

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

Ticker: 6251

**DYNAMIC ELECTRONICS CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REVIEW REPORT OF INDEPENDENT AUDITORS
As of June 30, 2021 and 2020
And For The Six – month Periods Then Ended**

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

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REVIEW REPORT OF INDEPENDENT AUDITORS

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Dynamic Electronics Co., LTD. (the “Company”) and its subsidiaries as of June 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, the related consolidated statements of changes in equity and cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews , nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of June 30, 2021 and 2020, and their consolidated financial performance for the three-month and six-month periods then ended and cash flows for the six-month periods then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Lo, Hsiao Chin

Chang, Chi Ming

Ernst & Young
August 3rd, 2021
Taipei, Taiwan,

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of June 30, 2021, December 31, 2020 and June 30, 2020 (June 30, 2021 and 2020 are reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			As of June 30, 2021		As of December 31, 2020		As of June 30, 2020	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
11xx	Current Assets							
1100	Cash and cash equivalents	6(1)	\$2,526,699	15	\$998,567	8	\$850,957	7
1110	Financial assets at fair value through profit or loss	6(2)	123	-	-	-	-	-
1136	Financial assets carried at amortized cost	6(3),8	1,226	-	201,253	1	19,797	-
1150	Notes receivable, net	6(4)	113,690	1	262,063	2	119,607	1
1170	Accounts receivable, net	6(5)	4,197,704	26	3,716,755	28	3,097,413	26
1200	Other receivables		139,767	1	121,852	1	65,092	1
1310	Inventories, net	6(6)	2,698,981	16	1,598,097	12	1,715,114	14
1410	Prepayments		509,856	3	376,645	3	405,804	3
1470	Other current assets		6,202	-	6,016	-	7,112	-
	Total current assets		<u>10,194,248</u>	<u>62</u>	<u>7,281,248</u>	<u>55</u>	<u>6,280,896</u>	<u>52</u>
15xx	Non-current assets							
1510	Financial assets at fair value through profit or loss	6(2),6(12)	750	-	-	-	-	-
1600	Property, plant and equipment	6(7), 8, 9	5,402,230	33	5,240,292	40	5,053,292	42
1755	Right-of-use assets	6(20), 8	411,126	3	268,046	2	260,273	2
1780	Intangible assets	6(8)	51,657	-	28,812	-	12,526	-
1840	Deferred tax assets	4	281,928	2	362,397	3	390,359	4
1900	Other non-current assets	6(9)	1,470	-	4,511	-	7,219	-
	Total non-current assets		<u>6,149,161</u>	<u>38</u>	<u>5,904,058</u>	<u>45</u>	<u>5,723,669</u>	<u>48</u>
	Total assets		<u>\$16,343,409</u>	<u>100</u>	<u>\$13,185,306</u>	<u>100</u>	<u>\$12,004,565</u>	<u>100</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
As of June 30, 2021, December 31, 2020 and June 30, 2020 (June 30, 2021 and 2020 are reviewed but unaudited)
(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			As of June 30, 2021		As of December 31, 2020		As of June 30, 2020	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
21xx	Current liabilities							
2100	Short-term loans	6(10)	\$3,580,972	22	\$2,582,600	20	\$2,729,577	23
2130	Contract liability	6(18)	14,822	-	13,447	-	3,881	-
2170	Accounts payables		4,123,865	25	2,827,360	21	2,060,724	17
2200	Other payables	6(11)	1,314,125	9	1,006,489	8	675,970	6
2230	Current tax liabilities	4	12,764	-	24,178	-	16,156	-
2280	Lease liabilities	6(20)	2,006	-	444	-	530	-
2300	Other current liabilities		45,527	-	38,607	-	36,761	-
2322	Current portion of long-term loans payable	6(13), 8	-	-	-	-	-	-
2365	Refund liability	6(14)	159,339	1	100,753	1	98,854	1
	Total current liabilities		<u>9,253,420</u>	<u>57</u>	<u>6,593,878</u>	<u>50</u>	<u>5,622,453</u>	<u>47</u>
25xx	Non-current liabilities							
2530	Bonds payable	4, 6(12)	482,567	3	-	-	-	-
2540	Long-term loans	6(13), 8	646,892	4	654,722	5	627,799	5
2570	Deferred tax liabilities	4	359,219	2	397,870	3	420,022	4
2580	Lease liabilities	6(20)	3,057	-	-	-	-	-
2630	Long-term deferred revenue	6(15)	359,483	2	380,616	3	379,074	3
2640	Net defined benefit liability	4	1,899	-	1,791	-	1,683	-
2645	Guarantee deposits		45,801	-	25,163	-	25,713	-
	Total non-current liabilities		<u>1,898,918</u>	<u>11</u>	<u>1,460,162</u>	<u>11</u>	<u>1,454,291</u>	<u>12</u>
	Total liabilities		<u>11,152,338</u>	<u>68</u>	<u>8,054,040</u>	<u>61</u>	<u>7,076,744</u>	<u>59</u>
31xx	Equity attributable to the parent company							
3100	Capital	6(17)						
3110	Common stock		2,775,141	17	2,775,141	21	3,110,594	26
3200	Capital surplus	6(17)	1,314,819	8	1,250,883	10	1,250,883	10
3300	Retained earnings	6(17)						
3310	Legal reserve		531,385	3	531,385	4	531,385	4
3320	Special reserve		299,666	2	299,666	2	299,666	3
3350	Accumulated profit or loss		737,516	5	679,065	5	313,221	3
3400	Other components of equity		(467,456)	(3)	(404,874)	(3)	(577,928)	(5)
	Total equity		<u>5,191,071</u>	<u>32</u>	<u>5,131,266</u>	<u>39</u>	<u>4,927,821</u>	<u>41</u>
	Total liabilities and equity		<u>\$16,343,409</u>	<u>100</u>	<u>\$13,185,306</u>	<u>100</u>	<u>\$12,004,565</u>	<u>100</u>

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

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three-month and six-month periods ended June 30, 2021 and 2020 (Reviewed but unaudited)
(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Code	Accounts	Notes	2021.04.01~2021.06.30		2020.04.01~2020.06.30		2021.01.01~2021.06.30		2020.01.01~2020.06.30	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues	6 (18)	\$3,916,222	100	\$2,714,512	100	\$7,478,128	100	\$5,750,272	100
5000	Operating costs	6(5)	(3,423,698)	(87)	(2,266,563)	(84)	(6,680,292)	(89)	(4,846,914)	(85)
5900	Gross profit		492,524	13	447,949	16	797,836	11	903,358	15
6000	Operating expenses									
6100	Sales and marketing expenses		(150,144)	(4)	(116,636)	(4)	(276,650)	(4)	(275,696)	(5)
6200	General and administrative expenses		(153,680)	(4)	(139,195)	(5)	(295,543)	(4)	(288,168)	(5)
6300	Research and development expenses		(1,295)	-	(3,093)	-	(2,404)	-	(7,517)	-
6450	Expected credit gains(losses)	6(19)	544	-	(10,709)	(1)	1,012	-	(10,709)	-
	Operating expenses total		(304,575)	(8)	(269,633)	(10)	(573,585)	(8)	(582,090)	(10)
6900	Operating income		187,949	5	178,316	6	224,251	3	321,268	5
7000	Non-operating income and expenses	6(22)								
7100	Interest income		2,104	-	1,756	-	4,235	-	3,171	-
7010	Other income		44,382	1	18,277	1	85,314	1	56,046	1
7020	Other gains and losses		(27,054)	-	(16,326)	(1)	(39,527)	-	428,742	7
7050	Finance costs		(31,706)	(1)	(40,408)	(1)	(64,953)	(1)	(88,102)	(1)
	Non-operating income and expenses total		(12,274)	-	(36,701)	(1)	(14,931)	-	399,857	7
7900	Income from continuing operations before income tax		175,675	5	141,615	5	209,320	3	721,125	12
7950	Income tax expense	4, 6(24)	(23,491)	(1)	(37,343)	(1)	(39,863)	(1)	(72,451)	(1)
8200	Net income		152,184	4	104,272	4	169,457	2	648,674	11
8300	Other comprehensive income (loss)	6(23)								
8360	May be reclassified to profit or loss in subsequent periods									
8361	Exchange differences arising on translation of foreign operations		(41,350)	(1)	(90,264)	(3)	(62,582)	(1)	(119,984)	(2)
	Total other comprehensive income(loss), net of tax		(41,350)	(1)	(90,264)	(3)	(62,582)	(1)	(119,984)	(2)
8500	Total comprehensive income (loss)		\$110,834	3	\$14,008	1	\$106,875	1	\$528,690	9
8600	Net income attributable to:									
8610	Shareholders of the parent		\$152,184		\$104,272		\$169,457		\$648,674	
8700	Total comprehensive income(loss) attributable to:									
8710	Shareholders of the parent		\$110,834		\$14,008		\$106,875		\$528,690	
9750	Earnings per share - basic (In NT\$)	6(25)	\$0.55		\$0.42		\$0.61		\$2.60	
9850	Earnings per share - diluted (In NT\$)	6(25)	\$0.51		\$0.41		\$0.57		\$2.57	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

