

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

Ticker: 6251

**DYNAMIC ELECTRONICS CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REVIEW REPORT OF INDEPENDENT AUDITORS
As of March 31 , 2021 and 2020
And For The Three – month Periods Then Ended**

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

The reader is advised that these 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
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REVIEW REPORT OF INDEPENDENT AUDITORS

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Dynamic Electronics Co., LTD. (the “Company”) and its subsidiaries as of March 31, 2021 and 2020, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of March 31, 2021 and 2020, and their consolidated financial performance and cash flows for the three-month periods then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Lo, Hsiao Chin

Chang, Chi Ming

Ernst & Young

May 7th, 2021

Taipei, Taiwan,

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 March 31, 2021, December 31, 2020 and March 31, 2020 (March 31, 2021 and 2020 are reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			As of March 31, 2021		As of December 31, 2020		As of March 31, 2020	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
11xx	Current Assets							
1100	Cash and cash equivalents	6(1)	\$1,818,890	12	\$998,567	8	\$1,644,983	12
1136	Financial assets carried at amortized cost	6(2), 8	1,255	-	201,253	1	19,836	-
1150	Notes receivable, net	6(3)	81,338	1	262,063	2	81,249	1
1170	Accounts receivable, net	6(4)	3,933,250	27	3,716,755	28	3,465,919	26
1200	Other receivables		112,530	1	121,852	1	127,607	1
1310	Inventories, net	6(5)	2,032,969	14	1,598,097	12	1,599,860	12
1410	Prepayments		468,323	3	376,645	3	478,784	4
1470	Other current assets		7,065	-	6,016	-	7,633	-
	Total current assets		<u>8,455,620</u>	<u>58</u>	<u>7,281,248</u>	<u>55</u>	<u>7,425,871</u>	<u>56</u>
15xx	Non-current assets							
1600	Property, plant and equipment	6(6), 8, 9	5,408,292	37	5,240,292	40	5,213,381	39
1755	Right-of-use assets	6(19), 8	416,714	3	268,046	2	266,932	2
1780	Intangible assets	6(7)	38,290	-	28,812	-	14,851	-
1840	Deferred tax assets	4	354,529	2	362,397	3	409,520	3
1900	Other non-current assets	6(8)	2,298	-	4,511	-	7,301	-
	Total non-current assets		<u>6,220,123</u>	<u>42</u>	<u>5,904,058</u>	<u>45</u>	<u>5,911,985</u>	<u>44</u>
	Total assets		<u>\$14,675,743</u>	<u>100</u>	<u>\$13,185,306</u>	<u>100</u>	<u>\$13,337,856</u>	<u>100</u>

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

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)

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

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			As of March 31, 2021		As of December 31, 2020		As of March 31, 2020	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
21xx	Current liabilities							
2100	Short-term loans	6(9)	\$3,329,797	23	\$2,582,600	20	\$2,950,127	22
2120	Financial liability at fair value through profit or loss	6(10)	1,735	-	-	-	-	-
2130	Contract liability	6(17)	13,158	-	13,447	-	3,453	-
2170	Accounts payables		3,543,265	24	2,827,360	21	2,393,053	18
2200	Other payables	6(11)	1,155,169	8	1,006,489	8	742,002	6
2230	Current tax liabilities	4	16,940	-	24,178	-	19,709	-
2280	Lease liabilities	6(19), 8	1,999	-	444	-	528	-
2300	Other current liabilities		40,356	-	38,607	-	39,957	-
2322	Current portion of long-term loans payable	6(12), 8	651,356	4	-	-	1,209,000	9
2365	Refund liability	6(13)	109,089	1	100,753	1	83,021	1
	Total current liabilities		<u>8,862,864</u>	<u>60</u>	<u>6,593,878</u>	<u>50</u>	<u>7,440,850</u>	<u>56</u>
25xx	Non-current liabilities							
2540	Long-term loans	6(12), 8	-	-	654,722	5	639,898	5
2570	Deferred tax liabilities	4	395,963	3	397,870	3	409,546	3
2580	Lease liabilities	6(19), 8	3,561	-	-	-	-	-
2630	Long-term deferred revenue	6(14)	370,240	3	380,616	3	395,031	3
2640	Net defined benefit liability	4	1,845	-	1,791	-	1,629	-
2645	Guarantee deposits		24,969	-	25,163	-	26,099	-
	Total non-current liabilities		<u>796,578</u>	<u>6</u>	<u>1,460,162</u>	<u>11</u>	<u>1,472,203</u>	<u>11</u>
	Total liabilities		<u>9,659,442</u>	<u>66</u>	<u>8,054,040</u>	<u>61</u>	<u>8,913,053</u>	<u>67</u>
31xx	Equity attributable to the parent company							
3100	Capital	6(16)						
3110	Common stock		2,775,141	19	2,775,141	21	2,810,594	21
3200	Capital surplus	6(16)	1,250,883	8	1,250,883	10	1,061,873	8
3300	Retained earnings	6(16)						
3310	Legal reserve		531,385	4	531,385	4	531,385	4
3320	Special reserve		299,666	2	299,666	2	299,666	2
3350	Accumulated profit or loss		585,332	4	679,065	5	208,949	2
3400	Other components of equity		(426,106)	(3)	(404,874)	(3)	(487,664)	(4)
	Total equity		<u>5,016,301</u>	<u>34</u>	<u>5,131,266</u>	<u>39</u>	<u>4,424,803</u>	<u>33</u>
	Total liabilities and equity		<u>\$14,675,743</u>	<u>100</u>	<u>\$13,185,306</u>	<u>100</u>	<u>\$13,337,856</u>	<u>100</u>

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

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three-month periods ended March 31, 2021 and 2020 (Reviewed but unaudited)
(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Code	Accounts	Notes	For the 3-month period ended March 31,			
			2021		2020	
			Amount	%	Amount	%
4000	Operating revenues	6 (17)	\$3,561,906	100	\$3,035,760	100
5000	Operating costs	6 (5)	(3,256,594)	(91)	(2,580,351)	(85)
5900	Gross profit		<u>305,312</u>	<u>9</u>	<u>455,409</u>	<u>15</u>
6000	Operating expenses					
6100	Sales and marketing expenses		(126,506)	(4)	(159,060)	(5)
6200	General and administrative expenses		(141,863)	(4)	(148,973)	(5)
6300	Research and development expenses		(1,109)	-	(4,424)	-
6450	Expected credit gains(losses)	6 (18)	468	-	-	-
	Operating expenses total		<u>(269,010)</u>	<u>(8)</u>	<u>(312,457)</u>	<u>(10)</u>
6900	Operating income		<u>36,302</u>	<u>1</u>	<u>142,952</u>	<u>5</u>
7000	Non-operating income and expenses	6 (21)				
7100	Interest income		2,131	-	1,415	-
7010	Other income		40,932	1	37,769	1
7020	Other gains and losses		(12,473)	-	445,068	15
7050	Finance costs		<u>(33,247)</u>	<u>(1)</u>	<u>(47,694)</u>	<u>(2)</u>
	Non-operating income and expenses total		<u>(2,657)</u>	<u>-</u>	<u>436,558</u>	<u>14</u>
7900	Income from continuing operations before income tax		33,645	1	579,510	19
7950	Income tax expense	4, 6 (23)	<u>(16,372)</u>	<u>-</u>	<u>(35,108)</u>	<u>(1)</u>
8200	Net income		<u>17,273</u>	<u>1</u>	<u>544,402</u>	<u>18</u>
8300	Other comprehensive income (loss)	6 (22)				
8360	May be reclassified to profit or loss in subsequent periods					
8361	Exchange differences arising on translation of foreign operations		<u>(21,232)</u>	<u>(1)</u>	<u>(29,720)</u>	<u>(1)</u>
	Total other comprehensive income(loss), net of tax		<u>(21,232)</u>	<u>(1)</u>	<u>(29,720)</u>	<u>(1)</u>
8500	Total comprehensive income (loss)		<u><u>\$(3,959)</u></u>	<u><u>-</u></u>	<u><u>\$514,682</u></u>	<u><u>17</u></u>
8600	Net income attributable to:					
8610	Shareholders of the parent		<u>\$17,273</u>		<u>\$544,402</u>	
8700	Total comprehensive income(loss) attributable to:					
8710	Shareholders of the parent		<u><u>\$(3,959)</u></u>		<u><u>\$514,682</u></u>	
9750	Earnings per share - basic (In NT\$)	6 (24)	<u>\$0.06</u>		<u>\$2.20</u>	
9850	Earnings per share - diluted (In NT\$)	6 (24)	<u><u>\$0.06</u></u>		<u><u>\$2.18</u></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 CHANGES IN EQUITY

