

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

Ticker: 3715

**DYNAMIC HOLDING CO., LTD.
PARENT-COMPANY-ONLY FINANCIAL STATEMENTS
WITH AUDIT REPORT OF INDEPENDENT ACCOUNTANTS
AS OF DECEMBER 31, 2022 AND 2021
AND FOR THE YEARS THEN ENDED**

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

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

English Translation of Financial Statements and a Report Originally Issued in Chinese
Parent-company-only financial statements
Index

Item	Page numbering
1. Cover sheet	1
2. Index	2
3. Report of independent auditors	3-8
4. Parent-company-only balance sheets	9-10
5. Parent-company-only statements of comprehensive income	11
6. Parent-company-only statements of changes in equity	12
7. Parent-company-only statements of cash flows	13
8. Footnotes to the parent-company-only financial statements	
(1)History and organization	14
(2)Date and procedures of authorization of financial statements for issue	14
(3)Newly issued or revised standards and interpretations	14-18
(4)Summary of significant accounting policies	18-38
(5)Significant accounting judgments, estimates and assumptions	38-39
(6)Contents of significant accounts	39-52
(7)Related party transactions	52-53
(8)Assets pledged as collateral	53
(9)Significant contingencies and unrecognized contract commitments	53
(10)Losses due to major disasters	53
(11)Significant subsequent events	53
(12)Others	53-58
(13)Other disclosures	
1.Additional disclosures required by the R.O.C. Securities and Futures Bureau	58-59
2.Information on investees	59-60
3.Information on investments in Mainland China	61-64
4. Information of major shareholders	64
(14)Segment information	64
9.Details of significant accounts	71-72

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

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

Opinion

We have audited the accompanying parent-company-only balance sheets of Dynamic Holding Co., Ltd. (the “Company”) as of December 31, 2022 and 2021, and the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including the summary of significant accounting policies (together “the parent-company-only financial statements”).

In our opinion, the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2022 and 2021, and their parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Emphasis of matter

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of parent-company-only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition (including investments in subsidiaries)

We determine that revenue recognition is one of the key audit matters. The Company's revenue (including investments in subsidiaries) for the year ended December 31, 2022 is a significant account to the Company's financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, Asia and Europe, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. We therefore conclude that there are significant risks with respect to the topic of revenue recognition.

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

Provision against inventory (including investments in subsidiaries)

We determine that provision against inventory (including investments in subsidiaries) as of December 31, 2022 is significant to the Company's financial statements. The application market of the Company's main products, PCB, has been developing and changing rapidly and influenced significantly by end-customers' preference. The management therefore has to closely monitor the status of new products development and market demand for evaluating any significant impairment, including loss from market decline and slow-movement, incurred toward inventory. Also there was significant management judgement involved in determining the sufficiency of inventory loss provision. With respect to the key audit matter - provision against inventory, our audit procedures include, but not limit to, evaluating the appropriateness of inventory provision policy including how to identify the phased-out or slow-moving items, testing the correctness of inventory aging report, analyzing the reasons for slow-moving inventory, performing observation on the Company's inventory physical taking, and looking into the status of inventory utilization. Meanwhile, we have evaluated the appropriateness of the related disclosure in Note 5 and 6 to the financial statements.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the accompanying notes, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 parent-company-only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chang, Chih Ming

Chen, Kuo Shuai

Ernst & Young
March 15th, 2023
Taipei, Taiwan,
Republic of China

Notice to Readers

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

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

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

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

As of December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			As of December 31, 2022		As of December 31, 2021	
Code	Accounts	Notes	Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$6,984	-	\$-	-
1410	Prepayments		370	-	-	-
	Total current assets		7,354	-	-	-
15xx	Non-current assets					
1550	Investment accounted for under equity method	4, 6(2)	6,045,287	100	5,520,796	100
1600	Property, plant and equipment, net	4, 6(3)	357	-	-	-
1840	Deferred tax assets	4, 6(12)	-	-	-	-
	Total non-current assets		6,045,644	100	5,520,796	100
	Total Assets		\$6,052,998	100	\$5,520,796	100

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

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

DYNAMIC HOLDING CO., LTD.

PARENT-COMPANY-ONLY BALANCE SHEETS(Continued)

As of December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2022		As of December 31, 2021	
Code	Accounts	Notes	Amount	%	Amount	%
21xx	Current liabilities					
2200	Other payables	6(4)	\$10,394	-	\$-	-
2220	Other payables - related parties	7	20,043	-	-	-
2300	Other current liabilities		89	-	-	-
	Total current liabilities		30,526	-	-	-
	Total liabilities		30,526	-	-	-
31xx	Equity					
3100	Capital	6(6)				
3110	Common stock		2,775,490	46	2,775,141	50
3140	Capital collected in advance		-	-	43	-
3200	Capital surplus	6(6)	2,970,307	49	1,314,873	24
3300	Retained earnings	6(6)				
3310	Legal reserve		-	-	599,291	11
3320	Special reserve		438,825	7	299,666	5
3350	Accumulated profit or loss		162,092	3	970,607	18
3400	Other components of equity		(324,242)	(5)	(438,825)	(8)
	Total equity		6,022,472	100	5,520,796	100
	Total liabilities and equity		\$6,052,998	100	\$5,520,796	100

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

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

DYNAMIC HOLDING CO., LTD.