From January 1 to June 30, 2021 and 2020 (Reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Total equity attributable to the owners of parent						
		Common capital 3100	Capital surplus 3200	Retained Earnings			Other Components of equity Exchange differences arising on translation of foreign operations 3410	Total equity 3XXX
				Legal reserve 3310	Special reserve 3320	Accumulated profit or loss 3350		
A1	Balance as of Jan. 1, 2020	\$2,810,594	\$1,061,873	\$531,385	\$299,666	\$(335,453)	\$(457,944)	\$3,910,121
E1	Capital increase by cash	300,000	178,750					478,750
D1	Net income for the six-month period ended June 30, 2020					648,674		648,674
D3	Other comprehensive income (loss), net of tax, for the six-month period ended June 30, 2020						(119,984)	(119,984)
D5	Total comprehensive income (loss)	-	-	-	-	648,674	(119,984)	528,690
N1	Share-based payment transaction		10,260					10,260
Z1	Balance as of Jun. 30, 2020	<u>\$3,110,594</u>	<u>\$1,250,883</u>	<u>\$531,385</u>	<u>\$299,666</u>	<u>\$313,221</u>	<u>\$(577,928)</u>	<u>\$4,927,821</u>
A1	Balance as of Jan. 1, 2021	\$2,775,141	\$1,250,883	\$531,385	\$299,666	\$679,065	\$(404,874)	\$5,131,266
B5	Appropriation and distribution of 2020 earnings Cash dividends-common shares					(111,006)		(111,006)
C5	Equity component of convertible bonds		63,936					63,936
D1	Net income for the six-month period ended June 30, 2021					169,457		169,457
D3	Other comprehensive income (loss), net of tax, for the six-month period ended June 30, 2021						(62,582)	(62,582)
D5	Total comprehensive income (loss)	-	-	-	-	169,457	(62,582)	106,875
Z1	Balance as of June 30, 2021	<u>\$2,775,141</u>	<u>\$1,314,819</u>	<u>\$531,385</u>	<u>\$299,666</u>	<u>\$737,516</u>	<u>\$(467,456)</u>	<u>\$5,191,071</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six-month periods ended June 30, 2021 and 2020 (Reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Item	2021.01.01~2021.06.30	2020.01.01~2020.06.30	Code	Item	2021.01.01~2021.06.30	2020.01.01~2020.06.30
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$209,320	\$721,125	B00040	Disposal (acquisition) of financial assets measured at amortized cost	200,027	2,505
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(376,097)	(336,288)
A20010	Income and expense adjustments:			B05350	Acquisition of right-of-use assets	(147,424)	-
A20100	Depreciation (including right of use assets)	356,133	343,254	B02800	Proceeds from disposal of property, plant and equipment	958	651,631
A20200	Amortization	8,510	5,987	B04500	Acquisition of intangible assets	(31,551)	(5,041)
A20300	Expected credit losses (gain)	(1,012)	10,709	B03700	Decrease (increase) in refundable deposits	3,041	(2,763)
A20400	Net loss (gain) of financial assets at fair value	(625)	-	BBBB	Net cash provided by (used in) investing activities	(351,046)	310,044
A20900	Interest expense	64,953	88,102				
A21200	Interest revenue	(4,235)	(3,171)				
A21900	Share-based payment cost	-	10,260				
A22500	Loss (gain) on disposal of property, plant and equipment	17,300	(383,238)				
A23700	Impairment loss (reversal) on non-financial assets	(14,690)	(31,068)				
A29900	Loss (gain) on government grants	(16,755)	(17,315)	CCCC	Cash flows from financing activities:		
A29900	Loss (gain) on lease modification	-	511	C00200	Increase in (repayment of) short-term loans	998,372	(33,688)
A30000	Changes in operating assets and liabilities:			C01200	Issuance of corporate bond	545,297	-
A31130	Notes receivable	148,373	64,006	C01600	Increase in long-term loans	301,883	-
A31150	Accounts receivable	(479,724)	832,347	C01700	Repayment of long-term loans	(301,883)	(1,785,200)
A31180	Other receivables	(17,915)	57,138	C03000	Increase (decrease) in guarantee deposits	20,638	378
A31200	Inventories	(1,100,884)	(195,154)	C04020	Payments of lease liabilities	(1,028)	(38)
A31230	Prepayments	(133,211)	37,691	C04600	Capital increase by cash	-	478,750
A31240	Other current assets	(186)	(2,344)	CCCC	Net cash provided by (used in) financing activities	1,563,279	(1,339,798)
A32125	Contract liability	1,375	2,180				
A32150	Accounts payable	1,296,505	(395,936)				
A32180	Other payables	(5,252)	(190,114)				
A32230	Other current liabilities	6,920	4,591	DDDD	Effect of exchange rate changes on cash and cash equivalents	(8,678)	(16,333)
A32240	Net defined benefit liability	108	108				
A32990	Refund liability	58,586	594				
A32000	Cash generated from operations	393,594	960,263				
A33100	Interest received	4,235	3,171	EEEE	Net increase (decrease) in cash and cash equivalents	1,528,132	(187,535)
A33300	Interest paid	(63,238)	(92,724)	E00100	Cash and cash equivalents at beginning of period	998,567	1,038,492
A33500	Income tax paid	(10,014)	(12,158)	E00200	Cash and cash equivalents at end of period	\$2,526,699	\$850,957
AAAA	Net cash provided by (used in) operating activities	324,577	858,552				

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

1. History and organization

Dynamic Electronics Co., Ltd. (“the Company”) was incorporated in August 18, 1988. The main activities of the Company are mainly engaged in the manufacturing and processing of various electronic components, the design of microcomputers and peripheral equipment, the manufacturing and processing of integrated circuits and substrates, the manufacturing and processing of various circuit boards, the quotation, bidding, and distribution of products from domestic and foreign manufacturers as an agent, and the import and export trade business of the aforementioned products. 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 consolidated financial statements of the Company and its subsidiaries (“the Group”) were authorized to be issued in accordance with a resolution of the Board of Directors’ meeting held on August 3, 2021.

3. Newly issued or revised standards and interpretations

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

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

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	January 1, 2022

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

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

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

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

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

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

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

(d) Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

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

Amendment to IFRS 9 Financial Instruments

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

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

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

Amendment to IAS 41

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

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

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023
d	Disclosure Initiative – Accounting Policies – Amendments to IAS 1	January 1, 2023
e	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
f	Deferred Tax related to assets and liabilities arising from a single transaction (Amendment to IAS 12)	January 1, 2023

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

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint

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

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

(B) IFRS 17 “Insurance Contracts”

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

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

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

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

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

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

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

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

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

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

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

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

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements for the six-month periods ended June 30, 2021 and 2020 have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and IAS 34, “Interim Financial Reporting,” as endorsed and became effective by the FSC.

Except for the following 4(3) to 4(5), the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2020. For more details, please refer to Note 4 of the Company's consolidated financial statements for the year ended December 31, 2020.

(2) Basis of preparation

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

(3) Basis of consolidation

The same principles of consolidation have been applied in the Company's consolidated financial statements as those applied in the Company's consolidated financial statements for the year ended December 31, 2020. For the principles of consolidation, please refer to Note 4(3) of the Company's consolidated financial statements for the year ended December 31, 2020.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of Ownership (%)		
			2021.06.30	2020.12.31	2020.06.30
The Company	WINTEK (MAURITIUS) CO., LTD.	Investing activities	100.00%	100.00%	100.00%
The Company	Dynamic PCB Electronics Co., Ltd.	PCB and business which relates to import and export	100.00%	100.00%	100.00%
The Company	Dynamic Electronics Co., Ltd. (Seychelles)	PCB and business which relates to import and export	100.00%	100.00%	100.00%
The Company	Dynamic Electronics Trading Pte. Ltd.	Management operations services	100.00%	100.00%	100.00%

WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	-% (註1)	-% (註1)	100.00%
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics Holding Pte. Ltd.	Investing activities	100.00%	100.00%	100.00%
Dynamic Electronics Holding Pte. Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Manufacturing and selling of PCB	100.00%	100.00%	100.00%
Dynamic Electronics Holding Pte. Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	-% (Note2)	100.00% (Note1)	-%
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	100.00% (Note2)	-%	-%

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

Note 2: The Group considers the needs of long-term development, and the board of directors resolved on December 17, 2020 to change the investment structure of Dynamic Electronics (Kunshan) Co., Ltd., a reinvested business in Mainland China. The structure of reinvestment from Singapore Dynamic Electronics Holding Pte. Ltd. in Dynamic Electronics (Kunshan) Co., Ltd. was changed to the structure of reinvestment from Dynamic Electronics (Huangshi) Co., Ltd in Dynamic Electronics (Kunshan) Co., Ltd. The aforementioned transaction is an equity adjustment under organizational reorganization.

(4) Financial liabilities and equity

Compound instruments

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

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

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

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

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

(5) Income tax

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. Only current income tax expense is using the estimated average annual effective income tax rate while deferred income tax is recognized and measured in consistent with annual financial reporting in accordance with IAS 12, "Income Tax." The impact of tax rate change in interim period, if any, is recognized in earnings, other comprehensive income or directly equity.

5. Significant accounting judgments, estimates, and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The same significant accounting judgments, estimates and assumptions have been applied in the Company's consolidated financial statements for the six-month period ended June 30, 2021 as those applied in the Company's consolidated financial statements for the year ended December 31, 2020. For significant accounting judgments, estimates and assumptions, please refer to Note 5 of the Company's consolidated financial statements for the year ended December 31, 2020.

6. Contents of significant accounts

(1) Cash and cash equivalents

	2021.06.30	2020.12.31	2020.06.30
Cash on hand	\$345	\$349	\$502
Checking and savings	2,325,992	997,848	848,588
Fixed-term deposits	200,362	370	1,867
Total	<u>\$2,526,699</u>	<u>\$998,567</u>	<u>\$850,957</u>

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

	2021.06.30	2020.12.31	2020.06.30
Measured at fair value through profit or loss :			
Convertible Bonds	\$750	\$-	\$-
Held for trading - current :			
Forward foreign exchange contract	123	-	-
Total	<u>\$873</u>	<u>\$-</u>	<u>\$-</u>
Current	\$123	\$-	\$-
Non-current	750	-	-
Total	<u>\$873</u>	<u>\$-</u>	<u>\$-</u>

The Group's financial assets measured at fair value through profit and loss have no pledged collateral.

(3) Financial assets measured at amortized cost

	2021.06.30	2020.12.31	2020.06.30
Restricted cash-current	\$-	\$-	\$16,123
Fixed-term deposits	1,226	201,253	3,674
Total	<u>\$1,226</u>	<u>\$201,253</u>	<u>\$19,797</u>
Current	<u>\$1,226</u>	<u>\$201,253</u>	<u>\$19,797</u>
Non-current	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

The Group 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 amortized cost pledged as collaterals.

(4) Notes receivable, net

	2021.06.30	2020.12.31	2020.06.30
Notes receivable arising from operating activities	\$113,690	\$262,063	\$119,607
Less: loss allowance	-	-	-
Total	<u>\$113,690</u>	<u>\$262,063</u>	<u>\$119,607</u>

Notes receivables were not pledged.

The Group 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.

(5) Accounts receivable, net

(A) Accounts receivable, net consist of the follows:

	2021.06.30	2020.12.31	2020.06.30
Accounts receivable from operating activities	\$4,217,150	\$3,737,426	\$3,123,721
Less: loss allowance	(19,446)	(20,671)	(26,308)
Total	<u>\$4,197,704</u>	<u>\$3,716,755</u>	<u>\$3,097,413</u>

(B) Accounts receivable were not pledged.

(C) Accounts receivable are generally on 60 to 150 day terms. The total carrying amount as of June 30, 2021, December 31, 2020, and June 30, 2020, are NT\$4,217,150 thousand, NT\$3,737,426 thousand and NT\$3,123,721 thousand, respectively. Please refer to Note 6(19) for more details on loss allowance of accounts receivable for the the six-month periods ended June 30, 2021 and 2020. Please refer to Note 12 for more details on credit risk management.

(6) Inventories

(A) Details of inventories are as below:

	2021.06.30	2020.12.31	2020.06.30
Raw materials and Supplies	\$508,231	\$181,587	\$113,461
Work in progress	677,617	456,741	345,998
Finished goods	1,513,133	959,769	1,255,655
Total	<u>\$2,698,981</u>	<u>\$1,598,097</u>	<u>\$1,715,114</u>

(B) For the three-month periods ended June 30, 2021 and 2020, the Group recognized NT\$3,423,698 thousand and NT\$2,266,563 thousand under the caption of costs of sale, respectively. For the six-month periods ended June 30, 2021 and 2020, the Group recognized NT\$6,680,290 thousand and NT\$4,846,914 thousand under the caption of costs of sale, respectively. The following items were also included in cost:

Item	2021.04.01~	2020.04.01~	2021.01.01~	2020.01.01~
	2021.06.30	2020.06.30	2021.06.30	2020.06.30
Inventory valuation losses (gain)	<u>\$69,936</u>	<u>\$(1,534)</u>	<u>\$103,849</u>	<u>\$(4,640)</u>

From January 1 to June 30, 2020, the Group assessed that part of the inventories originally recognized in allowance for inventory valuation and obsolescence loss has been disposed, and therefore recognized in gains from price recovery of inventory.

