

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 AUDIT REPORT OF INDEPENDENT ACCOUNTANTS  
AS OF DECEMBER 31, 2020 AND 2019  
AND FOR THE YEARS 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.*

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

**Consolidated Financial Statements  
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**MANAGEMENT REPRESENTATION LETTER**

The entities that are required to be included in the combined financial statements of Dynamic Electronics Co., LTD. as of December 31, 2020 and for the year then ended under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Dynamic Electronics Co., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

DYNAMIC ELECTRONICS CO., LTD.

By

KEN HUANG

Chairman

February 26<sup>th</sup> 2021

English Translation of Consolidated Financial Statements and a Report Originally Issued in Chinese  
**AUDIT REPORT OF INDEPENDENT AUDITORS**

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

**Opinion**

We have audited the accompanying consolidated balance sheets of Dynamic Electronics Co., LTD. (the “Company”) and its subsidiaries as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2020 and 2019, and their consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

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

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's consolidated revenue amounting to NT\$12,624,101 thousand for the year ended December 31, 2020 is a significant account to the Company's consolidated financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, Asia and Europe, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. We therefore conclude that there are significant risks with respect to the topic of revenue recognition.

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



### Provision against inventory

We determine that provision against inventory is also one of the key audit matters. The Company and its subsidiaries' inventory in amount of NT\$1,598,097 thousand, representing 12% of consolidated total assets, as of December 31, 2020 is significant to the Company's consolidated financial statements. The application market of the Company's main products, PCB, has been developing and changing rapidly and influenced significantly by end-customers' preference. The management therefore has to closely monitor the status of new products development and market demand for evaluating any significant impairment, including loss from market decline and slow-movement, incurred toward inventory. Also there was significant management judgement involved in determining the sufficiency of inventory loss provision. With respect to the key audit matter – provision against inventory, our audit procedures include, but not limit to, evaluating the appropriateness of inventory provision policy including how to identify the phased-out or slow-moving items, testing the correctness of inventory aging report, analyzing the reasons for slow-moving inventory, performing observation on the Company and its subsidiaries' inventory physical taking, and looking into the status of inventory utilization. Meanwhile, we have evaluated the appropriateness of the related disclosure in Note 5 and 6 to the consolidated financial statements.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

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

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

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

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



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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Others

We have audited and expressed an unqualified opinion on the parent-company-only financial statements of the Company for the years ended December 31, 2020 and 2019.

Cheng, Ching-Piao

Lo, Hsiao Chin

Ernst & Young  
February 26<sup>th</sup>, 2021  
Taipei, Taiwan,  
Republic of China

### Notices to Readers

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2020 and 2019

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			As of December 31, 2020		As of December 31, 2019	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$998,567	8	\$1,038,492	8
1136	Financial assets carried at amortized cost	4, 6(2), 8	201,253	1	22,302	-
1150	Notes receivable, net	4, 6(3)	262,063	2	183,613	1
1170	Accounts receivable, net	4, 6(4)	3,716,755	28	3,940,279	29
1200	Other receivables		121,852	1	122,230	1
1310	Inventories, net	4, 6(5)	1,598,097	12	1,519,960	11
1410	Prepayments		376,645	3	443,495	3
1460	Non-current assets held for sale	4, 6(6), 8	-	-	217,280	2
1470	Other current assets		6,016	-	4,768	-
11xx	Total current assets		7,281,248	55	7,492,419	55
	Non-current assets					
1600	Property, plant and equipment	4, 6(7), 8, 9	5,240,292	40	5,331,401	40
1755	Right-of-use assets	4, 6(20), 8	268,046	2	271,650	2
1780	Intangible assets	4, 6(8)	28,812	-	13,709	-
1840	Deferred tax assets	4, 6(24)	362,397	3	405,293	3
1900	Other non-current assets	6(9), 8	4,511	-	4,456	-
15xx	Total non-current assets		5,904,058	45	6,026,509	45
1xxx	Total assets		\$13,185,306	100	\$13,518,928	100

(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 December 31, 2020 and 2019

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2020		As of December 31, 2019	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(10), 8	\$2,582,600	20	\$2,763,265	21
2130	Contract liability	4, 6(18)	13,447	-	1,701	-
2170	Accounts payable		2,827,360	21	2,456,660	18
2200	Other payables	6(11)	1,006,489	8	988,342	7
2230	Current tax liabilities	4, 6(24)	24,178	-	10,969	-
2280	Lease liabilities	4, 6(20), 8	444	-	1,195	-
2300	Other current liabilities		38,607	-	32,170	-
2322	Current portion of long-term loans	6(12), 8	-	-	1,799,200	13
2365	Refund liability	4, 6(13)	100,753	1	98,260	1
21xx	Total current liabilities		6,593,878	50	8,151,762	60
	Non-current liabilities					
2540	Long-term loans	6(12), 8	654,722	5	644,622	5
2570	Deferred tax liabilities	4, 6(24)	397,870	3	378,721	3
2580	Lease liabilities	4, 6(20), 8	-	-	133	-
2630	Long-term deferred revenue	4, 6(14)	380,616	3	406,659	3
2640	Net defined benefit liability	4	1,791	-	1,575	-
2645	Guarantee deposits		25,163	-	25,335	-
25xx	Total non-current liabilities		1,460,162	11	1,457,045	11
2xxx	Total liabilities		8,054,040	61	9,608,807	71
31xx	Equity attributable to the parent company					
3100	Capital	6(16)				
3110	Common stock		2,775,141	21	2,810,594	21
3200	Capital surplus	6(16)	1,250,883	10	1,061,873	8
3300	Retained earnings	6(16)				
3310	Legal reserve		531,385	4	531,385	4
3320	Special reserve		299,666	2	299,666	2
3350	Accumulated profit or loss		679,065	5	(335,453)	(3)
3400	Other components of equity		(404,874)	(3)	(457,944)	(3)
3xxx	Total equity		5,131,266	39	3,910,121	29
	Total liabilities and equity		\$13,185,306	100	\$13,518,928	100

(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 COMPREHENSIVE INCOME  
For the years ended December 31, 2020 and 2019  
(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Accounts	Notes	2020		2019	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(18)	\$12,624,101	100	\$13,717,231	100
5000	Operating costs		(10,910,451)	(87)	(11,958,171)	(87)
5900	Gross profit		1,713,650	13	1,759,060	13
6000	Operating expenses					
6100	Sales and marketing expenses		(608,298)	(5)	(624,358)	(5)
6200	General and administrative expenses		(541,334)	(4)	(594,769)	(4)
6300	Research and development expenses		(10,095)	-	(14,227)	-
6450	Expected credit gains (losses)	4, 6(19)	(5,148)	-	51	-
	Operating expenses total		(1,164,875)	(9)	(1,233,303)	(9)
6900	Operating income		548,775	4	525,757	4
7000	Non-operating income and expenses	6(22)				
7010	Other income		140,758	1	119,703	1
7020	Other gains and losses		249,109	2	(186,975)	(1)
7050	Finance costs		(160,759)	(1)	(221,849)	(2)
	Non-operating income and expenses total		229,108	2	(289,121)	(2)
7900	Income from continuing operations before income tax		777,883	6	236,636	2
7950	Income tax expense	4, 6(24)	(98,818)	(1)	(81,330)	(1)
8200	Net income		679,065	5	155,306	1
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		53,070	1	(185,503)	(1)
8399	Income tax related to items that may be reclassified subsequently to profit or loss		-	-	10,818	-
	Total other comprehensive income (loss), net of tax		53,070	1	(174,685)	(1)
8500	Total comprehensive income (loss)		\$732,135	6	\$(19,379)	-
8600	Net income attributable to:					
8610	Shareholders of the parent		\$679,065	5	\$155,306	1
8700	Total comprehensive income (loss) attributable to:					
8710	Shareholders of the parent		\$732,135	6	\$(19,379)	-
9750	Earnings per share - basic (In NT\$)	6(25)	\$2.58		\$0.63	
9850	Earnings per share - diluted (In NT\$)	6(25)	\$2.55		\$0.63	

(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  
For the years ended December 31, 2020 and 2019  
(In Thousands of New Taiwan Dollars)

Code	Items	Capital						
		Capital	Capital Surplus	Retained Earnings			Components of equity	Total Equity
				Legal Reserve	Special Reserve	Accumulated profit or loss	Exchange differences arising on translation of foreign operations	
		3110	3200	3310	3320	3350	3410	3XXX
A1	Balance as of January 1, 2019	\$2,810,594	\$1,061,873	\$531,385	\$299,666	\$(490,759)	\$(283,259)	\$3,929,500
D1	Net income for 2019					155,306		155,306
D3	Other comprehensive income (loss) for 2019					-	(174,685)	(174,685)
D5	Total comprehensive income (loss)	-	-	-	-	155,306	(174,685)	(19,379)
Z1	Balance as of December 31, 2019	<u>\$2,810,594</u>	<u>\$1,061,873</u>	<u>\$531,385</u>	<u>\$299,666</u>	<u>\$(335,453)</u>	<u>\$(457,944)</u>	<u>\$3,910,121</u>
A1	Balance as of January 1, 2020	\$2,810,594	\$1,061,873	\$531,385	\$299,666	\$(335,453)	\$(457,944)	\$3,910,121
D1	Net income for 2020					679,065		679,065
D3	Other comprehensive income for 2020					-	53,070	53,070
D5	Total comprehensive income	-	-	-	-	679,065	53,070	732,135
E1	Capital increase by cash	300,000	178,750					478,750
F1	Capital reduction to offset accumulated deficits	(335,453)				335,453		-
N1	Share-based payment transaction		10,260					10,260
Z1	Balance as of December 31, 2020	<u>\$2,775,141</u>	<u>\$1,250,883</u>	<u>\$531,385</u>	<u>\$299,666</u>	<u>\$679,065</u>	<u>\$(404,874)</u>	<u>\$5,131,266</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 years ended December 31, 2020 and 2019