PARENT-COMPANY-ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2022 and 2021

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

Code	Accounts	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(7)	\$570,053	100	\$470,454	100
5000	Operating costs		-	-	-	-
5900	Gross profit		570,053	100	470,454	100
6000	Operating expenses					
6200	General and administrative expenses		(22,781)	(4)	-	-
	Operating expenses total		(22,781)	(4)	-	-
6900	Operating loss	6(10)	547,272	96	470,454	100
7000	Non-operating income and expenses					
7100	Interest income		1	-	-	-
7010	Other income		8	-	-	-
7050	Finance costs		(43)	-	-	-
	Non-operating income and expenses total		(34)	-	-	-
7900	Income from continuing operations before income tax	4, 6(12)	547,238	96	470,454	100
7950	Income tax expense		-	-	-	-
8200	Net income		547,238	96	470,454	100
8300	Other comprehensive income (loss)	6(11)				
8360	May be reclassified to profit or loss in subsequent periods					
8380	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		114,583	20	(33,951)	(7)
	Total other comprehensive income (loss), net of tax		114,583	20	(33,951)	(7)
8500	Total comprehensive income (loss)		\$661,821	116	\$436,503	93
9750	Earnings per share - basic (in NT\$)	6(13)	\$1.97		\$1.70	
9850	Earnings per share - diluted (in NT\$)	6(13)	\$1.96		\$1.61	

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

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

DYNAMIC HOLDING CO., LTD.

PARENT-COMPANY-ONLY STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Capital 3100	Capital collected in advance 3140	Capital surplus 3200	Retained earnings			Other components of equity 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 January 1, 2021	\$2,775,141	\$-	\$1,250,883	\$531,385	\$299,666	\$679,065	\$(404,874)	\$5,131,266
B1	Appropriation and distribution of 2020 earnings								
B1	Legal reserve				67,906		(67,906)		-
B5	Cash dividends-common shares						(111,006)		(111,006)
C5	Equity component of convertible bonds			63,936					63,936
D1	Net income for 2021						470,454		470,454
D3	Other comprehensive income (loss) for 2021							(33,951)	(33,951)
D5	Total comprehensive income (loss)	-	-	-	-	-	470,454	(33,951)	436,503
I1	Conversion of convertible bonds		43	54					97
Z1	Balance as of December 31, 2021	\$2,775,141	\$43	\$1,314,873	\$599,291	\$299,666	\$970,607	\$(438,825)	\$5,520,796
A1	Balance as of January 1, 2022	\$2,775,141	\$43	\$1,314,873	\$599,291	\$299,666	\$970,607	\$(438,825)	\$5,520,796
B1	Appropriation and distribution of 2021 earnings								
B1	Legal reserve				47,045		(47,045)		-
B3	Special reserve					139,159	(139,159)		-
B5	Cash dividends-common shares						(194,263)		(194,263)
C5	Equity component of convertible bonds			(2,847)					(2,847)
D1	Net income for 2022						547,238		547,238
D3	Other comprehensive income (loss) for 2022							114,583	114,583
D5	Total comprehensive income (loss)	-	-	-	-	-	547,238	114,583	661,821
H3	Effect of joint share exchange			1,621,622	(646,336)		(975,286)		-
I1	Conversion of convertible bonds	349	(43)	379					685
M7	Charges in ownership interest in subsidiaries			36,280					36,280
Z1	Balance as of December 31, 2022	\$2,775,490	\$-	\$2,970,307	\$-	\$438,825	\$162,092	\$(324,242)	\$6,022,472

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

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

DYNAMIC HOLDING CO., LTD.

PARENT-COMPANY-ONLY STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2022	2021
AAAA	Cash flows from operating activities:		
A10000	Net income before tax	\$547,238	\$470,454
A20000	Adjustments:		
A20010	Profit or loss not effecting cash flows:		
A20100	Depreciation	21	-
A20900	Interest expense	43	-
A21200	Interest income	(1)	-
A22400	Share of profit or loss of subsidiaries, associates and joint ventures	(570,053)	(470,454)
A30000	Changes in operating assets and liabilities:		
A31230	Prepayment	(370)	-
A32180	Other payables	10,394	-
A32230	Other current liabilities	89	-
A32000	Cash generated from operations	(12,639)	-
A33100	Interest received	1	-
AAAA	Net cash provided by (used in) operating activities	(12,638)	-
BBBB	Cash flows from investing activities:		
B02700	Acquisition of property, plant and equipment	(378)	-
BBBB	Net cash provided by (used in) investing activities	(378)	-
CCCC	Cash flows from financing activities:		
C03700	Other payables - related parties	20,000	-
CCCC	Net cash provided by (used in) financing activities	20,000	-
EEEE	Net Increase (decrease) in cash and cash equivalents	6,984	-
E00100	Cash and cash equivalents at beginning of period	-	-
E00200	Cash and cash equivalents at end of period	\$6,984	\$-

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

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS

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

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

1. History and organization

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

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

The Company is an investment holding company. The Company's registered office and the main business location is at 6F., No. 50, Minquan Rd., Luzhu Dist., Taoyuan City 338, Taiwan (R.O.C.)