For the three-month periods ended March 31, 2021 and 2020 (Reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Total equity attributable to the owners of parent						
		Common capital 3100	Capital surplus 3200	Retained Earnings			Components of equity	Total equity 3XXX
				Legal reserve 3310	Special reserve 3320	Accumulated profit or loss 3350	Exchange differences arising on translation of foreign operations 3410	
A1	Balance as of Jan. 1, 2020	\$2,810,594	\$1,061,873	\$531,385	\$299,666	\$(335,453)	\$(457,944)	\$3,910,121
D1	Net income from Jan. 1 to Mar. 31, 2020					544,402		544,402
D3	Other comprehensive income(loss) from Jan. 1 to Mar. 31, 2020						(29,720)	(29,720)
D5	Total comprehensive income (loss)	-	-	-	-	544,402	(29,720)	514,682
Z1	Balance as of March 31, 2020	<u>\$2,810,594</u>	<u>\$1,061,873</u>	<u>\$531,385</u>	<u>\$299,666</u>	<u>\$208,949</u>	<u>\$(487,664)</u>	<u>\$4,424,803</u>
A1	Balance as of Jan. 1, 2021	\$2,775,141	\$1,250,883	\$531,385	\$299,666	\$679,065	\$(404,874)	\$5,131,266
	Appropriation and distribution of 2020 earnings							
B5	Cash dividends-common shares					(111,006)		(111,006)
D1	Net income for the three-month period ended March 31, 2021					17,273		17,273
D3	Other comprehensive income (loss), net of tax, for the three-month period ended March 31, 2021						(21,232)	(21,232)
D5	Total comprehensive income (loss)	-	-	-	-	17,273	(21,232)	(3,959)
Z1	Balance as of March 31, 2021	<u>\$2,775,141</u>	<u>\$1,250,883</u>	<u>\$531,385</u>	<u>\$299,666</u>	<u>\$585,332</u>	<u>\$(426,106)</u>	<u>\$5,016,301</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 three-month periods ended March 31, 2021 and 2020 (Reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Item	For the three-month periods		Code	Item	For the three-month periods	
		2021	2020			2021	2020
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$33,645	\$579,510	B00040	Disposal (acquisition) of financial assets measured at amortized cost	199,998	2,466
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(227,455)	(234,829)
A20010	Income and expense adjustments:			B05350	Acquisition of right-of-use assets	(148,217)	-
A20100	Depreciation (including right of use assets)	180,434	170,740	B02800	Proceeds from disposal of property, plant and equipment	893	650,206
A20200	Amortization	3,747	3,053	B04500	Acquisition of intangible assets	(13,314)	(4,260)
A20300	Expected credit losses (gain)	(468)	-	B03700	Decrease (increase) in refundable deposits	2,213	(2,845)
A20400	Net loss of financial liabilities at fair value through profit and loss	1,735	-	BBBB	Net cash provided by (used in) investing activities	(185,882)	410,738
A20900	Interest expense	33,247	47,694				
A21200	Interest revenue	(2,131)	(1,415)				
A22500	Loss (gain) on disposal of property, plant and equipment	17,162	(403,254)				
A23700	Impairment loss (reversal) on non-financial assets	(17,169)	(18,807)				
A29900	Loss (gain) on government grants	(8,494)	(8,755)				
A29900	Loss (gain) on lease modification	-	511				
A30000	Changes in operating assets and liabilities:			CCCC	Cash flows from financing activities:		
A31130	Notes receivable	180,725	102,364	C00200	Increase in short-term loans	747,197	186,862
A31150	Accounts receivable	(216,021)	474,324	C01700	Repayment of long-term loans	-	(600,000)
A31180	Other receivables	9,322	(5,377)	C03000	Increase (decrease) in guarantee deposits	(194)	764
A31200	Inventories	(434,872)	(79,900)	C04020	Payments of lease liabilities	(514)	(38)
A31230	Prepayments	(91,678)	(35,289)	CCCC	Net cash provided by (used in) financing activities	746,489	(412,412)
A31240	Other current assets	(1,049)	(2,865)				
A32125	Contract liability	(289)	1,752				
A32150	Accounts payable	715,905	(63,607)				
A32180	Other payables	(117,897)	(109,517)				
A32230	Other current liabilities	1,749	7,787	DDDD	Effect of exchange rate changes on cash and cash equivalents	11,265	13,000
A32240	Net defined benefit liability	54	54				
A32990	Refund liability	8,336	(15,239)				
A32000	Cash generated from operations	295,993	643,764				
A33100	Interest received	2,131	1,415	EEEE	Net increase (decrease) in cash and cash equivalents	820,323	606,491
A33300	Interest paid	(31,795)	(50,007)	E00100	Cash and cash equivalents at beginning of period	998,567	1,038,492
A33500	Income tax paid	(17,878)	(7)	E00200	Cash and cash equivalents at end of period	\$1,818,890	\$1,644,983
AAAA	Net cash provided by (used in) operating activities	248,451	595,165				

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

1. History and organization

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

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

The consolidated financial statements of the Company and its subsidiaries (“the Group”) were authorized to be issued in accordance with a resolution of the Board of Directors’ meeting held on May 7th, 2021.

3. Newly issued or revised standards and interpretations

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

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

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are 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	Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)	April 1, 2021

(a) Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)

This amendment extends the practical expedient in paragraph 46A of IFRS 16 Leases for one year. This amendment that are applicable for annual periods beginning on or after April 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 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 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 for the three-month periods ended March 31, 2021 and 2020 have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC.

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

(2) Basis of preparation

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

(3) Basis of consolidation

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

The consolidated entities are listed as follows:

Investor	Subsidiary	Main Businesses	Percentage of ownership (%)		
			2021.03.31	2020.12.31	2020.03.31
The Company	WINTEK (MAURITIUS) CO., LTD.	Investing Activities	100.00%	100.00%	100.00%
The Company	Dynamic PCB Electronics Co., Ltd.	PCB and business which relates to import and export	100.00%	100.00%	100.00%
The Company	Dynamic Electronics Co., Ltd. (Seychelles)	PCB and business which relates to import and export	100.00%	100.00%	100.00%
The Company	Dynamic Electronics Trading Pte. Ltd.	Management operations services	100.00%	100.00%	100.00%

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

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) Income tax

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

5. Significant accounting judgments, estimates, and assumptions

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

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

6. Contents of significant accounts

(1) Cash and cash equivalents

	<u>2021.03.31</u>	<u>2020.12.31</u>	<u>2020.03.31</u>
Cash on hand	\$348	\$349	\$512
Checking and savings	1,618,171	997,848	1,467,262
Fixed-term deposits	<u>200,371</u>	<u>370</u>	<u>177,209</u>
Total	<u>\$1,818,890</u>	<u>\$998,567</u>	<u>\$1,644,983</u>

(2) Financial assets measured at amortized cost

	<u>2021.03.31</u>	<u>2020.12.31</u>	<u>2020.03.31</u>
Restricted cash - current	\$-	\$-	\$16,088
Fixed-term deposits	<u>1,255</u>	<u>201,253</u>	<u>3,748</u>
Total	<u>\$1,255</u>	<u>\$201,253</u>	<u>\$19,836</u>
Current	<u>\$1,255</u>	<u>\$201,253</u>	<u>\$19,836</u>
Non-current	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

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

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

(3) Notes receivable, net

	<u>2021.03.31</u>	<u>2020.12.31</u>	<u>2020.03.31</u>
Notes receivable arising from operating activities	\$81,338	\$262,063	\$81,249
Less: loss allowance	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$81,338</u>	<u>\$262,063</u>	<u>\$81,249</u>

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(18) for more details on loss allowance and Note 12 for details on credit risk.