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2020	2019	Code	Items	2020	2019
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income (loss) before tax	\$777,883	\$236,636	B00040	Disposal (acquisition) of financial assets measured at amortized cost	(178,951)	296,047
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(667,772)	(1,401,762)
A20010	Income and expense adjustments:			B02800	Proceeds from disposal of property, plant and equipment	654,126	185,668
A20300	Expected credit losses (gain)	5,148	(51)	B04500	Acquisition of intangible assets	(27,790)	(8,738)
A20100	Depreciation (inculding right of use assets)	698,361	794,543	B03700	Decrease (increase) in refundable deposits	(55)	3,073
A20200	Amortization	12,687	15,644	B09900	Increase (dercease) in long-term deferred revenue	2,082	101,251
A20900	Interest expense	160,759	221,849	BBBB	Net cash provided by (used in) investing activities	(218,360)	(824,461)
A21200	Interest revenue	(5,703)	(8,358)				
A21900	Share-based payment cost	10,260	-				
A22500	Loss (gain) on disposal of property, plant and equipment	(353,851)	118,133				
A23700	Impairment loss (reversal) on non-financial assets	(35,738)	37,540				
A29900	Loss (gain) on government grants	(33,920)	(35,330)	CCCC	Cash flows from financing activities:		
A29900	Loss (gain) on lease modification	511	-	C00100	Increase in (repayment of) short-term loans	(180,665)	(877,783)
A30000	Changes in operating assets and liabilities:			C01600	Increase in long-term loans	4,365	1,244,622
A31130	Notes receivable	(78,450)	6,570	C01700	Repayment of long-term loans	(1,743,565)	(846,600)
A31150	Accounts receivable	218,642	(87,519)	C03000	Increase (decrease) in guarantee deposits	(172)	(28,656)
A31180	Other receivables	378	33,572	C04020	Payments of lease liabilities	(126)	(77,764)
A31200	Inventories	(78,137)	372,981	C04600	Capital increase by cash	478,750	-
A31230	Prepayments	66,850	36,223	CCCC	Net cash provided by (used in) financing activities	(1,441,413)	(586,181)
A31240	Other current assets	(1,248)	15,528				
A32125	Contract liability	11,746	(2,549)				
A32150	Accounts payable	370,700	27,094	DDDD	Effect of exchange rate changes on cash and cash equivalents	(41,007)	(44,372)
A32180	Accrued expenses	86,759	107,230				
A32230	Other current liabilities	6,437	3,674				
A32240	Net defined benefit liability	216	216				
A32990	Refund liability	2,493	38,761				
A32000	Cash generated from operations	1,842,783	1,932,387				
A33100	Interest received	5,703	8,358				
A33300	Interest paid	(164,562)	(225,632)	EEEE	Net increase (decrease) in cash and cash equivalents	(39,925)	193,509
A33500	Income tax paid	(23,069)	(66,590)	E00100	Cash and cash equivalents at beginning of period	1,038,492	844,983
AAAA	Net cash provided by (used in) operating activities	1,660,855	1,648,523	E00200	Cash and cash equivalents at end of period	\$998,567	\$1,038,492

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

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese  
DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
As of December 31, 2020 and 2019 and for the years then ended  
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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1. History and organization

Dynamic Electronics Co., Ltd. (“the Company”) was incorporated in August 18, 1988. The main activities of the Company are engaged in the design, development, and manufacture of multi-layers PCB boards and electronics components. The Company’s common shares were publicly listed on the Taiwan Stock Exchange (TWSE) in March 18, 2009. The Company’s registered office and the main business location is at 6F., No. 50, Minguang Rd., Luzhu Dist., Taoyuan City 338, Taiwan (R.O.C.)

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

The consolidated financial statements of the Company and its subsidiaries (“the Group”) were authorized to be issued in accordance with a resolution of the Board of Directors’ meeting held on February 26<sup>th</sup>, 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, 2020. The nature and impact of each new standard and amendment had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, 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	Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021

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

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(a) Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The final phase amendments mainly relate to the effects of the interest rate benchmark reform on the companies' financial statements:

- I. A company will not have to derecognize or adjust the carrying amount of financial instruments for changes to contractual cash flows as required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- II. A company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- III. A company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The abovementioned amendments that are applicable for annual periods beginning on or after January 1, 2021 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 and also 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	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	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
e	Disclosure Initiative – Accounting Policies – Amendments to IAS 1	January 1, 2023
f	Definition of Accounting Estimates – Amendments to IAS 8	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 fulfilment cash flows comprise of the following:

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

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

I. 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.

II. 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.

### III. 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.

### IV. 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.

### (e) 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.

(f) 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.

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 remaining new or amended standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2020 and 2019 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC.

(2) Basis of preparation

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



(3)Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- (a)Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (b)Exposure, or rights, to variable returns from its involvement with the investee, and
- (c)The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a)The contractual arrangement with the other vote holders of the investee
- (b)Rights arising from other contractual arrangements
- (c)The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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If the Company loses control of a subsidiary, it:

- (a) Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) Derecognizes the carrying amount of any non-controlling interest;
- (c) Recognizes the fair value of the consideration received;
- (d) Recognizes the fair value of any investment retained;
- (e) Recognizes any surplus or deficit in profit or loss; and
- (f) Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			2020.12.31	2019.12.31
The Company	WINTEK (MAURITIUS) CO., LTD.	Investing activities	100.00%	100.00%
The Company	Dynamic PCB Electronics Co., Ltd.	PCB and business which relates to import and export	100.00%	100.00%
The Company	Dynamic Electronics Co., Ltd. (Seychelles)	PCB and business which relates to import and export	100.00%	100.00%
The Company	Dynamic Electronics Trading Pte. Ltd.	Management operations services	100.00%	100.00%
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	-% (Note)	100.00%

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

Note: 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.

(4) Foreign currency transactions and translation of financial statements in foreign currency

The Group's consolidated financial statements are presented in NT\$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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

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

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

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

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into New Taiwan dollar at the closing rate of exchange prevailing at the balance sheet date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of the foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal recognized.

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



(6) Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

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

(8) Financial instruments

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

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

(A) Financial assets: Recognition and Measurement

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

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

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

Financial assets measured at amortized cost

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

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

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

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

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

Financial asset measured at fair value through other comprehensive income

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

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

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

- a. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

- c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
- (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
  - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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

Financial asset measured at fair value through profit or loss

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

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

(B) Impairment of financial assets

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

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

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

The loss allowance is measures as follows:

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

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

(C) Derecognition of financial assets

Financial asset is derecognized when:

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

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

(D) Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

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

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

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

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



Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

(E) Offsetting of financial instruments

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

(9) Fair value measurement

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

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

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

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

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

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

(10) Inventories

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

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

Raw materials - By actual purchase cost with weighted average method

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

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

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

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

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

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

(12) Property, plant and equipment

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

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

Buildings	10~40 years
Machinery and equipment	3~10 years
Transportation equipment	4~6 years
Office equipment	3~6 years
Other equipment	1~5 years

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

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

### (13) Leases

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

- (a) The right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) The right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone

price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

Group as a lessee

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

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

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

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

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

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;

- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

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

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

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

#### (14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

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

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

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

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

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

	Computer software	Technology Expertise
Useful lives	1~5 years	3~5 years
Amortization method used	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired

(15) Impairment of non-financial assets

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



independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the recoverable amount of the asset or CGU. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years.

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

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

#### (16)Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

(17)Revenue recognition

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

Sale of goods

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

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

(18)Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are

capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(20) Post-employment benefits

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

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

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

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

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

#### (21) Share-based payment transactions

The cost of equity-settled transactions between the Group and its employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the

award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it fully vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award substitutes for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted shares issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognizes unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

## (22)Income tax

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

### Current income tax

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

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

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in balance sheet at the reporting date.