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

The financial statements of the Company were authorized to be issued in accordance with a resolution of the Board of Directors' meeting held on March 15, 2023.

3. Newly issued or revised standards and interpretations

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

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2022. The adoption of these new standards and amendments had no material impact on the Company.

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

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative – Accounting Policies – Amendments to IAS 1	January 1, 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

(A) 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.

(B) 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.

(C) 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 were issued by IASB and endorsed by FSC so that they are applicable for annual period beginning on or after January 1, 2023. The Company assesses all standards and interpretations have no material impact on the Company.

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

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

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

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

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

(B) IFRS 17 “Insurance Contracts”

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

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

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

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

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

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

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

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

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

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

4.Summary of significant accounting policies

(1)Statement of compliance

The parent-company-only financial statements of the Company for the years ended December 31, 2022 and 2021 were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (Regulations).

(2)Basis of preparation

The Company prepared parent-company-only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent-company-only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent-company-only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

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

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

(3) Foreign currency transactions

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

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

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

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

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

(4) Translation of financial statements in foreign currency

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

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

(5) Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

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

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

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

(7) Financial instruments

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

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

(A) Financial assets: Recognition and Measurement

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

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

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

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

Financial assets measured at amortized cost

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

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

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

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

- a. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

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

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

Financial asset measured at fair value through other comprehensive income

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

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

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

- a. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

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

- (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

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

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

(B) Impairment of financial assets

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

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

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

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

The loss allowance is measures as follows:

- a. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- c. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- d. For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

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

(C) Derecognition of financial assets

A financial asset is derecognized when:

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

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

(D) Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Compound instruments

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

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

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

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

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

Financial liabilities

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

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

Financial liabilities at fair value through profit or loss

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

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

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

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

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

Financial liabilities at amortized cost

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

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

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

Derecognition of financial liabilities

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

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

(E) Offsetting of financial instruments

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

(8) Fair value measurement

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

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

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

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

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

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

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

(9) Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations. Such adjustments were made after the Company considered the different accounting treatments to account for its investments in subsidiaries in the consolidated financial statements under IAS 10 "Consolidated and Separate Financial Statements" and the different IFRSs adopted from different reporting entity's perspectives, and the Company recorded such adjustments by crediting or debiting to investments accounted for under the equity method, share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures.

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

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

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a prorate basis.

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

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

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

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

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

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

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

(10)Property, plant and equipment

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

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

Office equipment	3 years
------------------	---------

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(11)Leases

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

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

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

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

Company as a lessee

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

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

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

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

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

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

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

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

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

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

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

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

Company as a lessor

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

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

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

(12) Impairment of non-financial assets

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

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

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

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

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

(13) Post-employment benefits

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

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

(14) Income taxes

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

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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

Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

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

Deferred tax

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

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

- (a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

5. Significant accounting judgments, estimates and assumptions

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

Estimates and assumptions

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

(a) The fair value of financial instruments

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

(b) Income tax

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

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

6. Contents of significant accounts

(1) Cash and cash equivalents

	2022.12.31	2021.12.31
Checking and savings	\$6,984	\$-

(2) Investments accounted for under the equity method

	2022.12.31		2021.12.31	
Investee companies	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investments in subsidiaries:				
Dynamic Electronics Co., Ltd.	\$6,045,287	100.00%	\$5,520,796	100.00%

DYNAMIC HOLDING CO., LTD.

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

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

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

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

(3) Property, plant and equipment

	2022.12.31	2021.12.31
Owner occupied property, plant and equipment	\$357	\$-
		Other equipment
Cost:		
2022.01.01		\$-
Additions		378
Disposals		-
Transfer		-
2022.12.31		\$378
2022.01.01		\$-
Depreciation		21
Impairment loss		-
Disposals		-
Transfer		-
2022.12.31		\$21
2022.12.31		\$357

(4) Other payables

Other payables consist of the following:	2022.12.31	2021.12.31
Accrued expenses	\$10,394	\$-

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

(5) Post-employment benefits

Defined contribution plan

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

Expenses under the defined contribution plan for the year ended December 31, 2022 amounted to NT\$229 thousand.

(6) Equities

(a) Common stock

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

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

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

As stated in Note 1 to the parent-company-only financial statements, the Company exchanged 1 common share of Dynamic Electronics for 1 common share of the Company through share conversion on August 25, 2022, and acquired 100% equity of Dynamic Electronics. As of December 31, 2022, the Company's registered capital was NTD4,000,000 thousand, and the issued share capital was NTD2,775,490 thousand, with a par value of NTD10 per share, divided into 277,548,934 shares.

DYNAMIC HOLDING CO., LTD.

