately identifiable risk components

For hedges of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the separately identifiable requirement only at the inception of such hedging relationships.

The amendments also include the end of application of the exceptions requirements and the related disclosures requirements of the amendments.

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, 2020. The Company assesses all standards and interpretations have no material impact on the Company.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2021
c	Classification of Liabilities as Current or Non-Current- Amendments to IAS 1	January 1, 2022

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

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full. IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture. The effective date of the amendments has been postponed indefinitely, but early adoption is allowed.

B. IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a company of insurance contracts at the total of



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the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

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

The carrying amount of a company of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

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

#### C. 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.

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

#### 4. Summary of significant accounting policies

##### (1) Statement of Compliance

The Company's parent-company-only financial statements as of and for the years ended December 31, 2019 and 2018 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

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the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent-company-only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent-company-only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent-company-only financial statements are expressed in thousand of New Taiwan Dollars ( “NT\$” ) unless otherwise stated.

(3) Foreign Currency Transactions

The Company’s parent-company-only financial statements are presented in its functional currency, New Taiwan Dollars (NTD). Items included in the parent-company-only financial statements are measured using that functional currency.

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

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

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

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

#### (4) Translation of Financial Statements in Foreign Currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and the income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by the Company: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

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

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

#### (5) Current and non-current distinction

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.



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All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (include fixed-term deposits that have matures of 3 months from the date of acquisition).

(7) Financial instruments

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

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

(a) Financial assets: Recognition and Measurement

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

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

- A. The Company's business model for managing the financial assets and
- B. The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

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

- A. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- B. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

- A. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- B. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

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

- A. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- B. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

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

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in

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other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

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

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

(b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

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

- A. An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- B. The time value of money; and
- C. Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

- A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- 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 (before January 1, 2019: IAS 17), the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

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

(c) Derecognition of financial assets

A financial asset is derecognized when:

- A. The rights to receive cash flows from the asset have expired
- B. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- C. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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(d) Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

- 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).



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

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

(e) Offsetting of financial instruments

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

(8) Fair value measurement

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

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

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

(9) Inventories

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

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

Raw materials – By actual purchase cost with weighted average method.

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

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

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(10) Non-current assets held for sale and discontinued operations

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

In the statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

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

(11) Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations. Such adjustments were made after the Company considered the different accounting treatments to account for its investments in subsidiaries in the consolidated financial statements under IAS 10 “Consolidated and Separate Financial Statements” and the different IFRSs adopted from different reporting entity’s perspectives, and the Company recorded such adjustments by

crediting or debiting to investments accounted for under the equity method, share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures.

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

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

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not 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 prorate basis.

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

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

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the

associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

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

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

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

#### (12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

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

Buildings	10~40 years
Machinery and equipment	1~10 years
Transportation equipment	4~6 years
Office equipment	3~6 years
Right-of-use asset/leased assets (Note)	3 years
Other equipment	1~9 years

Note : In accordance with IFRS 16, the company has reclassified leased assets to right-of-use asset since January 1, 2019.

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 accounting policy from January 1, 2019 as follow:

For contracts entered on or after January 1, 2019, 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.

The Company elected not to reassess whether a contract is, or contains, a lease on January 1, 2019. The Company is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.



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

Company as a lessee

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

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

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

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

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

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

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

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

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

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

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

The accounting policy before January 1, 2019 as follow:

Company as a lessee

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

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

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

(14)Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

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

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

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

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

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

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

(15) Impairment of non-financial assets

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

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

A cash-generating unit, or Companies of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (Company of

units), then to the other assets of the unit (Company of units) pro rata on the basis of the carrying amount of each asset in the unit (Company of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

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

#### (16)Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### (17)Revenue Recognition

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

##### Sale of goods

The Company mainly manufactures and sells of its products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is PCB and revenue is recognized based on the consideration stated in the contract. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

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

(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) Post-employment benefits

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

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

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



earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- (a) the date of the plan amendment or curtailment, and
- (b) the date that the Group recognizes restructuring-related costs

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

#### (20) Income taxes

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

##### Current income tax

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

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

##### Deferred tax

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

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

- (a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- (b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

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

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)  
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5. Significant accounting judgments, estimates and assumptions

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

Estimates and assumptions

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

(a) The Fair Value of Financial Instruments

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

(b) Accounts receivables-estimation of impairment loss

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

(c) Inventory

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

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

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

(e) Revenue Recognition-Sales retruns and allowance

The Company estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, trevenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Please refer to Note 6 for more details.

(f) Income tax

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

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

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6. Contents of significant accounts

(1) Cash and cash equivalents

	2019.12.31	2018.12.31
Cash on hand	\$-	\$200
Checking and savings	213,036	102,966
Total	<u>\$213,036</u>	<u>\$103,166</u>

(2) Financial assets measured at amortized cost

	2019.12.31	2018.12.31
Restricted deposits - current	<u>\$2,000</u>	<u>\$-</u>
Current	<u>\$2,000</u>	<u>\$-</u>
Non-current	<u>\$-</u>	<u>\$-</u>

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

Please refer to Note 8 for more details on financial assets measured at amortized cost pledged as collaterals.

(3) Notes receivables

	2019.12.31	2018.12.31
Notes receivables arising from operating activities	\$1,237	\$2
Less: loss allowance	<u>-</u>	<u>-</u>
Total	<u>\$1,237</u>	<u>\$2</u>

Notes receivables were not pledged.

The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(19) for more details on loss allowance and Note 12 for details on credit risk.

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

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

## (4) Accounts receivable and Accounts receivable - related parties

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

	2019.12.31	2018.12.31
Accounts receivable, gross	\$1,440,225	\$1,490,167
Less: loss allowance	(11,392)	(13,683)
Net of allowances	1,428,833	1,476,484
Accounts receivable - related parties, gross	9,438	15,819
Less: loss allowance	-	-
Net of allowances	9,438	15,819
Total accounts receivable, net	\$1,438,271	\$1,492,303

## (b) Accounts receivables were not pledged.

- (c) Accounts receivable are generally on 60-120 day terms. The total carrying amount for the year ended December 31, 2019 and 2018, are NT\$1,449,663 and NT\$1,505,986, respectively. Please refer to Note 6 (19) for more details on loss allowance of accounts receivable for the years ended December 31, 2019 and 2018. Please refer to Note 12 for more details on credit risk management.

## (5) Inventories

## (a) Details of inventories are as below:

	2019.12.31	2018.12.31
Raw materials	\$-	\$15,452
Supplies & parts	17	4,347
Work in progress	-	86,066
Finished goods	74,508	123,422
Total	\$74,525	\$229,287



NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)  
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- (b) The cost of inventories recognized in expenses amounts to NT\$4,964,816 thousand for the year ended December 31, 2019 while NT\$4,188,400 thousand for the year ended December 31, 2018. The following losses were included in cost of sales:

Item	For the year ended December 31,	
	2019	2018
Inventory valuation losses	\$25,330	\$33,095
Physical inventory losses (gain)	(2,024)	6,771
Total	\$23,306	\$39,866

- (c) Inventories were not pledged.

(6) Non-current assets held for sale

The Company has entered into a contract with Tungwei Construction. Co., LTD. on October 18, 2019 for selling its plant and property located at No. 356, Shanying Rd., Guishan Dist., Taoyuan City, Taiwan (R.O.C.) in a total of NT\$735,000 thousand following a resolution from the Company's board meeting held on August 13, 2019. The selling price was mutual agreed by the Company and the buyer in reference with the appraisal reports from both CCIS Real Estate Joint Appraiser Firm and Hongda Real Estate Appraiser Firm. The title of underlying plant and property was successfully passed on January 8, 2020 and the payment has fully been received as of the issuance date of the financial statements.

The property and plant were accounted for as non-current assets held for sale as of December 31, 2019 as the transfer procedure could be completed in 12 months. There was no impairment loss incurred from this transaction since the realization price was greater than its carrying values.

	2019.12.31	2018.12.31
Land	\$137,171	\$-
Buildings	80,109	-
Total	\$217,280	\$-

Please refer to Note 8 for more details on non-current assets held for sale under pledge.

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(7) Investments accounted for under the equity method

Investee companies	2019.12.31		2018.12.31	
	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investments in subsidiaries:				
WINTEK (MAURITIUS) CO., LTD.	\$4,257,229	100.00%	\$3,883,269	100.00%
Dynamic PCB Electronics Co., Ltd.	1,985	100.00%	2,011	100.00%
Dynamic Electronics Co., Ltd. (Seychelles)	301,195	100.00%	242,803	100.00%
Dynamic Electronics Trading Pte. Ltd.	2,185	100.00%	2,019	100.00%
Minus: Unrealized Profit	(184,178)		(13,743)	
Total	<u>\$4,378,416</u>		<u>\$4,116,359</u>	

(a) The Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary valuations and adjustments.

(b) No investment accounted for under the equity method was pledged as collaterals.