(4) Notes receivable, net

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

	<u>2021.03.31</u>	<u>2020.12.31</u>	<u>2020.03.31</u>
Accounts receivable from operating activities	\$3,953,447	\$3,737,426	\$3,481,744
Less: loss allowance	<u>(20,197)</u>	<u>(20,671)</u>	<u>(15,825)</u>
Total	<u>\$3,933,250</u>	<u>\$3,716,755</u>	<u>\$3,465,919</u>

(b) Accounts receivable were not pledged.

(c) Accounts receivable are generally on 60 to 150 day terms. The total carrying amount as of March 31, 2021, December 31, 2020, and March 31, 2020, are NT\$3,953,447 thousand, NT\$3,737,426 thousand and NT\$3,481,744 thousand, respectively. Please refer to Note 6(18) for more details on loss allowance of accounts receivable for the periods ended March 31, 2021 and 2020. Please refer to Note 12 for more details on credit risk management.

(5) Inventories

(a) Details of inventories are as below:

	<u>2021.03.31</u>	<u>2020.12.31</u>	<u>2020.03.31</u>
Raw materials and Supplies	\$361,326	\$181,587	\$186,120
Work in progress	546,602	456,741	358,194
Finished goods	1,125,041	959,769	1,055,546
Total	<u>\$2,032,969</u>	<u>\$1,598,097</u>	<u>\$1,599,860</u>

(b) The cost of inventories recognized in expenses for the period from January 1 to March 31 in 2021 and 2020 are NT\$3,256,594 thousand and NT\$2,580,351 thousand, respectively. The following losses were included in cost of sales:

Item	<u>2021.01.01~ 2021.03.31</u>	<u>2020.01.01~ 2020.03.31</u>
Inventory valuation losses (gain)	<u>\$33,913</u>	<u>\$(3,106)</u>

From January 1 to March 31, 2020, the Group assessed that part of the inventories originally recognized in allowance for inventory valuation and obsolescence loss has been disposed, and therefore recognized in gains from price recovery of inventory.

(c) Inventories were not pledged.

(6) Property, plant and equipment

	<u>2021.03.31</u>	<u>2020.12.31</u>	<u>2020.03.31</u>
Owner occupied property, plant, and equipment	<u>\$5,408,292</u>	<u>\$5,240,292</u>	<u>\$5,213,381</u>

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

DYNAMIC ELECTRONICS CO., LTD.

Notes to Consolidated Financial Statements (Continued)

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Lease improvement	Construction in progress and equipment to be examined	Total
Cost:									
2021.01.01	\$-	\$2,498,443	\$6,367,480	\$23,917	\$278,578	\$1,386,919	\$8,820	\$559,797	\$11,123,954
Additions	-	-	139	-	1,855	25,230	-	353,963	381,187
Disposals	-	-	(18,783)	-	-	(29,749)	-	-	(48,532)
Transfer	-	100,142	196,889	4,386	18,046	8,490	-	(327,953)	-
Exchange differences	-	(12,848)	(33,169)	(119)	(1,398)	(6,838)	-	(12,323)	(66,695)
2021.03.31	\$-	\$2,585,737	\$6,512,556	\$28,184	\$297,081	\$1,384,052	\$8,820	\$573,484	\$11,389,914

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Lease asset	Construction in progress and equipment to be examined	Total
Depreciation and impairment :									
2021.01.01	\$-	\$621,484	\$4,105,152	\$19,211	\$152,609	\$976,386	\$8,820	\$-	\$5,883,662
Depreciation	-	27,678	82,451	872	12,751	53,745	-	-	177,497
Impairment loss (gain on reversal)	-	-	(17,169)	-	-	-	-	-	(17,169)
Disposals	-	-	(1,062)	-	-	(29,415)	-	-	(30,477)
Transfer	-	-	-	-	-	-	-	-	-
Exchange differences	-	(3,441)	(22,273)	(103)	(863)	(5,211)	-	-	(31,891)
2021.03.31	\$-	\$645,721	\$4,147,099	\$19,980	\$164,497	\$995,505	\$8,820	\$-	\$5,981,622

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Lease asset	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	-	-	-	-	2,486	35,400	95	61,911	99,892
Disposals	-	-	(151,621)	(200)	(94)	(18,064)	-	(421)	(170,400)
Transfer	-	13,154	58,797	-	2,331	14,154	8,521	(96,957)	-
Exchange differences	-	(16,823)	(45,115)	(166)	(1,696)	(9,215)	-	(8,435)	(81,450)
Other changes	-	-	-	-	-	-	-	-	-
2020.03.31	\$-	\$2,291,736	\$6,118,216	\$24,450	\$241,354	\$1,309,891	\$8,616	\$937,400	\$10,931,663

Depreciation and impairment :

2020.01.01	\$-	\$514,187	\$4,243,219	\$17,496	\$104,892	\$872,426	\$-	\$-	\$5,752,220
Depreciation	-	23,976	81,947	818	11,410	49,901	957	-	169,009
Impairment loss (gain on reversal)	-	-	(18,807)	-	-	-	-	-	(18,807)
Disposal	-	-	(122,601)	(200)	(85)	(18,033)	-	-	(140,919)
Transfer	-	-	-	-	-	-	-	-	-
Exchange differences	-	(4,063)	(31,394)	(122)	(858)	(6,784)	-	-	(43,221)
Other changes	-	-	(8,654)	-	-	8,654	-	-	-
2020.03.31	\$-	\$534,100	\$4,143,710	\$17,992	\$115,359	\$906,164	\$957	\$-	\$5,718,282
Net carrying amount as at:									
2021.03.31	\$-	\$1,940,016	\$2,365,457	\$8,204	\$132,584	\$388,547	\$-	\$573,484	\$5,408,292
2020.12.31	\$-	\$1,876,959	\$2,262,328	\$4,706	\$125,969	\$410,533	\$-	\$559,797	\$5,240,292
2020.03.31	\$-	\$1,757,636	\$1,974,506	\$6,458	\$125,995	\$403,727	\$7,659	\$937,400	\$5,213,381

In the period from January 1, 2021 to March 31, 2021, the NT\$17,169 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.

In the period from January 1, 2020 to March 31, 2020, the NT\$18,807 thousand gain on reversal impairment loss represented the sold of certain property, plant and equipment in the Group. This has been recognized in the statement of comprehensive income.