(C) Inventories were not pledged.

(7) Property, plant and equipment

	2021.06.30	2020.12.31	2020.06.30
Owner occupied property, plant, and equipment	<u>\$5,402,230</u>	<u>\$5,240,292</u>	<u>\$5,053,292</u>

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

Notes to the Consolidated Financial Statements for the periods January 1 to June 30, 2021 and 2020

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

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Lease improvement	Construction in progress and equipment to be examined	Total
Cost:									
2021.01.01	\$-	\$2,498,443	\$6,367,480	\$23,917	\$278,578	\$1,386,919	\$8,820	\$559,797	\$11,123,954
Additions	-	-	13,037	-	2,464	43,731	-	517,648	576,880
Disposals	-	-	(18,928)	-	(680)	(63,443)	-	-	(83,051)
Transfer	-	242,352	346,715	4,917	44,190	32,273	-	(670,447)	-
Exchange differences	-	(29,880)	(77,151)	(277)	(3,243)	(15,859)	-	(8,666)	(135,076)
2021. 06.30	\$-	\$2,710,915	\$6,631,153	\$28,557	\$321,309	\$1,383,621	\$8,820	\$398,332	\$11,482,707

Depreciation and
impairment :

2021.01.01	\$-	\$621,484	\$4,105,152	\$19,211	\$152,609	\$976,386	\$8,820	\$-	\$5,883,662
Depreciation	-	56,174	166,887	1,814	24,947	100,592	-	-	350,414
Impairment loss (gain on reversal)	-	-	(14,690)	-	-	-	-	-	(14,690)
Disposal	-	-	(1,193)	-	(644)	(62,956)	-	-	(64,793)
Exchange differences	-	(8,013)	(51,860)	(240)	(1,996)	(12,007)	-	-	(74,116)
2021. 06.30	\$-	\$669,645	\$4,204,296	\$20,785	\$174,916	\$1,002,015	\$8,820	\$-	\$6,080,477

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Lease improvement	Construction in progress and equipment to be examined	Total
Cost :									
2020.01.01	\$-	\$2,295,405	\$6,256,155	\$24,816	\$238,327	\$1,287,616	\$-	\$981,302	\$11,083,621
Additions	-	-	342	-	2,964	74,304	95	140,625	218,330
Disposals	-	-	(349,036)	(1,287)	(989)	(59,864)	-	(421)	(411,597)
Transfer	-	32,575	219,278	-	18,556	15,274	8,725	(294,408)	-
Exchange differences	-	(59,906)	(157,314)	(590)	(6,023)	(32,417)	-	(30,036)	(286,286)
Other changes	-	-	-	-	-	-	-	-	-
2020.06.30	\$-	\$2,268,074	\$5,969,425	\$22,939	\$252,835	\$1,284,913	\$8,820	\$797,062	\$10,604,068

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Lease improvement	Construction in progress and equipment to be examined	Total
Depreciation and impairment :									
2020.01.01	\$-	\$514,187	\$4,243,219	\$17,496	\$104,892	872,426	\$-	\$-	\$5,752,220
Depreciation	-	47,708	163,649	1,618	22,632	100,393	3,888	-	339,888
Impairment loss (gain on reversal)	-	-	(31,068)	-	-	-	-	-	(31,068)
Disposal	-	-	(299,484)	(1,287)	(901)	(59,002)	-	-	(360,674)
Exchange differences	-	(14,366)	(108,212)	(432)	(2,993)	(23,587)	-	-	(149,590)
Other changes	-	-	(8,654)	-	-	8,654	-	-	-
2020.06.30	\$-	\$547,529	\$3,959,450	\$17,395	\$123,630	\$898,884	\$3,888	\$-	\$5,550,776
Net carrying amount as at:									
2021.06.30	\$-	\$2,041,270	\$2,426,857	\$7,772	\$146,393	\$381,606	\$-	\$398,332	\$5,402,230
2020.12.31	\$-	\$1,876,959	\$2,262,328	\$4,706	\$125,969	\$410,533	\$-	\$559,797	\$5,240,292
2020.06.30	\$-	\$1,720,545	\$2,009,975	\$5,544	\$129,205	\$386,029	\$4,932	\$797,062	\$5,053,292

For the six-month periods ended June 30, 2021, the NT\$14,690 thousand gain on reversal of impairment loss represented the sold of certain property, plant and equipment in the Group. This has been recognized in the statement of comprehensive income.

For the six-month periods ended June 30, 2020 the NT\$31,068 thousand gain on reversal of impairment loss represented the sold of certain property, plant and equipment in the Group. This has been recognized in the statement of comprehensive income.

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

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

(8) Intangible assets

	Computer Software	Technology Expertise	Total
Cost :			
2021.01.01	\$38,303	\$10,664	\$48,967
Additional— Acquired separately	31,551	-	31,551
Derecognized upon retirement	(12,670)	-	(12,670)
Effect of exchange rate changes	(381)	(128)	(509)
2021.06.30	<u>\$56,803</u>	<u>\$10,536</u>	<u>\$67,339</u>
2020.01.01	\$38,401	\$35	\$38,436
Additional— Acquired separately	5,041	-	5,041
Derecognized upon retirement	(11,356)	-	(11,356)
Effect of exchange rate changes	(844)	(1)	(845)
2020.06.30	<u>\$31,242</u>	<u>\$34</u>	<u>\$31,276</u>
Amortization and impairment :			
2021.01.01	\$19,070	\$1,085	\$20,155
Amortization	7,443	1,067	8,510
Derecognized upon retirement	(12,670)	-	(12,670)
Effect of exchange rate changes	(289)	(24)	(313)
2021.06.30	<u>\$13,554</u>	<u>\$2,128</u>	<u>\$15,682</u>
2020.01.01	\$24,717	\$10	\$24,727
Amortization	5,982	5	5,987
Derecognized upon retirement	(11,356)	-	(11,356)
Effect of exchange rate changes	(608)	-	(608)
2020.06.30	<u>\$18,735</u>	<u>\$15</u>	<u>\$18,750</u>
Carrying amount, net :			
2021.06.30	<u>\$43,249</u>	<u>\$8,408</u>	<u>\$51,657</u>
2020.12.31	<u>\$19,233</u>	<u>\$9,579</u>	<u>\$28,812</u>
2020.06.30	<u>\$12,507</u>	<u>\$19</u>	<u>\$12,526</u>

Amounts of amortization recognized for intangible assets are as follows:

	2021.04.01~ 2021.06.30	2020.04.01~ 2020.06.30	2021.01.01~ 2021.06.30	2020.01.01~ 2020.06.30
Operating costs	\$2,778	\$436	\$4,122	\$841
Operating expenses	1,985	2,498	4,388	5,146
Total	<u>\$4,763</u>	<u>\$2,934</u>	<u>\$8,510</u>	<u>\$5,987</u>

(9) Other non-current assets

Other non-current assets as follows:	2021.06.30	2020.12.31	2020.06.30
Refundable deposit	<u>\$1,470</u>	<u>\$4,511</u>	<u>\$7,219</u>

(10) Short-term loans

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

	Interest rate (%)	2021.06.30	2020.12.31	2020.06.30
Unsecured bank loan	0.98588%~4.785%	<u>\$3,580,972</u>	<u>\$2,582,600</u>	<u>\$2,729,577</u>

(B) The Group's unused short-term lines of credits amounts to NT\$1,657,600 thousand, NT\$3,018,749 thousand and NT\$1,185,056 thousand as of June 30, 2021, December 31, 2020, and June 30, 2020, respectively.

(C) Please refer to Note 8 for more details on the assets under pledge.

(11) Other payables

Other payables consist of the following:	2021.06.30	2020.12.31	2020.06.30
Accrued expenses	\$825,783	\$830,590	\$553,717
Dividend payables	111,006	-	-
Accrued interest payable	5,753	5,099	4,118
Payables to equipment suppliers	371,583	170,800	118,135
Total	<u>\$1,314,125</u>	<u>\$1,006,489</u>	<u>\$675,970</u>

(12) Bonds Payable

(A) The group had no balance of the bonds payable as of December 31, 2020 and June 30, 2020. The details of the bonds payable as of June 30, 2021 are as follows:

	2021.06.30
Liability component	
Unsecured domestic bonds payable	\$500,000
Less : Discounts on domestic bonds payable	(17,433)
Total	482,567
Less : Current portion	-
Net	\$482,567
	<u> </u>
Embedded derivative - redemption, put options	\$750
Equity component - Conversion right	\$63,936
	<u> </u>

For the details of the gain and loss from valuation through profit and loss on embedded derivative, redemption, put options, and the interest expense on the convertible bonds payable, please refer to Notes 6 (22) to the consolidated financial statement.

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

- (a) Issue amount: NT \$500,000 thousand dollars
- (b) Issue date : May 13, 2021
- (c) Issue price : Issued at 110.1% of the par value.
- (d) Coupon rate : 0%
- (e) Period : May 13, 2021~May 13, 2024
- (f) Settlement : The convertible bonds' holder (hereinafter referred to as "bondholders") can convert the bond into the common stock of the Company based on article 10 of the Company's conversion rule. The Company can also recall the bonds before maturity and buy back the cancellation from bonds dealer based on article 18 of the Company's conversion rule. Otherwise, the company will repay the convertible bonds held by the bondholder in cash at 100.7519% of the par value of the bonds (the actual annual yield is 0.25%) upon maturity of the convertible bonds.

- (g) Conversion period : The bondholders will have the right to convert their bonds at any time during the conversion period commencing on August 14, 2021 (the 90th day following the closing date) and ending at the close of business on May 13, 2024. (the maturity date), provided, however, the conversion right during any closed period shall be suspended, and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time ; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or the subscription of new shares due to capital increase to the date on (and including) such record; (iii) the period beginning on the record date of capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction; (v) no request for conversion other than the starting date of the stop of the conversion for the change of the stock denomination to the day before the trading day before the start of the new stock exchange.
- (h) Conversion price and adjustment : The conversion price was originally at NT\$23.5 per share, the conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.
- (i) Redemption clauses : (i) Under the following circumstances, from the day (August 14, 2021) following the expiration of three months from the issuance date to the 40th day (April 3, 2024) before maturity, if the closing price of the Company's common stock exceeds the current conversion price by more than 30% (inclusive) for 30 consecutive business days, the company may recall the bonds within 30 business days thereafter by sending a registered mail of the 30-day-expiring "Bond Redemption Notice" (the foregoing period shall be counted from the date the company sends the mail, and the expiry date of the period shall be the base date for bond redemption and the foregoing period shall not be the period of suspension of conversion in Article 9) to the bondholders (referred to the bondholders shown in the register list on the fifth business day before the "bond redemption notice" is sent. For bondholders who subsequently acquire the convertible bonds due to trading or other reasons, they shall be informed by the Company's announcement.) and the redemption

price shall be as the par value, all the bonds shall be redeemed by cash. A written notification should be sent to OTC to announce the company will execute the bonds redemption. The outstanding convertible bond shall be redeemed with cash at par value within five business days after the base date of bond redemption.

