

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

Ticker: 6251

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

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

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REVIEW REPORT OF INDEPENDENT AUDITORS

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

Introduction

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

Scope of Review

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

Conclusion

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

Chang, Chi Ming

Chen, Kuo Shuai

Ernst & Young

November 2nd, 2021

Taipei, Taiwan,

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

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

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			As of September 30, 2021		As of December 31, 2020		As of September 30, 2020	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
11xx	Current Assets							
1100	Cash and cash equivalents	6(1)	\$1,833,524	11	\$998,567	8	\$1,669,873	13
1110	Financial assets at fair value through profit or loss	6(2)	5,578	-	-	-	-	-
1136	Financial assets carried at amortized cost	6(3),8	1,226	-	201,253	1	205,608	1
1150	Notes receivable, net	6(4)	26,482	-	262,063	2	126,433	1
1170	Accounts receivable, net	6(5)	4,451,244	28	3,716,755	28	3,574,744	27
1200	Other receivables		120,299	1	121,852	1	76,433	1
1310	Inventories, net	6(6)	3,111,812	19	1,598,097	12	1,453,210	11
1410	Prepayments		455,022	3	376,645	3	391,509	3
1470	Other current assets		5,031	-	6,016	-	10,720	-
	Total current assets		<u>10,010,218</u>	<u>62</u>	<u>7,281,248</u>	<u>55</u>	<u>7,508,530</u>	<u>57</u>
15xx	Non-current assets							
1510	Financial assets at fair value through profit or loss	6(2),6(12)	600	-	-	-	-	-
1600	Property, plant and equipment	6(7), 8, 9	5,623,882	35	5,240,292	40	5,119,223	38
1755	Right-of-use assets	6(20), 8	406,635	2	268,046	2	264,068	2
1780	Intangible assets	6(8)	48,307	-	28,812	-	27,265	-
1840	Deferred tax assets	4	174,053	1	362,397	3	362,688	3
1900	Other non-current assets	6(9)	1,478	-	4,511	-	4,542	-
	Total non-current assets		<u>6,254,955</u>	<u>38</u>	<u>5,904,058</u>	<u>45</u>	<u>5,777,786</u>	<u>43</u>
	Total assets		<u>\$16,265,173</u>	<u>100</u>	<u>\$13,185,306</u>	<u>100</u>	<u>\$13,286,316</u>	<u>100</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)

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

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			As of September 30, 2021		As of December 31, 2020		As of September 30, 2020	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
21xx	Current liabilities							
2100	Short-term loans	6(10)	\$3,380,520	21	\$2,582,600	20	\$3,577,750	27
2130	Contract liability	6(18)	11,573	-	13,447	-	18,612	-
2170	Accounts payables		4,221,868	26	2,827,360	21	2,246,608	17
2200	Other payables	6(11)	1,328,884	8	1,006,489	8	805,673	6
2230	Current tax liabilities	4	40,712	-	24,178	-	12,759	-
2280	Lease liabilities	6(20)	2,012	-	444	-	531	-
2300	Other current liabilities		51,224	-	38,607	-	40,383	-
2322	Current portion of long-term loans payable	6(13), 8	390,776	3	-	-	-	-
2365	Refund liability	6(14)	202,620	1	100,753	1	90,973	1
	Total current liabilities		<u>9,630,189</u>	<u>59</u>	<u>6,593,878</u>	<u>50</u>	<u>6,793,289</u>	<u>51</u>
25xx	Non-current liabilities							
2530	Bonds payable	4, 6(12)	484,404	3	-	-	-	-
2540	Long-term loans	6(13), 8	128,827	1	654,722	5	636,688	5
2570	Deferred tax liabilities	4	308,981	2	397,870	3	401,772	3
2580	Lease liabilities	6(20)	2,552	-	-	-	-	-
2630	Long-term deferred revenue	6(15)	349,873	2	380,616	3	378,334	3
2640	Net defined benefit liability		1,953	-	1,791	-	1,737	-
2645	Guarantee deposits		33,185	-	25,163	-	25,397	-
	Total non-current liabilities		<u>1,309,775</u>	<u>8</u>	<u>1,460,162</u>	<u>11</u>	<u>1,443,928</u>	<u>11</u>
	Total liabilities		<u>10,939,964</u>	<u>67</u>	<u>8,054,040</u>	<u>61</u>	<u>8,237,217</u>	<u>62</u>
31xx	Equity attributable to the parent company							
3100	Capital	6(17)						
3110	Common stock		2,775,141	17	2,775,141	21	3,110,594	23
3200	Capital surplus	6(17)	1,314,819	8	1,250,883	10	1,250,883	9
3300	Retained earnings	6(17)						
3310	Legal reserve		599,291	4	531,385	4	531,385	4
3320	Special reserve		299,666	2	299,666	2	299,666	2
3350	Accumulated profit or loss		824,324	5	679,065	5	349,764	3
3400	Other components of equity		(488,032)	(3)	(404,874)	(3)	(493,193)	(3)
	Total equity		<u>5,325,209</u>	<u>33</u>	<u>5,131,266</u>	<u>39</u>	<u>5,049,099</u>	<u>38</u>
	Total liabilities and equity		<u>\$16,265,173</u>	<u>100</u>	<u>\$13,185,306</u>	<u>100</u>	<u>\$13,286,316</u>	<u>100</u>