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

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

(b)Capital surplus

	2022.12.31	2021.12.31
Additional paid-in capital	\$1,176,745	\$1,176,745
Conversion premium of convertible corporate bonds	533	67
Treasury share transactions	34,946	32,214
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	51,811	15,531
Gain on sale of assets	155	155
Employee stock option	6,528	6,528
Share options	77,967	83,633
Merger by share exchange	1,621,622	-
Total	\$2,970,307	\$1,314,873

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

(c) Retained earnings and dividend policies

(1) Earning distribution

The promoters meeting of Dynamic Electronics Co., Ltd./Dynamic Holdings Co., Ltd. passed the company's articles of association through the shareholders' meeting on May 20, 2022. According to the company's articles of association, when allocating the current year's earnings, if any, after having paid all taxes and dues, shall first set aside 10% of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply; the rest shall be set aside as special surplus or reversal according to laws or the regulations of the competent authority; if there is any remaining portion, the board of directors shall, along with the accumulated undistributed earnings, submit a surplus distribution proposal to the shareholders meeting for a resolution to distribute shareholder dividends. The Company may, in accordance with Articles 240 and 241 of the Company Act, authorize the board of directors to issue cash dividends and bonuses by special resolutions, and distribute in cash the above-mentioned dividends or capital reserve or/and legal reserve in compliance with the Company Act and shall report the distribution in the most recent shareholder's meeting.

(2) Dividend policy

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

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

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

(4)Special reserve

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

Following the adoption of T-IFRS, the FSC on March 31, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance: On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, Dynamic Electronics shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, Dynamic Electronics can reverse the special reserve by proportion and transfer to retained earnings.

As of January 1, 2013, special reserve set aside for the first-time adoption of T-IFRS amounted to NT\$349,310 thousand. Furthermore, Dynamic Electronics has reversed special reserve in the amount of NT\$49,644 thousand to retained earnings during the year ended December 31, 2013 due to the use, disposal or reclassification of related assets. As of December 31, 2022 and 2021, special reserve set aside for the first-time adoption of T-IFRS reduced to NT\$299,666 thousand accordingly.

(5)The appropriations of earnings for the years 2022 and 2021 were approved through the Board meeting and stockholders' meeting held on March 15, 2023 and May 20, 2022, respectively. The details of the distributions are as follows.

	Appropriation of earnings		Dividend per share (in NT\$)	
	2022	2021	2022	2021
Legal reserve	\$16,209	\$47,045		
Special reserve	(114,583)	139,159		
Cash dividend	222,039	194,263	\$0.8	\$0.7
Total	<u>\$123,665</u>	<u>\$380,467</u>		

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

Please refer to Note 6(9) for details on employees' compensation and remuneration to directors and supervisors.

(7) Operating revenues

	For the year ended December 31,	
	2022	2021
Investment revenues	\$570,053	\$470,454
By the timing for revenue recognition:		
At a point in time	\$570,053	\$470,454

(8) Leases

(a) Company as a lessee

The Company leases buildings, machinery. The lease terms 1 years. The Company is not allowed to loan, sublease or sell without obtaining the consent from the lessors.

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

A. Income and costs relating to leasing activities

	For the year ended December 31,
	2022
The expenses relating to short-term leases	\$882

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

B. Cash outflow relating to leasing activities

During the year ended December 31, 2022, the Company's total cash outflows for leases amounted to NT\$882 thousand.

- (9) Summary of employee benefits, depreciation and amortization expenses by function during the year ended December 31, 2022 is as follows:

Function Nature	2022		
	Operating costs	Operating expenses	Total amount
Employee benefits expense			
Salaries	\$-	\$11,119	\$11,119
Labor and health insurance	-	535	535
Pension	-	229	229
Directors' remuneration	-	2,888	2,888
Depreciation	-	21	21

Note:

1. The headcounts of the Company amounted to 16, respectively, as of December 31, 2022. Among the Company's directors, there were 0 who were not the employees.
2. Companies who have been listed on Taiwan Stock Exchange or Taiwan Over-The Counter Securities Exchange should disclose the following information:
 - (1) Average employee benefits of 2022 is NT\$743 thousand.
 - (2) Average salaries of 2022 is NT\$695 thousand.
 - (3) The Company was approved and established on August 25, 2022, and there was no change in the average salaries.
3. The Company was approved and established on August 25, 2022, supervisor's remuneration of 2022 is NT\$570 thousand.

4. The salary and remuneration policy of the Company:

According to Article 26 of the Company's Articles of Incorporation, no less than 0.1% of profit of the current year is distributable as employees' compensation and no more than 3% of profit of the current year is distributable as remuneration to directors and supervisors. In addition to the basic salary, the company will issue bonuses based on operating conditions to motivate morale and retain outstanding employees in a timely manner. The Company formulates position and rank management policies and personnel appraisal committee establishment policies to provide objective and fair evaluations based on the actual conditions by establishing a remuneration system to keep employees motivated. The system will serve as the basis for bonuses, promotions, salary adjustments, and job transfers; directors' remuneration and manager's remuneration are recommended by the remuneration committee in accordance with the Company's policy, after being submitted to the Board of Directors for approval.

The promoter meeting of Dynamic Electronics Co., Ltd./Dynamic Holding Co., Ltd. was passed the Company's articles of association (hereinafter the Articles of Incorporation) at the shareholders' meeting on May 20, 2022. According to the Articles of Incorporation, if there is profit in the year, no less than 0.1% shall be allocated as employee compensation and no more than 3% as director remuneration. However, when there are accumulated losses, the profit shall be used to cover the losses first. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto, a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the year ended December 31, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022 to be not lower than 0.1% and not higher than 3% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022 amount to NT\$ 2,619 thousand and NT\$ 2,508 thousand, respectively.