(ii) During the period from the day (August 14, 2021) following the expiration of three months from the bond issuance date to the 40th day (April 3, 2024) before maturity, if the balance of the outstanding convertible bond is less than 10% of the beginning total issuance value, the company may at any time thereafter send a notification to the bondholders by registered mail (as shown in the creditor list five business days before the "Bond Redemption Notice" is sent. For bondholders who subsequently acquire the convertible bonds due to trading or other reasons, they shall be informed by the Company's announcement.) and the redemption price shall be as the par value, all the bonds shall be redeemed by cash. A written notification should be sent to OTC to announce the exercise of the company's redemption right. All the convertible bond of the Company shall be redeemed with cash at par value within five business days after the base date of bond redemption.

(iii) If the creditor fails to reply in written form (effective upon mailing day based on the postmark date) to the company's share transfer agent before the base date of bond redemption set forth in the "Bond Redemption Notice", the company will redeem the convertible bonds in cash at par value of the bonds within five business days after the base date of bond redemption.

(13) Long-term loans

Details of long term loans as of June 30, 2021, December 31, 2020 and June 30, 2020 are as follows:

Lender	2021.06.30	Interest rate (%) (Note 2)	Maturity and terms of repayments
Bank of Communications Co., Ltd. — Huangshi Branch — Secured bank loans	\$646,892	People's Bank of China benchmark interest rate rises by 10%	The loan is due to be settled
Less: Current portion of long-term loans	-		
Non-current portion of long-term loans	<u>\$646,892</u>		

Lender	2020.12.31	Interest rate (%) (Note 2)	Maturity and terms of repayments
Bank of Communications Co., Ltd. — Huangshi Branch — Secured bank loans	\$654,722	People's Bank of China benchmark interest rate rises by 10%	The loan is due to be settled
Less: Current portion of long-term loans	-		
Non-current portion of long-term loans	<u>\$654,722</u>		

Lender	2020.06.30	Interest rate (%) (Note 2)	Maturity and terms of repayments
Bank of Communications Co., Ltd. — Huangshi Branch — Secured bank loans	\$627,799	People's Bank of China benchmark interest rate rises by 10%	The loan is due to be settled

Less: Current portion of long-term loans	-
Non-current portion of long-term loans	<u>\$627,799</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>2021.06.30</u>	<u>2020.12.31</u>	<u>2020.06.30</u>
Interest rate (%)	4.25%~4.38%	4.35%~4.785%	4.785%

(14) Refund liability

	<u>2021.06.30</u>	<u>2020.12.31</u>	<u>2020.06.30</u>
Refund liability	<u>\$159,339</u>	<u>\$100,753</u>	<u>\$98,854</u>

(15) Long term deferred revenue

Government grants

	<u>2021.01.01~ 2021.06.30</u>	<u>2020.01.01~ 2020.06.30</u>
Beginning balance	\$380,616	\$406,659
The recognition in profit or loss	(16,755)	(17,315)
Exchange differences	(4,378)	(10,270)
Ending Balance	<u>\$359,483</u>	<u>\$379,074</u>

	<u>2021.06.30</u>	<u>2020.12.31</u>	<u>2020.06.30</u>
Non-current deferred revenue related to assets	<u>\$359,483</u>	<u>\$380,616</u>	<u>\$379,074</u>

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

(16) Post-employment revenue

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended June 30, 2021 and 2020 were NT\$1,237 thousand and NT\$1,302 thousand, respectively, while for the six-month periods ended June 30, 2021 and 2020 were NT\$2,430 thousand and NT\$2,661 thousand, respectively.

The additional pension expenses the Group recognized due to the appointment of managers for the three-month periods ended June 30, 2021 and 2020 are both NT\$54 thousand; the additional pension expenses the Group recognized due to the appointment of managers for the six-month periods ended June 30, 2021 and 2020 are both NT\$108 thousand.

Defined benefits plan

Expenses under the defined benefits plan for the three-month periods ended June 30 2020 is NT\$0, while for the six-month periods ended June 30 2020 is NT\$68 thousand.

(17) Equities

(A) Common stock

As of June 30, 2021, December 31, 2020, and June 30, 2020, the company's authorized share capital was NT\$4,000,000 thousand, and the issued share capital is NT\$2,775,141 thousand, NT\$ 2,775,141 thousand and NT\$3,110,594 thousand, respectively, each share at par value of NT\$10, which are 277,514,032 shares, 277,514,032 shares and 311,059,335 shares, respectively.

On December 18, 2019, the company's board of directors resolved to increase the capital through an issuance of 30,000 thousand new shares at a price of NT\$16. The application has been approved by the FSC with Order No. Jin-Guan-Cheng-Fa-Zi-1080342221. The base date for the cash capital increase was June 18, 2020.

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

November 16, 2020. The base date for the capital reduction was November 20, 2020, and the change of registration was completed on November 25, 2020.

(B) Capital surplus

	2021.06.30	2020.12.31	2020.06.30
Additional paid-in capital	\$1,176,745	\$1,176,745	\$1,176,745
Treasury share transactions	32,214	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	15,531
Gain on sale of assets	155	155	155
Lapsed employee share option	6,528	6,528	6,528
Share options	83,646	19,710	19,710
Total	<u>\$1,314,819</u>	<u>\$1,250,883</u>	<u>\$1,250,883</u>

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

(C) Earning distribution and dividend policies

(a) Earning distribution

According to the company's articles of association, when allocating the current year's earnings, if any, after having paid all taxes and dues, shall first set aside ten percent of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply; the rest shall be set aside to be the special surplus reserval according to laws or the regulations of the competent authority; if there is any remaining portion, the board of directors shall submit a surplus distribution proposal to the shareholders meeting for a resolution to distribute shareholder dividends. The company may, in accordance with Article 240 and Article 241 of the Company Act, authorize the board of directors to issue cash dividends and bonuses by special resolutions, and distribute in cash the above-mentioned dividends or capital

reserve or/and legal reserve in compliance with the Company Act and shall report the distribution in the most recent shareholder' s meeting.

(b) Dividend policy

In order to respond to the changes in the economy and improve the company's financial structure, the company implements a balanced dividend policy. The future dividend policy is set as follows:

Because the company is in the stage of growing, the main consideration of the dividend policy is the company's future investment capital needs, financial structure and earning. The board of directors will draw up a distribution plan based on the current year's earnings and handles it after the resolution of the shareholders meeting.

In consideration of a balanced and stable dividend policy, the distribution of stock dividends or cash dividends will be issued appropriately depending on the investment capital requirements and the degree of dilution of the earnings per share, and the cash dividends will be paid not less than 10% of the total dividend for the year.

- (c) 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.

(d) Special reserve

The company followed the first-time adoption of the T-IFRS to set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity when distributing distributable earnings. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

Following the adoption of T-IFRS, the FSC on March 31, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022; 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.

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 June 30, 2020 and 2021, special reserve set aside for the first-time adoption of T-IFRS amounted to NT\$299,666 thousand.

- (e) The appropriations of earnings, distribution, and the dividend per share for the year 2020 was approved through the shareholders' meeting held on July 20, 2021. The details of the distributions are as follows.

	Appropriation of earnings	Dividend per share (in NT\$)
	Year 2020	Year 2020
Legal reserve	\$67,906	
Cash dividend (Note)	111,006	\$0.40
Total:	<u>\$178,912</u>	

Note: The Board of Directors of the Company was authorized by the Articles of Association and passed a special resolution on the common stock cash dividend proposal for year 2020 on February 26, 2021.

There was no earnings distribution for the years ended December 31, 2019.

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

(18) Operating revenue

	2021.04.01~ 2021.06.30	2020.04.01~ 2020.06.30	2021.01.01~ 2021.06.30	2020.01.01~ 2020.06.30
Revenue from contracts with customers				
Sale of goods	\$3,913,248	\$2,713,582	\$7,467,031	\$5,749,158
Other revenue	2,974	930	11,097	1,114
Total	<u>\$3,916,222</u>	<u>\$2,714,512</u>	<u>\$7,478,128</u>	<u>\$5,750,272</u>

Analysis of revenue from contracts with customers during the three-month and six-month periods ended June 30, 2021 and 2020 are as follows:

A. Dissaggregation of revenue

	2021.04.01~ 2021.06.30	2020.04.01~ 2020.06.30	2021.01.01~ 2021.06.30	2020.01.01~ 2020.06.30
	Single department	Single department	Single department	Single department
Sale of goods	\$3,913,248	\$2,713,582	\$7,467,031	\$5,749,158
Other	2,974	930	11,097	1,114
Total	<u>\$3,916,222</u>	<u>\$2,714,512</u>	<u>\$7,478,128</u>	<u>\$5,750,272</u>

The timing for revenue recognition:

At a point in time	<u>\$3,916,222</u>	<u>\$2,714,512</u>	<u>\$7,478,128</u>	<u>\$5,750,272</u>
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B. Contract balances

Contract liabilities – current

	2021.06.30	2020.12.31	2020.06.30
Sale of goods	<u>\$14,822</u>	<u>\$13,447</u>	<u>\$3,881</u>

The significant changes in the Group's balances of contract liabilities during the six-month periods ended June 30, 2021 are as follows:

	Sale of goods
The opening balance transferred to revenue	\$(52,614)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	53,989

The significant changes in the Group's balances of contract liabilities during the six-month periods ended June 30, 2020 are as follows:

	Sale of goods
The opening balance transferred to revenue	\$(74,551)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	76,731

(19) Expected credit losses (gain)

	2021.04.01~ 2021.06.30	2020.04.01~ 2020.06.30	2021.01.01~ 2021.06.30	2020.01.01~ 2020.06.30
Operating expenses –				
Expected credit losses (gains)				
Account receivables	\$(544)	\$10,709	\$(1,012)	\$10,709

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

The Group measures the loss allowance of its trade receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of June 30, 2021, December 31, 2020, and June 30, 2020 are as follow:

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

2021.06.30

	Not yet due	Past due					Total
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$4,235,054	\$90,170	\$1,612	\$202	\$-	\$3,802	\$4,330,840
Loss ratio	-%	15.34%	100%	100%	100%	100%	
Lifetime expected credit losses	-	(13,830)	(1,612)	(202)	-	(3,802)	(19,446)
Carrying amount of trade receivables	\$4,235,054	\$76,340	\$-	\$-	\$-	\$-	\$4,311,394