(8) Property, plant and equipment

	108.12.31(Note)	107.12.31
Owner occupied property, plant and equipment	<u>\$10,458</u>	

Note: The Company adopted IFRS 16 since January 1, 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(a) Owner occupied property, plant and equipment (applicable under IFRS 16 requirements)

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Lease asset	Construction in progress and equipment to be examined	Total
Cost:									
2019.01.01	\$137,171	\$175,947	\$1,434,915	\$3,543	\$8,553	\$157,926	\$2,224	\$84,571	\$2,004,850
Additions	-	-	-	-	-	-	-	63,806	63,806
Disposals	-	-	(1,388,436)	(1,337)	(1,741)	(177,550)	-	(17,741)	(1,586,805)
Transfer	-	-	107,483	-	-	19,624	-	(127,107)	-

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

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

Reclassified to non-current assets held for sale	(137,171)	(175,947)	-	-	-	-	-	-	(313,118)
Reclassified to right-of-use asset	-	-	-	-	-	-	(2,224)	-	(2,224)
2019.12.31	\$-	\$-	\$153,962	\$2,206	\$6,812	\$-	\$-	\$3,529	\$166,509
Depreciation and impairment:									
2019.01.01	\$-	\$90,904	\$1,223,373	\$2,422	\$8,336	\$138,101	\$741	\$-	\$1,463,877
Depreciation	-	4,934	72,561	313	118	17,103	-	-	95,029
Impairment loss	-	-	36,327	-	-	-	-	-	36,327
Disposals	-	-	(1,185,057)	(601)	(1,741)	(155,204)	-	-	(1,342,603)
Transfer	-	-	-	-	-	-	-	-	-
Reclassified to non-current assets held for sale	-	(95,838)	-	-	-	-	-	-	(95,838)
Reclassified to right-of-use asset	-	-	-	-	-	-	(741)	-	(741)
2019.12.31	\$-	\$-	\$147,204	\$2,134	\$6,713	\$-	\$-	\$-	\$156,051
Net carrying amount as at:									
2019.12.31	\$-	\$-	\$6,758	\$72	\$99	\$-	\$-	\$3,529	\$10,458

## (b) Property, plant and equipment (prior to the application of IFRS 16)

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Lease asset	Construction in progress and equipment to be examined	Total
Cost:									
2018.01.01	\$137,171	\$175,947	\$1,399,574	\$4,604	\$10,316	\$154,692	\$-	\$127,867	\$2,010,171
Additions	-	-	-	-	-	-	1,324	61,678	63,002
Disposals	-	-	(50,447)	(1,983)	(1,888)	(14,005)	-	-	(68,323)
Transfer	-	-	85,788	922	125	17,239	900	(104,974)	-
2018.12.31	\$137,171	\$175,947	\$1,434,915	\$3,543	\$8,553	\$157,926	\$2,224	\$84,571	\$2,004,850

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

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

## Depreciation and impairment:

2018.01.01	\$-	\$84,324	\$1,162,963	\$3,826	\$9,941	\$130,872	\$-	\$-	\$1,391,926
Depreciation	-	6,580	110,019	469	283	21,234	741	-	139,326
Disposals	-	-	(49,609)	(1,873)	(1,888)	(14,005)	-	-	(67,375)
Transfer	-	-	-	-	-	-	-	-	-
2018.12.31	\$-	\$90,904	\$1,223,373	\$2,422	\$8,336	\$138,101	\$741	\$-	\$1,463,877

## Net carrying amount as at:

2018.12.31	\$137,171	\$85,043	\$211,542	\$1,121	\$217	\$19,825	\$1,483	\$84,571	\$540,973
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For the year ended December 31, 2019, the NT\$36,327 thousand impairment loss represented the write down of certain property, plant and equipment in the Company to the recoverable amount to NT\$6,300 thousand. This has been recognized in the statement of comprehensive income.

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

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

## (9) Intangible assets

	Computer software	Technology expertise	Total
Cost:			
2019.01.01	\$17,738	\$-	\$17,738
Additions – acquired separately	820	-	820
Derecognized upon retirement	(12,513)	-	(12,513)
2019.12.31	\$6,045	\$-	\$6,045
2018.01.01	\$23,631	\$750	\$24,381
Additions – acquired separately	303	-	303
Derecognized upon retirement	(6,196)	(750)	(6,946)
2018.12.31	\$17,738	\$-	\$17,738
Amortization and Impairment:			
2019.01.01	\$12,358	\$-	\$12,358
Amortization	5,841	-	5,841

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)  
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Derecognized upon retirement	(12,513)	-	(12,513)
2019.12.31	<u>\$5,686</u>	<u>\$-</u>	<u>\$5,686</u>
2018.01.01	\$12,412	\$671	\$13,083
Amortization	6,142	79	6,221
Derecognized upon retirement	(6,196)	(750)	(6,946)
2018.12.31	<u>\$12,358</u>	<u>\$-</u>	<u>\$12,358</u>
Net carrying amount as at:			
2019.12.31	<u>\$359</u>	<u>\$-</u>	<u>\$359</u>
2018.12.31	<u>\$5,380</u>	<u>\$-</u>	<u>\$5,380</u>

Amortization of intangible assets is as follows:

	For the year ended December 31,	
	2019	2018
Operating costs	\$2,612	\$2,404
Operating expenses	3,229	3,817
Total	<u>\$5,841</u>	<u>\$6,221</u>

(10) Other non-current assets

	2019.12.31	2018.12.31
Refundable deposits	<u>\$3,218</u>	<u>\$2,882</u>

(11) Short-term loans

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

	Interest Rates (%)	2019.12.31	2018.12.31
Unsecured bank loans	1.35%~4.03%	<u>\$729,780</u>	<u>\$913,793</u>

(b) The Company's unused short-term lines of credits amounts to NT\$107,930 thousand and NT\$493,558 thousand as of December 31, 2019 and 2018, respectively.

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

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

## (12) Other payables

Other payables consist of the following:	2019.12.31	2018.12.31
Accrued expenses	\$115,077	\$163,051
Accrued interest payable	1,319	1,868
Payables to equipment suppliers	8,088	22,289
Total	<u>\$124,484</u>	<u>\$187,208</u>

## (13) Long-term loans

(a) Details of long-term loans as of December 31, 2019 and 2018 are as follows:

Lenders	2019.12.31	Interest Rate (%) (Note 2)	Maturity and terms of repayment
Sunny Bank — Nangang Branch — Secured bank loans (Note1)	\$600,000	Sunny Bank's one- year fixed reserve rate (monthly adjustment) + 0.58% annual interest rate	The loan is repaid in 60 monthly installments, each at NT\$8,500 thousand and last repayment NT\$98,500 thousand, within 7 years with a grace period of 24 months.
Less: Current portion of long-term loans	(600,000)		
Non-current portion of long-term loans	<u>\$-</u>		

Lenders	2018.12.31	Interest Rate (%) (Note 2)	Maturity and terms of repayment
JihSun Bank — Taoyuan Branch — Secured bank loans (Note1)	\$249,067	The interest shall not be lower than JihSun Bank's mortgage index interest rate plus 0.67%	The loan is repaid in 78 monthly installments, each at NT\$3,462 thousand and last repayment NT\$6,741 thousand, within 7 years with a grace period of 6 months.
JihSun Bank — Taoyuan Branch — Secured bank loans (Note1)	297,733	The interest shall not be lower than JihSun Bank's mortgage index interest rate plus 0.67%	The loan is repaid in 78 monthly installments, each at NT\$4,138 thousand and last repayment NT\$8,059 thousand, within 7 years with a grace period of 6 months.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)  
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Total	546,800
Less: Current portion of long-term loans	(91,200)
Non-current portion of long-term loans	<u>\$455,600</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>2019.12.31</u>	<u>2018.12.31</u>
Interest Rates (%)	1.65%	1.75%

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

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

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

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

## (14) Finance lease commitments

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

	2019.12.31(Note)		2018.12.31	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Not later than one year			\$456	\$441
Later than one year and not later than five years			456	451
Total minimum lease payments			912	892
Less: finance charges on finance lease			(20)	-
Present value of minimum lease payments			\$892	\$892
Current			\$441	\$441
Non-current			451	451

Note: The Company adopted IFRS 16 since January 1, 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

## (15) Refund liability

	2019.12.31	2018.12.31
Refund liability	\$49,624	\$41,457

## (16) 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.



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

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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, 2019 and 2018 amounted to NT\$16,611 thousand and NT\$18,169 thousand, respectively.

Additional pension expenses recognized for the executives commissioned by the Company amounted to NT\$216 thousand both for the years ended December 31, 2019 and 2018.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15<sup>th</sup> year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

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

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

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

As of December 31, 2018, the maturities of the Company's defined benefit plan was expected in 2026.