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

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

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

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

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

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

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

#### 5. Significant accounting judgments, estimates and assumptions

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

##### Estimates and assumptions

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

##### (a) The Fair Value of Financial Instruments

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

##### (b) Accounts receivables-estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the



discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(c)Inventory

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

(d)Revenue recognition-sale returns and allowance

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

(e)Income tax

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

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused

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tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

6. Contents of significant accounts

(1) Cash and cash equivalents

	2020.12.31	2019.12.31
Cash on hand	\$349	\$580
Checking and savings	997,848	1,036,023
Fixed-term deposits	370	1,889
Total	<u>\$998,567</u>	<u>\$1,038,492</u>

(2) Financial assets measured at amortized cost

	2020.12.31	2019.12.31
Restricted cash - current	\$-	\$18,584
Fixed-term deposits	201,253	3,718
Total	<u>\$201,253</u>	<u>\$22,302</u>
Current	<u>\$201,253</u>	<u>\$22,302</u>
Non-current	<u>\$-</u>	<u>\$-</u>

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

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

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(3) Notes receivable, net

	2020.12.31	2019.12.31
Notes receivable arising from operating activities	\$262,063	\$183,613
Less: loss allowance	-	-
Total	<u>\$262,063</u>	<u>\$183,613</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.

(4) Accounts receivable

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

	2020.12.31	2019.12.31
Accounts receivable from operating activities	\$3,737,426	\$3,956,068
Less: loss allowance	(20,671)	(15,789)
Total	<u>\$3,716,755</u>	<u>\$3,940,279</u>

(b) Accounts receivable were not pledged.

(c) Accounts receivable are generally on 60 to 150 day terms. The total carrying amount for the years ended December 31, 2020 and 2019, are NT\$3,737,426 thousand and NT\$3,956,068 thousand, respectively. Please refer to Note 6(19) for more details on loss allowance of accounts receivable for year ended December 31, 2020 and 2019. Please refer to Note 12 for more details on credit risk management.

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(5) Inventories

(a) Details of inventories are as below :

	2020.12.31	2019.12.31
Raw materials and Supplies	\$181,587	\$164,206
Work in progress	456,741	321,004
Finished goods	959,769	1,034,750
Total	<u>\$1,598,097</u>	<u>\$1,519,960</u>

(b) The cost of inventories recognized in expenses amounts to NT\$10,910,451 thousand for the year ended December 31, 2020 while NT\$11,958,171 thousand for the year ended December 31, 2019. The following losses were included in cost of sales :

	For the year ended December 31,	
Item	2020	2019
Inventory valuation losses	\$5,392	\$25,781
Physical inventory losses (gain)	-	(2,024)
Total	<u>\$5,392</u>	<u>\$23,757</u>

(c) Inventories were not pledged.

(6) Non-current assets held for sale

The Company entered into a contract with Tungwei Construction. Co., LTD. on October 18, 2019 to sell its plant and property located at No. 356, Shanying Rd., Guishan Dist., Taoyuan City, Taiwan (R.O.C.) for a total of NT\$735,000 thousand following a resolution from the Company's board meeting held on August 13, 2019. The selling price was mutually agreed by the Company and the buyer in reference to the appraisal reports from both CCIS Real Estate Joint Appraiser Firm and Hongda Real Estate Appraiser Firm.

The title of the underlying plant and property was successfully transferred and the payment of NT\$735,000 has been fully received as of December 31, 2020. The sale of land and plant with book value of NT\$137,171 thousand and NT\$80,109 thousand respectively, generated profit of NT\$426,029 recognized under the caption of other gains and losses-gain (loss) on disposal of property, plant and equipment.

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	2020.12.31	2019.12.31
Land	\$-	\$137,171
Buildings	-	80,109
Total	\$-	\$217,280

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

(7)Property, plant and equipment

	2020.12.31	2019.12.31
Owner occupied property, plant and equipment	\$5,240,292	\$5,331,401

	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	-	-	3,949	267	3,535	156,214	95	438,419	602,479
Disposals	-	-	(565,820)	(1,766)	(1,069)	(126,964)	-	(420)	(696,039)
Transfer	-	167,074	584,058	251	34,177	52,103	8,725	(849,734)	(3,346)
Exchange differences	-	35,964	89,138	349	3,608	17,950	-	(9,770)	137,239
2020.12.31	\$-	\$2,498,443	\$6,367,480	\$23,917	\$278,578	\$1,386,919	\$8,820	\$559,797	\$11,123,954
Depreciation and impairment:									
2020.01.01	\$-	\$514,187	\$4,243,219	\$17,496	\$104,892	\$872,426	\$-	\$-	\$5,752,220
Depreciation	-	97,474	329,880	3,165	46,332	205,996	8,820	-	691,667
Impairment loss	-	-	(35,738)	-	-	-	-	-	(35,738)
Disposals	-	-	(484,637)	(1,742)	(975)	(125,881)	-	-	(613,235)
Transfer	-	-	(12,000)	-	-	8,654	-	-	(3,346)
Exchange differences	-	9,823	64,428	292	2,360	15,191	-	-	92,094
2020.12.31	\$-	\$621,484	\$4,105,152	\$19,211	\$152,609	\$976,386	\$8,820	\$-	\$5,883,662

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	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Lease asset	Construction in progress and equipment to be examined	Total
Cost:									
2019.01.01	\$137,171	\$2,261,710	\$7,734,637	\$27,089	\$168,223	\$1,448,368	\$133,647	\$1,151,578	\$13,062,423
Additions	-	18,424	8,043	-	2,703	147,392	-	745,738	922,300
Disposals	-	-	(1,812,988)	(1,337)	(2,408)	(331,369)	-	(17,741)	(2,165,843)
Transfer	-	274,099	446,928	-	76,127	58,720	-	(855,874)	-
Exchange differences	-	(82,881)	(237,050)	(936)	(6,318)	(45,111)	(5,222)	(42,399)	(419,917)
Reclassified to non-current assets held for sale	(137,171)	(175,947)	-	-	-	-	-	-	(313,118)
Reclassified	-	-	116,585	-	-	9,616	(126,201)	-	-
Reclassified to right-of-use asset	-	-	-	-	-	-	(2,224)	-	(2,224)
2019.12.31	\$-	\$2,295,405	\$6,256,155	\$24,816	\$238,327	\$1,287,616	\$-	\$981,302	\$11,083,621
Depreciation and impairment:									
2019.01.01	\$-	\$531,410	\$5,510,916	\$15,009	\$67,409	\$986,736	\$10,217	\$-	\$7,121,697
Depreciation	-	99,928	409,892	3,723	43,849	229,289	-	-	786,681
Impairment loss	-	-	37,540	-	-	-	-	-	37,540
Disposals	-	-	(1,550,546)	(600)	(2,287)	(308,609)	-	-	(1,862,042)
Transfer	-	-	-	-	-	-	-	-	-
Exchange differences	-	(21,313)	(172,594)	(636)	(4,079)	(36,078)	(377)	-	(235,077)
Reclassified to non-current assets held for sale	-	(95,838)	-	-	-	-	-	-	(95,838)
Reclassified	-	-	8,011	-	-	1,088	(9,099)	-	-
Reclassified to right-of-use asset	-	-	-	-	-	-	(741)	-	(741)
2019.12.31	\$-	\$514,187	\$4,243,219	\$17,496	\$104,892	\$872,426	\$-	\$-	\$5,752,220

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Net carrying amount as at:

2020.12.31	\$-	\$1,876,959	\$2,262,328	\$4,706	\$125,969	\$410,533	\$-	\$559,797	\$5,240,292
2019.12.31	\$-	\$1,781,218	\$2,012,936	\$7,320	\$133,435	\$415,190	\$-	\$981,302	\$5,331,401

For the year ended December 31, 2020, the NT\$35,738 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 year ended December 31, 2019, the NT\$ 37,540 thousand impairment loss represented the write down of certain property, plant and equipment in the Group to the recoverable amount to NT\$6,300 thousand. This has been recognized in the statement of comprehensive income.

Significant components of building include main building structure and additional expansion construction, which are depreciated over useful lives of 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:			
2020.01.01	\$38,401	\$35	\$38,436
Additions – acquired separately	17,162	10,628	27,790
Derecognized upon retirement	(17,767)	-	(17,767)
Exchange differences	507	1	508
2020.12.31	\$38,303	\$10,664	\$48,967
2019.01.01	\$43,287	\$-	\$43,287
Additions – acquired separately	8,703	35	8,738
Derecognized upon retirement	(12,574)	-	(12,574)
Exchange differences	(1,015)	-	(1,015)
2019.12.31	\$38,401	\$35	\$38,436



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Amortization and impairment:			
2020.01.01	\$24,717	\$10	\$24,727
Amortization	11,631	1,056	12,687
Derecognized upon retirement	(17,767)	-	(17,767)
Exchange differences	489	19	508
2020.12.31	<u>\$19,070</u>	<u>\$1,085</u>	<u>\$20,155</u>
2019.01.01	\$22,451	\$-	\$22,451
Amortization	15,634	10	15,644
Derecognized upon retirement	(12,574)	-	(12,574)
Exchange differences	(794)	-	(794)
2019.12.31	<u>\$24,717</u>	<u>\$10</u>	<u>\$24,727</u>
Net carrying amount as at:			
2020.12.31	<u>\$19,233</u>	<u>\$9,579</u>	<u>\$28,812</u>
2019.12.31	<u>\$13,684</u>	<u>\$25</u>	<u>\$13,709</u>

Amortization of intangible assets is as follows:

	For the year ended December 31,	
	2020	2019
Operating costs	\$2,883	\$3,629
Operating expenses	9,804	12,015
Total	<u>\$12,687</u>	<u>\$15,644</u>

(9) Other non-current assets

	As of December 31,	
	2020	2019
Refundable deposits	<u>\$4,511</u>	<u>\$4,456</u>

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(10) Short-term loans

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

	Interest Rates(%)	2020.12.31	2019.12.31
Unsecured bank loans	1.17325%~4.785%	\$2,582,600	\$2,763,265

(b) The Group's unused short-term lines of credits amounts to NT\$3,018,749 thousand and NT\$1,031,584 thousand as of December 31, 2020 and 2019, respectively.