2020.12.31

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

2020.06.30

	Not yet due	Past due					Total
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$3,100,773	\$116,247	\$19,953	\$2,389	\$3,828	\$138	\$3,243,328
Loss ratio	-%	-%	100%	100%	100%	100%	
Lifetime expected credit losses	-	-	(19,953)	(2,389)	(3,828)	(138)	(26,308)
Carrying amount of trade receivables	\$3,100,773	\$116,247	\$-	\$-	\$-	\$-	\$3,217,020

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

B. The changes in the allowance for loss of notes receivable and accounts receivable for the during the six-month periods ended June 30, 2021 and 2020 are as follows:

	Notes receivable	Accounts receivable
2021.01.01	\$-	\$20,671
Addition/ (reversal) for the current period	-	(1,012)
Effect of exchange rate changes	-	(213)
Ending balance as of June 30, 2021	\$-	\$19,446

	Notes receivable	Accounts receivable
2020.01.01	\$-	\$15,789
Addition/ (reversal) for the current period	-	10,709
Effect of exchange rate changes	-	(190)
Ending balance as of June 30, 2020	\$-	\$26,308

(20) Leases

(A) Group as a lessee

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

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

A. Amounts recognized in the balance sheet

a. Right-of-use assets

Carrying amount of Right-of-use assets

	Land	Buildings	Machinery and equipment	Transport equipment	Total
Cost :					
2021.01.01	\$310,993	\$1,047	\$-	\$-	\$312,040
Additions	147,424	-	-	6,056	153,480
Disposal	-	-	-	-	-
Exchange differences	(5,244)	-	-	-	(5,244)
2021.06.30	\$453,173	\$1,047	\$-	\$6,056	\$460,276
Cost :					
2020.01.01	\$306,892	\$1,047	\$2,224	\$-	\$310,163
Additions	-	-	-	-	-
Disposal	(696)	-	(2,224)	-	(2,920)

Exchange differences	(7,991)	-	-	-	(7,991)
2020.06.30	<u>\$298,205</u>	<u>\$1,047</u>	<u>\$-</u>	<u>\$-</u>	<u>\$299,252</u>
Depreciation and impairment:					
2021.01.01	\$43,078	\$916	\$-	\$-	\$43,994
Depreciation	4,579	131	-	1,009	5,719
Disposal	-	-	-	-	-
Exchange differences	(563)	-	-	-	(563)
2021.06.30	<u>\$47,094</u>	<u>\$1,047</u>	<u>\$-</u>	<u>\$1,009</u>	<u>\$49,150</u>
Depreciation and impairment:					
2020.01.01	\$36,638	\$393	\$1,482	\$-	\$38,513
Depreciation	3,042	262	62	-	3,366
Disposal	(349)	-	(1,544)	-	(1,893)
Exchange differences	(1,007)	-	-	-	(1,007)
2020.06.30	<u>\$38,324</u>	<u>\$655</u>	<u>\$-</u>	<u>\$-</u>	<u>\$38,979</u>
Net carrying amount:					
2021.06.30	<u>\$406,079</u>	<u>\$-</u>	<u>\$-</u>	<u>\$5,047</u>	<u>\$411,126</u>
2020.12.31	<u>\$267,915</u>	<u>\$131</u>	<u>\$-</u>	<u>\$-</u>	<u>\$268,046</u>
2020.06.30	<u>\$259,881</u>	<u>\$392</u>	<u>\$-</u>	<u>\$-</u>	<u>\$260,273</u>

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

b. Lease liability

	2021.06.30	2020.12.31	2020.06.30
Lease liability	<u>\$5,063</u>	<u>\$444</u>	<u>\$530</u>
Current	\$2,006	\$444	\$530
Non-current	3,057	-	-
Total	<u>\$5,063</u>	<u>\$444</u>	<u>\$530</u>

Please refer to Note 6(22)(4) for the interest on lease liability recognised for the three-month and six-month period ended June 30, 2021 and 2020, and January 1 to June 30 in 2021 and 2020; refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liability.

B. Income and costs relating to leasing activities

	2021.04.01~ 2021.06.30	2020.04.01~ 2020.06.30	2021.01.01~ 2021.06.30	2020.01.01~ 2020.06.30
Short-term leases expenses	\$6,142	\$3,447	\$9,876	\$7,929

The portfolio of short-term leases of the Group to which it is committed as of June 30, 2021, December 31, 2020 and June 30, 2020 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, NT\$0, NT\$241 thousand, respectively.

C. Cash outflow relating to leasing activities

The Group's total cash outflows for leases during the six-month periods ended June 30, 2021 and 2020 amounting to NT\$10,904 thousand and NT\$7,967 thousand, respectively.

(21) Summary of employee benefits, depreciation and amortization expenses by function is as follows:

Function Nature	2021.04.01~2021.06.30			2020.04.01~2020.06.30		
	Operating costs	Operation expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salary	\$558,189	\$101,175	\$659,364	\$413,822	\$111,914	\$525,736
Labor and health insurance	-	2,212	2,212	-	1,925	1,925
Pension	-	1,291	1,291	-	1,356	1,356
Other employee benefits	22	54	76	22	610	632
Depreciation	164,590	11,109	175,699	160,347	12,167	172,514
Amortization	2,778	1,985	4,763	436	2,498	2,934

Function Nature	2021.01.01~2021.06.30			2020.01.01~2020.06.30		
	Operating costs	Operation expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salary	\$1,064,508	\$174,910	\$1,239,418	\$886,393	\$193,709	\$1,080,102
Labor and health insurance	-	4,115	4,115	-	3,901	3,901
Pension	-	2,538	2,538	-	2,837	2,837
Other employee benefits	45	98	143	40	4,719	4,759
Depreciation	333,600	22,533	356,133	320,399	22,855	343,254
Amortization	4,122	4,388	8,510	841	5,146	5,987

The Board of shareholders' meeting of the Company agreed on October 14, 2020 to amend the ratio of employees' compensation, becoming 6%~18% of profit of the current year. According to the resolution, 6%~18% of profit of the current year is distributable as employees' compensation and no higher than 3% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profitability and following the rule of employee compensation and director compensation with no less than 6% and no more than 3%, the Company's employees' compensation and the remuneration to directors and supervisors for the three-month period ended June 30, 2021 amounted to NT\$15,251 thousand and NT\$3,148 thousand, respectively; employees' compensation and remuneration to directors and supervisors for the six-month period ended June 30, 2021 amounted to NT\$17,711 thousand and NT\$3,517 thousand, respectively, recognised under salary expenses.

The company is profitable in the period of January 1 to June 30, 2020, of which 10% and 1.5% are estimated as employee remuneration and directors' remuneration respectively. The amounts of employees' compensation and directors' compensation recognized in the period

April 1 to June 30, 2020 are NT\$14,877 thousand and NT\$2,232 thousand, respectively. The amounts of employees' compensation and directors' compensation recognised under salary expenses in the period January 1 to June 30, 2020 are NT\$41,311 thousand and NT\$6,197 thousand, respectively.

The Company's Board of Directors' meeting has resolved to issue all the employees' compensation and directors' remuneration in cash, to be NT\$47,960 thousand and NT\$11,990 thousand, respectively, in a meeting held on February 26, 2021. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2020.

For year 2019, the Group incurred accumulated losses and therefore did not intend to accrue the employees' compensation and remuneration to directors.

(22) Non-operating income and expenses

(A) Interest income

	2021.04.01~ 2021.06.30	2020.04.01~ 2020.06.30	2021.01.01~ 2021.06.30	2020.01.01~ 2020.06.30
Interest income				
Financial assets measured at amortized cost	\$2,104	\$1,756	\$4,235	\$3,171

(B) Other income

	2021.04.01~ 2021.06.30	2020.04.01~ 2020.06.30	2021.01.01~ 2021.06.30	2020.01.01~ 2020.06.30
Other income — Others	\$44,382	\$18,277	\$85,314	\$56,046

(C) Other gains and losses

	2021.04.01~ 2021.06.30	2020.04.01~ 2020.06.30	2021.01.01~ 2021.06.30	2020.01.01~ 2020.06.30
Gain (loss) on disposal of property, plant and equipment	\$(138)	\$(20,016)	\$(17,300)	\$383,238
Foreign exchange gains (losses), net	(25,226)	(7,100)	(29,498)	21,417

Net gains(losses) on financial liabilities at fair value through profit or loss	1,750	-	-	-
Net gains(losses) on financial assets at fair value through profit or loss	625	-	625	-
Reversal of impairment gains (losses)	(2,479)	12,261	14,690	31,068
Gains (losses) on lease modification	-	-	-	(511)
Others losses—others	(1,586)	(1,471)	(8,044)	(6,470)
Total	<u>\$(27,054)</u>	<u>\$(16,326)</u>	<u>(39,527)</u>	<u>\$428,742</u>

(D) Financial costs

	2021.04.01~ 2021.06.30	2020.04.01~ 2020.06.30	2021.01.01~ 2021.06.30	2020.01.01~ 2020.06.30
Interest on borrowings from bank	\$30,733	\$40,406	\$63,961	\$88,097
Interest on lease liability	17	2	36	5
Interest on bonds payable	956	-	956	-
Total	<u>\$31,706</u>	<u>\$40,408</u>	<u>\$64,953</u>	<u>\$88,102</u>

(23) Components of other comprehensive income (loss)

For the three-month period ended June 30, 2021

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	Net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	<u>\$(41,350)</u>	<u>\$-</u>	<u>\$(41,350)</u>	<u>\$-</u>	<u>\$(41,350)</u>

For the three-month period ended June 30, 2020

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	Net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	<u>\$(90,264)</u>	<u>\$-</u>	<u>\$(90,264)</u>	<u>\$-</u>	<u>\$(90,264)</u>

For the six-month period ended June 30, 2021

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	Net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	<u>\$(62,582)</u>	<u>\$-</u>	<u>\$(62,582)</u>	<u>\$-</u>	<u>\$(62,582)</u>

For the six-month period ended June 30, 2020

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	Net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	<u>\$(119,984)</u>	<u>\$-</u>	<u>\$(119,984)</u>	<u>\$-</u>	<u>\$(119,984)</u>

(24) Income tax

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

Income tax expense (income) recognized in profit or loss.