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

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

(7) Intangible assets

	Computer Software	Technology Expertise	Total
Cost :			
2021.01.01	\$38,303	\$10,664	\$48,967
Addition-acquired separately	13,314	-	13,314
Derecognized upon retirement	(8,735)	-	(8,735)
Exchange differences	(164)	(55)	(219)
2021.03.31	\$42,718	\$10,609	\$53,327

	Computer Software	Technology Expertise	Total
2020.01.01	\$38,401	\$35	\$38,436
Additions – acquired separately	4,260	-	4,260
Derecognized upon retirement	(6,766)	-	(6,766)
Exchange differences	(237)	-	(237)
2020.03.31	\$35,658	\$35	\$35,693
	Computer Software	Technology Expertise	Total
2021.01.01	\$19,070	\$1,085	\$20,155
Amortization	3,211	536	3,747
Derecognized upon retirement	(8,735)	-	(8,735)
Exchange differences	(120)	(10)	(130)
2021.03.31	\$13,426	\$1,611	\$15,037
2020.01.01	\$24,717	\$10	\$24,727
Amortization	3,050	3	3,053
Derecognized upon retirement	(6,766)	-	(6,766)
Exchange differences	(172)	-	(172)
2020.03.31	\$20,829	\$13	\$20,842
Net carrying amount as at :			
2021.03.31	\$29,292	\$8,998	\$38,290
2020.12.31	\$19,233	\$9,579	\$28,812
2020.03.31	\$14,829	\$22	\$14,851

Amortization of intangible assets is as follows:

	2021.01.01~ 2021.03.31	2020.01.01~ 2020.03.31
Operating costs	\$1,344	\$405
Operating expenses	2,403	2,648
Total	\$3,747	\$3,053

(8) Other non-current assets

Other non-current assets as follows :	<u>2021.03.31</u>	<u>2020.12.31</u>	<u>2020.03.31</u>
Refundable deposit	<u>\$2,298</u>	<u>\$4,511</u>	<u>\$7,301</u>

(9) Short-term loans

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

	<u>Interest rates (%)</u>	<u>2021.03.31</u>	<u>2020.12.31</u>	<u>2020.03.31</u>
Unsecured bank loans	0.98588%~4.785%	<u>\$3,329,797</u>	<u>\$2,582,600</u>	<u>\$2,950,127</u>

(b) The Group' s unused short-term lines of credits amounts to NT\$2,569,442 thousand, NT\$3,018,749 thousand and NT\$1,389,606 thousand as of March 31, 2021, December 31, 2020, and March 31, 2020, respectively.

(10) Financial liability at fair value through profit or loss

	<u>2021.03.31</u>	<u>2020.12.31</u>	<u>2020.03.31</u>
Financial assets in held for trading— current :			
Forward exchange contract	<u>\$1,735</u>	<u>\$-</u>	<u>\$-</u>

(11) Other payables

Other payables consist of the following:	<u>2021.03.31</u>	<u>2020.12.31</u>	<u>2020.03.31</u>
Accrued expenses	<u>\$713,138</u>	<u>\$830,590</u>	<u>\$634,314</u>
Dividend payables	<u>111,006</u>	<u>-</u>	<u>-</u>
Accrued interest payable	<u>6,493</u>	<u>5,099</u>	<u>6,532</u>
Payables to equipment suppliers	<u>324,532</u>	<u>170,800</u>	<u>101,156</u>
Total	<u>\$1,155,169</u>	<u>\$1,006,489</u>	<u>\$742,002</u>

(12) Long-term loans

(a) Details of long-term loans as of March 31, 2021, December 31, 2020 and March 31, 2020 are as follows:

Lenders	2021.03.31	Interest rate (%) (Note 2)	Maturity and terms of repayments
Bank of Communications Co., Ltd. – Huangshi Branch – Secured bank loans	\$651,356	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	(651,356)		
Non-current portion of long-term loans	\$-		

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

Lenders	2020.03.31	Interest rates (%) (Note 2)	Maturity and terms of repayments
E-Sun Commercial Bank and credit union (shared limit of USD 50,000 thousand)	\$1,088,100	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	The loan principal is repaid starting 24 months from the first usage date. The un-repaid 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%

		adjustments due	for first 4 and 40% for the fifth.
		to financial ratio.	
E-Sun Commercial Bank and credit union (shared limit of USD 50,000 thousand)	120,900	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 un-repaid 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.
Bank of Communications Co., Ltd. – Huangshi Branch – Secured bank loans	639,898	People's Bank of China benchmark interest rate rises by 10%	Loan is due to be settled
Total:	1,848,898		
Less: Current portion of long-term loans	(1,209,000)		
Non-current portion of long-term loans	<u>\$639,898</u>		

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

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

	<u>2021.03.31</u>	<u>2020.12.31</u>	<u>2020.03.31</u>
Interest rates (%)	4.35%~4.785%	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

	2021.03.31	2020.12.31	2020.03.31
Refund liability	\$109,089	\$100,753	\$83,021

(14) Long term deferred revenue

Government grants

	2021.01.01~ 2021.03.31	2020.01.01~ 2020.03.31
Beginning balance	\$380,616	\$406,659
The recognition in profit or loss	(8,494)	(8,755)
Exchange differences	(1,882)	(2,873)
Ending Balance	\$370,240	\$395,031

	2021.03.31	2020.12.31	2020.03.31
Non-current deferred revenue related to assets	\$370,240	\$380,616	\$395,031

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 revenue

Defined contribution plan

The amount of defined contribution plans recognized by the Group from January 1 to March 31, 2021 and 2020, is NT\$1,193 thousand and NT\$1,359 thousand, respectively.

From January 1 to March 31 in 2021 and 2020, the additional pension expenses the Group recognized due to the appointment of managers are NT\$54 thousand.

Defined benefits plan

The amount of defined benefit plan the Group recognized for the period from January 1 to March 31 in 2020 is NT\$68 thousand.

(16) Equities

(a) Common stock

As of March 31, 2021, December 31, 2020, and March 31, 2020, the company's authorized share capital was NT\$4,000,000 thousand, and the issued share capital is NT\$2,775,141 thousand, NT\$ 2,775,141 thousand and NT\$2,810,594 thousand, respectively, each share at par value of NT\$10, which are 277,514,032 shares, 277,514,032 shares and 281,059,335 shares, respectively.

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

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

(b) Capital surplus

	<u>2021.03.31</u>	<u>2020.12.31</u>	<u>2020.03.31</u>
Additional paid-in capital	\$1,176,745	\$1,176,745	\$989,014
Treasury share transactions	32,214	32,214	32,214
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	15,531	15,531	15,531
Gain on sale of assets	155	155	155
Employee stock option	6,528	6,528	5,249
Share options	<u>19,710</u>	<u>19,710</u>	<u>19,710</u>
Total	<u>\$1,250,883</u>	<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) Earning distribution and dividend policies

I. Earning distribution

According to the company's articles of association after the amendment of the resolution of the shareholders meeting on May 24, 2019, when allocating the current year's earnings, if any, after having paid all taxes and dues, shall first set aside ten percent of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply; the rest shall be set aside to be the special surplus reserval according to laws or the regulations of the competent authority; If there is any remaining portion, the board of directors shall submit a surplus distribution proposal to the shareholders meeting for a resolution to distribute shareholder dividends. The company may, in accordance with Article 240 and Article 241 of the Company Act, authorize the board of directors to issue cash dividends and bonuses by special resolutions, and distribute in cash the above-mentioned dividends or capital reserve or/and legal reserve in compliance with the Company Act and shall report the distribution in the most recent shareholder's meeting.

II. Dividend policy

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

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

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

III. 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.

IV. Special reserve

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

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

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

V. The appropriations of earnings, distribution, and the dividend per share for the year 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 (NT\$)
	Year 2020	Year 2020
Legal reserve	\$67,906	
Common stock cash dividend (Note)	111,006	\$0.40
Total:	<u>\$178,912</u>	

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

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

Please refer to Note 6(20) for details on employees' compensation and remuneration to directors and supervisors.