(11) Other payables

Other payables consist of the following:	2020.12.31	2019.12.31
Accrued expenses	\$830,590	\$743,392
Accrued interest payable	5,099	8,857
Payables to equipment suppliers	170,800	236,093
Total	\$1,006,489	\$988,342

(12) Long-term loans

(a) Details of long-term loans as of December 31, 2020 and 2019 are as follows:

Lenders	2020.12.31	Interest Rate (%) (Note2)	Maturity and terms of repayment
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		

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Lenders	2019.12.31	Interest Rate (%) (Note2)	Maturity and terms of repayment
Sunny Bank — Nangang Branch — Secured bank loans (Note1)	\$600,000	Sunny Bank's one-year fixed reserve rate (monthly adjustment) + 0.58% annual interest rate	The loan is repaid in 60 monthly installments, each at NT\$8,500 thousand and last repayment NT\$98,500 thousand, within 7 years with a grace period of 24 months.
E. Sun Bank and credit unions	1,079,280	Interest is at LIBOR 3M+1.7%. If 3M TAIFX3 is higher than LIBOR 3M0.3%, interest is at 3M TAIFX3-0.3%+1.7% and subject to adjustments due to financial ratio.	The loan principal is repaid starting 24 months from the first usage date. The unrepaid loan shall be fully repaid in 3 semi-annual installments, 10% of unpaid balance for first and second and 80% for the third. Any portion of the repayments, if granted of a 2-year extension, shall be repaid starting 3 years from the first usage date in 5 semi-annual installments, 15% for first 4 and 40% for the fifth.
E. Sun Bank and credit unions	119,920	Interest is at LIBOR 3M+1.7%. If 3M TAIFX3 is higher than LIBOR 3M0.3%, interest is at 3M TAIFX3-0.3%+1.7% and subject to adjustments due to financial ratio.	The loan principal is repaid in 3 semi-annual installments, 10% for first and second and 80% for the third starting 24 months from the first usage date. Any portion of the repayments, if granted of a 2-year extension, shall be repaid starting 3 years from the first usage date in 5 semi-annual installments, 15% for first 4 and 40% for the fifth.
Bank of Communications Co., Ltd. — Huangshi Branch — Secured bank loans	644,622	People's Bank of China benchmark interest rate rises by 10%	The loan is due to be settled.
Total	2,443,822		
Less: Current portion of long-term loans	(1,799,200)		
Non-current portion of long-term loans	\$644,622		

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Note1: Please refer to Note 8 for more details regarding certain property, plant and equipment pledged for secured bank loans.

Note2: Interest rates of long-term loans are as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Interest Rates (%)	4.35%~4.785%	1.65%~4.785%

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

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

(13)Refund liability

	<u>2020.12.31</u>	<u>2019.12.31</u>
Refund liability	<u>\$100,753</u>	<u>\$98,260</u>

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(14) Long-term deferred revenue

Government grants

	For the year ended December 31,	
	2020	2019
Beginning balance	\$406,659	\$357,590
Received during the period	2,082	101,251
Released to the statement of comprehensive income	(33,920)	(35,330)
Exchange differences	5,795	(16,852)
Ending Balance	<u>\$380,616</u>	<u>\$406,659</u>
	<u>2020.12.31</u>	<u>2019.12.31</u>
Non-current deferred revenue - government grants related to assets	<u>\$380,616</u>	<u>\$406,659</u>

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

(15) Post-employment benefits

Defined contribution plan

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

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2020 and 2019 amounted to NT\$5,032 thousand and NT\$16,611 thousand, respectively.

Pension expenses for the year ended December 31, 2020 amounted to NT\$68 thousand.

Additional pension expenses recognized for the executives commissioned by the Group amounted to NT\$216 thousand both for the years ended December 31, 2020 and 2019.

#### Defined benefits plan

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

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

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assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19.

The Company applied to the Department of Labor, Taoyuan City Government for the return of the pension fund's account balance and cancellation of the dedicated account on March 27, 2020. A letter of approval from the Department of Labor, Taoyuan City Government was received on September 4, 2020. A check in the amount of the pension fund's balance, and a letter from the Department of Trust, Bank of Taiwan were received on September 15, 2020. The amounts have been recognized as other income in the statement of comprehensive income.

Pension costs recognized in profit or loss:

	2019
Current period service costs	\$-
Interest income or expense	-
Past service cost	-
Payment from the plan	35,216
Total	<u>\$35,216</u>

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

	2019.12.31	2019.01.01
Defined benefit obligation	\$-	\$42,040
Plan assets at fair value	-	(77,256)
Other non-current liabilities - Accrued pension liabilities recognized on the consolidated balance sheets	<u>\$-</u>	<u>\$(35,216)</u>

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

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
2019.01.01	\$42,040	\$77,256	\$(35,216)
Current period service costs	-	-	-
Net interest expense (income)	-	-	-

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Past service cost and gains and losses arising from settlements	-	-	-
Subtotal	-	-	-
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	-	-	-
Experience adjustments	-	-	-
Return on plan assets	-	-	-
Subtotal	-	-	-
Payment from the plan	(42,040)	(77,256)	35,216
Contributions by employer	-	-	-
Effect of changes in foreign exchange rate	-	-	-
2019.12.31	\$-	\$-	\$-

(16)Equities

(a)Common stock

As of December 31, 2020 and 2019, the Company's authorized capital were NT\$4,000,000 thousand and issued capital were NT\$2,775,141 thousand and NT\$2,810,594 thousand, divided into 277,514,032 shares and 281,059,335 shares, each share at par of NT\$10, respectively.

On December 18, 2019, the Company's board meeting 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.



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(b)Capital surplus

	2020.12.31	2019.12.31
Additional paid-in capital	\$1,176,745	\$989,014
Treasury share transactions	32,214	32,214
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	15,531	15,531
Gain on sale of assets	155	155
Employee stock option	6,528	5,249
Share options	19,710	19,710
Total	<u>\$1,250,883</u>	<u>\$1,061,873</u>

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

(c)Retained earnings and dividend policies

(1)Earning distribution

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

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

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

(2) Dividend policy

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, financial structures and earnings etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting. The Company's Articles of Incorporation further provide that no more than 90% of the dividends to shareholders, if any, could be paid in the form of share dividends. Accordingly, at least 10% of the dividends must be paid in the form of cash.

- (3) According to the Company Act, the Company shall set aside legal reserve from earnings unless where the amount of legal reserve reaches the total authorized capital. The legal reserve can be used to make good the deficit of the Company.

When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by shareholders.

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

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

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

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

As of December 31, 2020 and 2019, special reserve set aside for the first-time adoption of T-IFRS reduced to NT\$299,666 thousand accordingly.

(5) The appropriations of earnings for the years 2020 was approved through the Board meeting held on February 26, 2021. The details of the distributions are as follows.

	Appropriation of earnings	Dividend per share (in NT\$)
	2020	2020
Legal reserve	\$67,906	
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.

#### (17) Share-based payment plans

Certain employees of the Company are entitled to share-based payment as part of their remunerations. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

(1) On December 18, 2019, the Company's board of directors meetings resolved to increase cash capital. The measurement date was at June 18, 2020 and except for part of new shares for employees to subscribe it.

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A. The following table contains further details on the aforementioned share-based payment plan:

	For the years ended December 31, 2020	
	Number of share outstanding (in thousand)	Weighted-average Exercise Price per Share (NT\$)
Outstanding at beginning of period	\$-	\$-
Granted	2,626	16
Exercised	(2,626)	16
Outstanding at end of period	-	
Weighted-average fair value of options granted during the period (in NT\$)	\$3.42	

B. The compensation cost was recognized under the fair value method and the Black-Scholes Option Pricing model was used to estimate the fair value of options granted. Assumptions used in calculating the fair value are disclosed as follows:

	2020.05.21
Stock market price	\$19.05
Exercised price	\$16
Expected volatility (%)	50.36%
Expected life (Years)	0.1562 years
Expected dividend yield (%)	0%
Risk free interest rate (%)	0.478%

The stock market price on the grant date is evaluated by the income method and the market method.

The expected volatility is based on the average annualized standard deviation of the Company's stock price over 250 trading days.

(2) In 2020, the compensation cost recognized for the cash increase reserved for employees to subscribe is NT\$10,260 thousand.