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

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

Code	Accounts	Notes	2021.07.01~2021.09.30		2020.07.01~2020.09.30		2021.01.01~2021.09.30		2020.01.01~2020.09.30	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues	6 (18)	\$4,117,171	100	\$3,361,874	100	\$11,595,299	100	\$9,112,146	100
5000	Operating costs	6(6)	(3,589,453)	(87)	(2,935,747)	(87)	(10,269,745)	(89)	(7,782,661)	(86)
5900	Gross profit		527,718	13	426,127	13	1,325,554	11	1,329,485	14
6000	Operating expenses									
6100	Sales and marketing expenses		(152,784)	(4)	(162,788)	(5)	(429,434)	(3)	(438,484)	(5)
6200	General and administrative expenses		(161,391)	(4)	(116,893)	(3)	(456,934)	(4)	(405,061)	(4)
6300	Research and development expenses		(1,549)	-	(1,932)	-	(3,953)	-	(9,449)	-
6450	Expected credit gains(losses)	6(19)	1,124	-	922	(1)	2,136	-	(9,787)	-
	Operating expenses total		(314,600)	(8)	(280,691)	(9)	(888,185)	(7)	(862,781)	(9)
6900	Operating income		213,118	5	145,436	4	437,369	4	466,704	5
7000	Non-operating income and expenses	6(22)								
7100	Interest income		1,942	-	1,125	-	6,177	-	4,296	-
7010	Other income		67,019	2	35,988	1	152,333	1	92,034	1
7020	Other gains and losses		3,969	-	(91,150)	(2)	(35,558)	-	337,592	4
7050	Finance costs		(33,278)	(1)	(37,182)	(1)	(98,231)	(1)	(125,284)	(1)
	Non-operating income and expenses total		39,652	1	(91,219)	(2)	24,721	-	308,638	4
7900	Income from continuing operations before income tax		252,770	6	54,217	2	462,090	4	775,342	9
7950	Income tax expense	4,6(24)	(98,056)	(2)	(17,674)	(1)	(137,919)	(1)	(90,125)	(1)
8200	Net income		154,714	4	36,543	1	324,171	3	685,217	8
8300	Other comprehensive income (loss)	6(23)								
8360	May be reclassified to profit or loss in subsequent periods									
8361	Exchange differences arising on translation of foreign operations		(20,576)	(1)	84,735	3	(83,158)	(1)	(35,249)	(1)
	Total other comprehensive income(loss), net of tax		(20,576)	(1)	84,735	3	(83,158)	(1)	(35,249)	(1)
8500	Total comprehensive income (loss)		\$134,138	3	\$121,278	4	\$241,013	2	\$649,968	7
8600	Net income attributable to:									
8610	Shareholders of the parent		\$154,714		\$36,543		\$324,171		\$685,217	
8700	Total comprehensive income(loss) attributable to:									
8710	Shareholders of the parent		\$134,138		\$121,278		\$241,013		\$649,968	
9750	Earnings per share - basic (In NT\$)	6(25)	\$0.56		\$0.13		\$1.17		\$2.65	
9850	Earnings per share - diluted (In NT\$)	6(25)	\$0.52		\$0.13		\$1.08		\$2.62	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Total equity attributable to the owners of parent						
		Common capital 3100	Capital surplus 3200	Retained Earnings			Other Components of equity Exchange differences arising on translation of foreign operations 3410	Total equity 3XXX
				Legal reserve 3310	Special reserve 3320	Accumulated profit or loss 3350		
A1	Balance as of Jan. 1, 2020	\$2,810,594	\$1,061,873	\$531,385	\$299,666	\$(335,453)	\$(457,944)	\$3,910,121
E1	Capital increase by cash	300,000	178,750					478,750
D1	Net income for the nine-month period ended September 30, 2020					685,217		685,217
D3	Other comprehensive income (loss), net of tax, for the nine-month period ended September 30, 2020						(35,249)	(35,249)
D5	Total comprehensive income (loss)	-	-	-	-	685,217	(35,249)	649,968
N1	Share-based payment transaction		10,260					10,260
Z1	Balance as of September. 30, 2020	<u>\$3,110,594</u>	<u>\$1,250,883</u>	<u>\$531,385</u>	<u>\$299,666</u>	<u>\$349,764</u>	<u>\$(493,193)</u>	<u>\$5,049,099</u>
A1	Balance as of Jan. 1, 2021	\$2,775,141	\$1,250,883	\$531,385	\$299,666	\$679,065	\$(404,874)	\$5,131,266
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 the nine-month period ended September 30, 2021					324,171		324,171
D3	Other comprehensive income (loss), net of tax, for the nine-month period ended September 30, 2021						(83,158)	(83,158)
D5	Total comprehensive income (loss)	-	-	-	-	324,171	(83,158)	241,013
Z1	Balance as of September 30, 2021	<u>\$2,775,141</u>	<u>\$1,314,819</u>	<u>\$599,291</u>	<u>\$299,666</u>	<u>\$824,324</u>	<u>\$(488,032)</u>	<u>\$5,325,209</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Item	2021.01.01~2021.09.30	2020.01.01~2020.09.30	Code	Item	2021.01.01~2021.09.30	2020.01.01~2020.09.30
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$462,090	\$775,342	B00040	Disposal (acquisition) of financial assets measured at amortized cost	200,027	(183,306)
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(690,083)	(476,480)
A20010	Income and expense adjustments:			B05350	Acquisition of right-of-use assets	(146,871)	-
A20100	Depreciation (including right of use assets)	528,767	521,689	B02800	Proceeds from disposal of property, plant and equipment	5,226	652,422
A20200	Amortization	13,717	9,238	B04500	Acquisition of intangible assets	(33,449)	(22,881)
A20300	Expected credit losses (gain)	(2,136)	9,787	B03700	Decrease (increase) in refundable deposits	3,033	(86)
A20400	Net loss (gain) of financial assets at fair value	(5,989)	-	BBBB	Net cash provided by (used in) investing activities	(662,117)	(30,331)
A20900	Interest expense	98,231	125,284				
A21200	Interest revenue	(6,177)	(4,296)				
A21900	Share-based payment cost	-	10,260				
A22500	Loss (gain) on disposal of property, plant and equipment	17,145	(359,169)				
A23700	Impairment loss (reversal) on non-financial assets	(18,491)	(35,552)				
A29900	Loss (gain) on government grants	(24,859)	(25,982)	CCCC	Increase in (repayment of) short-term loans	797,920	814,485
A29900	Loss (gain) on lease modification	-	511	C00200	Issuance of corporate bond	545,297	-
A30000	Changes in operating assets and liabilities:			C01200	Increase in long-term loans	429,425	-
A31130	Notes receivable	235,581	57,180	C01600	Repayment of long-term loans	(553,958)	(1,768,273)
A31150	Accounts receivable	(732,075)	355,963	C01700	Increase (decrease) in guarantee deposits	8,022	62
A31180	Other receivables	1,553	45,797	C03000	Payments of lease liabilities	(1,543)	(38)
A31200	Inventories	(1,513,715)	66,750	C04020	Cash dividends	(111,006)	-
A31230	Prepayments	(78,377)	51,986	C04600	Capital increase by cash	-	478,750
A31240	Other current assets	985	(5,952)	CCCC	Net cash provided by (used in) financing activities	1,114,157	(475,014)
A32125	Contract liability	(1,874)	16,911				
A32150	Accounts payable	1,394,508	(210,052)				
A32180	Other payables	22,027	(80,151)				
A32230	Other current liabilities	12,617	8,213	DDDD	Effect of exchange rate changes on cash and cash equivalents	(11,545)	(42,818)
A32240	Net defined benefit liability	162	162				
A32990	Refund liability	101,867	(7,287)				
A32000	Cash generated from operations	505,557	1,326,632				
A33100	Interest received	6,177	4,296	EEEE	Net increase (decrease) in cash and cash equivalents	834,957	631,381
A33300	Interest paid	(94,694)	(128,418)	E00100	Cash and cash equivalents at beginning of period	998,567	1,038,492
A33500	Income tax paid	(22,578)	(22,966)	E00200	Cash and cash equivalents at end of period	\$1,833,524	\$1,669,873
AAAA	Net cash provided by (used in) operating activities	394,462	1,179,544				

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

1. History and organization

Dynamic Electronics Co., Ltd. (“the Company”) was incorporated in August 18, 1988. The main activities of the Company are mainly engaged in the manufacturing and processing of various electronic components, the design of microcomputers and peripheral equipment, the manufacturing and processing of integrated circuits and substrates, the manufacturing and processing of various circuit boards, the quotation, bidding, and distribution of products from domestic and foreign manufacturers as an agent, and the import and export trade business of the aforementioned products. The Company’ s common shares were publicly listed on the Taiwan Stock Exchange (TWSE) in March 18, 2009. The Company’ s registered office and the main business location is at 6F., No. 50, Minquan Rd., Luzhu Dist., Taoyuan City 338, Taiwan (R.O.C.)

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

The consolidated financial statements of the Company and its subsidiaries (“the Group”) were authorized to be issued in accordance with a resolution of the Board of Directors’ meeting held on November 2, 2021.

3. Newly issued or revised standards and interpretations

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

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

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

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

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

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

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

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

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

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

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

(d) Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

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

Amendment to IFRS 9 Financial Instruments

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

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

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

Amendment to IAS 41

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

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

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

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

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

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

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

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

(B) IFRS 17 “Insurance Contracts”

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

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

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

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

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

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

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

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

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

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

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

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

4. Summary of significant accounting policies

(1) Statement of compliance

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

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

(2) Basis of preparation

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

(3) Basis of consolidation

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

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of Ownership (%)		
			2021.09.30	2020.12.31	2020.09.30
The Company	WINTEK (MAURITIUS) CO., LTD.	Investing activities	100.00%	100.00%	100.00%
The Company	Dynamic PCB Electronics Co., Ltd.	PCB and business which relates to import and export	100.00%	100.00%	100.00%
The Company	Dynamic Electronics Co., Ltd. (Seychelles)	PCB and business which relates to import and export	100.00%	100.00%	100.00%
The Company	Dynamic Electronics Trading Pte. Ltd.	Management operations services	100.00%	100.00%	100.00%

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

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

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

(4) Financial liabilities and equity

Compound instruments

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

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

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

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

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

(5) Income tax

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

5. Significant accounting judgments, estimates, and assumptions

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

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

6. Contents of significant accounts

(1) Cash and cash equivalents

	2021.09.30	2020.12.31	2020.09.30
Cash on hand	\$343	\$349	\$342
Checking and savings	1,632,819	997,848	1,667,697
Fixed-term deposits	200,362	370	1,834
Total	<u>\$1,833,524</u>	<u>\$998,567</u>	<u>\$1,669,873</u>

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

	2021.09.30	2020.12.31	2020.09.30
Measured at fair value through profit or loss :			
Convertible Bonds	\$600	\$-	\$-
Held for trading - current :			
Forward foreign exchange contract	5,578	-	-
Total	\$6,178	\$-	\$-
Current	\$5,578	\$-	\$-
Non-current	600	-	-
Total	\$6,178	\$-	\$-

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

(3) Financial assets measured at amortized cost

	2021.09.30	2020.12.31	2020.09.30
Restricted cash-current	\$-	\$-	\$2,000
Fixed-term deposits	1,226	201,253	203,608
Total	\$1,226	\$201,253	\$205,608
Current	\$1,226	\$201,253	\$205,608
Non-current	\$-	\$-	\$-

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

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

(4) Notes receivable, net

	2021.09.30	2020.12.31	2020.09.30
Notes receivable arising from operating activities	\$26,482	\$262,063	\$126,433
Less: loss allowance	-	-	-
Total	<u>\$26,482</u>	<u>\$262,063</u>	<u>\$126,433</u>

Notes receivables were not pledged.

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

(5) Accounts receivable, net

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

	2021.09.30	2020.12.31	2020.09.30
Accounts receivable from operating activities	\$4,469,501	\$3,737,426	\$3,600,105
Less: loss allowance	(18,257)	(20,671)	(25,361)
Total	<u>\$4,451,244</u>	<u>\$3,716,755</u>	<u>\$3,574,744</u>

(B) Accounts receivable were not pledged.

(C) Accounts receivable are generally on 60 to 150 day terms. The total carrying amount as of September 30, 2021, December 31, 2020, and September 30, 2020, are NT\$4,469,501 thousand, NT\$3,737,426 thousand and NT\$3,600,105 thousand, respectively. Please refer to Note 6(19) for more details on loss allowance of accounts receivable for the the nine-month periods ended September 30, 2021 and 2020. Please refer to Note 12 for more details on credit risk management.