(17) Operating revenue

	2021.01.01~ 2021.03.31	2020.01.01~ 2020.03.31
Revenue from contracts with customers		
Sales of goods	\$3,553,783	\$3,035,576
Other revenue	8,123	184
Total	<u>\$3,561,906</u>	<u>\$3,035,760</u>

Analysis of revenue from contracts with customers during the period from January 1 to March 31 of 2021 and 2020 are as follows:

A. Dissaggregation of revenue

	2021.01.01~ 2021.03.31	2020.01.01~ 2020.03.31
	Single department	Single department
Sale of goods	\$3,553,783	\$3,035,576
Other	8,123	184
Total	<u>\$3,561,906</u>	<u>\$3,035,760</u>

The timing for revenue recognition:

At a point in time	<u>\$3,561,906</u>	<u>\$3,035,760</u>
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B. Contract balances

Contract liabilities – current

	2021.03.31	2020.12.31	2020.03.31
Sale of goods	<u>\$13,158</u>	<u>\$13,447</u>	<u>\$3,453</u>

The significant changes in the Group's balances of contract liabilities for the three-month periods ended March 31, 2021 are as follows:

	Sale of goods
The opening balance transferred to revenue	\$(3,127)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	2,838

The significant changes in the Group's balances of contract liabilities for the three-month periods ended March 31, 2020 are as follows:

	Sale of goods
The opening balance transferred to revenue	\$(303)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	2,055

(18) Expected credit losses (gain)

	2021.01.01~ 2021.03.31	2020.01.01~ 2020.03.31
Operating expenses – Expected credit losses (gains)		
Account receivables	\$(468)	\$-

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 March 31, 2021, December 31, 2020 and March 31, 2020 are as follow:

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

2021.03.31

	Not yet due (Note)	Past due					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$3,946,488	\$74,541	\$9,606	\$100	\$1,086	\$2,964	\$4,034,785
Loss ratio	-%	8.64%	100%	100%	100%	100%	
Lifetime expected credit losses	-	(6,441)	(9,606)	(100)	(1,086)	(2,964)	(20,197)
Carrying amount of trade receivables	\$3,946,488	\$68,100	\$-	\$-	\$-	\$-	\$4,014,588

2020.12.31

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

2020.03.31

	Not yet due (Note)	Past due					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$3,423,242	\$123,926	\$13,787	\$1,522	\$116	\$400	\$3,562,993
Loss ratio	-%	-%	100%	100%	100%	100%	
Lifetime expected credit losses	-	-	(13,787)	(1,522)	(116)	(400)	(15,825)
Carrying amount of trade receivables	\$3,423,242	\$123,926	\$-	\$-	\$-	\$-	\$3,547,168

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

B. The changes in the allowance for loss of notes receivable and accounts receivable for the period from January 1 to March 31, 2021 and 2020 are as follows:

	Notes receivable	Accounts receivable
2021.01.01	\$-	\$20,671
Addition/ (reversal) for the current period	-	(468)
Effect of exchange rate changes	-	(6)
Ending balance as of March 31, 2021	\$-	\$20,197

	Notes receivable	Accounts receivable
2020.01.01	\$-	\$15,789
Addition/ (reversal) for the current period	-	-
Effect of exchange rate changes	-	36
Ending balance as of March 31, 2020	<u>\$-</u>	<u>\$15,825</u>

(19) Leases

(a) Group as a lessee

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

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

A. Amounts recognized in the balance sheet

a. Right-of-use assets

Carrying amount of Right-of-use assets

	Land	Buildings	Machinery and equipment	Transport equipment	Total
Cost :					
2021.01.01	\$310,993	\$1,047	\$-	\$-	\$312,040
Additions	148,217	-	-	6,056	154,273
Disaposal	-	-	-	-	-
Exchange differences	(2,910)	-	-	-	(2,910)
2021.03.31	<u>\$456,300</u>	<u>\$1,047</u>	<u>\$-</u>	<u>\$6,056</u>	<u>\$463,403</u>

	Land	Buildings	Machinery and equipment	Transport equipment	Total
Cost :					
2020.01.01	\$306,892	\$1,047	\$2,224	\$-	\$310,163
Additions	-	-	-	-	-
Disposal	(696)	-	(2,224)	-	(2,920)
Exchange differences	(2,244)	-	-	-	(2,244)
2020.03.31	\$303,952	\$1,047	\$-	\$-	\$304,999
Depreciation and impairment:					
2021.01.01	\$43,078	\$916	\$-	\$-	\$43,994
Depreciation	2,302	131	-	504	2,937
Disposal	-	-	-	-	-
Exchange differences	(242)	-	-	-	(242)
2021.03.31	\$45,138	\$1,047	\$-	\$504	\$46,689
Depreciation and impairment:					
2020.01.01	\$36,638	\$393	\$1,482	-	\$38,513
Depreciation	1,538	131	62	-	1,731
Disposal	(348)	-	(1,544)	-	(1,892)
Exchange differences	(285)	-	-	-	(285)
2020.03.31	\$37,543	\$524	\$-	\$-	\$38,067
Net carrying amount					
2021.03.31	\$411,162	\$-	\$-	\$5,552	\$416,714
2020.12.31	\$267,915	\$131	\$-	\$-	\$268,046
2020.03.31	\$266,409	\$523	\$-	\$-	\$266,932

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

b. Lease liability

	2021.03.31	2020.12.31	2020.03.31
Lease liability	\$5,560	\$444	\$528
Current	\$1,999	\$444	\$528
Non-current	3,561	-	-
Total	\$5,560	\$444	\$528

Please refer to Note 6(21)(d) for the interest on lease liabilities recognized during the period from January 1 to March 31, 2021 and 2020; refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at March 31, 2021, December 31, 2020 and March 31, 2020.

B. Income and costs relating to leasing activities

	2021.01.01~ 2021.03.31	2020.01.01~ 2020.03.31
Short-term leases expenses	\$3,734	\$4,482

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

C. Cash outflow relating to leasing activities

The Group's total cash outflows for leases during the period from January 1 to March 31 in 2021 and 2020 amounting to NT\$4,248 thousand and NT\$4,520 thousand, respectively.

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

Function Nature	2021.01.01~2021.03.31			2020.01.01~2020.03.31		
	Operating costs	Operation expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salary	\$506,319	\$73,735	\$580,054	\$472,571	\$81,795	\$554,366
Labor and health insurance	-	1,903	1,903	-	1,976	1,976
Pension	-	1,247	1,247	-	1,481	1,481
Other employee benefits	23	44	67	18	4,109	4,127
Depreciation	169,010	11,424	180,434	160,052	10,688	170,740
Amortization	1,344	2,403	3,747	405	2,648	3,053

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

Based on profitability and following the rule of not lower than 6% and not higher than 3%, the Company incurred the employees' compensation and the remuneration to directors and supervisors, respectively, for the three-month period ended March 31, 2021 and recorded them as employee benefits. As such, employees' compensation and remuneration to directors and supervisors for the three-month period ended March 31, 2021 amounted to NT\$ 2,460 thousand and NT\$369 thousand, respectively. The employees' compensation and remuneration to directors and supervisors for the three-month period ended March 31, 2020 amount to NT\$26,434 thousand and NT\$3,965 thousand, respectively. The employees' compensation and remuneration to directors and supervisors were recognized as salaries.