	2021.04.01~ 2021.06.30	2020.04.01~ 2020.06.30	2021.01.01~ 2021.06.30	2020.01.01~ 2020.06.30
Current income tax expense (income):				
Current income tax charge	\$12,402	\$7,706	\$22,813	\$16,216
Deferred tax expense (income):				
Deferred tax expense (income) relating to origination and reversal of temporary differences	35,857	29,637	41,818	56,235
Adjustments in respect of current income tax of prior period	(24,768)	-	(24,768)	-
Total income tax expense	<u>\$23,491</u>	<u>\$37,343</u>	<u>\$39,863</u>	<u>\$72,451</u>

(b) Approval status of income tax declaration

As of June 30, 2021, the company's income tax declaration is up to 2018. °

(25) Earnings per share

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

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

	110.04.01~ 110.06.30	109.04.01~ 109.06.30	110.01.01~ 110.06.30	109.01.01~ 109.06.30
(a) Basic earnings per share				
Net income available to common shareholders of the parent	\$152,184	\$104,272	\$169,457	\$648,674
Weighted average number of common stocks by basic EPS (in thousand shares)	277,514	249,657	277,514	249,657
Basic earnings per share (in NT\$)	\$0.55	\$0.42	\$0.61	\$2.60
(b) Diluted earnings per share				
Net income available to common shareholders of the parent (in thousand NT\$)	\$152,184	\$104,272	\$169,457	\$648,674
Valuation adjustment of financial liabilities at fair value through profit or loss	(500)	-	(500)	-
Interest expense on convertible bonds	956	-	956	-
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	\$152,640	\$104,272	\$169,913	\$648,674
Weighted average number of common stocks by basic EPS (in thousand shares)	277,514	249,657	277,514	249,657
Effect of dilution :				
Employee bonus (compensation) - stock (in thousand shares)	772	2,374	1,558	2,374
Convertible bonds (in thousand shares)	21,277	-	21,277	-
Weighted average number of common stocks after dilution (in thousand shares)	299,563	252,031	300,349	252,031
Diluted earnings per share (in NT\$)	\$0.51	\$0.41	\$0.57	\$2.57

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

(a) Significant transactions with related parties

(b) Key management personnel compensation

	2021.04.01~ 2021.06.30	2020.04.01~ 2020.06.30	2021.01.01~ 2021.06.30	2020.01.01~ 2020.06.30
Short-term employee benefits	\$10,956	\$8,166	\$20,295	\$17,740
Post-employment benefits	318	323	636	645
Total	<u>\$11,274</u>	<u>\$8,489</u>	<u>\$20,931</u>	<u>\$18,385</u>

8. Assets pledged as collateral

As of June 30, 2021, December 31, 2020 and June 30, 2020, the assets pledged for the Group's loans consist of the following:

<u>Assets</u>	<u>Book value</u>	<u>Purpose of pledge</u>
<u>2021.06.30</u>		
Property, plant and equipment – buildings	\$1,400,198	Secured loan
Construction in progress	272	Secured loan
Right-of-use assets	<u>231,319</u>	Secured loan
Total	<u>\$1,631,789</u>	

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

<u>Assets</u>	<u>Book value</u>	<u>Purpose of pledge</u>
<u>2020.06.30</u>		
Property, plant and equipment – buildings	\$1,142,124	Secured loan
Construction in progress	218,982	Secured loan
Right-of-use assets	229,498	Secured loan

Financial assets carried at amortized cost	14,123	Secured loan
Financial assets carried at amortized cost	2,000	Security deposit to custom authority
Total	<u><u>\$1,606,727</u></u>	

9. Significant contingencies and unrecognized contract commitments

(1) As of June 30, 2021, the Group's outstanding contracts relating to purchased property, plant and equipment were as follows:

<u>Type of Asset</u>	<u>Total Amount</u>	<u>Amount paid</u>	<u>Amount unpaid</u>
Machinery and construction contracts	<u><u>\$513,188</u></u>	<u><u>\$260,763</u></u>	<u><u>\$252,425</u></u>

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

10. Losses due to major disasters

None

11. Significant subsequent events

None

12. Others

(1) Types of financial instrument

<u>Financial assets</u>	<u>2021.06.30</u>	<u>2020.12.31</u>	<u>2020.06.30</u>
Financial assets measured at amortized cost:			
Cash and cash equivalents (exclude cash on hand)	\$2,526,354	\$998,218	\$850,455
Financial assets measured at amortized cost	1,226	201,253	19,797
Notes receivables	113,690	262,063	119,607
Trade receivables	4,197,704	3,716,755	3,097,413

Other receivables	139,767	121,852	65,092
Refundable deposits	1,470	4,511	7,219
Total	6,980,211	5,304,652	4,159,583
Financial assets at fair value through profit or loss:			
Held for trading	123	-	-
Mandatory measurement at fair value through profit or loss:	750	-	-
Total	\$6,981,084	\$5,304,652	\$4,159,583
<u>Financial liabilities</u>			
	110.06.30	109.12.31	109.06.30
Financial liabilities measured at amortized cost:			
Short term loan	\$3,580,972	\$2,582,600	\$2,729,577
Payables	5,437,990	3,833,849	2,736,694
Bonds payable	482,567	-	-
Long term loan (including current portion with maturity less than 1 year)	646,892	654,722	627,799
Lease liability (including current portion with maturity less than 1 year)	5,063	444	530
Total	\$10,153,484	\$7,071,615	\$6,094,600

(2) Financial risk management objectives and policies

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

The Group has established appropriate policies, procedures, and internal controls for financial risk management. Before the Group enters significant transactions, the Board of Directors and Audit Committee must carry out due approval process based on related protocols and internal control procedures. The Group shall always comply with its financial risk management policies during the transaction activities.

(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 instrument).

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 the interdependencies between risk variables into account.

Foreign currency risk

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

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

The sensitivity analysis of the group's exchange rate risk mainly focuses on the major foreign currency monetary items at the end of the financial reporting period, and the impact of the relevant foreign currency appreciation/devaluation on the Group's profit and loss. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and RMB. The information of the sensitivity analyses is as follows:

If NT dollars appreciates/depreciates against US dollars by 1%, net income (loss) for the six-month periods ended June 30, 2021 and 2020 would decrease/increase by NT\$9,281 thousand and NT\$3,705 thousand, respectively.

If NT dollars appreciates/depreciates against RMB dollars by 1%, net income (loss) for the six-month periods ended June 30, 2021 and 2020 would increase/decrease by NT\$48,371 thousand and NT\$35,770 thousand, respectively.

Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and loans with variable interest rates. If interest rate increases/decreases by 0.1%, the net income (loss) for the six-month periods ended June 30, 2021 and 2020 would decrease/increase by NT\$2,557 thousand and decrease/increase by NT\$2,600 thousand, respectively.

Equity price risk

As of June 30, 2021 and 2020, the Group does not hold equity securities at fair value; therefore, the Group is not subject to equity price risk.

(4) Credit risk management

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

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

As of June 30, 2021 and December 31, 2020 and June 30, 2020 the accounts receivable from top ten customers accounts for 62.32%、64.11% and 54.61% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies, and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. Evaluate on each balance sheet date whether the credit risk has increased significantly since the initial recognition to determine the method of measuring the allowance for loss and its loss rate.

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

(5) Liquidity risk management

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

Non-derivative financial liabilities

	<u>< 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>> 5 years</u>	<u>Total</u>
<u>2021.06.30</u>					
Loans	\$3,628,275	\$656,627	\$-	\$-	\$4,284,902
Payables	5,437,990	-	-	-	5,437,990
Bonds payable	-	482,567	-	-	482,567
Lease liability	2,006	3,057	-	-	5,063

2020.12.31

Loans	\$2,652,233	\$686,051	\$-	\$-	\$3,338,284
Payables	3,833,849	-	-	-	3,833,849
Lease liability	444	-	-	-	444

2020.06.30

Loans	\$2,835,349	\$657,839	\$-	\$-	\$3,493,188
Payables	2,736,694	-	-	-	2,736,694
Lease liability	532	-	-	-	532

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities from January 1, 2021 to June 30, 2021

	Short-term loans	Bonds payable	Long-term loans	Refundable deposits	Lease liability	Total liabilities from financing activities
2021.01.01	\$2,582,600	\$-	\$654,722	\$25,163	\$444	\$3,262,929
Cash flows	998,372	545,297	-	20,638	(1,028)	1,563,279
Non-cash changes						
Lease modification	-	-	-	-	5,611	5,611
Others	-	(63,686)	-	-	-	(63,686)
Interest expense	-	956	-	-	36	992
Foreign exchange movement	-	-	(7,830)	-	-	(7,830)
2021.06.30	\$3,580,972	\$482,567	\$646,892	\$45,801	\$5,063	\$4,761,295

Reconciliation of liabilities from January 1, 2020 to June 30, 2020

	Short-term loans	Long-term loans	Refundable deposits	Lease liability	Total liabilities from financing activities
2020.01.01	\$2,763,265	\$2,443,822	\$25,335	\$1,328	\$5,233,750
Cash flows	(33,688)	(1,785,200)	378	(38)	(1,818,548)
Non-cash changes					
Lease modification	-	-	-	(765)	(765)
Interest of lease liability	-	-	-	5	5
Foreign exchange movement	-	(30,823)	-	-	(30,823)
2020.06.30	\$2,729,577	\$627,799	\$25,713	\$530	\$3,383,619

(7) Fair values of financial instruments

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

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

- (a) The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds, and futures etc.) at the reporting date.
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- (d) Fair value of debt instruments without market quotations, bank loans, 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.)
- (e) 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

Except for the liabilities mention in the table below, the carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

	Carrying amount		
	2021.06.30	2020.12.31	2020.06.30
Financial liability :			
Bonds payable	\$482,567	\$-	\$-
	Fair Value		
	2021.06.30	2020.12.31	2020.06.30
Financial liability :			
Bonds payable	\$486,850	\$-	\$-

(C) Fair value measurement hierarchy for financial instruments

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

(8) Derivatives

The Group's derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at June 30, 2021 is as follows:

Embedded derivative

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

Forward currency contract

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The forward currency contracts held as of June 30, 2021, December 31, 2020 and June 30, 2020 are as follows:

Items (by contract)	Notional Amount (in thousand dollars)	Contract Period
2021.06.30		
Forward currency contract	Sold USD 3,500	2021.04.28~2021.07.27
Forward currency contract	Sold USD 3,000	2021.05.17~2021.07.27
Forward currency contract	Sold USD 5,000	2021.05.28~2021.08.26
Forward currency contract	Sold USD 5,000	2021.05.31~2021.08.26
Forward currency contract	Sold USD 3,500	2021.06.29~2021.09.27
2020.12.31		
None		
2020.06.30		
None		

The aforementioned derivative financial instrument trading parties are well-known banks, domestic and abroad, with trustworthy credit, so the credit risk is not high.

Forward currency contract transactions are mainly to avoid the risk of exchange rate changes in net assets or net liabilities. There will be relative cash inflows or outflows at maturity, and the company's working capital is sufficient to cover it, so there is no significant cash flow risk.

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability.

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

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

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

June 30, 2021:

	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value:</u>				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$123	\$-	\$123
Convertible bonds	-	-	750	750
Total	\$-	\$123	\$750	\$873

As of December 31, 2020: None

As of June 30, 2020: None

Transfers between Level 1 and Level 2 during the period

For the six-month periods ended June 30, 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value hierarchy.

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

The Group does not have assets and liabilities measured at fair value on a recurring basis that fall into level 3 of the fair value hierarchy, as for the recurring assets and liabilities measured at fair value that fall into level 3 of the fair value hierarchy the in the first half of 2021, the reconciliation of the balance from the beginning to the end of the period is as follows:

	<u>Assets</u>
	Derivatives measured at fair value through profit and loss
Beginning balance as of January 1, 2021	\$-
Acquisition/issues for the six-month period ended 06/30/2021	250
Disposal/Settlement for the six-month period ended 06/30/2021	500
Ending balance as of June 30, 2021	<u>\$750</u>

Total gains and losses recognized in profit or loss for the six-month periods ended June 30, 2021 and 2020 in the table above contain gains and losses related to assets on hand as at June 30, 2021 and 2020 in the amount of NT\$500 thousand and NT\$0 thousand , respectively.