(6) Inventories

(A) Details of inventory net amount are as below:

	2021.09.30	2020.12.31	2020.09.30
Raw materials and Supplies	\$532,906	\$181,587	\$186,044
Work in progress	686,820	456,741	388,506
Finished goods	1,892,086	959,769	878,660
Total	<u>\$3,111,812</u>	<u>\$1,598,097</u>	<u>\$1,453,210</u>

(B) For the three-month periods ended September 30, 2021 and 2020, the Group recognized NT3,589,453 thousand and NT2,935,747 thousand under the caption of costs of sale. For the nine-month period ended September 30, 2021, the Group recognized NT10,269,745 thousand and NT7,782,661 thousand under the caption of costs of sale, respectively. The following items were also included in cost:

Item	2021.07.01~	2020.07.01~	2021.01.01~	2020.01.01~
	2021.09.30	2020.09.30	2021.09.30	2020.09.30
Inventory valuation losses (gain)	<u>\$42,614</u>	<u>\$18,072</u>	<u>\$146,463</u>	<u>\$13,432</u>

(C) Inventories were not pledged.

(7) Property, plant and equipment

	2021.09.30	2020.12.31	2020.09.30
Owner occupied property, plant, and equipment	<u>\$5,623,882</u>	<u>\$5,240,292</u>	<u>\$5,119,223</u>

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

Notes to the Consolidated Financial Statements for the periods January 1 to September 30, 2021 and 2020
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Lease improvement	Construction in progress and equipment to be examined	Total
Cost:									
2021.01.01	\$-	\$2,498,443	\$6,367,480	\$23,917	\$278,578	\$1,386,919	\$8,820	\$559,797	\$11,123,954
Additions	-	-	19,762	-	5,691	48,565	-	915,386	989,404
Disposals	-	-	(37,942)	(470)	(803)	(98,715)	-	-	(137,930)
Transfer	-	249,640	492,562	6,171	56,650	39,921	-	(844,944)	-
Exchange differences	-	(40,394)	(104,098)	(370)	(4,385)	(21,299)	-	(11,716)	(182,262)
2021. 09.30	\$-	\$2,707,689	\$6,737,764	\$29,248	\$335,731	\$1,355,391	\$8,820	\$618,523	\$11,793,166

Depreciation and
impairment :

2021.01.01	\$-	\$621,484	\$4,105,152	\$19,211	\$152,609	\$976,386	\$8,820	\$-	\$5,883,662
Depreciation	-	85,595	252,909	2,740	37,614	141,421	-	-	520,279
Impairment loss (gain on reversal)	-	-	(18,491)	-	-	-	-	-	(18,491)
Disposal	-	-	(16,199)	(456)	(754)	(98,150)	-	-	(115,559)
Exchange differences	-	(10,976)	(70,332)	(324)	(2,758)	(16,217)	-	-	(100,607)
2021. 09.30	\$-	\$696,103	\$4,253,039	\$21,171	\$186,711	\$1,003,440	\$8,820	\$-	\$6,169,284

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Lease improvement	Construction in progress and equipment to be examined	Total
Cost :									
2020.01.01	\$-	\$2,295,405	\$6,256,155	\$24,816	\$238,327	\$1,287,616	\$-	\$981,302	\$11,083,621
Additions	-	-	1,204	-	3,146	127,636	95	244,623	376,704
Disposals	-	-	(501,297)	(1,287)	(1,034)	(88,885)	-	(421)	(592,924)
Transfer	-	33,258	475,771	246	24,715	49,917	8,725	(595,908)	(3,276)
Exchange differences	-	(13,038)	(35,677)	(128)	(1,316)	(7,428)	-	(6,537)	(64,124)
2020.09.30	\$-	\$2,315,625	\$6,196,156	\$23,647	\$263,838	\$1,368,856	\$8,820	\$623,059	\$10,800,001

	Land	Buildings	Machinery and equipment	Transportatio n equipment	Office equipment	Other equipment	Lease improvement	Construction in progress and equipment to be examined	Total
Depreciation and impairment :									
2020.01.01	\$-	\$514,187	\$4,243,219	\$17,496	\$104,892	\$872,426	\$-	\$-	\$5,752,220
Depreciation	-	71,757	247,655	2,380	34,594	153,441	6,847	-	516,674
Impairment loss (gain on reversal)	-	-	(35,552)	-	-	-	-	-	(35,552)
Disposal	-	-	(427,000)	(1,287)	(941)	(87,913)	-	-	(517,141)
Transfer	-	-	(11,930)	-	-	8,654	-	-	(3,276)
Exchange differences	-	(2,828)	(23,849)	(84)	(515)	(4,871)	-	-	(32,147)
2020.09.30	\$-	\$583,116	\$3,992,543	\$18,505	\$138,030	\$941,737	\$6,847	\$-	\$5,680,778
Net carrying amount as at:									
2021.09.30	\$-	\$2,011,586	\$2,484,725	\$8,077	\$149,020	\$351,951	\$-	\$618,523	\$5,623,882
2020.12.31	\$-	\$1,876,959	\$2,262,328	\$4,706	\$125,969	\$410,533	\$-	\$559,797	\$5,240,292
2020.09.30	\$-	\$1,732,509	\$2,203,613	\$5,142	\$125,808	\$427,119	\$1,973	\$623,059	\$5,119,223

For the nine-month periods ended September 30, 2021, the NT\$18,491 thousand gain on reversal of impairment loss represented the sold of certain property, plant and equipment in the Group. This has been recognized in the statement of comprehensive income.

For the nine-month periods ended September 30, 2020 the NT\$35,552 thousand gain on reversal of impairment loss represented the sold of certain property, plant and equipment in the Group. This has been recognized in the statement of comprehensive income.

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

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

(8) Intangible assets

	Computer Software	Technology Expertise	Total
Cost :			
2021.01.01	\$38,303	\$10,664	\$48,967
Additional – Acquired separately	33,449	-	33,449
Derecognized upon retirement	(13,137)	-	(13,137)
Effect of exchange rate changes	(515)	(173)	(688)
2021.09.30	<u>\$58,100</u>	<u>\$10,491</u>	<u>\$68,591</u>
2020.01.01	\$38,401	\$35	\$38,436
Additional – Acquired separately	12,476	10,405	22,881
Derecognized upon retirement	(16,217)	-	(16,217)
Effect of exchange rate changes	(184)	-	(184)
2020.09.30	<u>\$34,476</u>	<u>\$10,440</u>	<u>\$44,916</u>
Amortization and impairment :			
2021.01.01	\$19,070	\$1,085	\$20,155
Amortization	12,123	1,594	13,717
Derecognized upon retirement	(13,137)	-	(13,137)
Effect of exchange rate changes	(416)	(35)	(451)
2021.09.30	<u>\$17,640</u>	<u>\$2,644</u>	<u>\$20,284</u>
2020.01.01	\$24,717	\$10	\$24,727
Amortization	8,710	528	9,238
Derecognized upon retirement	(16,217)	-	(16,217)
Effect of exchange rate changes	(98)	1	(97)
2020.09.30	<u>\$17,112</u>	<u>\$539</u>	<u>\$17,651</u>
Carrying amount, net :			
2021.09.30	<u>\$40,460</u>	<u>\$7,847</u>	<u>\$48,307</u>
2020.12.31	<u>\$19,233</u>	<u>\$9,579</u>	<u>\$28,812</u>
2020.09.30	<u>\$17,364</u>	<u>\$9,901</u>	<u>\$27,265</u>

Amounts of amortization recognized for intangible assets are as follows:

	2021.07.01~ 2021.09.30	2020.07.01~ 2020.09.30	2021.01.01~ 2021.09.30	2020.01.01~ 2020.09.30
Operating costs	\$3,405	\$985	\$7,527	\$1,826
Operating expenses	1,802	2,266	6,190	7,412
Total	\$5,207	\$3,251	\$13,717	\$9,238

(9) Other non-current assets

Other non-current assets as follows:	2021.09.30	2020.12.31	2020.09.30
Refundable deposit	\$1,478	\$4,511	\$4,542

(10) Short-term loans

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

	Interest rate (%)	2021.09.30	2020.12.31	2020.09.30
Unsecured bank loan	0.85463%~4.785%	\$3,380,520	\$2,582,600	\$3,577,750

(B) The Group's unused short-term lines of credits amounts to NT\$2,565,307 thousand, NT\$3,018,749 thousand and NT\$1,902,885 thousand as of September 30, 2021, December 31, 2020, and September 30, 2020, respectively.