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

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

(21) Non-operating income and expenses

(a) Interest income

	2021.01.01~ 2021.03.31	2020.01.01~ 2020.03.31
Interest income		
Financial assets measured at amortized cost	<u>\$2,131</u>	<u>\$1,415</u>

(b) Other income

	2021.01.01~ 2021.03.31	2020.01.01~ 2020.03.31
Other income—others	<u>\$40,932</u>	<u>\$37,769</u>

(c) Other gains and losses

	2021.01.01~ 2021.03.31	2020.01.01~ 2020.03.31
Gain (loss) on disposal of property, plant and equipment	\$(17,162)	\$403,254
Foreign exchange gains (losses), net	(4,272)	28,517
Net gain(losses) on financial liabilities at fair value through profit or loss	(1,750)	-
Reversal of impairment loss(losses)	17,169	18,807
Gains (losses) on lease modification	-	(511)
Others losses—others	<u>(6,458)</u>	<u>(4,999)</u>
Total	<u>\$(12,473)</u>	<u>\$445,068</u>

(d) Financial costs

	2021.01.01~ 2021.03.31	2020.01.01~ 2020.03.31
Interest on borrowings from bank	\$33,228	\$47,691
Interest on lease liabilities	19	3
Total	<u>\$33,247</u>	<u>\$47,694</u>

(22) Components of other comprehensive income (loss)

For the three-month period ended March 31, 2021

	Arising during the period	Reclassificat ion during the period	Subtotal	Income tax benefit (expense)	Net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	<u>\$(21,232)</u>	<u>\$-</u>	<u>\$(21,232)</u>	<u>\$-</u>	<u>\$(21,232)</u>

For the three-month period ended March 31, 2020

	Arising during the period	Reclassificat ion during the period	Subtotal	Income tax benefit (expense)	Net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	<u>\$(29,720)</u>	<u>\$-</u>	<u>\$(29,720)</u>	<u>\$-</u>	<u>\$(29,720)</u>

(23) Income tax

(a) The major components of the income tax expense (income) during January 1 to March 31 in 2020 and 2021 are as follows:

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

	2021.01.01~ 2021.03.31	2020.01.01~ 2020.03.31
Current income tax expense (income):		
Current income tax charge	\$10,411	\$8,510
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	5,961	26,598
Total income tax expense	<u>\$16,372</u>	<u>\$35,108</u>

(b) Approval status of income tax declaration

As of March 31, 2021, the company's income tax declaration is up to 2018. °

(24) 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.

	2021.01.01~ 2021.03.31	2020.01.01~ 2020.03.31
(a) Basic earnings per share		
Net income available to common shareholders of the parent	<u>\$17,273</u>	<u>\$544,402</u>
Weighted average number of common stocks by basic EPS (in thousand shares)	277,514	247,516
Basic earnings per share (in NT\$)	<u>\$0.06</u>	<u>\$2.20</u>

	2021.01.01~ 2021.03.31	2020.01.01~ 2020.03.31
(b) Diluted earnings per share		
Net income available to common shareholders of the parent	\$17,273	\$544,402
Net income available to common shareholders of the parent after dilution (in thousand NT\$)	\$17,273	\$544,402
Weighted average number of common stocks by basic EPS (in thousand shares)	277,514	247,516
Effect of dilution :		
Employee bonus (compensation) - stock (in thousand shares)	1,699	1,855
Weighted average number of common stocks after dilution (in thousand shares)	279,213	249,371
Diluted earnings per share (in NT\$)	\$0.06	\$2.18

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

7. Related party transactions

(a) Significant transactions with related parties

(b) Key management personnel compensation

	2021.01.01~ 2021.03.31	2020.01.01~ 2020.03.31
Short-term employee benefits	\$9,339	\$9,574
Post-employment benefits	318	322
Total	\$9,657	\$9,896

8. Assets pledged as collateral

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

Assets	Book value	Purpose of pledge
<u>2021.03.31</u>		
Property, plant and equipment – buildings	\$1,365,414	Secured loan
Construction in progress	41,220	Secured loan
Right-of-use assets	234,213	Secured loan
Total	<u>\$1,640,847</u>	

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

Assets	Book value	Purpose of pledge
<u>2020.03.31</u>		
Property, plant, and equipment – buildings	\$1,159,710	Secured loan
Construction in progress	236,772	Secured loan
Right-of-use assets	235,197	Secured loan
Financial assets carried at amortized cost	14,088	Secured loan
Financial assets carried at amortized cost	2,000	Security deposit to custom authority
Total	<u>\$1,647,767</u>	

9. Significant contingencies and unrecognized contract commitments

(1) As of March 31, 2021, 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>\$505,866</u>	<u>\$278,998</u>	<u>\$226,868</u>

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

10. Losses due to major disasters

None

11. Significant subsequent events

- (1) In consideration of the long-term development needs, the Group decided to change the investment structure of the mainland reinvestment business Dynamic Electronics (Kunshan) Co., Ltd. on December 17, 2020 through a resolution of the board of directors; the original structure of Singapore's Dynamic Electronics Holding Pte. Ltd. reinvestment in Dynamic Electronics (Kunshan) Co., Ltd. was changed to the investment in Dynamic Electronics (Kunshan) Co., Ltd. from Dynamic Electronics (Huangshi) Co., Ltd. The aforementioned transaction is an equity adjustment under organizational reorganization, and the investment case was approved by the Ministry of Economic Affairs Investment Committee on April 22, 2021, by MOEAIC letter No. 11000058180 .
- (2) To replenish the working capital, the Company resolved at its board meeting held on February 26, 2021 to issue the domestic unsecured convertible bonds for the second time. The upper limit is 5000 stocks with par value NTD100,000 total issued par value is capped at NT\$500,000 thousand. The issuance period will last three years at zero coupon rate. The bonds will be publicly offered through public auction with a price more than 101% of par value. The actual total issuance amount is determined by the results of the auction and has been approved by the Financial Supervisory Commission on April 13, 2021, Jin Guan Zheng Fa Zi No. 1100336982.

12. Others

(1) Types of financial instrument

Financial assets

	<u>2021.03.31</u>	<u>2020.12.31</u>	<u>2020.03.31</u>
Financial assets measured at amortized cost:			
Cash and cash equivalents (exclude cash on hand)	\$1,818,542	\$998,218	\$1,644,471
Financial assets measured at amortized cost	1,255	201,253	19,836
Notes receivables	81,338	262,063	81,249
Trade receivables	3,933,250	3,716,755	3,465,919
Other receivables	112,530	121,852	127,607
Refundable deposits	2,298	4,511	7,301
Total	<u>\$5,949,213</u>	<u>\$5,304,652</u>	<u>\$5,346,383</u>

Financial liabilities

	2021.03.31	2020.12.31	2020.03.31
Financial liabilities at amortized cost:			
Short term loan	\$3,329,797	\$2,582,600	\$2,950,127
Payables	4,698,434	3,833,849	3,135,055
Long term loan (including current portion with maturity less than 1 year)	651,356	654,722	1,848,898
Leased liabilities (including current portion with maturity less than 1 year)	5,560	444	528
Subtotal	<u>8,685,147</u>	<u>7,071,615</u>	<u>7,934,608</u>
financial liability at fair value through profit or loss :			
Held for trading	1,735	-	-
Total	<u><u>\$8,686,882</u></u>	<u><u>\$7,071,615</u></u>	<u><u>\$7,934,608</u></u>

(2) Financial risk management objectives and policies

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

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before the Group enters 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 instrument).

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

Foreign currency risk

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

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

The 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 period January 1 to March 31, 2021 and 2020 is decreased/increased by NT\$11,197 thousand and NT\$6,578 thousand, respectively.

When NTD strengthens/weakens against RMB by 1%, the profit for the period from January 1 to March 31 in 2021 and 2020 is decreased/increased by NT\$37,786 thousand and NT\$32,619 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 period from January 1 to March 31 in 2021 and 2020 to decrease/increase by NT\$2,953 thousand and NT\$3,678 thousand, respectively.

Equity price risk

As of March 31, 2021 and 2020, the Group does not hold equity securities at fair value; therefore, the Group is not subject to equity price risk.