DYNAMIC HOLDING CO., LTD.

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

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

(10) Non-operating income and expenses

(a) Interest income

	For the year ended December 31,
	2022
Interest income	
Financial assets carried at amortized cost	\$1

(b) Other income

	For the year ended December 31,
	2022
Other income — others	\$8

(c) Finance costs

	For the year ended December 31,
	2022
Interest on borrowings from financing	\$43

(11) Components of other comprehensive income (loss)

For the year ended December 31, 2022

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
May be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method	\$114,583	\$-	\$114,583	\$-	\$114,583

DYNAMIC HOLDING CO., LTD.

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

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

For the year ended December 31, 2021

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
May be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method	<u>\$(33,951)</u>	<u>\$-</u>	<u>\$(33,951)</u>	<u>\$-</u>	<u>\$(33,951)</u>

(12) Income tax

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

Income tax expense (income) recognized in profit or loss

	For the year ended December 31, 2022
Current income tax expense (income):	
Current income tax charge	\$-
Deferred tax expense (income):	
Deferred tax expense (income) relating to origination and reversal of temporary differences	-
Total income tax expense	<u>\$-</u>

DYNAMIC HOLDING CO., LTD.

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

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

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

	For the year ended December 31,
	2022
Accounting profit before tax from continuing operations	\$162,092
Tax at the domestic rates applicable to profits in the country concerned	\$32,418
Other adjustments according to the Tax Law	(36,981)
Tax effect of deferred tax assets/liabilities	4,563
Income tax on undistributed surplus	-
Total income tax expense recognized in profit or loss	\$-

(c) Unrecognized deferred tax assets

As of December 31, 2022, the amount of deferred income tax assets unrecognized by the Company was NT\$4,990 thousand.

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

Year incurred	Net operating loss	Expiration year
2022	\$22,815	2032

(e) The assessment of income tax returns

The Company was approved and established on August 25, 2022, no income tax returns were filed.

(13) Earnings per share

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

DYNAMIC HOLDING CO., LTD.

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

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

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

	For the year ended December 31,	
	2022	2021
(a) Basic earnings per share		
Net income available to common shareholders of the parent	\$547,238	\$470,454
Weighted average number of common stocks outstanding (in thousand shares)	277,531	277,515
Basic earnings per share (in NT\$)	\$1.97	\$1.70
(b) Diluted earnings per share		
Net income available to common shareholders of the parent	\$547,238	\$470,454
Issued domestic bonds payable of valuation through profit or loss on redemption	865	(440)
Interest on convertible bonds	20	3,710
Gains on redemption of bonds	(1,677)	-
Losses on redemption of bonds	(Note)	-
Net income available to common shareholders of the parent after dilution (in thousand NT\$)	\$546,446	\$473,724
Weighted average number of common stocks outstanding (in thousand shares)	277,531	277,515
Effect of dilution:		
Employee bonus (compensation)—stock (in thousand shares)	500	2,703
Convertible bonds (in thousands)	121	13,818
Redemption of bonds (in thousands)	(Note)	-
Weighted average number of common stocks outstanding after dilution (in thousand shares)	278,152	294,036
Diluted earnings per share (in NT\$)	\$1.96	\$1.61

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

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

7. Related party transactions

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

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Dynamic Electronics Co., Ltd.	Subsidiary

(2) Significant transactions with related parties

(a) Other receivables from related parties (including capital finance)

	<u>2022.12.31</u>
Dynamic Electronics Co., Ltd.	<u>\$20,043</u>

(b) Capital finance with related parties

<u>Name of related party</u>	<u>The highest balance(Cr)</u>	<u>Balance at year end(Cr)</u>	<u>Interest rate</u>	<u>Total interest for the year</u>
<u>2022</u>				
Dynamic Electronics Co., Ltd.	<u>\$80,000</u>	<u>\$20,000</u>	2.366%	<u>\$43</u>
<u>2021</u>				
None				

(c) Key management personnel compensation

	For the year ended December 31,
	2022
Short-term employee benefits	\$2,180
Post-employment benefits	104
Total	\$2,284

8. Assets pledged as collateral

None.

9. Significant contingencies and unrecognized contract commitments

None.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	2022.12.31
Financial assets measured at amortized cost:	
Cash and cash equivalents (not included cash on hand and petty cash)	\$6,984

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

Financial liabilities

	<u>2022.12.31</u>
Financial liabilities at amortized cost:	
Payables	<u>\$30,437</u>

(2) Financial risk management objectives and policies

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

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

(3) Market risk

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

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

Foreign currency risk

As of December 31, 2022, the Company does not have assets and liabilities denominated in foreign currencies, so no significant currency risk.

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

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 0.1% of interest rate in a reporting period could cause the profit for the year ended December 31, 2022 to decrease/increase by NT\$13 thousand.

Equity price risk

As of December 31, 2022, the Company does not hold equity securities at fair value; therefore the Company is not subject to equity price risk.

(4)Liquidity risk management

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

Non-derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
2022.12.31					
Payables	\$30,437	\$-	\$-	\$-	\$30,437

(5) Fair values of financial instruments

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

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

- i. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- ii. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- iii. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- iv. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.).