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

(11) Other payables

Other payables consist of the following:

	2021.09.30	2020.12.31	2020.09.30
Accrued expenses	\$853,061	\$830,590	\$663,680
Accrued interest payable	5,702	5,099	5,676
Payables to equipment suppliers	470,121	170,800	136,317
Total	\$1,328,884	\$1,006,489	\$805,673

(12) Bonds Payable

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

	2021.09.30
Liability component	
Unsecured domestic bonds payable	\$500,000
Less : Discounts on domestic bonds payable	(15,596)
Total	484,404
Less : Current portion	-
Net	<u>\$484,404</u>
Embedded derivative - redemption, put options	<u>\$600</u>
Equity component - Conversion right	<u>\$63,936</u>

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

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

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

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

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

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

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

(13) Long-term loans

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

Lender	2021.09.30	Interest rate (%) (Note 2)	Maturity and terms of repayments
Bank of Communications Co., Ltd. Huangshi Branch – Secured bank loans	\$390,776	People's Bank of China benchmark interest rate rises by 10%	The loan is due to be settled
China Construction Bank Corporation Huangshi Branch – Credit loans	128,827	China Construction Bank benchmark interest rate, bargain on a case-by-case basis	The loan is due to be settled
Less: Current portion of long-term loans	(390,776)		
Non-current portion of long-term loans	\$128,287		
		Interest rate (%) (Note 2)	Maturity and terms of repayments
Bank of Communications Co., Ltd. – Huangshi Branch – Secured bank loans	\$654,722	People's Bank of China benchmark interest rate rises by 10%	The loan is due to be settled
Less: Current portion of long-term loans	-		
Non-current portion of long-term loans	\$654,722		

Lender	2020.09.30	Interest rate (%) (Note 2)	Maturity and terms of repayments
Bank of Communications Co., Ltd. – Huangshi Branch – Secured bank loans	\$636,688	People's Bank of China benchmark interest rate rises by 10%	The loan is due to be settled
Less: Current portion of long-term loans	-		
Non-current portion of long-term loans	\$636,688		

Note 1: Please refer to Note 8 for more details regarding certain property, plant and equipment pledged for secured bank loans.

Note 2: Interest rates of long-term loans are as follows:

	2021.09.30	2020.12.31	2020.09.30
Interest rate (%)	4.25%~4.38%	4.35%~4.785%	4.35%~4.785%

(14) Refund liability

	2021.09.30	2020.12.31	2020.09.30
Refund liability	\$202,620	\$100,753	\$90,973

(15) Long term deferred revenue

Government grants

	2021.01.01~ 2021.09.30	2020.01.01~ 2020.09.30
Beginning balance	\$380,616	\$406,659
Government grants	-	-
The recognition in profit or loss	(24,859)	(25,982)
Exchange differences	(5,884)	(2,343)
Ending Balance	\$349,873	\$378,334

	2021.09.30	2020.12.31	2020.09.30
Non-current deferred revenue related to assets	\$349,873	\$380,616	\$378,334

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

(16) Post-employment revenue

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended September 30, 2021 and 2020 were NT\$1,244 thousand and NT\$1,180 thousand, respectively, while for the nine-month periods ended September 30, 2021 and 2020 were NT\$3,674 thousand and NT\$3,841 thousand, respectively.

The additional pension expenses the Group recognized due to the appointment of managers for the three-month periods ended September 30, 2021 and 2020 are both NT\$54 thousand; the additional pension expenses the Group recognized due to the appointment of managers for the nine-month periods ended September 30, 2021 and 2020 are both NT\$162 thousand.

Defined benefits plan

Expenses under the defined benefits plan for the three-month periods ended September 30 2021 is NT\$0, while for the nine-month periods ended September 30 2021 is NT\$68 thousand.

(17) Equities

(A) Common stock

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

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

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

(B) Capital surplus

	2021.09.30	2020.12.31	2020.09.30
Additional paid-in capital	\$1,176,745	\$1,176,745	\$1,176,745
Treasury share transactions	32,214	32,214	32,214
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	15,531	15,531	15,531
Gain on sale of assets	155	155	155
Lapsed employee share option	6,528	6,528	6,528
Share options	83,646	19,710	19,710
Total	<u>\$1,314,819</u>	<u>\$1,250,883</u>	<u>\$1,250,883</u>

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

(C) Earning distribution and dividend policies

(a) Earning distribution

According to the company's articles of association, when allocating the current

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

(b) Dividend policy

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

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

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

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

(d) Special reserve

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

For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

Following the adoption of T-IFRS, the FSC on March 31, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022; company's first-time adoption of the T-IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve.

As of January 1, 2013, special reserve set aside for the first-time adoption of T-IFRS amounted to NT\$349,310 thousand. Furthermore, the Company has reversed special reserve in the amount of NT\$49,644 thousand to retained earnings during the year ended December 31, 2013 due to the use, disposal, or reclassification of related assets. As of September 30, 2020 and 2021, special reserve set aside for the first-time adoption of T-IFRS amounted to NT\$299,666 thousand.

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

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

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

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

(18) Operating revenue

	2021.07.01~ 2021.09.30	2020.07.01~ 2020.09.30	2021.01.01~ 2021.09.30	2020.01.01~ 2020.09.30
Revenue from contracts with customers				
Sale of goods	\$4,107,034	\$3,360,788	\$11,574,065	\$9,109,946
Other revenue	10,137	1,086	21,234	2,200
Total	<u>\$4,117,171</u>	<u>\$3,361,874</u>	<u>\$11,595,299</u>	<u>\$9,112,146</u>

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

A. Dissaggregation of revenue

	2021.07.01~ 2021.09.30	2020.07.01~ 2020.09.30	2021.01.01~ 2021.09.30	2020.01.01~ 2020.09.30
	Single department	Single department	Single department	Single department
Sale of goods	\$4,107,034	\$3,360,788	\$11,574,065	\$9,109,946
Other	10,137	1,086	21,234	2,200
Total	<u>\$4,117,171</u>	<u>\$3,361,874</u>	<u>\$11,595,299</u>	<u>\$9,112,146</u>

The timing for revenue recognition:

At a point in time	<u>\$4,117,171</u>	<u>\$3,361,874</u>	<u>\$11,595,299</u>	<u>\$9,112,146</u>
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B. Contract balances

Contract liabilities – current

	2021.09.30	2020.12.31	2020.09.30
Sale of goods	<u>\$11,573</u>	<u>\$13,447</u>	<u>\$18,612</u>

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

	<u>Sale of goods</u>
The opening balance transferred to revenue	\$(9,739)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	7,865

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

	<u>Sale of goods</u>
The opening balance transferred to revenue	\$(563)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	17,474

(19) Expected credit losses (gain)

	<u>2021.07.01~ 2021.09.30</u>	<u>2020.07.01~ 2020.09.30</u>	<u>2021.01.01~ 2021.09.30</u>	<u>2020.01.01~ 2020.09.30</u>
Operating expenses – Expected credit losses (gains)				
Account receivables	<u>\$(1,124)</u>	<u>\$(922)</u>	<u>\$(2,136)</u>	<u>\$9,787</u>

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

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

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

2021.09.30

	Not yet due (Note)	Past due				Total	
		<=30 days	31-60 days	61-90 days	91-120 days >=121 days		
Gross carrying amount	\$4,395,903	\$88,964	\$6,550	\$774	\$5	\$3,787	\$4,495,983
Loss ratio	-%	8.03%	100%	100%	100%	100%	
Lifetime expected credit losses	-	(7,141)	(6,550)	(774)	(5)	(3,787)	(18,257)
Carrying amount of trade receivables	\$4,395,903	\$81,823	\$-	\$-	\$-	\$-	\$4,477,726

2020.12.31

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

2020.09.30

	Not yet due (Note)	Past due				Total	
		<=30 days	31-60 days	61-90 days	91-120 days >=121 days		
Gross carrying amount	\$3,667,771	\$45,778	\$6,290	\$687	\$-	\$6,012	\$3,726,538
Loss ratio	0.02%	25%	100%	100%	100%	100%	
Lifetime expected credit losses	(849)	(11,523)	(6,290)	(687)	-	(6,012)	(25,361)
Carrying amount of trade receivables	\$3,666,922	\$34,255	\$-	\$-	\$-	\$-	\$3,701,177

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

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

	Notes receivable	Accounts receivable
2021.01.01	\$-	\$20,671
Addition/ (reversal) for the current period	-	(2,136)
Effect of exchange rate changes	-	(278)
Ending balance as of September 30, 2021	\$-	\$18,257
	Notes receivable	Accounts receivable
2020.01.01	\$-	\$15,789
Addition/ (reversal) for the current period	-	9,787
Effect of exchange rate changes	-	(215)
Ending balance as of September 30, 2020	\$-	\$25,361

(20) Leases

(A) Group as a lessee

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

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

A. Amounts recognized in the balance sheet

a. Right-of-use assets

Carrying amount of Right-of-use assets

	Land	Buildings	Machinery and equipment	Transport equipment	Total
Cost :					
2021.01.01	\$310,993	\$1,047	\$-	\$-	\$312,040
Additions	146,871	-	-	6,056	152,927
Disaposal	-	(1,047)	-	-	(1,047)
Exchange differences	(6,621)	-	-	-	(6,621)
2021.09.30	\$451,243	\$-	\$-	\$6,056	\$457,299
Cost :					
2020.01.01	\$306,892	\$1,047	\$2,224	\$-	\$310,163
Additions	-	-	-	-	-
Disaposal	(696)	-	(2,224)	-	(2,920)
Exchange differences	(1,740)	-	-	-	(1,740)
2020.09.30	\$304,456	\$1,047	\$-	\$-	\$305,503
Depreciation and impairment:					
2021.01.01	\$43,078	\$916	\$-	\$-	\$43,994
Depreciation	6,843	131	-	1,514	8,488
Disaposal	-	(1,047)	-	-	(1,047)
Exchange differences	(771)	-	-	-	(771)
2021.09.30	\$49,150	\$-	\$-	\$1,514	\$50,664
Depreciation and impairment:					
2020.01.01	\$36,638	\$393	\$1,482	\$-	\$38,513
Depreciation	4,561	392	62	-	5,015
Disaposal	(349)	-	(1,544)	-	(1,893)
Exchange differences	(200)	-	-	-	(200)
2020.09.30	\$40,650	\$785	\$-	\$-	\$41,435

Net carrying
amount:

2021.09.30	\$402,093	\$-	\$-	\$4,542	\$406,635
2020.12.31	\$267,915	\$131	\$-	\$-	\$268,046
2020.09.30	\$263,806	\$262	\$-	\$-	\$264,068

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

b. Lease liability

	2021.09.30	2020.12.31	2020.09.30
Lease liability	\$4,564	\$444	\$531
Current	\$2,012	\$444	\$531
Non-current	2,552	-	-
Total	\$4,564	\$444	\$531

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

B. Income and costs relating to leasing activities

	2021.07.01~ 2021.09.30	2020.07.01~ 2020.09.30	2021.01.01~ 2021.09.30	2020.01.01~ 2020.09.30
Short-term leases expenses	\$9,512	\$3,662	\$19,388	\$11,591

The portfolio of short-term leases of the Group to which it is committed as of September 30, 2021, December 31, 2020 and September 30, 2020 is dissimilar to the portfolio of short-term leases to which the short-term lease expenses disclosed above, and the amount of its lease commitments is NT\$0, NT\$0, NT\$3,482 thousand, respectively.