Pension costs recognized in profit or loss for the years ended December 31, 2019 and 2018:

	For the year ended December 31,	
	2019	2018
Current period service costs	\$-	\$-
Interest income or expense	-	(561)
Past service cost	-	7,831
Payments from the plan	35,216	-
Total	\$35,216	\$7,270

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

	2019.12.31	2018.12.31	2018.01.01
Defined benefit obligation	\$-	\$42,040	\$38,477
Plan assets at fair value	-	(77,256)	(78,826)
Other non-current liabilities - Accrued pension liabilities recognized on the balance sheets	\$-	\$(35,216)	\$(40,349)

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

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
2018.01.01	\$38,477	\$78,826	\$(40,349)
Current period service costs	-	-	-
Net interest expense (income)	535	1,096	(561)
Past service cost and gains and losses arising from settlements	7,831	-	7,831
Subtotal	8,366	1,096	7,270
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	35	-	35

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

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

Actuarial gains and losses arising from			
changes in financial assumptions	1,323	-	1,323
Experience adjustments	(1,211)	-	(1,211)
Return on plan assets	-	2,284	(2,284)
Subtotal	147	2,284	(2,137)
Payments from the plan	(4,950)	(4,950)	-
Contributions by employer	-	-	-
Effect of changes in foreign exchange rate	-	-	-
2018.12.31	42,040	77,256	(35,216)
Current period service costs	-	-	-
Net interest expense (income)	-	-	-
Past service cost and gains and losses			
arising from settlements	-	-	-
Subtotal	-	-	-
Remeasurements of the net defined			
benefit liability (asset):			
Actuarial gains and losses arising from			
changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from			
changes in financial assumptions	-	-	-
Experience adjustments	-	-	-
Return on plan assets	-	-	-
Subtotal	-	-	-
Payments from the plan	(42,040)	(77,256)	35,216
Contributions by employer	-	-	-
Effect of changes in foreign exchange rate	-	-	-
2019.12.31	\$-	\$-	\$-

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

	2019.12.31	2018.12.31
Discount rate	-	0.86%
Expected rate of salary increases	-	1.00%

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)  
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A sensitivity analysis for significant assumption is shown as below:

	For the year ended December 31,			
	2019		2018	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increased by 0.5%	\$-	\$-	\$-	\$(1,258)
Discount rate decreased by 0.5%	-	-	1,619	-
Expected salary level increased by 0.5%	-	-	1,602	-
Expected salary level decreased by 0.5%	-	-	-	(1,262)

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

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

(17) Equities

(a) Common stock

As of December 31, 2019 and 2018, the Company's authorized capital and issued capital were NT\$4,000,000 thousand and NT\$2,810,594 thousand, respectively, each share at par value of NT\$10, divided into 281,059,335 shares.

(b) Capital surplus

	2019.12.31	2018.12.31
Additional paid-in capital	\$989,014	\$989,014
Treasury share transactions	32,214	32,214
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	15,531	15,531
Gain on sale of assets	155	155
Employee stock option	5,249	5,249

Share options	19,710	19,710
Total	<u>\$1,061,873</u>	<u>\$1,061,873</u>

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

(c) Retained earnings and dividend policies

(1) Earning distribution

The Company's shareholders meeting held on May 24, 2019 resolved an amendment on the Company's Articles of Incorporation. According to the revised Articles of Incorporations, current year's earnings, if any, shall be distributed in the following order:

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

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

(2) Dividend policy

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

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)  
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share dividends. Accordingly, at least 10% of the dividends must be paid in the form of cash.

(3) According to the Company Act, the Company shall set aside legal reserve from earnings unless where the amount of legal reserve reaches the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by shareholders.

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

On a public company's first-time adoption of the T-IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the T-IFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

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

As of December 31, 2019 and 2018, special reserve set aside for the first-time adoption of T-IFRS reduced to NT\$299,666 thousand accordingly.

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DYNAMIC ELECTRONICS CO., LTD.  
NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)  
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(5) There was no earnings distribution for the years ended December 31, 2019 and 2018.

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

(18) Operating revenues

	For the year ended December 31,	
	2019	2018
Revenue from contracts with customers		
Sale of goods	\$5,047,843	\$4,254,645
Other revenue	16,168	61,564
Total	<u>\$5,064,011</u>	<u>\$4,316,209</u>

Analysis of revenue from contracts with customers during the year ended December 31, 2019 and 2018 are as follows:

Disaggregation of revenue

	For the year ended December 31,	
	2019	2018
	PCB	PCB
Sale of goods	\$5,047,843	\$4,254,645
Other	16,168	61,564
Total	<u>\$5,064,011</u>	<u>\$4,316,209</u>

The timing for revenue recognition:

At a point in time	<u>\$5,064,011</u>	<u>\$4,316,209</u>
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(19) Expected credit losses(gains)

	For the year ended December 31,	
	2019	2018
Operating expenses – Expected credit losses/(gains)		
Accounts receivable	<u>\$(51)</u>	<u>\$-</u>

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

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The Company measures the loss allowance of its trade receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2019 and 2018 are as follow:

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

108.12.31

	Not yet due	Overdue					Total
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=120 days	
Gross carrying amount	\$1,403,218	\$36,290	\$10,222	\$770	\$49	\$351	\$1,450,900
Loss ratio	-%	-%	100%	100%	100%	100%	
Lifetime expected credit losses	-	-	(10,222)	(770)	(49)	(351)	(11,392)
Carrying amount of trade receivables	\$1,403,218	\$36,290	\$-	\$-	\$-	\$-	\$1,439,508

107.12.31

	Not yet due	Overdue					Total
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=120 days	
Gross carrying amount	\$1,433,708	\$58,597	\$5,263	\$2,224	\$429	\$5,767	\$1,505,988
Loss ratio	-%	-%	100%	100%	100%	100%	
Lifetime expected credit losses	-	-	(5,263)	(2,224)	(429)	(5,767)	(13,683)
Carrying amount of trade receivables	\$1,433,708	\$58,597	\$-	\$-	\$-	\$-	\$1,492,305

Note: all the Company's notes receivable were not overdue.

B. The movement in the provision for impairment of notes receivable and accounts receivable for the years ended December 31, 2019 and 2018 are as follows:

	Notes receivable	Accounts receivable
Beginning balance as of January 1, 2019	\$-	\$13,683
Addition/(reversal)for the current period	-	(51)
Write off	-	(2,240)
Effect of exchange rate changes	-	-
Ending balance as of December 31, 2019	\$-	\$11,392



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

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Beginning balance as of January 1, 2018 (in accordance with IAS 39)	\$-	\$13,683
Transition adjustment to retained earnings as at January 1, 2018	-	-
Beginning balance as of January 1, 2018 (in accordance with IFRS 9)	-	-
Addition/(reversal) for the current period	-	-
Effect of exchange rate changes	-	-
Ending balance as of December 31, 2018	\$-	\$13,683

## (20) Leases

## (a) Company as a lessee (applicable to the disclosure requirement under IFRS 16)

The Company leases various properties, including real estate such as land and buildings, machinery and equipment. The lease terms range from 2 to 3 years. The Company is not allowed to loan, sublease or sell without obtaining the consent from the lessors.

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

## A. Amounts recognized in the balance sheet

## a. Right-of-use assets

	Land	Buildings	Machinery and equipment	Total
Cost :				
2019.01.01	\$-	\$-	\$-	\$-
Transferred from property, plant and equipment	-	-	2,224	2,224
Additions	696	1,047	-	1,743
Disposals	-	-	-	-
Transfer	-	-	-	-
2019.12.31	\$696	\$1,047	\$2,224	\$3,967

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

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

Depreciation and impairment:				
2019.01.01	\$-	\$-	\$-	\$-
Transferred from property, plant and equipment	-	-	741	741
Depreciation	348	393	741	1,482
Impairment loss	-	-	-	-
Disposals	-	-	-	-
Transfer	-	-	-	-
2019.12.31	<u>\$348</u>	<u>\$393</u>	<u>\$1,482</u>	<u>\$2,223</u>
Net carrying amount : as at 2019.12.31	<u>\$348</u>	<u>\$654</u>	<u>\$742</u>	<u>\$1,744</u>

## b. Lease liabilities

	<u>2019.12.31</u>	<u>2018.12.31(Note)</u>
Lease liabilities	<u>\$1,328</u>	
Current	\$1,195	
Non-current	<u>133</u>	
Total	<u>\$1,328</u>	

Please refer to Note 6(22)(c) for the interest on lease liabilities recognized during the year ended 31 December 2019 and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at December 31, 2019.

Note: The Company adopted IFRS 16 since January 1, 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

## B. Income and costs relating to leasing activities

	<u>For the year ended December 31,</u>	
	<u>2019</u>	<u>2018 (Note)</u>
The expenses relating to short-term leases	\$7,489	

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS – (CONTINUED)  
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Note: The Company adopted IFRS 16 since January 1, 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

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

C. Cash outflow relating to leasing activities

During the year ended December 31, 2019, the Company's total cash outflows for leases amounting to NT\$8,831 thousand.

(b) Operating lease commitments - Company as a lessee (applicable to the disclosure requirement in IAS 17)

The Company has entered into commercial leases on certain motor vehicles. These leases have an average life of three years with no renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases. Otherwise, the Company has also entered into operating leases on certain land and buildings. There are no restrictions placed upon the Company by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at December 31, 2019 and 2018 are as follows:

	<u>2019.12.31(Note)</u>	<u>2018.12.31</u>
Not later than one year		\$1,771
Later than one year and not later than five years		2,026
Total		<u>\$3,797</u>

Operating lease expenses recognized are as follows:

	<u>For the year ended December 31,</u>
	<u>2019 (Note)</u> <u>2018</u>
Minimum lease payments	<u>\$11,870</u>

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

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

Note: The Company adopted IFRS 16 since January 1, 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(21) Summary of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2019 and 2018 are as follows:

Function Nature	2019			2018		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$235,344	\$102,064	\$337,408	\$338,056	\$93,402	\$431,458
Labor and health insurance	27,993	6,060	34,053	36,338	5,472	41,810
Pension	11,411	40,632	52,043	20,835	4,820	25,655
Directors' remuneration	-	2,410	2,410	-	1,665	1,665
Other employee benefits	7,818	54,277	62,095	6,147	4,143	10,290
Depreciation	94,638	1,873	96,511	136,413	2,913	139,326
Amortization	2,612	3,229	5,841	2,404	3,817	6,221

Note:

1. The headcounts of the Company amounted to 510 and 752, respectively, as of December 31, 2019 and 2018. Among the Company's directors, there were 4 who were not the employees.
2. Companies who have been listed on Taiwan Stock Exchange or Taiwan Over-The Counter Securities Exchange should disclose the following information:
  - (1) Average employee benefits of 2019 and 2018 are NT\$781 thousand and NT\$680 thousand respectively.
  - (2) Average salaries of 2019 and 2018 are NT\$666 thousand and NT\$576 thousand respectively.
  - (3) Changes in average salaries are 16%.