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

v. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

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

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(6) for fair value measurement hierarchy for financial instruments of the Company.

(6) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

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

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

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

Transfers between Level 1 and Level 2 during the period

During the year ended December 31, 2022, there was no transfers between Level 1 and Level 2 fair value measurements.

(7) Significant assets and liabilities denominated in foreign currencies (in thousand dollars): None.

(8) Capital management

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

13. Other disclosures

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

- a. Financing provided to others for the year ended December 31, 2022: None.
- b. Endorsement/Guarantee provided to others for the year ended December 31, 2022: Please refer to Attachment 1.
- c. Securities held as of December 31, 2022 (excluding subsidiaries, associates and joint ventures): None.
- d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2022: None.

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

- e. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2022: None.
- f. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2022: None.
- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20% of capital stock for the year ended December 31, 2022: Please refer to None.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of December 31, 2022: None.
- i. Financial instruments and derivative transactions: None.

(2) Information on investees :

- A. If an investor controls operating, investing and financial decisions of an investee or an investor has the ability to exercise the ability to exercise significant influence over operating and financial policies of an investee, the related information for the investee is disclosed (not including investment in Mainland China): Please refer to Attachment 2.
- B. An investor controls operating, investing and financial decisions of an investee. The related information for the investee shall be disclosed in Note13(1) below:
 - (a) Financing provided to others for the year ended December 31, 2022: Please refer to Attachment 3.
 - (b) Endorsement/Guarantee provided to others for the year ended December 31, 2022: Please refer to Attachment 1.
 - (c) Securities held as of December 31, 2022 (excluding subsidiaries, associates and joint ventures): None.
 - (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2022: None.

- (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2022: Please refer to Attachment 4.
- (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2022: None.
- (g) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20% of capital stock for the year ended December 31, 2022: Please refer to Attachment 5.
- (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of December 31, 2022: Please refer to Attachment 6.
- (i) Financial instruments and derivative transactions: The table below lists the information related to forward currency contracts as of December 31, 2022 :

Items (by contract)	Notional Amount	
	(in thousand dollars)	Contract Period
Forward currency contract	USD 3,000	2022.12.22~2023.03.20

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

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

(3) Information on investments in Mainland China:

- a. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), carrying value of investments, cumulated inward remittance of earnings and limits on investment in Mainland China:

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022	Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	\$2,456,800 (Note 2 、3 and 6)	(Note 11)	\$2,260,265	\$-	\$-	\$2,260,265	\$(102,199) (Note 2)	100%	\$(99,925) (Note 2 、4 and 5)	\$2,840,667 (Note 2 、4 and 5)	\$1,851,997 (Note 2)	\$2,260,265	\$- (Note 11)	No upper limit (Note 10)

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

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

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022	Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Dynamic Electronics Co., Ltd. (Huangshi)	Manufacturing and selling of PCB	\$1,788,858 (Note 2、6、7、8 and 9)	(Note 1)	\$504,167	\$-	\$-	\$504,167	\$525,407 (Note 2)	97.8541%	\$377,765 (Note 2、4 and 5)	\$5,612,219 (Note 2、4 and 5)	\$-	\$504,167	\$3,397,582	

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

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

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

Note 4: The investment income (loss) recognized under equity method and by calculation was based on audited financial statements.

Note 5: WINTEK (MAURITIUS) CO., LTD. recognized investment income (loss) and book value by Dynamic Electronics (Kunshan) Co. Ltd. and Dynamic Electronics Co., Ltd., (Huangshi) through Dynamic Electronics Holding Pte. Ltd.

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

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

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

- Note 7: The difference between investments remitted from Taiwan in amount of USD 16,060 thousand and the paid-in capital of USD50,000 thousand is an indirect investment of USD33,940 thousand made by WINTEK (MAURITIUS) CO., LTD. by using cash dividends received from Dynamic Electronics (Kunshan) Co. Ltd.
- Note 8: Dynamic Electronics Co., Ltd. (Huangshi) passed the resolution of the board of directors on August 4, 2022 to reduce the capital of USD 73,000 thousand, which was booked under capital surplus. In addition, on September 2, 2022, the board of directors approved a cash capital increase of RMB 35,000 thousand of which RMB 8,888 thousand (equivalent to USD 1,250 thousand) was booked as capital, and the remaining RMB 26,112 thousand was booked as capital surplus.
- Note 9: Total amount of paid-in capital is USD58,250 thousand.
- Note 10: The Company meets the conditions of corporate operation headquarter in the Principle of Evaluation for Investment and Technical Cooperation in Mainland China. Thus, there is no upper limit on investment amount.
- Note 11: The Company previously indirectly invested in its China subsidiary, Dynamic Electronics (Kunshan) Co. Ltd., through Dynamic Electronics Holding Pte. Ltd. The Company now indirectly invests in Dynamic Electronics (Kunshan) Co. Ltd., through Dynamic Electronics Co., Ltd. (Huangshi).

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

b. Purchase and accounts payable with the related parties: None.

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

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

As of December 31 2022, the Company wrote off the profit of property, plant and equipment amounted to NT\$117,498 thousand, because of unrealized under the investment balance using the equity method.