C. Cash outflow relating to leasing activities

The Group's total cash outflows for leases during the nine-month periods ended September 30, 2021 and 2020 amounting to NT\$20,931 thousand and NT\$11,629 thousand, respectively.

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

Function Nature	2021.07.01~2021.09.30			2020.07.01~2020.09.30		
	Operating costs	Operation expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salary	\$539,352	\$94,026	\$633,378	\$398,179	\$74,762	\$472,941
Labor and health insurance	-	2,077	2,077	-	1,781	1,781
Pension	-	1,298	1,298	-	1,234	1,234
Other employee benefits	23	244	267	28	60	88
Depreciation	160,965	11,669	172,634	169,489	12,946	182,435
Amortization	3,405	1,802	5,207	985	2,266	3,251

Function Nature	2021.01.01~2021.09.30			2020.01.01~2020.09.30		
	Operating costs	Operation expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salary	\$1,603,860	\$268,936	\$1,872,796	\$1,284,572	\$268,471	\$1,553,043
Labor and health insurance	-	6,192	6,192	-	5,682	5,682
Pension	-	3,836	3,836	-	4,071	4,071
Other employee benefits	68	342	410	68	4,779	4,847
Depreciation	494,565	34,202	528,767	485,888	35,801	521,689
Amortization	7,527	6,190	13,717	1,826	7,412	9,238

The Board of shareholders' meeting of the Company agreed on October 14, 2020 to amend the ratio of employees' compensation, becoming 6%~18% of profit of the current year. According to the resolution, 6%~18% of profit of the current year is distributable as employees' compensation and no higher than 3% of profit of the current year is distributable as

remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, thereto a report of such distribution is submitted to the shareholders' meeting.

Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The company is profitable in the period of January 1 to September 30, 2021, of which no less than 6% and no more than 3% are estimated as employee remuneration and directors' remuneration respectively. The amounts of employees' compensation and directors' compensation recognized in the period July 1 to September 30, 2021 are NT\$11,700 thousand and NT\$3,189 thousand, respectively. The amounts of employees' compensation and directors' compensation recognised under salary expenses in the period January 1 to September 30, 2021 are NT\$29,411 thousand and NT\$6,706 thousand, respectively.

The company is profitable in the period of January 1 to September 30, 2020, of which 10% and 1.5% are estimated as employee remuneration and directors' remuneration respectively. The amounts of employees' compensation and directors' compensation recognized in the period July 1 to September 30, 2020 are NT\$5,196 thousand and NT\$779 thousand, respectively. The amounts of employees' compensation and directors' compensation recognised under salary expenses in the period January 1 to September 30, 2020 are NT\$46,507 thousand and NT\$6,976 thousand, respectively.

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

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

(22) Non-operating income and expenses

(A) Interest income

	2021.07.01~ 2021.09.30	2020.07.01~ 2020.09.30	2021.01.01~ 2021.09.30	2020.01.01~ 2020.09.30
Interest income				
Financial assets measured at amortized cost	\$1,942	\$1,125	\$6,177	\$4,296

(B) Other income

	2021.07.01~ 2021.09.30	2020.07.01~ 2020.09.30	2021.01.01~ 2021.09.30	2020.01.01~ 2020.09.30
Other income — Others	\$67,019	\$35,988	\$152,333	\$92,034

(C) Other gains and losses

	2021.07.01~ 2021.09.30	2020.07.01~ 2020.09.30	2021.01.01~ 2021.09.30	2020.01.01~ 2020.09.30
Gain (loss) on disposal of property, plant and equipment	\$155	\$(24,069)	\$(17,145)	\$359,169
Foreign exchange gains (losses), net	(3,045)	(69,855)	(32,543)	(48,438)
Net gains(losses) on financial assets at fair value through profit or loss	5,364	-	5,989	-
Reversal of impairment gains (impairment losses)	3,801	4,484	18,491	35,552
Gains (losses) on lease modification	-	-	-	(511)
Others losses — others	(2,306)	(1,710)	(10,350)	(8,180)
Total	\$3,969	\$(91,150)	\$(35,558)	\$337,592

(D) Financial costs

	2021.07.01~ 2021.09.30	2020.07.01~ 2020.09.30	2021.01.01~ 2021.09.30	2020.01.01~ 2020.09.30
Interest on borrowings from bank	\$31,426	\$37,181	\$95,387	\$125,278
Interest on lease liability	15	1	51	6
Interest on bonds payable	1,837	-	2,793	-
Total	<u>\$33,278</u>	<u>\$37,182</u>	<u>\$98,231</u>	<u>\$125,284</u>

(23) Components of other comprehensive income (loss)

For the three-month period ended September 30, 2021

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	Net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	<u>\$(20,576)</u>	<u>\$-</u>	<u>\$(20,576)</u>	<u>\$-</u>	<u>\$(20,576)</u>

For the three-month period ended September 30, 2020

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	Net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	<u>\$84,735</u>	<u>\$-</u>	<u>\$84,735</u>	<u>\$-</u>	<u>\$84,735</u>

For the nine-month period ended September 30, 2021

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	Net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	\$(83,158)	\$-	\$(83,158)	\$-	\$(83,158)

For the nine-month period ended September 30, 2020

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	Net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	\$(35,249)	\$-	\$(35,249)	\$-	\$(35,249)

(24) Income tax

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

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

	2021.07.01~ 2021.09.30	2020.07.01~ 2020.09.30	2021.01.01~ 2021.09.30	2020.01.01~ 2020.09.30
Current income tax expense (income):				
Current income tax charge	\$40,326	\$8,253	\$63,139	\$24,469
Deferred tax expense (income):				
Deferred tax expense	57,637	9,421	99,455	65,656

(income) relating to origination
and reversal of temporary
differences

Adjustments in respect of current income tax of prior period	93	-	(24,675)	-
Total income tax expense	<u>\$98,056</u>	<u>\$17,674</u>	<u>\$137,919</u>	<u>\$90,125</u>

(b) Approval status of income tax declaration

As of September 30, 2021, the company's income tax declaration is up to 2019. °

(25) Earnings per share

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

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

	<u>2021.07.01~ 2021.09.30</u>	<u>2020.07.01~ 2020.09.30</u>	<u>2021.01.01~ 2021.09.30</u>	<u>2020.01.01~ 2020.09.30</u>
(a) Basic earnings per share				
Net income available to common shareholders of the parent	<u>\$154,714</u>	<u>\$36,543</u>	<u>\$324,171</u>	<u>\$685,217</u>
Weighted average number of common stocks by basic EPS (in thousand shares)	<u>277,514</u>	<u>277,514</u>	<u>277,514</u>	<u>259,010</u>
Basic earnings per share (in NT\$)	<u>\$0.56</u>	<u>\$0.13</u>	<u>\$1.17</u>	<u>\$2.65</u>
(b) Diluted earnings per share				
Net income available to common shareholders of the parent (in thousand NT\$)	\$154,714	\$36,543	\$324,171	\$685,217

Valuation adjustment of financial liabilities at fair value through profit or loss	150	-	(350)	-
Interest expense on convertible bonds	1,837	-	2,793	-
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	<u>\$156,701</u>	<u>\$36,543</u>	<u>\$326,614</u>	<u>\$685,217</u>
Weighted average number of common stocks by basic EPS (in thousand shares)	277,514	277,514	277,514	259,011
Effect of dilution :				
Employee bonus (compensation) - stock (in thousand shares)	1,387	2,680	1,909	2,680
Convertible bonds (in thousand shares)	21,645	-	21,645	-
Weighted average number of common stocks after dilution (in thousand shares)	<u>300,546</u>	<u>280,194</u>	<u>301,068</u>	<u>261,691</u>
Diluted earnings per share (in NT\$)	<u>\$0.52</u>	<u>\$0.13</u>	<u>\$1.08</u>	<u>\$2.62</u>