Information on significant unobservable inputs in Level 3 hierarchy of fair value

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

As of June 30, 2021

	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Quantitative information</u>	<u>Relationship between inputs and fair value</u>	<u>Sensitivity of the input to fair value</u>
Financial liabilities:					
At fair value through profit and loss	Binary tree-based model for valuation of convertible bonds	Volatility	44.65%	The higher the volatility, the higher the fair value	5% increases (decreases) in volatility would result in increase(decrease) in the Group's profit or loss by NT\$55 thousand

As of December 31, 2020: None

As of June 30, 2020: None

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

As of June 30, 2021

	Level 1	Level 2	Level 3	Total
Financial liability not measured at fair value but for which the fair value is disclosed :				
Bonds payable (Please refer to Note6 (12))	\$-	\$-	\$486,850	\$486,850

As of December 31, 2020: None

As of June 30, 2020: None

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

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

	2021.06.30			2020.06.30		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>						
Monetary						
items:						
USD	\$144,097	27.86	\$4,014,539	\$79,714	29.63	\$2,361,925
RMB	\$495,781	4.3126	\$2,138,112	\$389,730	4.1853	\$1,631,148

Financial liabilities

Monetary						
items:						
USD	\$87,712	27.86	\$2,443,656	\$25,796	29.63	\$764,339
RMB	\$1,617,395	4.3126	\$6,975,206	\$1,244,393	4.1853	\$5,208,190

	2020.12.31		
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary			
items:			
USD	\$111,046	28.48	\$3,162,592
RMB	\$420,493	4.3648	\$1,835,376

Financial liabilities

Monetary			
items:			
USD	\$52,966	28.48	\$1,508,455
RMB	\$1,240,310	4.3648	\$5,413,724

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

Due to the various types of individual functional currencies of the Group, it is impossible to disclose information on the exchange gains and losses of monetary financial assets and financial liabilities according to the foreign currencies that have a significant impact. The Group's foreign currency exchange (loss) gain from January 1 to June 31, 2021 and 2020 were NT\$(29,498) thousand and NT\$21,417 thousand, respectively.

(11) Capital management

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

13. Other disclosures

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

- a. Financing provided to others as of June 30, 2021: None.
- b. Endorsement/Guarantee provided to others as of June 30, 2021:
Please refer to Attachment 1.
- c. Securities held as of June 30, 2021 (excluding subsidiaries, associates, and joint ventures): None.
- d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of capital stock as of June 30, 2021: None.
- e. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock as of June 30, 2021: None.
- f. Disposal of individual real estate with amount exceeding the lower of NT\$300 millions or 20% of capital stock as of June 30, 2021: None.
- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20% of capital stock as of June 30, 2021: Please refer to Attachment 2.

- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of June 30, 2021: None.
- i. Financial instruments and derivative transactions: None.
- j. Significant intercompany transactions between the parent with subsidiaries or among subsidiaries: Please refer to Attachment 7.

(2) Information on investees:

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

- B. An investor controls the operation, investment, and financial decisions of an investee, the related information Note13(1) for the investee shall be disclosed as below:
 - (a) Financing provided to others: Please refer to Attachment 4.
 - (b) Endorsement/Guarantee provided to others:None ◦
 - (c) Securities held as of June 30, 2021 (excluding subsidiaries, associates, and joint ventures): None.
 - (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of capital stock as of June 30, 2021: None.
 - (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock: None.
 - (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock: None.
 - (g) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20% of capital stock: Please refer to Attachment 5.
 - (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of March 31, 2021: Please refer to Attachment 6.
 - (i) Financial instruments and derivative transactions: Please refer to Note12(8).

(3) Information on investments in Mainland China:

- a. Name of Investee in China, main businesses and products, paid-in capital, method of investment, accumulated inflow and outflow of investments from Taiwan, percentage of ownership, investment gain or loss, carrying amount at the end of reporting period, cumulated inward remittance of earnings or loss and the upper limit on investment in Mainland China:

(In Thousand New Taiwan Dollars)

Name of investee in China	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2021	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognised	Carrying amount as of June 30, 2021	Accumulated Inward Remittance of Earnings as of June 30, 2021	Accumulated Outflow of Investment from Taiwan as of June 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment by MOEA
					outflow	Inflow									
Dynamic Electronics (Kunshan) Co., Ltd.	Manufacture and sales of PCB	\$2,228,800 (Note 2、3 and 6)	(Note 11)	\$2,260,265	\$-	\$-	\$2,260,265	\$(107,558) (Note 2)	100%	\$(107,558) (Note 2、4、5 and 10)	\$2,534,822 (Note 2、4、5 and 10)	\$1,680,125 (Note 2)	\$2,260,265	\$2,260,265	No upper limit on investment (Note 9)

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

Notes to the Consolidated Financial Statements for the periods January 1 to June 30, 2021 and 2020

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

Dynamic Electronics (Huangshi) Co., Ltd.	Manufacture and sales of PCB	\$1,393,000 (Note 2、7 and 8)	(Note 1)	\$504,167	\$-	\$-	\$504,167	\$120,850 (Note 2)	100%	\$139,813 (Note 2、4、5 and 10)	\$4,447,941 (Note 2、4、5 and 10)	\$-	\$504,167	\$504,167
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Note 1: The Company indirectly invested in its China subsidiary through WINTEK (MAURITIUS) CO., LTD. and Dynamic Holding Pte. Ltd.

Note 2: Foreign currencies were converted into New Taiwan dollars based on exchanged rate of balance sheet date.

Note 3: Total amount of paid-in capital is USD 80,000 thousand.

Note 4: The investment income (loss) recognized based on company's audited financial statements reviewed by the CPA of Taiwan parent company.

Note 5: WINTEK (MAURITIUS) CO., LTD. indirectly recognized the investment earning and carrying value of Dynamic Electronics (Kunshan) Co. Ltd. and Dynamic Electronics (Huangshi) Co. Ltd. through the Dynamic Holding Pte. Ltd.

Note 6: The difference between investments remitted from Taiwan in amount of USD 69,500 thousand and the received paid-in capital of USD 80,000 thousand is resulted from the cash capital increase of USD 10,500 thousand by WINTEK (MAURITIUS) CO., LTD with its own fund.

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

Note 8: Total amount of paid-in capital is USD50,000 thousand.

Note 9: The Company complies with the corporate headquarters requirements for conducting investment or technical cooperation principles in the mainland area, and there is no limit on the amount of investment in the mainland, thus, there is no upper limit on investment amount.

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

Note 11: Change the structure of Singapore Dynamic Electronics Holding Pte. Ltd. to invest in Dynamic Electronics (Kunshan) Co., Ltd. into Dynamic Electronics (Huangshi) Co., Ltd. to invest in Dynamic Electronics (Kunshan) Co., Ltd.

- b. Purchases and balance of the related accounts payable as of June 30, 2021: Please refer to Attachment 7.
- c. Sales and balance of the related accounts receivable as of June 30, 2021: None.
- d. The profit and loss produced by transaction of the property:
As of June 30, 2021, the Company's unrealized profit of property, plant and equipment amounted to NT\$ 162,820 thousand under the investment balance using the equity method.
- e. Ending balance of endorsements/guarantees or collateral provided and purposes: Please refer to Attachment 1.
- f. The amount of maximum financing, the balance interest rates, and lump sum interest expense: Please refer to Attachment 4.
- g. The transactions that have significant impact on the profit or loss of the current period or the financial position, such as service provided or rendered: Please refer to Attachment 7.
- h. The aforementioned transaction had been eliminated in the consolidated financial statements. Please refer to Attachment 7.

(4) Information on major shareholders:

None

14. Operating Segment information

- (1) For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

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

China (Kunshan) PCB segment: This segment is primarily responsible for the manufacturing of PCBs and selling them to the parent company as well as electronic producers.

China (Huangshi) PCB segment: This segment is primarily responsible for the manufacturing of PCBs and selling them to the parent company as well as electronic producers.

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

The accounting policies of the operating segments of the Group are the same as the important accounting policies described in Note 4. The management individually monitors the operating results of its business units to make decisions on resource allocation and performance evaluation. The performance of the department is evaluated based on the operating profit and loss, and measured in a manner consistent with the operating profit and loss in the consolidated financial statements.

The transfer pricing between operating segments is based on conventional transactions similar to external third parties.

	Taiwan PCB segment	China (Kunshan) PCB segment	China (Huangshi) PCB segment	Sub-total	Adjustments and eliminations (Note 1)	Consolidated
<u>2021.04.01~2021.06.30</u>						
Revenues						
External customers	\$3,094,741	\$490,752	\$330,729	\$3,916,222	\$-	\$3,916,222
Inter-segment	-	2,438,843	1,370,174	3,809,017	(3,809,017)	-
Interest revenue	301	6,986	794	8,081	(5,977)	2,104
Total	<u>\$3,095,042</u>	<u>\$2,936,581</u>	<u>\$1,701,697</u>	<u>\$7,733,320</u>	<u>\$(3,814,994)</u>	<u>\$3,918,326</u>
Segment income (loss)	<u>\$47,407</u>	<u>\$34,173</u>	<u>\$70,604</u>	<u>\$152,184</u>	<u>\$-</u>	<u>\$152,184</u>
<u>2020.04.01~2020.06.30</u>						
Revenues						
External customers	\$2,134,126	\$449,544	\$130,842	\$2,714,512	\$-	\$2,714,512
Inter-segment	-	1,417,862	775,897	2,193,759	(2,193,759)	-
Interest revenue	2,655	13,103	282	16,040	(14,284)	1,756
Total	<u>\$2,136,781</u>	<u>\$1,880,509</u>	<u>\$907,021</u>	<u>\$4,924,311</u>	<u>\$(2,208,043)</u>	<u>\$2,716,268</u>
Segment income (loss)	<u>\$18,628</u>	<u>\$21,778</u>	<u>\$63,866</u>	<u>\$104,272</u>	<u>\$-</u>	<u>\$104,272</u>
<u>2021.01.01~2021.06.30</u>						
Revenues						
External customers	\$5,797,668	\$1,018,096	\$662,364	\$7,478,128	\$-	\$7,478,128
Inter-segment	-	4,610,624	2,556,408	7,167,032	(7,167,032)	-

Interest revenue	762	15,761	1,376	17,899	(13,664)	4,235
Total	\$5,798,430	\$5,644,481	\$3,220,148	\$14,663,059	\$(7,180,696)	\$7,482,363
Segment income (loss)	\$146,020	\$(104,254)	\$127,691	\$169,457	\$-	\$169,457

2020.01.01~2020.06.30

Revenues						
External customers	\$4,759,667	\$744,816	\$245,789	\$5,750,272	\$-	\$5,750,272
Inter-segment	-	3,408,904	1,658,320	5,067,224	(5,067,224)	-
Interest revenue	13,525	18,733	509	32,767	(29,596)	3,171
Total	\$4,773,192	\$4,172,453	\$1,904,618	\$10,850,263	\$(5,096,820)	\$5,753,443
Segment income (loss)	\$488,586	\$29,294	\$130,794	\$648,674	\$-	\$648,674

Note 1: Inter-segment revenues are eliminated upon consolidation.