According to the resolution, 10%~18% of profit of the current year is distributable as employees' compensation and no higher than 3% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have

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the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

For the years ended December 31, 2019 and 2018, the Company incurred accumulated losses and therefore did not intend to accrue the employees' compensation and remuneration to directors.

(22) Non-operating income and expenses

(a) Other income

	For the year ended December 31,	
	2019	2018
Interest income		
Financial assets measured at amortized cost	\$687	\$3,920
Other income—others	35,304	23,159
Total	<u>\$35,991</u>	<u>\$27,079</u>

(b) Other gains and losses

	For the year ended December 31,	
	2019	2018
Gain (loss) on disposal of property, plant and equipment	\$(76,882)	\$2,614
Foreign exchange gains (losses), net	(8,752)	15,274
Impairment loss on non-financial assets	(36,327)	-
Others losses-others	(8,615)	(3,380)
Total	<u>\$(130,576)</u>	<u>\$14,508</u>

(c) Finance costs

	For the year ended December 31,	
	2019	2018
Interest on borrowings from bank	\$30,644	\$27,097
Interest on lease liabilities	35	(Note)
Total	<u>\$30,679</u>	<u>\$27,097</u>

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Note: The Company adopted IFRS 16 since January 1, 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(23) Components of other comprehensive income (loss)

For the year ended December 31, 2019

	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>\$(185,503)</u>	<u>\$-</u>	<u>\$(185,503)</u>	<u>\$10,818</u>	<u>\$(174,685)</u>

For the year ended December 31, 2018

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$2,137	\$-	\$2,137	\$-	\$2,137
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	(45,661)	-	(45,661)	6,140	(39,521)
Total	<u>\$(43,524)</u>	<u>\$-</u>	<u>\$(43,524)</u>	<u>\$6,140</u>	<u>\$(37,384)</u>

(24) Income tax

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

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

Income tax expense (income) recognized in profit or loss

	For the year ended December 31,	
	2019	2018
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	33,322	(44,478)
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	-	6,727
Total income tax expense (income)	<u>\$33,322</u>	<u>\$(37,751)</u>

Income tax relating to components of other comprehensive income

	For the year ended December 31,	
	2019	2018
Deferred tax expense (income):		
Exchange differences arising on translation of foreign operations	<u>\$(10,818)</u>	<u>\$(6,140)</u>

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

	For the year ended December 31,	
	2019	2018
Accounting profit (loss) before tax from continuing operations	<u>\$188,628</u>	<u>\$(278,636)</u>
Tax payable at the enacted tax rates	\$37,726	\$(55,727)
Tax effect of expenses not deductible for tax purposes	725	32
Tax effect of deferred tax assets/liabilities	(5,129)	17,944
Total income tax expense (income) recognized in profit or loss	<u>\$33,322</u>	<u>\$(37,751)</u>

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

For the year ended December 31, 2019

	Beginning balance as of January 1, 2019	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2019
Temporary differences				
Unrealized loss on inventory valuation	\$4,670	\$(2,936)	\$-	\$1,734
Loss on inventory written-off and obsolescence	2,213	(2,213)	-	-
Investments accounted for using the equity method	(265,940)	(123,599)	10,818	(378,721)
Over 2 years payables	86	-	-	86
Gain on disposal of property, plant and equipment	2,749	34,087	-	36,836
Impairment loss on assets	-	7,265	-	7,265
Unrealized exchange loss (gain)	(12)	1,940	-	1,928
Sales returns and allowances	8,291	1,633	-	9,924
Commission expense	13,822	(1,900)	-	11,922
Unused tax losses	221,068	53,813	-	274,881
Employee benefits	1,864	(1,412)	-	452
Deferred tax income/ (expense)		<u>\$(33,322)</u>	<u>\$10,818</u>	
Net deferred tax assets/(liabilities)	<u>\$(11,189)</u>			<u>\$(33,693)</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$254,763</u>			<u>\$345,028</u>
Deferred tax liabilities	<u>\$(265,952)</u>			<u>\$(378,721)</u>



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For the year ended December 31, 2018

	Beginning balance as of January 1, 2018	Deferred tax income (expense) recognized in profit or loss	Effect of tax rate change	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2018
Temporary differences					
Unrealized loss on inventory valuation	\$2,899	\$1,259	\$512	\$-	\$4,670
Loss on inventory written-off and obsolescence	337	1,816	60	-	2,213
Investments accounted for using the equity method	(252,786)	22,324	(41,618)	6,140	(265,940)
Over 2 years payables	73	-	13	-	86
Gain on disposal of property, plant and equipment	2,164	203	382	-	2,749
Unrealized exchange loss (gain)	355	(430)	63	-	(12)
Sales returns and allowances	6,956	108	1,227	-	8,291
Commission expense	8,514	3,806	1,502	-	13,822
Bad debt expense	294	(346)	52	-	-
Unused tax losses	174,530	15,738	30,800	-	221,068
Employee benefits	1,584	-	280	-	1,864
Deferred tax income/ (expense)		<u>\$44,478</u>	<u>\$(6,727)</u>	<u>\$6,140</u>	
Net deferred tax assets/(liabilities)	<u>\$(55,080)</u>				<u>\$(11,189)</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$197,706</u>				<u>\$254,763</u>
Deferred tax liabilities	<u>\$(252,786)</u>				<u>\$(265,952)</u>

(e) Unrecognized deferred tax assets

As of December 31, 2019 and 2018, deferred tax assets that have not been recognized amounts to NT\$0 and NT\$13,918 thousand, respectively.

(f) The following table contains information of the net operating loss of the Company:

Year incurred	Net operating loss	Expiration year
2013	\$357,540	2023
2014	224,933	2024

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2015	82,157	2025
2016	138,185	2026
2017	194,926	2027
2018	127,096	2028
2019(estimated)	243,418	2029
Total	<u>\$1,368,255</u>	

## (g) The assessment of income tax returns

As of December 31, 2019, the tax assessments on the Company's tax filings have been approved up to the year of 2017.

## (23) Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the year ended December 31,	
	2019	2018
(a) Basic earnings per share		
Profit (loss) attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$155,306</u>	<u>\$(240,885)</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	<u>281,059</u>	<u>281,059</u>
Basic earnings (loss) per share (in NT\$)	<u>\$0.55</u>	<u>\$(0.86)</u>
(b) Diluted earnings per share		
Profit (loss) attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$155,306</u>	<u>\$(240,885)</u>

Profit (loss) attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	\$155,306	\$(240,885)
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	281,059	281,059
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	281,059	281,059
Diluted earnings (loss) per share (in NT\$)	\$0.55	\$(0.86)

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

## 7. Related party transactions

(1) Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Dynamic PCB Electronics Co., Ltd.	Subsidiary
Dynamic Electronics Co., Ltd. (Seychelles)	Subsidiary
Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary
Dynamic Electronics (Huangshi) Co., Ltd.	Subsidiary
Dynamic Electronics Holding Pte. Ltd.	Subsidiary
HONG LAN ELECTRONICS CO., LTD.	Other related party

(2) Significant transactions with related parties

(a) Purchases

	For the year ended December 31,	
	2019	2018
Dynamic PCB Electronics Co., Ltd.	\$3,627,389	\$2,469,661

As the specifications of merchandise purchased from the subsidiaries are different from those from other third-party companies in 2019 and 2018, the purchasing prices to subsidiaries were not comparable. Payment terms for subsidiaries were 90~100 days after monthly closing while 60~120 days after monthly closing for general suppliers.

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(b) The Company recognized operating revenue of processing performed for subsidiaries amounted to NT\$12,773 thousand and NT\$23,125 thousand for the years ended December 31, 2019 and 2018, respectively.

(c) The Company recognized other operating revenue, due to procurement on behalf of subsidiaries in amount of NT\$939 thousand and NT\$2,269 thousand for the years ended December 31, 2019 and 2018, respectively.

(d) The Company recognized operating expenses for services provided by other related parties of NT\$1,420 thousand for the years ended December 31, 2018.

(e) Transaction of assets

Type of Assets	Related Parties	Book Value	Selling Price	Gain	Price Reference
<u>2019</u>					
Machine and equipment	Subsidiary	<u>\$127,562</u>	<u>\$300,656</u>	<u>\$173,094</u> (Note)	Negotiated
<u>2018</u>					
Machine and equipment	Subsidiary	<u>\$-</u>	<u>\$3,358</u>	<u>\$3,358</u> (Note)	Negotiated

Note: The gains were recorded as unrealized profits.