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

f. The amount of maximum financing, the balance interest rates, and lump sum interest expense: Please refer to Attachment 3.

g. The other events impact over current profit or loss or have the significant influence over the financial conditions, such as provided service or received service: None.

(4) Information on major shareholders:

None.

14. Segment information

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

DYNAMIC HOLDING CO., LTD.

Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2022

Attachment 1

(In Thousands of New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3)	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
No. (Note 1)	Name	Name	Relationship (Note2)										
0	Dynamic Holding Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	2	\$6,022,472	\$3,114,840	\$2,483,460	\$91,980	\$-	41.24%	\$6,022,472	Y	N	Y
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	2	\$6,045,287	\$3,133,530	\$1,734,660	\$1,627,350	\$-	28.80%	\$6,045,287	N	N	Y
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	2	\$6,045,287	\$321,650	\$-	\$-	\$-	-%	\$6,045,287	N	N	Y
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	2	\$6,045,287	\$149,450	\$61,320	\$-	\$-	1.02%	\$6,045,287	N	N	N

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

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

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

- 1.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.

Investor	Investee	Address	Main Business and Product	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of December 31, 2022	As of December 31, 2021	Shares	%	Carrying Value			
Dynamic Holding Co., Ltd.	Dynamic Electronics Co., Ltd.	33846 6F., No. 50, Minquan Rd., Luzhu Dist., Taoyuan City, Taiwan	PCB and business which relates to import and export	\$6,148,342 (Note 2)	\$-	277,548,934	100.00%	\$6,045,287	\$570,053	\$184,907	
Dynamic Electronics Co., Ltd.	WINTEK (MAURITIUS) CO., LTD.	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	Investing activities	\$2,783,433	\$2,783,433	8,581,000	100.00%	\$5,425,409	\$511,588	\$331,372 (Note 1)	
Dynamic Electronics Co., Ltd.	CHIANAN TECHNOLOGY CO., LTD.	24257 2F, No. 649, Zhongzheng Road, Xinzhuang District, New Taipei City, Taiwan	Mockup manufacture	\$46,060	\$-	7	70.00%	\$15,243	\$1,923	\$(798)	
Dynamic Electronics Co., Ltd.	CHENG CHONG TECHNOLOGY CO., LTD	24257 2F, No. 649, Zhongzheng Road, Xinzhuang District, New Taipei City, Taiwan	Mockup manufacture	\$33,211	\$-	7	70.00%	\$33,948	\$6,571	\$737	
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics Holding Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Investing activities	\$1,559,261	\$1,559,261	141,917,000	100.00%	USD 182,779	USD 17,169	USD 17,169	
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	\$- (Note3)	\$1,555	-	0.00%	\$-	(CNY 13)	\$(8)	
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	\$1,957 (Note3)	\$-	50,000	100.00%	CNY 443	(CNY 13)	(CNY 12)	
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	\$- (Note3)	\$1,556	-	0.00%	\$-	CNY 138,992	\$380,604	
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	\$82,967 (Note3)	\$-	50,000	100.00%	CNY 71,240	CNY 138,992	CNY 53,130	
Dynamic Electronics Co., Ltd.	Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to : Dynamic Overseas Investment)	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Management operations services	\$- (Note3)	\$1,541	-	0.00%	\$-	CNY 34	\$113	
Dynamic Electronics Co., Ltd.	Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to : Dynamic Overseas Investment)	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Management operations services	\$2,930 (Note3)	\$-	50,000	100.00%	CNY 690	CNY 34	CNY 9	

Note1: Including investment gain recognized under equity method amounted to NT\$511,588thousand, realized profit on transaction between subsidiaries amounted to NT\$9,776thousand and unrealized profit on transaction between subsidiaries amounted to NT\$189,992 thousand .

Note2: Dynamic Holding Co., Ltd. acquired 100% equity of Dynamic Electronics Co., Ltd. by means of share swap on August 25, 2022.

Note3: Considering the long-term development needs, Dynamic Electronics Co., Ltd. reinvestment in Dynamic PCB Electronics Co., Ltd., Dynamic Electronics Co., Ltd. (Seychelles) and Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to : Dynamic Overseas Investment) were changed to Dynamic Electronics Co., Ltd. (Huangshi) reinvestment in Dynamic PCB Electronics Co., Ltd., Dynamic Electronics Co., Ltd. (Seychelles) and Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to : Dynamic Overseas Investment) .

DYNAMIC HOLDING CO., LTD.

Financing provided to others

For the year ended December 31, 2022

Attachment 3

(In Thousands of New Taiwan Dollars)

NO. (Note1)	Lender	Counter-party	Financial accounting account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 2)	Amount of sales to(purchases from) counter-party	Reason for financing	Loss Allowance	Collateral		Limit of financing amount for individual counter- party	Limit of total financing amount
													Item	Value		
1	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co. Ltd.(Huangshi)	Other receivables -related parties	Yes	\$1,433,920	\$1,139,580	\$1,139,580	3.65-4.35%	2	\$-	Business turnover	\$-	-	\$-	\$1,704,400 (Note 3)	\$1,704,400 (Note 3)
2	Dynamic Electronics Co., Ltd.	Dynamic Holding Co., Ltd.	Other receivables -related parties	Yes	\$80,000	\$80,000	\$20,000	2.366%	2	\$-	Business turnover	\$-	-	\$-	\$6,045,287 (Note 4)	\$6,045,287 (Note 4)

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

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

Note 2: Nature of financing is coded as follows:

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

Note 3: Limit of total financing amount shall not exceed 60% of the lender's net assets of value as of December 31, 2022.