(4) Credit risk management

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

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

As of March 31, 2021 and December 31, 2020 and March 1, 2020 accounts receivable from top ten customers represent 60.54%, 64.11% and 63.27% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

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

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

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

(5) Liquidity risk management

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

Non-derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
<u>2021.03.31</u>					
Loans	\$4,049,818	\$-	\$-	\$-	\$4,049,818
Payables	4,698,434	-	-	-	4,698,434
Lease liabilities	1,999	3,561	-	-	5,560
<u>2021.12.31</u>					
Loans	\$2,652,233	\$686,051	\$-	\$-	\$3,338,284
Payables	3,833,849	-	-	-	3,833,849
Lease liabilities	444	-	-	-	444
<u>2020.03.31</u>					
Loans	\$4,262,959	\$670,517	\$-	\$-	\$4,933,476
Payables	3,135,055	-	-	-	3,135,055
Lease liabilities	536	-	-	-	536

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities from January 1 to March 31 in 2021:

	Short-term loans	Long-term loans	Refundable deposits	Lease liabilities	Total liabilities from financing activities
2021.01.01	\$2,582,600	\$654,722	\$25,163	\$444	\$3,262,929
Cash flows	747,197	-	(194)	(514)	746,489
Non-cash changes					
Lease modification	-	-	-	5,611	5,611
Interest of lease liabilities	-	-	-	19	19
Foreign exchange movement	-	(3,366)	-	-	(3,366)
2021.03.31	\$3,329,797	\$651,356	\$24,969	\$5,560	\$4,011,682

Reconciliation of liabilities from January 1 to March 31 in 2020:

	Short-term loans	Long-term loans	Refundable deposits	Lease liabilities	Total liabilities from financing activities
2020.01.01	\$2,763,265	\$2,443,822	\$25,335	\$1,328	\$5,233,750
Cash flows	186,862	(600,000)	764	(38)	(412,412)
Non-cash changes					
Lease modification	-	-	-	(765)	(765)
Interest of lease liabilities	-	-	-	3	3
Foreign exchange movement	-	5,076	-	-	5,076
2020.03.31	\$2,950,127	\$1,848,898	\$26,099	\$528	\$4,825,652

(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(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivatives

The relevant information about derivatives the Group holds that do not comply with hedge accounting and have not yet expired are as follows:

Forward exchange contract:

The forward exchange contract is a risky part while managing part of the transaction, but it is not designated as a hedging tool. The forward exchange contracts held as of March 31, 2021, December 31, 2020 and March 31, 2020 are as follows:

Derivative item	Contractual amount (in thousand dollars)	Term
2021.03.31		
Forward exchange contract	Sold USD 4,000	2021.02.05~2021.04.27
Forward exchange contract	Sold USD 2,000	2021.02.19~2021.04.27
Forward exchange contract	Sold USD 5,000	2021.02.26~2021.05.26
Forward exchange contract	Sold USD 2,000	2021.03.16~2021.05.26
2020.12.31		
None		
2020.03.31		
None		

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

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

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability.

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

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

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

March 31, 2021 :

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Liabilities measured at fair value :				
Financial liabilities measured at fair value through profit or loss				
Forward exchange contract	\$-	\$1,735	\$-	\$1,735

As of December 31, 2020 : None

As of March 31, 2020 : None

Financial liabilities

Monetary
items

USD	<u>\$52,966</u>	28.48	<u>\$1,508,455</u>
RMB	<u>\$1,240,310</u>	4.3648	<u>\$5,413,724</u>

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\$(4,272) thousand and NT\$28,517 thousand for the periods from January 1 to March 31 in 2021 and 2020, respectively.

(11) Capital management

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

13. Other disclosures

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

- a. Financing provided to others as of March 31, 2021: None.
- b. Endorsement/Guarantee provided to others as of March 31, 2021:
Please refer to Attachment 1.
- c. Securities held as of March 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 as of March 31, 2021: None.

- e. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock as of March 31, 2021: None.
- f. Disposal of individual real estate with amount exceeding the lower of NT\$300 millions or 20% of capital stock as of March 31, 2021: None.
- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20% of capital stock as of March 31, 2021: Please refer to Attachment 2.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of March 31, 2021: None.
- i. Financial instruments and derivative transactions: None.
- j. Significant intercompany transactions between the parent with subsidiaries or among subsidiaries: Please refer to Attachment 7.

(2) Information on investees:

- A. If an investor controls the operation, investment and financial decisions of an investee, or an investor has significant influence on the operation and financial policies of an investee, the related information for the investee is disclosed (not including investment in Mainland China): Please refer to Attachment 3.
- B. An investor controls the operation, investment, and financial decisions of an investee, the related information Note 13(1) for the investee shall be disclosed as below:
 - (a) Financing provided to others: Please refer to Attachment 4.
 - (b) Endorsement/Guarantee provided to others: None.
 - (c) Securities held as of March 31, 2021 (excluding subsidiaries, associates, and joint ventures): None.
 - (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of capital stock as of March 31, 2021: None.
 - (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock: None.
 - (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock: None.
 - (g) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20% of capital stock: Please refer to Attachment 5.
 - (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of March 31, 2021: Please refer to Attachment 6.
 - (i) Financial instruments and derivative transactions: Please refer to Note 12(8).

(3) Information on investments in Mainland China:

- a. Investee company name, main businesses and products, paid-in capital, method of investment, accumulated inflow and outflow of investments from Taiwan, 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, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2021	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of March 31, 2021	Accumulated Inward Remittance of Earnings as of March 31, 2021	Accumulated Outflow of Investment from Taiwan as of March 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment by MOEA
					outflow	inflow									
Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	\$2,282,800 (Note 2、3 and 6)	(Note 1)	\$2,260,265	\$-	\$-	\$2,260,265	\$(139,142) (Note 2)	100%	\$(139,142) (Note 2、4、5 and 10)	\$2,523,408 (Note 2、4、5 and 10)	\$1,720,832 (Note 2)	\$2,260,265	\$2,260,265	No upper limit on investment (Note 9)

Dynamic Electronics (Huangshi) Co., Ltd.	Manufacturing and selling of PCB	\$1,426,750 (Note 2 7 and 8)	(Note 1)	\$504,167	\$-	\$-	\$504,167	\$57,382 (Note 2)	100%	\$57,382 (Note 2、4、5 and 10)	\$1,836,740 (Note 2、4、5 and 10)	\$-	\$504,167	\$504,167
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Note 1: The Company indirectly invested in its China subsidiary through WINTEK (MAURITIUS) CO., LTD. and Dynamic Holding Pte. Ltd.

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

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

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

Note 5: WINTEK (MAURITIUS) CO., LTD. indirectly, through the holding on Dynamic Holding Pte. Ltd., recognized the investment income and face value of Dynamic Electronics (Huangshi) Co. Ltd.

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

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

- b. Purchases and accounts payable with the related parties: Please refer to Attachment 7.
 - c. Sales and accounts receivable with the related parties: None.
 - d. The profit and loss produced by transaction of the property:
As of March 31, 2021, the Company wrote off the profit of property, plant and equipment amounted to NT\$ 167,689 thousand because of unrealized under the investment balance using the equity method.
 - e. The purpose and balance of a note guarantee and a guaranteed endorsement or providing for secure: Please refer to Attachment 1.
 - f. The amount of maximum financing, the balance interest rates, and lump sum interest expense: Please refer to Attachment 4.
 - 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 7.
 - h. The aforementioned transaction had been eliminated in the consolidated financial statements.
Please refer to Attachment 7.
- (4) Information on major shareholders:
None

14. Segment information

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

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

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

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

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

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.