(f) Accounts receivable-related parties

	2019.12.31	2018.12.31
Dynamic Electronics (Kunshan) Co., Ltd.	\$9,438	\$15,819
Less: loss allowance	-	-
Total	<u>\$9,438</u>	<u>\$15,819</u>

(g) Other receivables from related parties (not including financing)

	2019.12.31	2018.12.31
Dynamic Electronics (Kunshan) Co., Ltd.	\$313,360	\$3,654
Dynamic Electronics (Huangshi) Co., Ltd.	181	2,150
Dynamic Electronics Holding Pte. Ltd.	1,540	1,040
	<u>\$315,081</u>	<u>\$6,844</u>

## (h) Accounts payable to related parties

	2019.12.31	2018.12.31
Dynamic PCB Electronics Co.,Ltd.	<u>\$1,141,257</u>	<u>\$667,480</u>

## (i) Loan to related parties (not provided endorsement)

Other receivables	The highest balance (Dr)	Balance at year end (Dr)	Interest rate	Total interest for the year
2018				
Subsidiaries	\$153,325	<u>\$-</u>	3.05%-3.65%	<u>\$3,397</u>

(j) As of December 31, 2019 and 2018, the Company provided endorsement/guarantee to its subsidiaries in total of NT\$632,205 thousand and NT\$886,230 thousand, respectively.

## (k) Key management personnel compensation

	For the year ended December 31,	
	2019	2018
Short-term employee benefits	\$32,712	\$31,983
Post-employment benefits	983	939
Total	<u>\$33,695</u>	<u>\$32,922</u>

8. Assets pledged as collateral

Assets	Book value		Purpose of pledge
	2019.12.31	2018.12.31	
Property, plant and equipment – land	\$-	\$137,171	Secured loans
Non-current assets held for sale – land	137,171	-	Secured loans
Property, plant and equipment – buildings	-	85,043	Secured loans
Non-current assets held for sale – buildings	80,109	-	Secured loans
Financial assets measured at amortized cost	2,000	-	Customs security deposit
Total	<u>\$219,280</u>	<u>\$222,214</u>	

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9. Significant contingencies and unrecognized contract commitments

None

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	<u>2019.12.31</u>	<u>2018.12.31</u>
Financial assets measured at amortized cost	<u>\$1,973,444</u>	<u>\$1,611,212</u>

Financial liabilities

	<u>2019.12.31</u>	<u>2018.12.31</u>
Financial liabilities at amortized cost:		
Short-term loans	\$729,780	\$913,793
Payables	1,340,986	\$1,109,647
Lease payable (including current portion)	(Note)	\$892
Lease liabilities (including current portion)	1,328	(Note)
Long-term loans (including current portion)	600,000	546,800
Total	<u>\$2,672,094</u>	<u>\$2,571,132</u>

Note: The Company adopted IFRS 16 since January 1, 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

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(2) Financial risk management objectives and policies

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

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before the Company enters into significant transactions, the Board of Directors and Audit Committee must carry out due approval process based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

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The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended December 31, 2019 and 2018 is decreased/increased by NT\$4,034 thousand and NT\$5,232 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 0.1% of interest rate in a reporting period could cause the profit for the years ended December 31, 2019 and 2018 to decrease/increase by NT\$1,118 thousand and NT\$1,358 thousand, respectively.

Equity price risk

As of December 31, 2019 and 2018, the Company does not hold equity securities at fair value; therefore the Company is not subject to equity price risk.

(4)Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical



experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2019 and 2018 accounts receivable from top ten customers represent 64.46% and 65.50% of the total accounts receivables of the Company, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks and other financial instruments is managed by the Company's finance division in accordance with the Company's policy. The counterparties that the Company transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions with investment-grade credit ratings. Consequently, there is no significant credit risk for these counter parties.

The Company adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

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

#### (5)Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

#### Non-derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
2019.12.31					
Loans	\$1,333,061	\$-	\$-	\$-	\$1,333,061
Payables	1,340,986	-	-	-	1,340,986
Lease liabilities	1,342	133	-	-	1,475

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2018.12.31

Loans	\$1,018,087	\$196,750	\$190,366	\$92,389	\$1,497,592
Payables	1,109,647	-	-	-	1,109,647
Lease payable	456	456	-	-	912

## (6) Reconciliation of liabilities arising from financing activities

Reconciliation schedule of liabilities for the year ended December 31, 2019:

	Short-term loans	Long-term loans	Lease liabilities	Total liabilities from financing activities
As of January 1, 2019	\$913,793	\$546,800	\$892	\$1,461,485
Cash flows	(184,013)	53,200	(1,342)	(132,155)
Non-cash changes				
Acquisition				
Lease modification	-	-	1,743	1,743
Interest of lease liabilities	-	-	35	35
As of December 31, 2019	<u>\$729,780</u>	<u>\$600,000</u>	<u>\$1,328</u>	<u>\$1,331,108</u>

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

	Short-term loans	Long-term loans	Lease payable	Total liabilities from financing activities
As of January 1, 2018	\$643,440	\$600,000	\$-	\$1,243,440
Cash flows	270,353	(53,200)	892	218,045
As of December 31, 2018	<u>\$913,793</u>	<u>\$546,800</u>	<u>\$892</u>	<u>\$1,461,485</u>

## (7) Fair values of financial instruments

- (a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- i. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
  - ii. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
  - iii. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
  - iv. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
  - v. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).
- (b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

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

The Company does not have assets that are measured at fair value on a non-recurring basis. And the Company does not have assets or liabilities that are measured at fair value on a recurring basis.

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2019 and 2018, there were no transfers between Level 1 and Level 2 fair value measurements.

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(9) Significant assets and liabilities denominated in foreign currencies (in thousand dollars)

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	2019.12.31			2018.12.31		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	<u>\$63,549</u>	29.98	<u>\$1,905,200</u>	<u>\$51,481</u>	30.715	<u>\$1,581,226</u>
<u>Financial liabilities</u>						
Monetary items:						
USD	<u>\$50,093</u>	29.98	<u>\$1,501,777</u>	<u>\$34,446</u>	30.715	<u>\$1,058,022</u>

The above information is disclosed based on the carrying amount of foreign currency (after being converted to functional currency).

Since there were varieties of foreign currency transactions of the Company, the Company was unable to disclose foreign exchange gain (loss) towards each foreign currency with significant impact. The Company recognized exchange gain (loss) amounted to NT\$(8,752) thousand and NT\$15,274 thousand for the years ended December 31, 2019 and 2018, respectively.

(10) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosures

(1) The following are additional disclosures for the Company as required by the R.O.C. Securities and Futures Bureau:

- a. Financing provided to others for the year ended December 31, 2019: None.
- b. Endorsement/Guarantee provided to others for the year ended December 31, 2019: Please refer to Attachment 1.
- c. Securities held as of December 31, 2019 (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, 2019: 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, 2019: 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, 2019: 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, 2019: Please refer to Attachment 2.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of December 31, 2019: None.
- i. Financial instruments and derivative transactions: None.

(2) Information on investees :

- A. If an investor controls operating, investing and financial decisions of an investee or an investor has the ability to exercise significant influence over operating and financial policies of an investee, the related information for the investee is disclosed (not including investment in Mainland China): Please refer to Attachment 3.

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

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- B. An investor controls operating, investing and financial decisions of an investee. The related information for the investee shall be disclosed Note13(1) as below:
- (a) Financing provided to others for the year ended December 31, 2019: Please refer to Attachment 4.
  - (b) Endorsement/Guarantee provided to others for the year ended December 31, 2019: None.
  - (c) Securities held as of December 31, 2019 (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, 2019: 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, 2019: Please refer to Attachment 5.
  - (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2019: 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, 2019: Please refer to Attachment 6.
  - (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of December 31, 2019: Please refer to Attachment 7.
  - (i) Financial instruments and derivative transactions: None.

English Translation of Parent-Company-Only Financial Statements and Footnotes Originally Issued in Chinese  
DYNAMIC ELECTRONICS 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, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019	Accumulated Outflow of Investment from Taiwan as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	\$2,398,400 (Note 2, 3, 6)	(Note 1)	\$2,260,265	\$-	\$-	\$2,260,265	\$260,543 (Note 2)	100%	\$260,543 (Note 2, 4, 5)	\$2,816,260 (Note 2, 4, 5)	\$1,807,974 (Note 2)	\$2,260,265	\$2,260,265	No upper limit (Note 11)
Dynamic Electronics (Huangshi) Co., Ltd.	Manufacturing and selling of PCB	\$1,437,241 (Note 2, 7, 8)	(Note 9)	\$444,530	\$-	\$-	\$444,530	\$310,320 (Note 2)	100%	\$310,320 (Note 2, 4, 10)	\$1,482,668 (Note 2, 4, 10)	\$-	\$444,530	\$444,530	



English Translation of Parent-Company-Only Financial Statements and Footnotes Originally Issued in Chinese  
DYNAMIC ELECTRONICS CO., LTD.