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

7. Related party transactions

(a) Significant transactions with related parties

(b) Key management personnel compensation

	2021.07.01~ 2021.09.30	2020.07.01~ 2020.07.30	2021.01.01~ 2021.09.30	2020.01.01~ 2020.09.30
Short-term employee benefits	\$10,217	\$10,197	\$30,512	\$27,937
Post-employment benefits	319	322	955	967
Total	<u>\$10,536</u>	<u>\$10,519</u>	<u>\$31,467</u>	<u>\$28,904</u>

8. Assets pledged as collateral

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

<u>Assets</u>	<u>Book value</u>	<u>Purpose of pledge</u>
<u>2021.09.30</u>		
Property, plant and equipment – buildings	\$1,374,598	Secured loan
Right-of-use assets	229,049	Secured loan
Total	<u>\$1,603,647</u>	

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

<u>Assets</u>	<u>Book value</u>	<u>Purpose of pledge</u>
<u>2020.09.30</u>		
Property, plant and equipment – buildings	\$1,150,333	Secured loan
Construction in progress	223,573	Secured loan
Right-of-use assets	233,032	Secured loan
Financial assets carried at amortized cost	2,000	Security deposit to custom authority
Total	<u>\$1,608,938</u>	

9. Significant contingencies and unrecognized contract commitments

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

<u>Type of Asset</u>	<u>Total Amount</u>	<u>Amount paid</u>	<u>Amount unpaid</u>
Machinery and construction contracts	<u>\$2,122,296</u>	<u>\$403,834</u>	<u>\$1,718,462</u>

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

10. Losses due to major disasters

None

11. Significant subsequent events

None

12. Others

(1) Types of financial instrument

Financial assets

	<u>2021.09.30</u>	<u>2020.12.31</u>	<u>2020.09.30</u>
Financial assets measured at amortized cost:			
Cash and cash equivalents (exclude cash on hand)	\$1,833,181	\$998,218	\$1,669,531
Financial assets measured at amortized cost	1,226	201,253	205,608
Notes receivables	26,482	262,063	126,433
Trade receivables	4,451,244	3,716,755	3,574,744
Other receivables	120,299	121,852	76,433
Refundable deposits	1,478	4,511	4,542
Total	<u>6,433,910</u>	<u>5,304,652</u>	<u>5,657,291</u>
Financial assets at fair value through profit or loss:			
Held for trading	6,178	-	-
Total	<u>\$6,440,088</u>	<u>\$5,304,652</u>	<u>\$5,657,291</u>

Financial liabilities

	<u>2021.09.30</u>	<u>2020.12.31</u>	<u>2020.09.30</u>
Financial liabilities measured at amortized cost:			
Short term loan	\$3,380,520	\$2,582,600	\$3,577,750
Payables	5,550,752	3,833,849	3,052,281
Bonds payable	484,404	-	-
Long term loan (including current portion with maturity less than 1 year)	519,603	654,722	636,688

Lease liability (including current portion with maturity less than 1 year)	4,564	444	531
Total	<u>\$9,539,843</u>	<u>\$7,071,615</u>	<u>\$7,267,250</u>

(2) Financial risk management objectives and policies

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

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

(3) Market risk

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

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

Foreign currency risk

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

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

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

If NT dollars appreciates/depreciates against US dollars by 1%, net income (loss) for the nine-month periods ended September 30, 2021 and 2020 would decrease/increase by NT\$11,149 thousand and NT\$1,027 thousand, respectively.

If NT dollars appreciates/depreciates against RMB dollars by 1%, net income (loss) for the nine-month periods ended September 30, 2021 and 2020 would increase/decrease by NT\$46,179 thousand and NT\$32,905 thousand, respectively.

Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and loans with variable interest rates. If interest rate increases/decreases by 0.1%, the net income (loss) for the nine-month periods ended September 30, 2021 and 2020 would decrease/increase by NT\$2,678 thousand and decrease/increase by NT\$3,107 thousand, respectively.

Equity price risk

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

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for

accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

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

As of September 30, 2021 and December 31, 2020 and September 30, 2020 the accounts receivable from top ten customers accounts for 62.82%、64.11% and 59.44% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

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

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

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

(5) Liquidity risk management

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

Non-derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
<u>2021.09.30</u>					
Loans	\$3,832,878	\$133,964	\$-	\$-	\$3,966,842
Payables	5,550,752	-	-	-	5,550,752
Bonds payable	-	484,404	-	-	484,404
Lease liability	2,012	2,552	-	-	4,564
<u>2020.12.31</u>					
Loans	\$2,652,233	\$686,051	\$-	\$-	\$3,338,284
Payables	3,833,849	-	-	-	3,833,849
Lease liability	444	-	-	-	444
<u>2020.09.30</u>					
Loans	\$3,673,719	\$667,153	\$-	\$-	\$4,340,872
Payables	3,052,281	-	-	-	3,052,281
Lease liability	532	-	-	-	532

(6) Reconciliation of liabilities arising from financing activities

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

	Short-term loans	Bonds payable	Long-term loans	Refundable deposits	Lease liability	Total liabilities from financing activities
2021.01.01	\$2,582,600	\$-	\$654,722	\$25,163	\$444	\$3,262,929
Cash flows	797,920	545,297	(124,533)	8,022	(1,543)	1,225,163
Non-cash changes						
Lease modification	-	-	-	-	5,612	5,612
Others	-	(63,686)	-	-	-	(63,686)
Interest expense	-	2,793	-	-	51	2,844
Foreign exchange movement	-	-	(10,586)	-	-	(10,586)
2021.09.30	\$3,380,520	\$484,404	\$519,603	\$33,185	\$4,564	\$4,422,276

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

	Short-term loans	Long-term loans	Refundable deposits	Lease liability	Total liabilities from financing activities
2020.01.01	\$2,763,265	\$2,443,822	\$25,335	\$1,328	\$5,233,750
Cash flows	814,485	(1,768,273)	62	(38)	(953,764)
Non-cash changes					
Lease modification	-	-	-	(765)	(765)
Interest of lease liability	-	-	-	6	6
Foreign exchange movement	-	(38,861)	-	-	(38,861)
2020.09.30	\$3,577,750	\$636,688	\$25,397	\$531	\$4,240,366

(7) Fair values of financial instruments

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

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

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

- (d) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
- (e) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

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

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

	Carrying amount		
	2021.09.30	2020.12.31	2020.09.30
Financial liability :			
Bonds payable	\$484,404	\$-	\$-
	Fair Value		
	2021.09.30	2020.12.31	2020.09.30
Financial liability :			
Bonds payable	\$487,400	\$-	\$-

(C) Fair value measurement hierarchy for financial instruments

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

(8) Derivatives

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

Embedded derivative

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

Forward currency contract

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

<u>Items</u> <u>(by contract)</u>	<u>Notional Amount</u> <u>(in thousand dollars)</u>	<u>Contract Period</u>
2021.09.30		
Forward currency contract	Sold USD 3,000	2021.07.28~2021.10.26
Forward currency contract	Sold USD 3,500	2021.07.29~2021.10.26
Forward currency contract	Sold USD 2,000	2021.08.30~2021.11.26
Forward currency contract	Sold USD 3,000	2021.08.30~2021.11.26
Forward currency contract	Sold USD 3,000	2021.08.31~2021.11.26
Forward currency contract	Sold USD 2,000	2021.08.31~2021.11.26
Forward currency contract	Sold USD 3,500	2021.09.28~2021.12.27
2020.12.31		
None		
2020.09.30		
None		

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

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

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability.

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

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

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

September 30, 2021:

	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value:</u>				
Financial assets at fair value through profit or loss				
Forward currency contract	\$-	\$5,578	\$-	\$5,578
Convertible bonds	-	-	600	600
Total	\$-	\$5,578	\$600	\$6,178

As of December 31, 2020: None

As of September 30, 2020: None

Transfers between Level 1 and Level 2 during the period

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

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

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

	<u>Assets</u>
	Derivatives measured at fair value through profit and loss
Beginning balance as of January 1, 2021	\$-
Issuance for the nine-month period ended 09/30/2021	250
Recognition of gains or losses for the nine-month period ended 09/30/2021 (recognized in Other gains and losses)	350
Ending balance as of September 30, 2021	<u>\$600</u>

Total gains and losses recognized in profit or loss for the nine-month periods ended September 30, 2021 and 2020 in the table above contain gains and losses related to assets on hand as at September 30, 2021 and 2020 in the amount of NT\$350 thousand and NT\$0 thousand, respectively.