Limit of financing amount for individual counter-party shall not exceed 60% of the lender's net assets value as of December 31, 2022.

Note 4: Limit of total financing amount shall not exceed 100% of the lender's net assets of value as of December 31, 2022.

Limit of financing amount for individual counter-party shall not exceed 100% of the lender's net assets value as of December 31, 2022.

DYNAMIC HOLDING CO., LTD.

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

For the year Ended December 31, 2022

Attachment 4

(In Thousands of New Taiwan Dollars)

Acquired Company	Name of Property	Transaction Date	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	Relationship with the Company	Transfer Date	Amount			
Dynamic Electronics Co., Ltd. (Huangshi)	<u>Buildings</u> Huangshi plant land	2021.07.02	RMB 253,980	As of the end of 2022.12.31 Collected RMB 206,769	Fujian Huidong Construction Engineering Co., Ltd.	None	None	None	None	None	By Bidding	For production capacity expansion and company operation plan.	None
Dynamic Electronics Co., Ltd. (Huangshi)	<u>Buildings</u> Huangshi plant land	2021.09.01	RMB 126,350	As of the end of 2022.12.31 Collected RMB 86,933	Fujian Huidong Construction Engineering Co., Ltd.	None	None	None	None	None	By Bidding	For production capacity expansion and company operation plan.	None
Dynamic Electronics Co., Ltd. (Huangshi)	<u>Buildings</u> Huangshi plant land	2022.01.28	RMB 120,200	As of the end of 2022.12.31 Collected RMB 57,095	Suzhou Yanke Electromechanical Engineering Co., Ltd.	None	None	None	None	None	By Bidding	For production capacity expansion and company operation plan.	None

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchases	\$206,717	99.98%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 60~120 days after monthly closing.	Accounts payable \$-	-%	
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Sales	RMB 1,491,397	70.82%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 60~150 days after monthly closing.	Accounts receivable RMB 409,451	67.80%	
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	Purchases	RMB 879,860	57.28%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 90~120 days after monthly closing.	Accounts payable RMB 306,588	63.71%	
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	Sales	RMB 76,513	3.63%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 60~150 days after monthly closing.	Accounts receivable RMB 6,658	1.10%	
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchases	RMB 76,513	5.57%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 90~120 days after monthly closing.	Accounts payable RMB 6,658	1.28%	
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Sales	RMB 879,860	43.17%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 120 days after monthly closing.	Accounts receivable RMB 306,588	44.94%	
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Sales	RMB 850,608	41.74%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 120 days after monthly closing.	Accounts receivable RMB 269,552	39.51%	
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	Purchases	USD 126,264	36.32%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 38,703	39.72%	
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	Sales	USD 340,237	97.87%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts receivable USD 97,449	100.00%	
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd.	Subsidiary	Sales	USD 7,410	2.13%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts receivable USD 0	-%	
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchases	USD 221,383	63.68%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 58,746	60.28%	
Dynamic Electronics Co., Ltd (Seychelles)	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchases	USD 340,237	99.97%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 90 days after monthly closing.	Accounts payable USD 97,449	99.97%	

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

DYNAMIC HOLDING CO., LTD.

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

As of December 31, 2022

Attachment 6

(In Thousands of Foreign Currency)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent	Loss Allowance
					Amount	Action Taken		
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	<u>RMB 409,451</u> (Note1)	<u>2.97</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	<u>USD 97,449</u> (Note1)	<u>3.39</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic PCB Electronics Co., Ltd.	Subsidiary	<u>RMB 269,552</u> (Note1)	<u>4.26</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	<u>RMB 306,588</u> (Note1)	<u>3.92</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>

Note1: Accounts receivable.

DYNAMIC HOLDING CO., LTD.

1.STATEMENT OF CHANGES IN INVESTMENT ACCOUNTED FOR UNDER THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022

(In thousands of New Taiwan Dollars)

Investee companies	As of January 1, 2022		Additions		Decrease		As of December 31, 2022			Fair Value/Net assets value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit price (NTD)	Total amount		
Dynamic Electronics Co., Ltd	277,548,934	<u>\$5,520,796</u>	-	<u>\$524,491</u> (Note1)	-	<u>\$-</u>	277,548,934	100.00%	<u>\$6,045,287</u>	\$21.78	<u>\$6,045,287</u>	None	

Note1: Including investment gain recognized amounted to NT\$570,053 thousand, exchange differences resulting from translating the financial statements of a foreign operation amounted to NT\$114,583 thousand
and other changes in equity of Dynamic Electronics decrease NT\$160,145 thousand.

DYNAMIC HOLDING CO., LTD.

2.STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

(In thousands of New Taiwan Dollars)

Item	Amount	Note
Payroll expense	\$13,856	
Rent expense	882	
Insurance expense	535	
Depreciation	21	
Professional service fees	2,467	
Others	<u>5,020</u>	
Total	<u><u>\$22,781</u></u>	