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

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

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- Note 1: Investment in Mainland China through companies in the third area established Dynamic Electronics (Kunshan) Co. Ltd.
- Note 2: Foreign currencies were converted into New Taiwan dollars based on exchanged rate of balance sheet date.
- Note 3: Total amount of paid-in capital is USD80,000 thousand.
- Note 4: The investment income (loss) recognized under equity method and by calculation was based on audited financial statements.
- Note 5: Recognized investment income and carrying value by WINTEK (MAURITIUS) CO., LTD.
- Note 6: The difference between investments remitted from Taiwan in amount of USD69,500 thousand and the received paid-in capital of USD80,000 thousand was a result of a capital injection of USD10,500 thousand made by WINTEK (MAURITIUS) CO., LTD.
- Note 7: The difference between the original investment of USD14,000 thousand remitted from Taiwan and the paid-in capital of USD47,940 thousand is a capital injection of USD33,940 thousand by using cash dividends received from Dynamic Electronics (Kunshan) Co. Ltd.
- Note 8: Total amount of paid-in capital is USD47,940 thousand.
- Note 9: The Company indirectly invested in its China subsidiary, Dynamic Electronics (Huangshi) Co. Ltd., through WINTEK (MAURITIUS) CO., LTD. and Dynamic Holding Pte. Ltd.
- Note 10: WINTEK (MAURITIUS) CO., LTD. indirectly, through the holding on Dynamic Holding Pte. Ltd., recognized the investment income of Dynamic Electronics (Huangshi) Co. Ltd.
- Note 11: The Company meets the conditions of corporate operation headquarter in the Principle of Evaluation for Investment and Technical Cooperation in Mainland China. Thus, there is no upper limit on investment amount.

## b. Purchase and accounts payable with the related parties:

	Purchase		Accounts payable	
	Amount	%	Amount	%
Dynamic PCB Electronics Co., Ltd.	\$3,627,389	88.06%	\$1,141,257	93.81%

As the specifications of merchandise purchased from the subsidiaries are different from those from other third-party companies, the purchasing prices to subsidiaries were not comparable. Payment terms for subsidiaries were 90~100 days after monthly closing while 60~120 days after monthly closing for general suppliers.

## c. Sales and accounts receivable with the related parties: None.

## d. The profit and loss produced by transaction of the property:

Type of Assets	Name of Related Parties	Book Value	Selling price	Gain	Price reference
<u>2019</u>					
Machinery and equipment	Dynamic Electronics (Kunshan) Co., Ltd.	<u>\$127,562</u>	<u>\$300,656</u>	<u>\$173,094</u> (Note)	Negotiated

On 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, the Company respectively wrote off the profit of property, plant and equipment amounted to NT\$173,094 thousand, NT\$3,358 thousand, NT\$8,472 thousand, NT\$1,217 thousand, NT\$2,672 thousand, NT\$2,167 thousand and NT\$5,537 thousand because of unrealized under the investment balance using the equity method.

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

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

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

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- g. The other events impact over current profit or loss or have the significant influence over the financial conditions, such as provided service or received service:

The Company recognized operating revenue of processing performed for Dynamic Electronics (Kunshan) Co., Ltd. amounting to NT\$12,773 thousand for the year of 2019. As of December 31, 2019, accounts receivable amounted to NT\$9,438 thousand.

For the year ended December 31, 2019, the Company recognized other operating revenue due to procurement on behalf of and Dynamic Electronics (Huangshi) Co., Ltd. in amount of NT\$939 thousand. As of December 31, 2019, other receivables amounted to NT\$181 thousand.

14. Segment information

The Company has provided the operating segments disclosure in the consolidated financial statements.

## DYNAMIC ELECTRONICS CO., LTD.

## Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2019

Attachment I

(In Thousands of New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3)	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
No. (Note 1)	Name	Name	Relationship (Note2)										
0	Dynamic Electronics Co., Ltd.	Dynamic Eelectronics (Huangshi) Co., Ltd.	2	\$3,910,121	\$280,000	\$179,580	\$179,580	\$-	4.59%	\$3,910,121	Y	N	Y
0	Dynamic Electronics Co., Ltd.	Dynamic Eelectronics Co., Ltd. (Seychelles)	2	\$3,910,121	\$153,850	\$-	\$-	\$-	-%	\$3,910,121	Y	N	N
0	Dynamic Electronics Co., Ltd.	Dynamic Eelectronics (Kunshan) Co., Ltd.	2	\$3,910,121	\$613,700	\$299,300	\$149,650	\$-	7.65%	\$3,910,121	Y	N	Y

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

1. Dynamic Electronics Co., Ltd. is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note2 : The relationship between the guarantor of the endorsement and the object to be guaranteed is as follows:

- 1.The company with business contacts.
- 2.The company directly and indirectly holds more than 50% of the shares with voting rights.
- 3.Companies that directly and indirectly holds more than 50% of the shares of the company with voting rights.
- 4.The company directly and indirectly holds more than 90% of the shares with voting rights.
- 5.Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry.
- 6.A company whose co-investment relationship is endorsed by all shareholders in proportion to their shareholding ratio.
- 7.The performance guarantee of the preconstruction real estate contract between the same industry in accordance with the Consumer Protection Law is jointly guaranteed.

Note 3: According to the procedures of Endorsement and Guarantee, the limitation of endorsement or guarantee for other subsidiaries shall not exceed the current net value of the Company. Also, the limitation of endorsement or guarantee for one of the subsidiaries shall not exceed the current net value of Company.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD.

Related Party Transactions for Purchases and Sales Amounts exceeding the lower of NT\$100 Million or 20% of Capital Stock

For the Year Ended December 31, 2019

Attachment 2

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchase	\$3,627,389	88.06%	90~100 days after monthly closing	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 60~120 days after monthly closing	Accounts payable \$1,141,257	93.81%	

## DYNAMIC ELECTRONICS CO., LTD.

Investees over Which the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As of December 31, 2019

Attachment 3

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Address	Main Business and Product	Original Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of December 31, 2019	As of December 31, 2018	Shares	%	Carrying Value			
Dynamic Electronics Co., Ltd.	WINTEK (MAURITIUS) CO., LTD.	Suite 802, St James Court, St Denis Street, Port Louis, Mauritius	Investing activities	\$2,716,696	\$2,716,696	8,350,000	100.00%	\$4,257,229	\$568,631	\$551,521	(Note 1)
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1st Floor, #5 DEKK House, De Zippora Street, P.O. Box 456, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	\$1,555	\$1,555	50,000	100.00%	\$1,985	\$22	\$22	
Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	1st Floor, #5 DEKK House, De Zippora Street, P.O. Box 456, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	\$1,556	\$1,556 (Note 3)	50,000	100.00%	\$301,195	\$66,231	\$66,231	
Dynamic Electronics Co., Ltd.	Dynamic Electronics Trading Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Management operations services	\$1,541	\$1,541	50,000	100.00%	\$2,185	\$221	\$221	
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics Holding Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Investing activities	\$1,492,524	\$1,492,524	47,940,000	100.00%	USD 48,731	USD 10,332	USD 9,698	(Note 2)

Note1: Including investment loss recognized under equity method amounted to NT\$568,631 thousand, realized profit on transaction between subsidiaries amounted to NT\$7,416 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$24,526 thousand.

Note2: Including investment loss recognized under equity method amounted to USD10,332 thousand, realized profit on transaction between subsidiaries amounted to USD29 thousand and unrealized profit on transaction between subsidiaries amounted to USD663 thousand.

Note3: The Company's original investment in Dynamic Electronics Co., Ltd. (Seychelles) is USD7,200 thousand (NT\$224,005thousand), Dynamic Electronics Co., Ltd. (Seychelles) reduced capital by cash in amount of USD7,150 thousand (NT\$222,449 thousand) in January 2018.

## DYNAMIC ELECTRONICS CO., LTD.

Financing provided to others

For the year ended December 31, 2019

Attachment 4

(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 (Huangshi) Co. Ltd.	Other receivables -related parties	Yes	\$669,650	\$428,000	\$214,000	4.35%	2	\$-	Business turnover	\$-	-	\$-	\$1,689,762 (Note 3)	\$1,689,762 (Note 3)
2	WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics (Huangshi) Co. Ltd.	Other receivables -related parties	Yes	\$1,419,750	\$1,077,480	\$1,077,480	3.88%~3.9%	2	\$-	Business turnover	\$-	-	\$-	\$2,569,053 (Note 4)	\$2,569,053 (Note 4)
3	Dynamic Electronics CO., LTD. (Seychelles)	Dynamic Electronics (Huangshi) Co. Ltd.	Other receivables -related parties	Yes	\$157,750	\$149,650	\$149,650	3.2026%	2	\$-	Business turnover	\$-	-	\$-	\$301,195 (Note 5)	\$301,195 (Note 5)

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

1. Dynamic Electronics Co., Ltd. is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of financing is coded as follows:

1. Need for operating is coded "1".
2. Need for short term financing is coded "2".

Note 3: Limit of total financing amount shall not exceed 60% of the lender's net assets of value as of December 31, 2019.

Limit of financing amount for individual counter-party shall not exceed 60% of the lender's net assets value as of December 31, 2019.

Note 4: Limit of total financing amount shall not exceed 60% of the lender's net assets of value as of December 31, 2019.

Limit of financing amount for individual counter-party shall not exceed 60% of the lender's net assets value as of December 31, 2019.

Note 5: Limit of total financing amount shall not exceed the lender's net assets of value as of December 31, 2019.