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

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

As of September 30, 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
At fair value through profit and loss	Binary tree-based model for valuation	Volatility	44.50%	The higher the volatility, the higher the fair value	5% increases (decreases) in volatility would result in increase(decrease) in the Group's profit or loss by NT\$45 thousand
Embedded derivatives	of convertible bonds				

As of December 31, 2020: None

As of September 30, 2020: None

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

As of September 30, 2021

	Level 1	Level 2	Level 3	Total
Financial liability not measured at fair value but for which the fair value is disclosed :				
Bonds payable (Please refer to Note 6 (12))	\$-	\$-	\$487,400	\$487,400

As of December 31, 2020: None

As of September 30, 2020: None

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

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

	2021.09.30			2020.09.30		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>						
Monetary						
items:						
USD	\$130,439	27.85	\$3,632,712	\$113,568	29.10	\$3,304,838
RMB	\$489,412	4.2942	\$2,101,658	\$488,204	4.2731	\$2,086,130

Financial liabilities

Monetary						
items:						
USD	\$79,053	27.85	\$2,201,617	\$59,976	29.10	\$1,745,301
RMB	\$1,564,778	4.2942	\$6,719,545	\$1,258,258	4.2731	\$5,376,628

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

Financial liabilities

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

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

Due to the various types of individual functional currencies of the Group, it is impossible to disclose information on the exchange gains and losses of monetary financial assets and financial liabilities according to the foreign currencies that have a significant impact. The Group's foreign currency exchange (loss) gain from January 1 to September 31, 2021 and 2020 were NT\$(32,543) thousand and NT\$(48,438)thousand , respectively.

(11) Capital management

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

13. Other disclosures

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

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

- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of September 30, 2021: None.
- i. Financial instruments and derivative transactions: None.
- j. Significant intercompany transactions between the parent with subsidiaries or among subsidiaries: Please refer to Attachment 8.

(2) Information on investees:

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

- B. An investor controls the operation, investment, and financial decisions of an investee, the related information Note13(1) for the investee shall be disclosed as below:
 - (a) Financing provided to others: Please refer to Attachment 4.
 - (b) Endorsement/Guarantee provided to others:None ◦
 - (c) Securities held as of September 30, 2021 (excluding subsidiaries, associates, and joint ventures): None.
 - (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of capital stock as of September 30, 2021: None.
 - (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock: Please refer to Attachment 5.
 - (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock: None.
 - (g) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20% of capital stock: Please refer to Attachment 6.
 - (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of September 30, 2021: Please refer to Attachment 7.
 - (i) Financial instruments and derivative transactions: Please refer to Note12(8).

(3) Information on investments in Mainland China:

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

(In Thousand New Taiwan Dollars)

Name of investee in China	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2021	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognised	Carrying amount as of September 30, 2021	Accumulated Inward Remittance of Earnings as of September 30, 2021	Accumulated Outflow of Investment from Taiwan as of September 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment by MOEA
					outflow	Inflow									
Dynamic Electronics (Kunshan) Co., Ltd.	Manufacture and sales of PCB	\$2,228,800 (Note 2·3 and 6)	(Note 11)	\$2,260,265	\$-	\$-	\$2,260,265	\$(55,263) (Note 2)	100%	\$(55,263) (Note 2·4·5 and 10)	\$2,575,862 (Note 2·4·5 and 10)	\$1,679,522 (Note 2)	\$2,260,265	\$2,260,265	No upper limit on investment (Note 9)

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

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

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

Dynamic Electronics (Huangshi) Co., Ltd.	Manufacture and sales of PCB	\$3,620,500 (Note 2、7 and 8)	(Note 1)	\$504,167	\$-	\$-	\$504,167	\$267,778 (Note 2)	100%	\$233,977 (Note 2、4、5 and 10)	\$4,570,269 (Note 2、4、5 and 10)	\$-	\$504,167	\$504,167
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Note 1: The Company indirectly invested in its China subsidiary through WINTEK (MAURITIUS) CO., LTD. and Dynamic Holding Pte. Ltd.

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

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

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

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

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

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

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

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

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

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

- b. Purchases and balance of the related accounts payable as of September 30, 2021: Please refer to Attachment 8.
 - c. Sales and balance of the related accounts receivable as of September 30, 2021: None.
 - d. The profit and loss produced by transaction of the property:
As of September 30, 2021, the Company's unrealized profit of property, plant and equipment amounted to NT\$ 158,038 thousand under the investment balance using the equity method.
 - e. Ending balance of endorsements/guarantees or collateral provided and purposes: Please refer to Attachment 1.
 - f. The amount of maximum financing, the balance interest rates, and lump sum interest expense: Please refer to Attachment 5.
 - g. The transactions that have significant impact on the profit or loss of the current period or the financial position, such as service provided or rendered: Please refer to Attachment 8.
 - h. The aforementioned transaction had been eliminated in the consolidated financial statements. Please refer to Attachment 8.
- (4) Information on major shareholders:
None

14. Operating Segment information

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

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

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

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

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

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

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

	Taiwan PCB segment	China (Kunshan) PCB segment	China (Huangshi) PCB segment	Sub-total	Adjustments and eliminations (Note 1)	Consolidated
<u>2021.07.01~2021.09.30</u>						
Revenues						
External customers	\$3,228,414	\$455,701	\$433,056	\$4,117,171	\$-	\$4,117,171
Inter-segment	-	2,418,456	1,420,983	3,839,439	(3,838,439)	-
Interest revenue	212	8,492	762	9,466	(7,524)	1,942
Total	<u>\$3,228,626</u>	<u>\$2,882,649</u>	<u>\$1,854,801</u>	<u>\$7,966,076</u>	<u>\$(3,846,963)</u>	<u>\$4,119,113</u>
Segment income (loss)	<u>\$(45,825)</u>	<u>\$52,813</u>	<u>\$147,726</u>	<u>\$154,714</u>	<u>\$-</u>	<u>\$154,714</u>
<u>2020.07.01~2020.09.30</u>						
Revenues						
External customers	\$2,744,261	\$523,409	\$94,204	\$3,361,874	\$-	\$3,361,874
Inter-segment	-	1,925,429	1,040,349	2,965,778	(2,965,778)	-
Interest revenue	206	15,405	160	15,771	(14,646)	1,125
Total	<u>\$2,744,467</u>	<u>\$2,464,243</u>	<u>\$1,134,713</u>	<u>\$6,343,423</u>	<u>\$(2,980,424)</u>	<u>\$3,362,999</u>
Segment income (loss)	<u>\$95,419</u>	<u>\$(102,970)</u>	<u>\$44,094</u>	<u>\$36,543</u>	<u>\$-</u>	<u>\$36,543</u>

2021.01.01~2021.09.30

Revenues						
External customers	\$9,026,082	\$1,473,797	\$1,095,420	\$11,595,299	\$-	\$11,595,299
Inter-segment	-	7,029,080	3,977,391	11,006,471	(11,006,471)	-
Interest revenue	974	24,253	2,138	27,365	(21,188)	6,177
Total	<u>\$9,027,056</u>	<u>\$8,527,130</u>	<u>\$5,074,949</u>	<u>\$22,629,135</u>	<u>\$(11,027,659)</u>	<u>\$11,601,476</u>
Segment income (loss)	<u>\$100,195</u>	<u>\$(51,441)</u>	<u>\$275,417</u>	<u>\$324,171</u>	<u>\$-</u>	<u>\$324,171</u>

2020.01.01~2020.09.30

Revenues						
External customers	\$7,503,928	\$1,268,225	\$339,993	\$9,112,146	\$-	\$9,112,146
Inter-segment	-	5,334,333	2,698,669	8,033,002	(8,033,002)	-
Interest revenue	13,731	34,138	669	48,538	(44,242)	4,296
Total	<u>\$7,517,659</u>	<u>\$6,636,696</u>	<u>\$3,039,331</u>	<u>\$17,193,686</u>	<u>\$(8,077,244)</u>	<u>\$9,116,442</u>
Segment income (loss)	<u>\$584,005</u>	<u>\$(73,676)</u>	<u>\$174,888</u>	<u>\$685,217</u>	<u>\$-</u>	<u>\$685,217</u>

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

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

	Taiwan PCB segment	China (Kunshan) PCB segment	China (Huangshi) PCB segment	Sub-total	Adjustments and eliminations	Consolidated
Segment assets						
As of 30/09/2021	<u>\$7,112,174</u>	<u>\$8,404,010</u>	<u>\$7,751,629</u>	<u>\$23,267,813</u>	<u>\$(7,002,640)</u>	<u>\$16,265,173</u>
As of 31/12/2020	<u>\$6,135,444</u>	<u>\$7,437,501</u>	<u>\$6,025,355</u>	<u>\$19,598,300</u>	<u>\$(6,412,994)</u>	<u>\$13,185,306</u>
As of 30/09/2020	<u>\$6,381,920</u>	<u>\$7,713,504</u>	<u>\$5,813,060</u>	<u>\$19,908,484</u>	<u>\$(6,622,168)</u>	<u>\$13,286,316</u>

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Endorsement/Guarantee Provided to Others

For the nine-month period ended September 30, 2021

Attachment 1

(In Thousands of New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3)	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
No. (Note 1)	Name	Name	Relationship (Note2)										
0	Dynamic Electronics Co., Ltd.	Dynamic Eelectronics (Huangshi) Co., Ltd.	2	\$5,325,209	\$1,806,000	\$1,334,400	\$1,195,400	\$-	25.06%	\$5,325,209	Y	N	Y
0	Dynamic Electronics Co., Ltd.	Dynamic Eelectronics (Kunshan) Co., Ltd.	2	\$5,325,209	\$284,850	\$278,000	\$278,000	\$-	5.22%	\$5,325,209	Y	N	Y
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	2	\$5,325,209	\$84,000	\$83,400	\$-	\$-	1.57%	\$5,325,209	Y	N	N