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(18) Operating revenues

	For the year ended December 31,	
	2020	2019
Revenue from contracts with customers		
Sales of goods	\$12,620,590	\$13,712,326
Other revenue	3,511	4,905
Total	<u>\$12,624,101</u>	<u>\$13,717,231</u>

Analysis of revenue from contracts with customers during the years ended December 31, 2020 and 2019 are as follows:

A. Disaggregation of revenue

	For the year ended December 31,	
	2020	2019
	Single Department	Single Department
Sale of goods	\$12,620,590	\$13,712,326
Other	3,511	4,905
Total	<u>\$12,624,101</u>	<u>\$13,717,231</u>

The timing for revenue recognition:

At a point in time	<u>\$12,624,101</u>	<u>\$13,717,231</u>
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B. Contract balances

(a) Contract liabilities – current

	2020.12.31	2019.12.31	2019.01.01
Sale of goods	<u>\$13,447</u>	<u>\$1,701</u>	<u>\$4,250</u>

For the year ended December 31, 2020, contract liabilities increased because certain performance obligations have not been satisfied and therefore recognized for contract liabilities.

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For the year ended December 31, 2019, contract liabilities decreased because certain performance obligations were satisfied and therefore recognized for revenues.

(19) Expected credit losses (gains)

	For the year ended December 31,	
	2020	2019
Operating expenses – Expected credit losses (gains)		
Account receivables	\$5,148	\$(51)

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

The Group measures the loss allowance of its trade receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31, 2020 and 2019 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:

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

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2019.12.31

	Not yet due (Note)	Past due					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$4,062,004	\$61,888	\$14,501	\$888	\$49	\$351	\$4,139,681
Loss ratio	-%	-%	100%	100%	100%	100%	
Lifetime expected credit losses	-	-	(14,501)	(888)	(49)	(351)	(15,789)
Carrying amount of trade receivables	\$4,062,004	\$61,888	\$-	\$-	\$-	\$-	\$4,123,892

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

B. The movement in the provision for impairment of notes receivable and accounts receivable for the years ended December 31, 2020 and 2019 are as follows:

	Notes receivable	Accounts receivable
Beginning balance as of January 1, 2020	\$-	\$15,789
Addition/ (reversal) for the current period	-	5,148
Write off	-	-
Effect of exchange rate changes	-	(266)
Ending balance as of December 31, 2020	\$-	\$20,671

  

	Notes receivable	Accounts receivable
Beginning balance as of January 1, 2019	\$-	\$18,188
Addition/ (reversal) for the current period	-	(51)
Write off	-	(2,240)
Effect of exchange rate changes	-	(108)
Ending balance as of December 31, 2019	\$-	\$15,789

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(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, sublease or sell without obtaining the consent from the lessors.

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

A.Amounts recognized in the balance sheet

a.Right-of-use assets

	Land	Buildings	Machinery and equipment	Total
Cost :				
2020.01.01	\$306,892	\$1,047	\$2,224	\$310,163
Additions	-	-	-	-
Disposals	(696)	-	(2,224)	(2,920)
Exchange differences	4,797	-	-	4,797
2020.12.31	<u>\$310,993</u>	<u>\$1,047</u>	<u>\$-</u>	<u>\$312,040</u>
Cost :				
2019.01.01	\$318,867	\$-	\$-	\$318,867
Transferred from property, plant and equipment	-	-	133,647	133,647
Additions	696	1,047	-	1,743
Exchange differences	(12,671)	-	(5,222)	(17,893)
Transfer to property, plant, and equipment	-	-	(126,201)	(126,201)
2019.12.31	<u>\$306,892</u>	<u>\$1,047</u>	<u>\$2,224</u>	<u>\$310,163</u>



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Depreciation and impairment:

2020.01.01	\$36,638	\$393	\$1,482	\$38,513
Depreciation	6,109	523	62	6,694
Disposals	(348)	-	(1,544)	(1,892)
Exchange differences	679	-	-	679
2020.12.31	<u>\$43,078</u>	<u>\$916</u>	<u>\$-</u>	<u>\$43,994</u>

Depreciation and impairment:

2019.01.01	\$31,414	\$-	\$-	\$31,414
Transferred from property, plant and equipment	-	-	10,217	10,217
Depreciation	6,728	393	741	7,862
Exchange differences	(1,504)	-	(377)	(1,881)
Transfer to property, plant, and equipment	-	-	(9,099)	(9,099)
2019.12.31	<u>\$36,638</u>	<u>\$393</u>	<u>\$1,482</u>	<u>\$38,513</u>

Net carrying amount:

as at 2020.12.31	<u>\$267,915</u>	<u>\$131</u>	<u>\$-</u>	<u>\$268,046</u>
as at 2019.12.31	<u>\$270,254</u>	<u>\$654</u>	<u>\$742</u>	<u>\$271,650</u>

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

b. Lease liabilities

	2020.12.31	2019.12.31
Lease liabilities	<u>\$444</u>	<u>\$1,328</u>
Current	\$444	\$1,195
Non-current	-	133
Total	<u>\$444</u>	<u>\$1,328</u>

Please refer to Note 6(22)(c) for the interest on lease liabilities recognized during the year ended December 31, 2020 and 2019 refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at December 31, 2020 and 2019.

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B. Income and costs relating to leasing activities

	For the year ended December 31,	
	2020	2019
The expenses relating to short-term leases	\$15,225	\$21,011

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

C. Cash outflow relating to leasing activities

During the year ended December 31, 2020 and 2019, the Group's total cash outflows for leases amounting to NT\$15,351 thousand and NT\$98,775 thousand, respectively.

(21) Summary of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2020 and 2019 is as follows:

Function Nature	2020			2019		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$1,794,889	\$344,994	\$2,139,883	\$1,932,990	\$288,220	\$2,221,210
Labor and health insurance	-	7,475	7,475	27,993	6,061	34,054
Pension	-	5,316	5,316	11,411	40,632	52,043
Other employee benefits	93	5,138	5,231	7,953	54,584	62,537
Depreciation	650,847	47,514	698,361	750,172	44,371	794,543
Amortization	2,883	9,804	12,687	3,629	12,015	15,644

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

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

Based on profit of the year ended December 31, 2020, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2020 to be not lower than 6% and not higher than 3% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2020 amount to NT\$47,960 thousand and NT\$11,990 thousand, respectively.

For the years ended December 31, 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)Other income

	For the year ended December 31,	
	2020	2019
Interest income		
Financial assets measured at amortized cost	\$5,703	\$8,358
Other income—others	135,055	111,345
Total	<u>\$140,758</u>	<u>\$119,703</u>

(b)Other gains and losses

	For the year ended December 31,	
	2020	2019
Gain (loss) on disposal of property, plant and equipment	\$353,851	\$(118,133)
Foreign exchange gains (losses), net	(124,316)	(11,754)
Impairment reversal (loss) on non-financial assets	35,738	(37,540)
Gains (losses) on lease modification	(511)	-

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Others losses – others	(15,653)	(19,548)
Total	<u>\$249,109</u>	<u>\$(186,975)</u>

(c) Finance costs

	<u>For the year ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Interest on borrowings from bank	\$160,752	\$218,458
Interest on lease liabilities	7	3,391
Total	<u>\$160,759</u>	<u>\$221,849</u>

(23) Components of other comprehensive income (loss)

For the year ended December 31, 2020

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	<u>\$53,070</u>	<u>\$-</u>	<u>\$53,070</u>	<u>\$-</u>	<u>\$53,070</u>

For the year ended December 31, 2019

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	<u>\$(185,503)</u>	<u>\$-</u>	<u>\$(185,503)</u>	<u>\$10,818</u>	<u>\$(174,685)</u>

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(24) Income tax

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

Income tax expense (income) recognized in profit or loss

	<u>For the year ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Current income tax expense (income):		
Current income tax charge	\$35,881	\$65,282
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	62,937	32,458
Adjustments in respect of current income tax of prior periods	-	566
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	-	(16,976)
Total income tax expense	<u>\$98,818</u>	<u>\$81,330</u>

Income tax relating to components of other comprehensive income

	<u>For the year ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Deferred tax expense (income):		
Exchange differences arising on translation of foreign operations	<u>\$-</u>	<u>\$(10,818)</u>

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

	<u>For the year ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Accounting profit before tax from continuing operations	<u>\$777,883</u>	<u>\$236,636</u>
Tax at the domestic rates applicable to profits in the country concerned	\$159,075	\$133,261

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Tax effect of expenses not deductible for tax purposes	(92,491)	6,152
Tax effect of deferred tax assets/liabilities	32,234	(58,649)
Prior years' tax adjustments	-	566
Total income tax expense recognized in profit or loss	<u>\$98,818</u>	<u>\$81,330</u>