Limit of financing amount for individual counter-party shall not exceed the lender's net assets value as of December 31, 2019.

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DYNAMIC ELECTRONICS CO., LTD.

Acquisition of Individual Real Estate with Amount exceeding the lower of NT\$300 Million or 20% of Capital Stock

For the Year ended December 31, 2019

Attachment 5

(In Thousands of Foreign Currency)

Acquiring Company	Name of Property	Transaction Date	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	with the Company	Transfer Date	Amount			
Dynamic Electronics (Huangshi) Co. Ltd.	<u>Buildings</u> Construction of Huangshi Plant	2016.06.20	RMB 167,568	RMB 165,473 thousand was paid as of December 31, 2019.	Fujian Huidong Construction Engineering Co., Ltd.	None	None	None	None	None	Bidding	Production expansion and operation planning	None



English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD.

Related Party Transactions for Purchases and Sales Amounts exceeding the lower of NT\$100 Million or 20% of Capital Stock  
For the Year Ended December 31, 2019

Attachment 6

(In Thousands of Foreign Currency)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Sales	RMB 1,927,963	85.56%	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 550,691	75.20%	
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Subsidiary	Purchases	RMB 457,922	31.85%	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 133,522	25.45%	
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Sales	RMB 457,922	54.23%	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 133,522	50.82%	
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Sales	RMB 312,963	37.06%	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 69,161	26.32%	
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Subsidiary	Purchases	USD 45,270	13.98%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 9,913	11.16%	
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	Sales	USD 206,522	63.78%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts receivable USD 50,767	57.15%	
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd.	Subsidiary	Sales	USD 117,289	36.22%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts receivable USD 38,067	42.85%	
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchases	USD 278,541	86.02%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 78,921	88.84%	
Dynamic Electronics Co., Ltd (Seychelles)	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchases	USD 206,522	98.05%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 90 days after monthly closing.	Accounts payable USD 50,767	96.57%	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD.

Receivables from Related Parties with Amounts exceeding the lower of NT\$100 Million or 20% of Capital Stock

As of December 31, 2019

Attachment 7

(In Thousands of Foreign Currency)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	RMB 550,691 (Note1)	3.76	\$-	-	\$-	\$-
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd.	Subsidiary	USD 38,067 (Note1)	3.92	\$-	-	\$-	\$-
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	USD 50,767 (Note1)	3.92	\$-	-	\$-	\$-
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	RMB 69,161 (Note1)	5.25	\$-	-	\$-	\$-
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	RMB 133,522 (Note1)	4.42	\$-	-	\$-	\$-

Note1: Accounts receivable.

DYNAMIC ELECTRONICS CO., LTD.

1.STATEMENT OF CASH AND CASH EQUIVALENT

AS OF DECEMBER 31, 2019

es are denominated in Thousands of New Taiwan Dollars, EUR, and USD unless otherwise specified)

Item	Description	Amount	Note
Cash on hand :		\$-	Exchange Rate
			USD : NTD=29.98 : 1
			EUR : NTD=33.59 : 1
Checking accounts :		848	
Savings accounts :			
—NTD		94,729	
—USD		116,954	USD 3,901
—EUR		505	EUR 15
Subtotal		212,188	
Total		<u>\$213,036</u>	

DYNAMIC ELECTRONICS CO., LTD.

2.STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST - CURRENT

AS OF DECEMBER 31, 2019

(In Thousands Of New Taiwan Dollars)

Item	Description	Shares/Units	Par Value	Amount	Interest Rate	Acquisition Cost	Note
Taichung Commercial Bank—Taoyuan Branch	Restricted certificates of deposit	-	-	-	-	<u>\$2,000</u>	Please refer to Note 8

DYNAMIC ELECTRONICS CO., LTD.

3.STATEMENT OF NOTES RECEIVABLE, NET

AS OF DECEMBER 31, 2019

(In Thousands Of New Taiwan Dollars)

Client Name	Amount	Note
Customer A	\$1,200	1.Non related parties.
Customer B	37	2.Notes receivable were not pledged.
Less : loss allowance	-	
Net	<u>\$1,237</u>	

DYNAMIC ELECTRONICS CO., LTD.

5.STATEMENT OF RECEIVABLES FROM RELATED PARTIES

AS OF DECEMBER 31, 2019

(In Thousands Of New Taiwan Dollars)

Related Parties	Amount	Note
Dynamic Electronics (Kunshan) Co., Ltd.	<u>\$9,438</u>	

DYNAMIC ELECTRONICS CO., LTD.

6.STATEMENT OF OTHER RECEIVABLES, NET

AS OF DECEMBER 31, 2019

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Vat Refund	\$2,207	
Others	<u>1,612</u>	
Subtotal	3,819	
Less : loss allowance	<u>-</u>	
Net	<u><u>\$3,819</u></u>	

DYNAMIC ELECTRONICS CO., LTD.

7.STATEMENT OF OTHER RECEIVABLES FROM RELATED PARTIES

AS OF DECEMBER 31, 2019

(In Thousands Of New Taiwan Dollars)

Related Parties	Amount	Note
DYNAMIC ELECTRONICS HOLDING PTE. LTD.	\$1,540	Mainly from payment on behalf of others.
Dynamic Electronics (Huangshi) Co., Ltd.	181	Mainly from procurement on behalf of others.
Dynamic Electronics (Kunshan) Co., Ltd.	313,360	Mainly from sale of assets and procurement on behalf of others.
Total	<u>\$315,081</u>	



## DYNAMIC ELECTRONICS CO., LTD.

## 8.STATEMENT OF INVENTORIES

AS OF DECEMBER 31, 2019

(In Thousands Of New Taiwan Dollars)

Item	Amount		Note
	Cost	Net Realizable Value	
Supplies & parts	\$63	\$19	1.Inventories are valued at lower of cost or net realizable value
Finished goods	83,128	95,725	
Subtotal	83,191	\$95,744	2.Inventories were not pledged.
Less: allowance for inventory valuation losses	(8,666)		
Net	\$74,525		

DYNAMIC ELECTRONICS CO., LTD.

9.STATEMENT OF PREPAYMENTS

AS OF DECEMBER 31, 2019

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Prepaid Insurance	\$3,891	
Others	<u>11,441</u>	
Total	<u><u>\$15,332</u></u>	

DYNAMIC ELECTRONICS CO., LTD.

10.STATEMENT OF OTHER CURRENT ASSETS

AS OF DECEMBER 31, 2019

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Temporary payments	\$2,559	
Others	<u>2</u>	
Total	<u><u>\$2,561</u></u>	

DYNAMIC ELECTRONICS CO., LTD.

11.STATEMENT OF CHANGES IN INVESTMENT ACCOUNTED FOR UNDER THE EQUITY METHOD

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands Of New Taiwan Dollars)

Investee companies	As of January 1, 2019		Additions		Decrease		As of December 31, 2019			Fair Value/Net assets value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit price (NTD)	Total amount		
WINTEK (MAURITIUS) CO., LTD.	8,350,000	\$3,883,269	-	\$373,960 (Note1)	-	\$-	8,350,000	100.00%	\$4,257,229	\$51.28	\$4,281,755	None	
Dynamic PCB Electronics Co.,Ltd.	50,000	2,011	-	-	-	(26) (Note2)	50,000	100.00%	1,985	39.70	1,985	None	
Dynamic Electronics Co., Ltd (Seychelles)	-	242,803	-	58,392 (Note3)	-	-	-	100.00%	301,195	6,023.90	301,195	None	
DYNAMIC ELECTRONICS TRADING PTE. LTD.	-	2,019	-	166 (Note4)	-	-	-	100.00%	2,185	43.70	2,185	None	
Unrealized Profit		(13,743)				(170,435)			(184,178)				
Total		<u>\$4,116,359</u>		<u>\$432,518</u>		<u>\$(170,461)</u>			<u>\$4,378,416</u>		<u>\$4,587,120</u>		

Note1: Including investment gain recognized amounted to NT\$568,631 thousand, realized profit on transaction between subsidiaries amounted to NT\$7,416 thousand, unrealized profit on transaction

between subsidiaries amounted to NT\$24,526 thousand and exchange differences resulting from translating the financial statements of a foreign operation amounted to NT\$(177,561) thousand.

Note2: Including investment gain recognized amounted to NT\$22 thousand and exchange differences resulting from translating the financial statements of a foreign operation amounted to NT\$(48) thousand.

Note3: Including investment gain recognized amounted to NT\$66,231 thousand and exchange differences resulting from translating the financial statements of a foreign operation amounted to NT\$(7,839) thousand.

Note4: Including investment gain recognized amounted to NT\$221 thousand and exchange differences resulting from translating the financial statements of a foreign operation amounted to NT\$(55) thousand.

## AS OF DECEMBER 31, 2019

Item	Amount	Note
Refundable deposits	<u>\$3,218</u>	Rental deposits.

DYNAMIC ELECTRONICS CO., LTD.