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

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

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

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

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

For the nine-month period ended September 30, 2021

Attachment 2

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note	
			Purchase/Sale	Amount	% to Total	Payment/Collection Term	Unit Price	Payment/Collection Term	Ending Balance		% to Total
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchase	<u>\$1,941,290</u>	99.94%	90 days after monthly closing	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 60~120 days after monthly closing	Accounts payable \$293,239	99.79%	Note 1

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

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

As of September 30, 2021

Attachment 3

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Address	Main Business and Product	Original Investment Amount		Balance as of September 30, 2021			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				September 30, 2021	December 31, 2020	Shares	%	Carrying Value			
Dynamic Electronics Co., Ltd.	WINTEK (MAURITIUS) CO., LTD.	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	Investing activities	\$2,783,433	\$2,779,262	8,581,000	100.00%	\$4,563,374	\$184,489	\$188,918 (Note 1)	Note 3
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1st Floor, #5 DEKK House, De Zippora Street, P.O. Box 456, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	\$1,555	\$1,555	50,000	100.00%	\$1,854	\$4	\$4	Note 3
Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	1st Floor, #5 DEKK House, De Zippora Street, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	\$1,556	\$1,556	50,000	100.00%	\$522,257	\$169,532	\$169,532	Note 3
Dynamic Electronics Co., Ltd.	Dynamic Electronics Trading Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Management operations services	\$1,541	\$1,541	50,000	100.00%	\$2,634	\$154	\$154	Note 3
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics Holding Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Investing activities	\$1,559,261	\$1,555,090	141,917,000	100.00%	USD 164,339	USD 6,575	USD 6,575 (Note 2)	Note 3

Note1: Including investment profit recognized under equity method amounted to NT\$184,489 thousand, realized profit on transaction between subsidiaries amounted to NT\$20,189 thousand and unrealized profit on transaction subsidiaries between amounted to NT\$15,760 thousand .

Note2: Including investment loss recognized under equity method amounted to USD6,575 thousand, realized profit on transaction between subsidiaries amounted to USD35 thousand and unrealized profit on transaction between subsidiaries amounted to USD35 thousand .

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Financing provided to others

For the nine-month period ended September 30, 2021

Attachment 4

(In Thousands of New Taiwan Dollars)

NO. (Note1)	Lender	Counter-party	Financial accounting account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 2)	Amount of sales to(purchases from) counter- party	Reason for financing	Loss Allowance	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
1	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Other receivables	Yes	\$1,567,150	\$1,112,800	\$727,600	4.35%	2	\$-	Business Turnover	\$-	-	\$-	\$1,545,517 (Note 3)	\$1,545,517 (Note 3)

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

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

Note 2: Nature of financing is coded as follows:

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Acquisition of Individual Real Estate with Amount exceeding the lower of NTS300 Million or 20% of Capital Stock

For the nine-month period ended September 30, 2021

Attachment 5

(In Thousands of Foreign Currency)

Acquiring Company	Name of Property	Transaction Date	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	Relationship with the Company	Transfer Date	Amount			
Dynamic Electronics (Huangshi) Co. Ltd.	<u>Buildings</u> Construction of Huangshi Plant	2021.07.02	RMB 253,980	RMB 23,301 thousand was paid as of September 30, 2021	Fujian Huidong Construction Engineering Co., Ltd.	None	None	None	None	None	Bidding	Production expansion and operation planning	None
Dynamic Electronics (Huangshi) Co. Ltd.	Construction of Huangshi Plant	2021.09.01	RMB 126,350	RMB 7,194 thousand was paid as of September 30, 2021	Fujian Huidong Construction Engineering Co., Ltd.	None	None	None	None	None	Bidding	Production expansion and operation planning	None

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

Attachment 6
(In Thousands of Foreign Currency)

The company of purchase and sales	Counterparty	Nature of relationship	Intercompany Transaction				Abnormal Transaction		Notes/ Accounts Payable or Receivable		
			Purchases /Sales	Amount	% to Total	Payment/Collection Term	Unit Price	Payment/Collection Term	Ending Balance	% to Total	Note
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Sub-subsidiary	Sales	RMB 1,489,265	76.04%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably	Non relative parties are 60~150 days after monthly closing.	Accounts receivable RMB 439,177	65.93%	Note 1
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Sub-subsidiary	Purchase	RMB 463,238	28.89%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably	Non relative parties are 90~120 days after monthly closing.	Accounts payable RMB 222,344	26.97%	Note 1
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Sub-subsidiary	Sales	RMB 131,580	6.72%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably	Non relative parties are 60~150 days after monthly closing.	Accounts receivable RMB 74,509	11.19%	Note 1
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Sub-subsidiary	Purchase	RMB 131,580	14.29%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably	Non relative parties are 90~120 days after monthly closing.	Accounts payable RMB 74,509	16.50%	Note 1
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Sub-subsidiary	Sales	RMB 463,238	39.64%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably	Non relative parties are 120 days after monthly closing.	Accounts receivable RMB 222,344	47.86%	Note 1
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Sub-subsidiary	Sales	RMB 451,894	38.67%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably	Non relative parties are 120 days after monthly closing.	Accounts receivable RMB 119,686	25.76%	Note 1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Subsidiary	Purchase	USD 69,679	23.31%	90 days after monthly closing.	Not comparable	No non-related parties to be compared with.	Accounts payable USD 18,456	21.41%	Note 1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	Sales	USD 229,596	76.82%	90 days after monthly closing.	Not comparable	No non-related parties to be compared with.	Accounts receivable USD 75,660	87.78%	Note 1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd	Subsidiary	Sales	USD 69,264	23.18%	90 days after monthly closing.	Not comparable	No non-related parties to be compared with.	Accounts receivable USD 10,529	12.22%	Note 1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchase	USD 229,181	76.69%	90 days after monthly closing.	Not comparable	No non-related parties to be compared with.	Accounts payable USD 67,733	78.59%	Note 1
Dynamic Electronics Co., Ltd (Seychelles)	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchase	USD 229,596	98.92%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably	Non relative parties are 90 days after monthly closing.	Accounts payable USD 75,660	99.18%	Note 1

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

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

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

As of September 30, 2021

Attachment 7

(In Thousands of Foreign Currency)

Company name	Related Party	Nature of relationship	Ending Balance	Turnover rate	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action taken		
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Sub-subsi-dary	<u>RMB 439,177</u> (Note 1 and Note 2)	<u>4.64</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd	Subsidiary	<u>USD 10,529</u> (Note 1 and Note 2)	<u>5.50</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	<u>USD 75,660</u> (Note 1 and Note 2)	<u>4.71</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Sub-subsi-dary	<u>RMB 119,686</u> (Note 1 and Note 2)	<u>5.81</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Sub-subsi-dary	<u>RMB 222,344</u> (Note 1 and Note 2)	<u>2.92</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Sub-subsi-dary	<u>RMB 74,509</u> (Note 1 and Note 2)	<u>4.69</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>

Note 1 : Accounts receivable

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Intercompany relationships and significant intercompany transactions

For the nine-month period ended September 30, 2021

Attachment 8

(In Thousands of Foreign Currency / New Taiwan Dollars)

NO. (Note1)	Company name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transaction			Percentage to Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statement Account	Amount	Terms	
	2021.01.01~2021.09.30						
0	Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1	Purchases	\$1,941,290	90 days after monthly closing	16.74%
0	Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1	Accounts payable	\$293,239	90 days after monthly closing	1.80%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. Taiwan Branch (Seychelles)	1	Other managing expenses	\$19,566	-	0.17%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. Taiwan Branch (Seychelles)	1	Rent income	\$2,430	-	0.02%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	3	Purchases	USD 229,181	90 days after monthly closing	55.05%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	3	Accounts payable	USD 67,733	90 days after monthly closing	11.60%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Purchases	USD 69,679	90 days after monthly closing	16.74%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Accounts payable	USD 18,456	90 days after monthly closing	3.16%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic PCB Electronics Co., Ltd.	3	Purchases	USD 229,596	90 days after monthly closing	55.15%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic PCB Electronics Co., Ltd.	3	Accounts payable	USD 75,660	90 days after monthly closing	12.95%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Trading Pte. Ltd.	3	Other managing expenses	USD 34	-	0.01%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Co., Ltd. Taiwan Branch (Seychelles)	3	Other managing expenses	USD 2,103	-	0.51%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Co., Ltd.	2	Receipts under custody	USD 240	-	-%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Purchases	RMB 463,238	90 days after monthly closing	17.16%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Accounts payable	RMB 222,344	90 days after monthly closing	5.87%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other receivables	RMB 4,560	-	0.12%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other receivables	RMB 170,000	-	4.49%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other interest income	RMB 4,881	-	0.18%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other operating revenue	RMB 1,065	-	0.04%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other manufacturing expenses	RMB 11	-	-%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Outsourced manufacturing expenses	RMB 1,402	-	0.05%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Accounts receivables	RMB 74,509	90 days after monthly closing	1.97%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Sales	RMB 131,580	90 days after monthly closing	4.87%

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

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

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

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

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

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