Details of operational asset-related information as of June 30, 2021, December 31, 2020 and June 30, 2020 are as follows:

	Taiwan PCB segment	China (Kunshan) PCB segment	China (Huangshi) PCB segment	Sub-total	Adjustments and eliminations	Consolidated
Segment assets						
As of 30/06/2021	\$7,732,801	\$8,501,649	\$7,491,111	\$23,725,561	\$(7,382,152)	\$16,343,409
As of 31/12/2020	\$6,135,444	\$7,437,501	\$6,025,355	\$19,598,300	\$(6,412,994)	\$13,185,306
As of 30/06/2020	\$5,296,774	\$7,601,760	\$5,030,988	\$17,929,522	\$(5,924,957)	\$12,004,565

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Endorsement/Guarantee Provided to Others

For the six-month period ended June 30, 2021

Attachment 1

(In Thousands of New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement /Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement / Guarantee Amount Allowed (Note 3)	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
No. (Note 1)	Name	Name	Relationship (Note2)										
0	Dynamic Electronics Co., Ltd.	Dynamic Eelectronics (Huangshi) Co., Ltd.	2	\$5,191,071	\$1,140,210	\$1,140,210	\$1,140,210	\$-	21.96%	\$5,191,071	Y	N	Y
0	Dynamic Electronics Co., Ltd.	Dynamic Eelectronics (Kunshan) Co., Ltd.	2	\$5,191,071	\$284,850	\$278,100	\$278,100	\$-	5.36%	\$5,191,071	Y	N	Y

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

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

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

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

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

For the six-month period ended June 30, 2021

Attachment 2

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note	
			Purchase/Sale	Amount	% to Total	Payment/Collection Term	Unit Price	Payment/Collection Term	Ending Balance		% to Total
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchase	<u>\$1,315,501</u>	99.92%	90 days after monthly closing	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 60~120 days after monthly closing	Accounts payable \$486,920	99.79%	Note 1

Note 1 : Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

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

As of June 30, 2021

Attachment 3

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Address	Main Business and Product	Original Investment Amount		Balance as of June 30, 2021			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of June 30, 2021	December 31, 2020	Shares	%	Carrying Value			
Dynamic Electronics Co., Ltd.	WINTEK (MAURITIUS) CO., LTD.	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	Investing activities	\$2,783,433	\$2,779,262	8,581,000	100.00%	\$4,435,608	\$36,324	\$40,753 (Note 1)	Note 3
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%	\$1,853	\$3	\$3	Note 3
Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	1st Floor, #5 DEKK House, De Zippora Street, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	\$1,556	\$1,556	50,000	100.00%	\$457,246	\$140,866	\$140,866	Note 3
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%	\$2,601	\$120	\$120	Note 3
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics Holding Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Investing activities	\$1,559,261	\$1,555,090	141,917,000	100.00%	USD 159,694	USD 1,295	USD 1,295 (Note 2)	Note 3

Note1: Including investment profit recognized under equity method amounted to NT\$36,324 thousand, realized profit on transaction between subsidiaries amounted to NT\$20,189 thousand and unrealized profit on transaction subsidiaries between amounted to NT\$15,760 thousand .

Note2: Including investment loss recognized under equity method amounted to USD1,295 thousand, realized profit on transaction between subsidiaries amounted to USD35 thousand and unrealized profit on transaction between subsidiaries amounted to USD35 thousand .

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Financing provided to others

For the six-month period ended June 30, 2021

Attachment 4

(In Thousands of New Taiwan Dollars)

NO. (Note1)	Lender	Counter-party	Financial accounting account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 2)	Amount of sales to(purchases from) counter- party	Reason for financing	Loss Allowance	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
1	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Other receivables	Yes	\$1,567,150	\$1,113,840	\$599,760	4.35%	2	\$-	Business Turnover	\$-	-	\$-	\$1,520,893 (Note 3)	\$1,520,893 (Note 3)

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

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

Note 2: Nature of financing is coded as follows:

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

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES
Purchase and sales transactions with related parties amount to NT\$100 million or more than 20% of the paid-in capital
For the six-month period ended June 30, 2021

Attachment 5
(In Thousands of Foreign Currency)

The company of purchase and sales	Counterparty	Nature of relationship	Intercompany Transaction				Abnormal Transaction		Notes/ Accounts Payable or Receivable		
			Purchases /Sales	Amount	% to Total	Payment/Collection Term	Unit Price	Payment/Collection Term	Ending Balance	% to Total	Note
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Sub-subsidiary	Sales	RMB 981,948	76.02%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably	Non relative parties are 60~150 days after monthly closing.	Accounts receivable RMB 464,996	66.29%	Note 1
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Sub-subsidiary	Purchase	RMB 317,591	29.69%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably	Non relative parties are 90~120 days after monthly closing.	Accounts payable RMB 231,785	28.04%	Note 1
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Sub-subsidiary	Sales	RMB 77,837	6.03%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably	Non relative parties are 60~150 days after monthly closing.	Accounts receivable RMB 61,956	8.83%	Note 1
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Sub-subsidiary	Purchase	RMB 77,837	13.37%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably	Non relative parties are 90~120 days after monthly closing.	Accounts payable RMB 61,956	17.60%	Note 1
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Sub-subsidiary	Sales	RMB 317,591	43.00%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably	Non relative parties are 120 days after monthly closing.	Accounts receivable RMB 231,785	46.93%	Note 1
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Sub-subsidiary	Sales	RMB 268,028	36.29%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably	Non relative parties are 120 days after monthly closing.	Accounts receivable RMB 152,198	30.82%	Note 1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Subsidiary	Purchase	USD 41,369	21.52%	90 days after monthly closing.	Not comparable	No non-related parties to be compared with.	Accounts payable USD 23,560	24.66%	Note 1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	Sales	USD 145,498	75.69%	90 days after monthly closing.	Not comparable	No non-related parties to be compared with.	Accounts receivable USD 78,074	81.71%	Note 1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd	Subsidiary	Sales	USD 46,740	24.31%	90 days after monthly closing.	Not comparable	No non-related parties to be compared with.	Accounts receivable USD 17,477	18.29%	Note 1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchase	USD 150,869	78.48%	90 days after monthly closing.	Not comparable	No non-related parties to be compared with.	Accounts payable USD 71,991	75.34%	Note 1
Dynamic Electronics Co., Ltd (Seychelles)	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchase	USD 145,498	98.49%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably	Non relative parties are 90 days after monthly closing.	Accounts payable USD 78,074	98.18%	Note 1

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

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Receivables from related parties amounting to NT\$100 million or more than 20% of the paid-in capital

As of June 30, 2021

Attachment 6

(In Thousands of Foreign Currency)

Company name	Related Party	Nature of relationship	Ending Balance	Turnover rate	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action taken		
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Sub-subsidiary	<u>RMB 464,996</u> (Note 1 and Note 2)	<u>4.45</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd.	Subsidiary	<u>USD 17,477</u> (Note 1 and Note 2)	<u>4.61</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	<u>USD 78,074</u> (Note 1 and Note 2)	<u>4.40</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Sub-subsidiary	<u>RMB 152,198</u> (Note 1 and Note 2)	<u>4.47</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Sub-subsidiary	<u>RMB 231,785</u> (Note 1 and Note 2)	<u>2.94</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Sub-subsidiary	<u>RMB 61,956</u> (Note 1 and Note 2)	<u>4.99</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>

Note 1 : Accounts receivable

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Intercompany relationships and significant intercompany transactions

For the six-month period ended June 30, 2021

Attachment 7

(In Thousands of Foreign Currency / New Taiwan Dollars)

NO. (Note1)	Company name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transaction			Percentage to Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statement Account	Amount	Terms	
	2021.01.01~2021.06.30						
0	Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1	Purchases	\$1,315,501	90 days after monthly closing	17.59%
0	Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1	Accounts payable	\$486,920	90 days after monthly closing	2.98%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. Taiwan Branch (Seychelles)	1	Other managing expenses	\$13,501	-	0.18%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. Taiwan Branch (Seychelles)	1	Rent income	\$1,620	-	0.02%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	1	Receipts under custody	USD 45	-	-%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	3	Purchases	USD 150,869	90 days after monthly closing	56.21%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	3	Accounts payable	USD 71,991	90 days after monthly closing	12.27%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Purchases	USD 41,369	90 days after monthly closing	15.41%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Accounts payable	USD 23,560	90 days after monthly closing	4.02%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic PCB Electronics Co., Ltd.	3	Purchases	USD 145,498	90 days after monthly closing	54.21%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic PCB Electronics Co., Ltd.	3	Accounts payable	USD 78,074	90 days after monthly closing	13.31%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Trading Pte. Ltd.	3	Other managing expenses	USD 23	-	0.01%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Co., Ltd. Taiwan Branch (Seychelles)	3	Other managing expenses	USD 1,312	-	0.49%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Co., Ltd.	2	Receipts under custody	USD 2	-	-%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Purchases	RMB 317,591	90 days after monthly closing	18.32%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Accounts payable	RMB 231,785	90 days after monthly closing	6.12%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other receivables	RMB 2,154	-	0.06%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other receivables	RMB 140,000	-	3.69%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other interest income	RMB 3,136	-	0.18%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other operating revenue	RMB 405	-	0.02%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other manufacturing expenses	RMB 11	-	-%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Outsourced manufacturing expenses	RMB 1,402	-	0.08%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Accounts receivables	RMB 61,956	90 days after monthly closing	1.63%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Sales	RMB 77,837	90 days after monthly closing	4.49%
4	Dynamic Electronics Holding Pte. Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other payables	USD 51	-	0.01%

Note 1 : The transaction information between the parent company and its subsidiaries should be coded in serial number column respectively as follows:

- Dynamic Electronics Co., Ltd. is coded "0".
- The subsidiaries are coded sequentially starting from Arabic numeral 1 according to the company type.

Note 2 : There are three types of relationship with the transaction parties, it's only necessary to indicate the type ((The same corresponding transaction between parent and subsidiary companies or between subsidiaries only needs to be disclosed by one party. For example: For example, if the parent company has disclosed the transaction between the parent company and the subsidiary company, the subsidiary does not need to be disclosed repeatedly; the same applies to the transaction between the subsidiaries):

- Parent company to subsidiary.
- Subsidiary to parent company.
- Subsidiary to subsidiary.

Note 3 : The percentage base with respect to the total consolidated revenue-weighted average (about income statement accounts) or total assets (about balance sheet)

Note 4 : Foreign currencies were converted into New Taiwan dollars based on exchanged rate of balance sheet date.