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

For the year ended December 31, 2020

	Beginning balance as of January 1, 2020	Deferred tax income (expense) recognized in profit or loss	Exchange adjustment	Ending balance as of December 31, 2020
Temporary differences				
Unrealized loss on inventory valuation	\$1,734	\$103	\$27	\$1,864
Investments accounted for using the equity method	(378,721)	(19,149)	-	(397,870)
Over 2 years payables	86	-	-	86
Gain on disposal of property, plant and equipment	36,836	(2,315)	-	34,521
Impairment loss on assets	7,265	(3,761)	-	3,504
Unrealized exchange loss (gain)	1,928	(39)	-	1,889
Sales returns and allowances	9,924	(3,849)	-	6,075
Commission expense	11,922	(247)	-	11,675
Unused tax losses	274,881	(30,440)	-	244,441
Employee benefits	452	1,123	-	1,575
Government grants revenue	60,265	(4,363)	865	56,767
Deferred tax income (expense)		<u>\$(62,937)</u>	<u>\$892</u>	
Net deferred tax assets (liabilities)	<u>\$26,572</u>			<u>\$(35,473)</u>

Reflected in balance sheet as follows:

Deferred tax assets	<u>\$405,293</u>	<u>\$362,397</u>
Deferred tax liabilities	<u>\$(378,721)</u>	<u>\$(397,870)</u>

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For the year ended December 31, 2019

	Beginning balance as of January 1, 2019	Deferred tax income (expense) recognized in profit or loss	Effect of tax rate change	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2019
Temporary differences					
Unrealized loss on inventory valuation	\$4,670	\$(2,936)	\$-	\$-	\$1,734
Loss on inventory written-off and obsolescence	2,213	(2,213)	-	-	-
Investments accounted for using the equity method	(265,940)	(123,599)	-	10,818	(378,721)
Over 2 years payables	86	-	-	-	86
Gain on disposal of property, plant and equipment	2,749	34,087	-	-	36,836
Impairment loss on assets	-	7,265	-	-	7,265
Unrealized exchange loss (gain)	(12)	1,940	-	-	1,928
Sales returns and allowances	8,291	1,633	-	-	9,924
Commission expense	13,822	(1,900)	-	-	11,922
Unused tax losses	221,068	53,813	-	-	274,881
Employee benefits	1,864	(1,412)	-	-	452
Government grants revenue	42,425	864	16,976	-	60,265
Deferred tax income (expense)		<u>\$(32,458)</u>	<u>\$16,976</u>	<u>\$10,818</u>	
Net deferred tax assets (liabilities)	<u>\$31,236</u>				<u>\$26,572</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$297,188</u>				<u>\$405,293</u>
Deferred tax liabilities	<u>\$(265,952)</u>				<u>\$(378,721)</u>

(d)Unrecognized deferred tax assets

As of December 31, 2020 and 2019, deferred tax assets that have not been recognized amounts to NT\$94,490 thousand and NT\$30,368 thousand, respectively.

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

Year incurred	Net Operating Loss	Expiration year
2013	\$215,192	2023
2014	224,933	2024
2015	82,157	2025
2016	138,185	2026
2017	194,926	2027
2018	127,096	2028
2019(estimated)	239,715	2029
Total	<u>\$1,222,204</u>	

(f) The assessment of income tax returns

As of December 31, 2020, the tax assessments on the Company's tax filings have been approved up to the year of 2018.

(25) Earnings per share

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

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

	<u>For the year ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
(a) Basic earnings per share		
Net income available to common shareholders of the parent	<u>\$679,065</u>	<u>\$155,306</u>
Weighted average number of common stocks outstanding (in thousand shares)	<u>263,664</u>	<u>247,516</u>
Basic earnings per share (in NT\$)	<u>\$2.58</u>	<u>\$0.63</u>



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(b) Diluted earnings per share

Net income available to common shareholders of the parent	<u>\$679,065</u>	<u>\$155,306</u>
Net income available to common shareholders of the parent after dilution (in thousand NT\$)	<u>\$679,065</u>	<u>\$155,306</u>
Weighted average number of common stocks outstanding (in thousand shares)	263,664	247,516
Effect of dilution:		
Employee bonus (compensation) - stock (in thousand shares)	2,472	-
Weighted average number of common stocks outstanding after dilution (in thousand shares)	<u>266,136</u>	<u>247,516</u>
Diluted earnings per share (in NT\$)	<u>\$2.55</u>	<u>\$0.63</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

(1) Significant transactions with related parties

(a) Key management personnel compensation

	<u>For the year ended of December 31,</u>	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$71,748	\$36,727
Post-employment benefits	1,289	983
Total	<u>\$73,037</u>	<u>\$37,710</u>

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8. Assets pledged as collateral

As of December 31, 2020 and 2019, the assets pledged for the Group's loans consist of the following:

Assets	Book value	Purpose of pledge
<u>2020.12.31</u>		
Property, plant and equipment – buildings	\$1,290,835	Secured loans
Construction in progress	102,541	Secured loans
Right-of-use assets	236,729	Secured loans
Total	<u>\$1,630,105</u>	
Assets	Book value	Purpose of pledge
<u>2019.12.31</u>		
Non-current assets held for sale – land	\$137,171	Secured loans
Non-current assets held for sale – buildings	80,109	Secured loans
Property, plant and equipment – buildings	1,170,458	Secured loans
Construction in progress	247,463	Secured loans
Right-of-use assets	238,219	Secured loans
Financial assets carried at amortized cost	16,584	Secured loans
Financial assets carried at amortized cost	2,000	Security deposit to custom authority
Total	<u>\$1,892,004</u>	

9. Significant contingencies and unrecognized contract commitments

As of December 31, 2020, the Group's outstanding contracts relating to purchased property, plant and equipment were as follows:

Type of Asset	Total Amount	Amount paid	Amount unpaid
Machinery and construction contracts	<u>\$488,505</u>	<u>\$341,764</u>	<u>\$146,741</u>

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

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10. Losses due to major disasters

None.

11. Significant subsequent events

To replenish the working capital, the Company resolved at its board meeting held on February 26, 2021 to issue three-year domestic unsecured convertible bonds with zero coupon rate at total par value of NT\$500,000 thousand for the second time. The bonds will be publicly offered through public auction with a price more than 101% of par value. As of the issuance date of the financial statements, the issuance of bonds is still pending approval from the competent authority.

12. Others

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2020	2019
Financial assets measured at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	\$998,218	\$1,037,912
Financial assets measured at amortized cost	201,253	22,302
Notes receivables	262,063	183,613
Trade receivables	3,716,755	3,940,279
Other receivables	121,852	122,230
Refundable deposits	4,511	4,456
Total	<u>\$5,304,652</u>	<u>\$5,310,792</u>

Financial liabilities

	As of December 31,	
	2020	2019
Financial liabilities at amortized cost:		
Short-term loan	\$2,582,600	\$2,763,265
Payables	3,833,849	3,445,002

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Leased liabilities (including current portion with maturity less than 1 year)	444	1,328
Long-term loan(including current portion with maturity less than 1 year)	654,722	2,443,822
Total	\$7,071,615	\$8,653,417

(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 activates. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

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

(3)Market risk

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

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

Foreign currency risk

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

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

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

When NTD strengthens/weakens against USD by 1%, the profit for the years ended December 31, 2020 and 2019 is decreased/increased by NT\$1,228 thousand and NT\$10,202 thousand, respectively.

When NTD strengthens/weakens against RMB by 1%, the profit for the years ended December 31, 2020 and 2019 is increased /decreased by NT\$35,783 thousand and NT\$33,550 thousand, respectively.

#### Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 0.1% of interest rate in a reporting period could cause the profit for the years ended December 31, 2020 and 2019 to decrease/increase by NT\$2,715 thousand and NT\$4,382 thousand, respectively.

#### Equity price risk

As of December 31, 2020 and 2019, the Group does not hold equity securities at fair value; therefore the Group is not subject to equity price risk.

(4) Credit risk management

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

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

As of December 31, 2020 and 2019, accounts receivable from top ten customers represent 64.11% and 58.25% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

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

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

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

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank borrowings and finance leases. The table

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below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	<u>&lt; 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>&gt; 5 years</u>	<u>Total</u>
<u>2020.12.31</u>					
Loans	\$2,652,233	\$686,051	\$-	\$-	\$3,338,284
Payables	3,833,849	-	-	-	3,833,849
Lease liabilities	444	-	-	-	444
<u>2019.12.31</u>					
Loans	\$4,678,636	\$675,468	\$-	\$-	\$5,354,104
Payables	3,445,002	-	-	-	3,445,002
Lease payable	1,342	133	-	-	1,475

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2020:

	<u>Short-term</u>	<u>Long-term</u>	<u>Refundable</u>	<u>Lease</u>	<u>Total liabilities</u>
	<u>loans</u>	<u>loans</u>	<u>deposits</u>	<u>liabilities</u>	<u>from financing</u>
					<u>activities</u>
As of January 1, 2020	\$2,763,265	\$2,443,822	\$25,335	\$1,328	\$5,233,750
Cash flows	(180,665)	(1,739,200)	(172)	(126)	(1,920,163)
Non-cash changes					
Lease modification	-	-	-	(765)	(765)
Interest of lease liabilities	-	-	-	7	7
Foreign exchange movement	-	(49,900)	-	-	(49,900)
As of December 31, 2020	\$2,582,600	\$654,722	\$25,163	\$444	\$3,262,929

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

	Short-term loans	Long-term loans	Refundable deposits	Lease liabilities	Total liabilities from financing activities
As of January 1, 2019	\$3,641,048	\$2,082,550	\$53,991	\$77,121	\$5,854,710
Cash flows	(877,783)	398,022	(28,656)	(77,764)	(586,181)
Non-cash changes					
Lease modification	-	-	-	1,743	1,743
Interest of lease liabilities	-	-	-	3,391	3,391
Foreign exchange movement	-	(36,750)	-	(3,163)	(39,913)
As of December 31, 2019	\$2,763,265	\$2,443,822	\$25,335	\$1,328	\$5,233,750

(7) Fair values of financial instruments

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

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

- i. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- ii. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- iii. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical



or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

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

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

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

(c) Fair value measurement hierarchy for financial instruments

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

(8) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the 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.