13.STATEMENT OF SHORT-TERM LOANS

AS OF DECEMBER 31, 2019

(In Thousands Of New Taiwan Dollars)

Type	Description	Balance, End of Year	Contract Period	Interest Rates	Loan Commitments	Collateral	Note
Unsecured loans	Sunny Bank—Nangang Branch	\$100,000	2019.12.09~2020.01.09	1.6500%	Total \$150,000	None	
Unsecured loans	Hua Nan Commerccial Bank —Pei Taoyuan Branch	50,000	2019.07.17~2020.01.17	1.4431%	Total \$100,000	None	
Unsecured loans	Hua Nan Commerccial Bank —Pei Taoyuan Branch	44,970	2019.10.24~2020.01.22	2.7500%	Total \$100,000	None	
Unsecured loans	Shanghai Commercial&Savings Bank,Ltd—Chungli Branch	89,940	2019.12.24~2020.03.23	2.9466%	\$94,500	None	
Unsecured loans	Taichung Commercial Bank—Taoyuan Branch	59,960	2019.12.24~2020.03.23	3.1924%	Total \$100,000	None	
Unsecured loans	KGI Bank—Art Branch	134,910	2019.11.22~2020.02.21	3.1924%-3.1988%	Total \$150,000	None	
Unsecured loans	Yuanta Bank— Nankan Branch	250,000	2019.12.12~2020.01.09	1.4000%	Total \$300,000	None	
Total		<u>\$729,780</u>					

DYNAMIC ELECTRONICS CO., LTD.

14.STATEMENT OF ACCOUNTS PAYABLE

AS OF DECEMBER 31, 2019

(In Thousands Of New Taiwan Dollars)

Vendor Name	Amount	Note
Supplier A	\$29,064	1.The amount of individual vendor included in others does not exceed 5% of the account balance.
Supplier B	7,733	
Supplier C	6,841	
Supplier D	4,376	
Others	<u>27,231</u>	2.Non related parties.
Total	<u><u>\$75,245</u></u>	

DYNAMIC ELECTRONICS CO., LTD.

15.STATEMENT OF ACCOUNTS PAYABLE TO RELATED PARTIES

AS OF DECEMBER 31, 2019

(In Thousands Of New Taiwan Dollars)

Related Parties	Amount	Note
Dynamic PCB Electronics Co., Ltd.	<u>\$1,141,257</u>	Purchase of goods.



DYNAMIC ELECTRONICS CO., LTD.  
16.STATEMENT OF OTHER PAYABLES  
AS OF DECEMBER 31, 2019

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Accrued Commission Expenses	\$59,608	
Accrued Payroll	24,989	
Accrued Professional Service Fees	9,852	
Payables On Equipment	8,088	
Accrued Insurance	1,831	
Accrued Interest Payable	1,319	
Accrued Shipping Expenses	317	
Accrued Pension Expenses	581	
Accrued Employee Benefits	518	
Others	<u>17,381</u>	
Total	<u><u>\$124,484</u></u>	

DYNAMIC ELECTRONICS CO., LTD.

17.STATEMENT OF LEASE LIABILITIES

AS OF DECEMBER 31, 2019

(In Thousands Of New Taiwan Dollars)

Item	Period	Discount rate	As of December 31, 2019	Note
Land	2019/01/01~2020/12/31	1.75%	\$351	
Buildings	2018/01/01~2021/03/31	1.75%~2.2475%	977	
Total			1,328	
Less: Current portion of lease liabilities			(1,195)	
Non-Current portion of lease liabilities			\$133	

DYNAMIC ELECTRONICS CO., LTD.

18. Statement of Other Current Liabilities

As of December 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Temporary receipts	\$9,667	
Receipts Under Custody	563	
Total	<u>\$10,230</u>	

DYNAMIC ELECTRONICS CO., LTD.

19.STATEMENT OF LONG-TERM LOANS

AS OF DECEMBER 31, 2019

(In Thousands Of New Taiwan Dollars)

Lenders	Description	Amount	Contract Period	Interest Rates	Collateral	Note
Sunny Bank – Nangang Branch	Secured bank loans	\$600,000	2019.03.26~2026.03.26	Fixed reserve rate (monthly adjustment) plus 0.58% annual interest rate	Please refer to Note 8	
Less: Current portion of long-term loans		(600,000)				
Non-current portion of long-term loans		<u>\$-</u>				

DYNAMIC ELECTRONICS CO., LTD.

20.STATEMENT OF CHANGES IN NET DEFINED BENEFIT LIABILITY

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
As of January 1, 2019	\$1,359	
Add : Pension costs	35,216	
Pension cost for executives	216	
Less : Prepaid Pension Cost, beginning of year	(35,216)	
As of December 31, 2019	<u>\$1,575</u>	

DYNAMIC ELECTRONICS CO., LTD.

21.STATEMENT OF OPERATING REVENUES

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands Of New Taiwan Dollars)

Item	Square Feet	Amount	Note
Sale of goods			
2 Layers	3,934,011	\$968,184	
Multilayers	7,033,730	2,903,262	
Others		<u>1,192,565</u>	
Operating Revenues		<u><u>\$5,064,011</u></u>	

DYNAMIC ELECTRONICS CO., LTD.  
22.STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Direct Materials		
Beginning of year	\$17,948	
Add : Raw materials purchased	325,909	
Surplus	734	
Less : End of year	-	
Transferred to manufacturing overhead and operating expenses	(641)	
Scrapped	(1,028)	
Sales	(5,345)	
Direct Materials used	<u>337,577</u>	
Supplies and parts		
Beginning of year	4,402	
Add : Supplies and parts purchased	113,392	
Surplus	1,422	
Less : End of year	(63)	
Transferred to manufacturing overhead and operating expenses	(24,334)	
Sales	(557)	
Supplies and Parts used	<u>94,262</u>	
Direct labor	152,249	
Manufacturing overhead(Please refer to attachment 23)	<u>560,461</u>	
Manufacturing cost	1,144,549	
Add : Work in process, beginning of year	98,531	
Less : Work in process, end of year	-	
Cost of finished goods	1,243,080	
Add : Finished goods, beginning of year	131,755	
Finished goods purchased	3,679,703	
Less : Finished goods, end of year	(83,128)	
Transferred to manufacturing overhead and operating expenses	(1,365)	
Scrapped	(38,984)	
Shortage	(132)	
Cost of goods sold at normal production level	4,930,929	
Cost of raw materials sold directly	5,345	
Cost of supplies & parts sold directly	557	
Loss from inventory valuation	25,330	
Other costs-export freight	11,478	
Other costs - Unallocated fixed manufacturing overhead	29,922	
Other costs - Unallocated fixed manufacturing overhead - Depreciation	221	
Other costs - Unallocated fixed manufacturing overhead - Amortization	706	
Other costs	1,280	
Surplus	(2,024)	
Manufacturer chargeback	(15,939)	
Revenue from sale of scraps	<u>(22,989)</u>	
Total	<u>\$4,964,816</u>	

DYNAMIC ELECTRONICS CO., LTD.

23.STATEMENT OF MANUFACTURING OVERHEAD

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Indirect labor	\$84,677	
Rent expense	4,291	
Repair and maintenance expense	44,913	
Utilities expense	82,713	
Insurance expense	28,460	
Manufacturing overhead — outsourced	100,105	
Depreciation	94,417	
Amortization	1,906	
Meal expense	4,135	
Employee benefits	12,590	
Consumption	20,326	
Others	66,169	
Environmental expense	15,759	
Total	<u>\$560,461</u>	



DYNAMIC ELECTRONICS CO., LTD.

24.STATEMENT OF SALES AND MARKETING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Payroll expense	\$15,740	
Rent expense	529	
Travelling expense	2,830	
Insurance	2,133	
Entertainment expense	4,760	
Meal expenses	89	
Employee benefits	421	
Commission expense	118,629	
Promotion fee	5,673	
Others	<u>7,191</u>	
Total	<u><u>\$157,995</u></u>	

DYNAMIC ELECTRONICS CO., LTD.

25.STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Payroll expense	\$178,944	
Rent expense	2,669	
Travelling expense	3,890	
Insurance expense	10,063	
Entertainment expense	2,213	
Depreciation	1,873	
Amortization	3,229	
Meal expenses	376	
Employee benefits	3,195	
Professional service fees	6,597	
Others	<u>27,196</u>	
Total	<u><u>\$240,245</u></u>	

DYNAMIC ELECTRONICS CO., LTD.

26.STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Payroll expense	\$4,221	
Travelling expense	612	
Meal expenses	13	
Insurance expense	119	
Employee benefits	56	
Others	88	
Total	<u>\$5,109</u>	

DYNAMIC ELECTRONICS CO., LTD.

27.STATEMENT OF NON-OPERATING INCOME AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousand Of New Taiwan Dollars)

Item	Description	Amount	Note
Other income			
	Interest income	\$687	
	Other income -- others	<u>35,304</u>	
Total		<u><u>\$35,991</u></u>	
Other gains and losses			
	Foreign exchange loss, net	\$(8,752)	
	Loss on disposal of property, plant and equipment	(76,882)	
	Impairment loss on non-financial assets	(36,327)	
	Other losses -- others	<u>(8,615)</u>	
Total		<u><u>\$(130,576)</u></u>	
Finance costs			
	Interest on borrowings from bank	\$(30,644)	
	Interest on lease liabilities	<u>(35)</u>	
		<u><u>\$(30,679)</u></u>	
Share of profit or loss of subsidiaries, associates and joint ventures	Profit on investment	<u><u>\$617,995</u></u>	