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

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

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

	2020.12.31			2019.12.31		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$111,046	28.48	\$3,162,592	\$126,621	29.98	\$3,796,112
RMB	\$420,493	4.3648	\$1,835,376	\$329,847	4.2975	\$1,417,513
<u>Financial liabilities</u>						
Monetary items:						
USD	\$52,966	28.48	\$1,508,455	\$90,278	29.98	\$2,706,533
RMB	\$1,240,310	4.3648	\$5,413,724	\$1,110,533	4.2975	\$4,772,496

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

Since there were varieties of foreign currency transactions of the Group, the Group was unable to disclose foreign exchange gain (loss) towards each foreign currency with significant impact. The Group recognized exchange gain (loss) amounted to NT\$(124,316) thousand and NT\$(11,754) thousand for the years ended December 31, 2020 and 2019, respectively.

(10) Capital management

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

13. Other disclosures

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

- a. Financing provided to others for the year ended December 31, 2020: None.
- b. Endorsement/Guarantee provided to others for the year ended December 31, 2020: Please refer to Attachment 1.
- c. Securities held as of December 31, 2020 (excluding subsidiaries, associates and joint ventures): None.
- d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2020: None.
- e. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2020: None.
- f. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2020: Please refer to Attachment 2.
- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20% of capital stock for the year ended December 31, 2020: Please refer to Attachment 3.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of December 31, 2020: 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 operating, investing and financial decisions of an investee or an investor has the ability to exercise the ability to exercise significant influence over operating and financial policies of an investee, the related information for the investee is disclosed (not including investment in Mainland China): Please refer to Attachment 4.

B. An investor controls operating; investing and financial decisions of an investee, the related information Note13(1) for the investee shall be disclosed as below:

(a) Financing provided to others for the year ended December 31, 2020: Please refer to Attachment 5.

(b) Endorsement/Guarantee provided to others for the year ended December 31, 2020: None.

(c) Securities held as of December 31, 2020 (excluding subsidiaries, associates and joint ventures): None.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2020: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2020: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 31, 2020: None.

(g) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20% of capital stock for the year ended December 31, 2020: Please refer to Attachment 6.

(h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of December 31, 2020: Please refer to Attachment 7.

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(i) Financial instruments and derivative transactions: None.

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(3) Information on investments in Mainland China:

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

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020	Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	\$2,278,400 (Note 2、3 and 6)	(Note 1)	\$2,260,265	\$-	\$-	\$2,260,265	\$(175,905) (Note 2)	100%	\$(175,905) (Note 2、4、5、11 and 13)	\$2,674,363 (Note 2、4、11 and 13)	\$1,717,515 (Note 2)	\$2,260,265	\$2,260,265	No upper limit (Note 12)

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Dynamic Electronics (Huangshi) Co., Ltd.	Manufacturing and selling of PCB	\$1,424,000 (Note 2、7 and 8)	(Note 9)	\$444,530	\$59,637	\$-	\$504,167	\$210,326 (Note 2)	100%	\$210,326 (Note 2, 4, 10 and 13)	\$1,789,360 (Note 2, 4, 10 and 13)	\$-	\$504,167	\$504,167
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Note 1: Investment in Mainland China through companies in the third area established WINTEK (MAURITIUS) CO., LTD.

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

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

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

Note 5: Recognized investment loss by WINTEK (MAURITIUS) CO., LTD. for the year ended December 31,2020.

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

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

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

Note 9: The Company indirectly invested in its China subsidiary through WINTEK (MAURITIUS) CO., LTD. and Dynamic Holding Pte. Ltd.

Note 10: WINTEK (MAURITIUS) CO., LTD. indirectly, through the holding on Dynamic Holding Pte. Ltd., recognized the investment income and face value of Dynamic Electronics (Huangshi) Co. Ltd.

Note 11: 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



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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.

Note 12: The Company meets the conditions of corporate operation headquarter in the Principle of Evaluation for Investment and Technical Cooperation in Mainland China. Thus, there is no upper limit on investment amount.

Note 13: Transactions between consolidated entities are eliminated in the consolidated financial statements.

b. Purchases and accounts payable with the related parties: Please refer to Attachment 8.

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

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

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

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

f. The amount of maximum financing, the balance interest rates, and lump sum interest expense: Please refer to Attachment 5.

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

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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.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements.

Reportable segment information for the years ended December 31, 2020 and 2019 were as follows:

	Taiwan PCB segment	China (Kunshan) PCB segment	China (Huangshi) PCB segment	Sub-total	Adjustments and eliminations (Note1)	Consolidated
<u>2020</u>						
Revenues						
External customers	\$10,376,667	\$1,780,356	\$467,078	\$12,624,101	\$-	\$12,624,101
Inter-segment	-	7,436,603	3,782,343	11,218,946	(11,218,946)	-
Interest revenue	13,759	45,529	1,222	60,510	(54,807)	5,703
Total	<u>\$10,390,426</u>	<u>\$9,262,488</u>	<u>\$4,250,643</u>	<u>\$23,903,557</u>	<u>\$(11,273,753)</u>	<u>\$12,629,804</u>
Segment income (loss)	<u>\$620,412</u>	<u>\$(178,384)</u>	<u>\$237,037</u>	<u>\$679,065</u>	<u>\$-</u>	<u>\$679,065</u>
<u>2019</u>						
Revenues						
External customers	\$11,927,746	\$1,459,301	\$330,184	\$13,717,231	\$-	\$13,717,231
Inter-segment	13,712	8,628,287	3,450,164	12,092,163	(12,092,163)	-
Interest revenue	62,366	13,892	845	77,103	(68,745)	8,358
Total	<u>\$12,003,824</u>	<u>\$10,101,480</u>	<u>\$3,781,193</u>	<u>\$25,886,497</u>	<u>\$(12,160,908)</u>	<u>\$13,725,589</u>
Segment income (loss)	<u>\$(396,884)</u>	<u>\$251,661</u>	<u>\$300,529</u>	<u>\$155,306</u>	<u>\$-</u>	<u>\$155,306</u>

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Note : Inter-segment revenues are eliminated upon consolidation and recorded under the “adjustments and eliminations” column.

Details of operational asset-related information as of December 31, 2020 and 2019 are as follows:

	Taiwan PCB segment	China (Kunshan) PCB segment	China (Huangshi) PCB segment	Sub-total	Adjustments and eliminations	Consolidated
<u>2020.12.31</u>						
Segment assets	<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>
<u>2019.12.31</u>						
Segment assets	<u>\$8,575,012</u>	<u>\$7,601,741</u>	<u>\$5,259,265</u>	<u>\$21,436,018</u>	<u>\$(7,917,090)</u>	<u>\$13,518,928</u>

(2) Geographical information

(a) Revenues from external customers (Note)

	For the year ended December 31,	
	2020	2019
China	\$4,331,811	\$4,549,400
Thailand	1,318,335	1,368,728
Korea	1,054,048	1,121,711
Germany	835,433	820,129
Other countries	5,084,474	5,827,263
Total	<u>\$12,624,101</u>	<u>\$13,717,231</u>

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

(b) Non-current assets

	2020.12.31	2019.12.31
Taiwan	\$9,404	\$15,779
China	5,532,257	5,605,437
Total	<u>\$5,541,661</u>	<u>\$5,621,216</u>

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(3) Information about major customers

	For the year ended December 31,	
	2020	2019
Customer A	<u>\$2,044,796</u>	<u>\$2,092,990</u>

## DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2020

Attachment I

(In Thousands of New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3)	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
No. (Note 1)	Name	Name	Relationship (Note 2)										
0	Dynamic Electronics Co., Ltd.	Dynamic Eelectronics (Kunshan) Co., Ltd.	2	\$5,131,266	\$302,000	\$284,300	\$-	\$-	5.54%	\$5,131,266	Y	N	Y
0	Dynamic Electronics Co., Ltd.	Dynamic Eelectronics (Huangshi) Co., Ltd.	2	\$5,131,266	\$995,050	\$995,050	\$696,535	\$-	19.39%	\$5,131,266	Y	N	Y

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

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

Note 2: 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.

## DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Disposal of Individual Real Estate with Amount of at Least NT\$300 Million or or 20% of Capital Stock

For the year Ended December 31, 2020

Attachment 2

(In Thousands of New Taiwan Dollars)

Disposal Company	Name of Property	Transaction Date	Acquired date	Book Value	Transaction Amount	Collection Status	Disposal of gains and losses	Counter-party	Relationship with the Company	Purpose and Use of Disposal	Price Reference	Other Terms
Dynamic Electronics Co., Ltd.	<u>Land</u> Taoyuan plant land	Signing date: 2019.10.18  Transfer registration date: 2020.01.08	2003.10.20	\$137,171	\$637,686	As of the end of 2020.12.31 Collected \$637,686	\$444,582	Tung Wei Construction. Co., LTD	None	To cope with the transfer of production capacity of the Taoyuan plant	The appraisal reports from both CCIS Real Estate Joint Appraiser Firm and Hongda Real Estate Appraiser Firm	None
Dynamic Electronics Co., Ltd.	<u>Buildings</u> Taoyuan plant buildings	Signing date: 2019.10.18  Transfer registration date: 2020.01.08	2003.11.14-2017.03.14	\$80,109	\$97,314	As of the end of 2020.12.31 Collected \$97,314	\$(18,553)	Tung Wei Construction. Co., LTD	None	To cope with the transfer of production capacity of the Taoyuan plant	The appraisal reports from both CCIS Real Estate Joint Appraiser Firm and Hongda Real Estate Appraiser Firm	None

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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 Year Ended December 31, 2020

Attachment 3

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchase	\$3,501,139	99.81%	90~100 days after monthly closing	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 60~120 days after monthly closing	Accounts payable \$656,661	99.91%	Note1

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



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**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 December 31, 2020

Attachment 4

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Address	Main Business and Product	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of December 31, 2020	As of December 31, 2019	Shares	%	Carrying Value			
Dynamic Electronics Co., Ltd.	WINTEK (MAURITIUS) CO., LTD.	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	Investing activities	\$2,779,262	\$2,716,696	8,566,000	100.00%	\$4,444,459	\$50,703	\$55,040 (Note 1)	Note3
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%	\$1,891	\$6	\$6	Note3
Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	1st Floor, #5 DEKK House, De Zippora Street, P.O. Box 456, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	\$1,556	\$1,556	50,000	100.00%	\$325,090	\$262,337	\$262,337	Note3
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%	\$2,538	\$480	\$480	Note3
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics Holding Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Investing activities	\$1,555,090	\$1,492,524	141,767,000	100.00%	USD 156,676	USD 3,763	USD 4,391 (Note 2)	Note3

Note1: Including investment profit recognized under equity method amounted to NT\$50,703 thousand, realized profit on transaction between subsidiaries amounted to NT\$24,526 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$20,189 thousand .

Note2: Including investment profit recognized under equity method amounted to USD3,763 thousand, realized profit on transaction between subsidiaries amounted to USD663 thousand and unrealized profit on transaction between subsidiaries amounted to USD35 thousand .

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

## DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

## Financing provided to others

For the year ended December 31, 2020

Attachment 5

(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 -related parties	Yes	\$1,521,150	\$1,088,000	\$870,400	4.35%	2	\$-	Business turnover	\$-	-	\$-	\$1,604,618 (Note 3)	\$1,604,618 (Note 3)
2	WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics (Huangshi) Co. Ltd.	Other receivables -related parties	Yes	\$1,087,200	\$-	\$-	-%	2	\$-	Business turnover	\$-	-	\$-	\$2,678,789 (Note 4)	\$2,678,789 (Note 4)
3	Dynamic Electronics CO., LTD. (Seychelles)	Dynamic Electronics (Huangshi) Co. Ltd.	Other receivables -related parties	Yes	\$151,000	\$-	\$-	-%	2	\$-	Business turnover	\$-	-	\$-	\$325,090 (Note 5)	\$325,090 (Note 5)

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

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

Note 2: Nature of financing is coded as follows:

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

Note 3: Limit of total financing amount shall not exceed 60% of the lender's net assets of value as of December 31, 2020.

Limit of financing amount for individual counter-party shall not exceed 60% of the lender's net assets value as of December 31, 2020.

Note 4: Limit of total financing amount shall not exceed 60% of the lender's net assets of value as of December 31, 2020.

Limit of financing amount for individual counter-party shall not exceed 60% of the lender's net assets value as of December 31, 2020.

Note 5: Limit of total financing amount shall not exceed the lender's net assets of value as of December 31, 2020.

Limit of financing amount for individual counter-party shall not exceed the lender's net assets value as of December 31, 2020.

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 Year Ended December 31, 2020

Attachment 6

(In Thousands of Foreign Currency)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Sales	RMB 1,732,919	80.60%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 60~150 days after monthly closing.	Accounts receivable RMB 416,673	64.20%	Note1
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Subsidiary	Purchases	RMB 434,050	29.95%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 90~120 days after monthly closing.	Accounts payable RMB 200,484	31.98%	Note1
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Sales	RMB 434,050	43.79%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 120 days after monthly closing.	Accounts receivable RMB 200,484	58.61%	Note1
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Sales	RMB 448,591	45.26%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 120 days after monthly closing.	Accounts receivable RMB 87,647	25.62%	Note1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Subsidiary	Purchases	USD 64,889	20.66%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 13,433	17.39%	Note1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	Sales	USD 195,209	62.16%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts receivable USD 54,201	70.16%	Note1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd.	Subsidiary	Sales	USD 118,820	37.84%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts receivable USD 23,057	29.84%	Note1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchases	USD 249,140	79.34%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 63,825	82.61%	Note1
Dynamic Electronics Co., Ltd (Seychelles)	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchases	USD 195,209	97.99%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 90 days after monthly closing.	Accounts payable USD 54,201	97.03%	Note1

Note1: 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

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

As of December 31, 2020

Attachment 7

(In Thousands of Foreign Currency)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	RMB 416,673 (Note1, 2)	3.58	\$-	-	\$-	\$-
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd.	Subsidiary	USD 23,057 (Note1, 2)	3.89	\$-	-	\$-	\$-
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	USD 54,201 (Note1, 2)	3.72	\$-	-	\$-	\$-
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	RMB 87,647 (Note1, 2)	5.72	\$-	-	\$-	\$-
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	RMB 200,484 (Note1, 2)	2.60	\$-	-	\$-	\$-

Note1: Accounts receivable.

Note2: 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 year Ended December 31, 2020

Attachment 8

(In Thousands of Foreign Currency / New Taiwan Dollars)

No.	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction			
				Financial Statement Account	Amount	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
(Note 1)	Year 2020						
0	Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1	Purchases	\$3,501,139	90 days after monthly closing	27.73%
0	Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1	Accounts payable	\$656,661	90 days after monthly closing	4.98%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	1	Other receivables	\$121	-	-%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	1	Receipts under custody	\$2,317	-	0.02%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. Taiwan Branch (Seychelles)	1	Other payables	\$5,040	-	0.04%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. Taiwan Branch (Seychelles)	1	Other managing expenses	\$7,205	-	0.06%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. Taiwan Branch (Seychelles)	1	Rent income	\$270	-	-%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	3	Purchases	USD 249,140	90 days after monthly closing	56.21%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	3	Accounts payable	USD 63,825	90 days after monthly closing	13.79%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Purchases	USD 64,889	90 days after monthly closing	14.64%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Accounts payable	USD 13,433	90 days after monthly closing	2.90%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic PCB Electronics Co., Ltd.	3	Purchases	USD 195,209	90 days after monthly closing	44.04%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic PCB Electronics Co., Ltd.	3	Accounts payable	USD 54,201	90 days after monthly closing	11.71%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Trading Pte. Ltd.	3	Other managing expenses	USD 44	-	0.01%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics (Huangshi) Co., Ltd.	3	Interest income	USD 77	-	0.02%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Co., Ltd. Taiwan Branch (Seychelles)	3	Other payables	USD 304	-	0.07%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Co., Ltd. Taiwan Branch (Seychelles)	3	Other managing expenses	USD 456	-	0.10%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic PCB Electronics Co., Ltd.	2	Receipts under custody	USD 365	-	0.08%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Purchases	RMB 434,050	90 days after monthly closing	15.01%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Accounts payable	RMB 200,484	90 days after monthly closing	6.64%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other receivables	RMB 12,339	-	0.41%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other receivables	RMB 200,000	-	6.62%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other Interest income	RMB 9,748	-	0.34%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other operating revenue	RMB 3,287	-	0.11%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other manufacturing expenses	RMB 63	-	-%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Outsourced manufacturing expenses	RMB 313	-	0.01%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Accounts receivable	RMB 381	90 days after monthly closing	0.01%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Sales	RMB 337	90 days after monthly closing	0.01%
4	Wintek (Mauritius) Co., Ltd.	Dynamic Electronics Holding Pte. Ltd.	3	Other receivables	USD 48	-	0.01%
4	Wintek (Mauritius) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Interest income	USD 363	-	0.08%

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: Transactions are categorized as follows :

1. Investor to investee
2. Investee to investor.
3. Investee to investee.

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

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