	Taiwan PCB segment	China (Kunshan) PCB segment	China (Huangshi) PCB segment	Sub-total	Adjustments and eliminations	Consolidated
<u>2021.01.01~2021.03.31</u>						
Revenues						
External customers	\$2,702,927	\$527,344	\$331,635	\$3,561,906	\$-	\$3,561,906
Inter-segment	-	2,171,781	1,186,234	3,358,015	(3,358,015)	-
Interest revenue	461	8,775	582	9,818	(7,687)	2,131
Total	<u>\$2,703,388</u>	<u>\$2,707,900</u>	<u>\$1,518,451</u>	<u>\$6,929,739</u>	<u>\$(3,365,702)</u>	<u>\$3,564,037</u>
Segment income (loss)	<u>\$98,613</u>	<u>\$(138,427)</u>	<u>\$57,087</u>	<u>\$17,273</u>	<u>\$-</u>	<u>\$17,273</u>
<u>2020.01.01~2020.03.31</u>						
Revenues						
External customers	\$2,625,541	\$295,272	\$114,947	\$3,035,760	\$-	\$3,035,760
Inter-segment	-	1,991,042	882,423	2,873,465	(2,873,465)	-
Interest revenue	10,870	5,630	227	16,727	(15,312)	1,415
Total	<u>\$2,636,411</u>	<u>\$2,291,944</u>	<u>\$997,597</u>	<u>\$5,925,952</u>	<u>\$(2,888,777)</u>	<u>\$3,037,175</u>
Segment income (loss)	<u>\$469,958</u>	<u>\$7,516</u>	<u>\$66,928</u>	<u>\$544,402</u>	<u>\$-</u>	<u>\$544,402</u>

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

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

<u>Segment assets</u>	Taiwan PCB	China	China	Sub-total	Adjustments and eliminations	Consolidated
	segment	(Kunshan) PCB segment	(Huangshi) PCB segment			
As of 03/31/2021	\$6,418,761	\$7,853,386	\$6,887,589	\$21,159,736	\$(6,483,993)	\$14,675,743
As of 12/31/2020	\$6,135,444	\$7,437,501	\$6,025,355	\$19,598,300	\$(6,412,994)	\$13,185,306
As of 03/31/2020	\$7,640,758	\$8,077,314	\$5,355,864	\$21,073,936	\$(7,736,080)	\$13,337,856

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Endorsement/Guarantee Provided to Others

For the three-month period ended March 31, 2021

Attachment 1

(In Thousands of New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3)	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
No. (Note 1)	Name	Name	Relationship (Note2)										
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	2	\$5,016,301	\$1,110,916	\$1,110,916	\$1,025,460	\$-	22.15%	\$5,016,301	Y	N	Y
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	2	\$5,016,301	\$284,850	\$284,850	\$284,850	\$-	5.68%	\$5,016,301	Y	N	Y

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

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

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

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

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

For the three-month period ended March 31, 2021

Attachment 2

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note	
			Purchase/Sale	Amount	% to Total	Payment/Collection Term	Unit Price	Payment/Collection Term	Ending Balance		% to Total
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchase	\$684,759	99.96%	90 days after monthly closing	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 60~120 days after monthly closing	Accounts payable \$516,021	99.89%	Note 1

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

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

As of March 31, 2021

Attachment 3

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Address	Main Business and Product	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of March 31, 2021	December 31, 2020	Shares	%	Carrying Value			
Dynamic Electronics Co., Ltd.	WINTEK (MAURITIUS) CO., LTD.	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	Investing activities	<u>\$2,779,262</u>	<u>\$2,779,262</u>	8,566,000	100.00%	<u>\$4,340,887</u>	<u>\$(81,340)</u>	<u>\$(81,340)</u>	Note 3 (Note 1)
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1st Floor, #5 DEKK House, De Zippora Street, P.O. Box 456, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	<u>\$1,555</u>	<u>\$1,555</u>	50,000	100.00%	<u>\$1,896</u>	<u>\$1</u>	<u>\$1</u>	Note 3
Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	1st Floor, #5 DEKK House, De Zippora Street, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	<u>\$1,556</u>	<u>\$1,556</u>	50,000	100.00%	<u>\$396,876</u>	<u>\$70,794</u>	<u>\$70,794</u>	Note 3
Dynamic Electronics Co., Ltd.	Dynamic Electronics Trading Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Management operations services	<u>\$1,541</u>	<u>\$1,541</u>	50,000	100.00%	<u>\$2,608</u>	<u>\$65</u>	<u>\$65</u>	Note 3
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics Holding Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Investing activities	<u>\$1,555,090</u>	<u>\$1,555,090</u>	141,767,000	100.00%	<u>USD 152,744</u>	<u>USD (2,865)</u>	<u>USD (2,865)</u>	Note 3 (Note 2)

Note1: Including investment profit recognized under equity method amounted to NT\$81,340 thousand, realized profit on transaction between subsidiaries amounted to NT\$20,189 thousand and unrealized profit on transaction subsidiaries between amounted to NT\$20,189 thousand .

Note2: Including investment loss recognized under equity method amounted to USD2,865 thousand, realized profit on transaction between subsidiaries amounted to USD35 thousand and unrealized profit on transaction between subsidiaries amounted to USD35 thousand .

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Financing provided to others

For the three-month period ended March 31, 2021

Attachment 4

(In Thousands of New Taiwan Dollars)

NO. (Note 1)	Lender	Counter-party	Financial accounting account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 2)	Amount of sales to(purchases from) counter-party	Reason for financing	Loss Allowance	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
1	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Other receivables	Yes	\$1,567,150	\$691,040	\$691,040	4.35%	2	\$-	Business Turnover	\$-	-	\$-	\$1,514,045 (Note 3)	\$1,514,045 (Note 3)

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

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

Note 2: Nature of financing is coded as follows:

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

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES
Purchase and sales transactions with related parties amount to NT\$100 million or more than 20% of the paid-in capital
For the three-month period ended March 31, 2021

Attachment 5
(In Thousands of Foreign Currency)

The company of purchase and sales	Counterparty	Nature of relationship	Intercompany Transaction				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note
			Purchases /Sales	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.	Sub-subsidiary	Sales	RMB 461,396	74.89%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably	Non relative parties are 60~150 days after monthly closing.	Accounts receivable RMB 411,689	64.85%	Note 1
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Sub-subsidiary	Purchase	RMB 154,763	30.66%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably	Non relative parties are 60~150 days after monthly closing.	Accounts payable RMB 185,906	26.07%	Note 1
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Sub-subsidiary	Sales	RMB 35,377	5.74%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably	Non relative parties are 60~150 days after monthly closing.	Accounts receivable RMB 40,183	6.33%	Note 1
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Sub-subsidiary	Purchase	RMB 35,377	13.12%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably	Non relative parties are 90~120 days after monthly closing.	Accounts payable RMB 40,183	14.49%	Note 1
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Sub-subsidiary	Sales	RMB 154,763	44.67%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably	Non relative parties are 120 days after monthly closing.	Accounts receivable RMB 185,906	45.75%	Note 1
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Sub-subsidiary	Sales	RMB 115,616	33.37%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably	Non relative parties are 120 days after monthly closing.	Accounts receivable RMB 117,032	28.80%	Note 1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Subsidiary	Purchase	USD 17,810	20.11%	90 days after monthly closing.	Not comparable	No non-related parties to be compared with.	Accounts payable USD 17,810	22.12%	Note 1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	Sales	USD 64,360	72.68%	90 days after monthly closing.	Not comparable	No non-related parties to be compared with.	Accounts receivable USD 62,436	77.54%	Note 1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd	Subsidiary	Sales	USD 24,195	27.32%	90 days after monthly closing.	Not comparable	No non-related parties to be compared with.	Accounts receivable USD 18,084	22.46%	Note 1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchase	USD 70,745	79.89%	90 days after monthly closing.	Not comparable	No non-related parties to be compared with.	Accounts payable USD 62,710	77.88%	Note 1
Dynamic Electronics Co., Ltd (Seychelles)	Dynamic PCB Electronics Co., Ltd.	Subsidiary	Purchase	USD 64,360	98.15%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably	Non relative parties are 90 days after monthly closing.	Accounts payable USD 62,436	97.25%	Note 1

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

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

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

As of March 31, 2021

Attachment 6

(In Thousands of Foreign Currency)

Company name	Related Party	Nature of relationship	Ending Balance	Turnover rate	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action taken		
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Sub-subsidiary	<u>RMB 411,689</u> (Note 1 and Note 2)	<u>4.46</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd.	Subsidiary	<u>USD 18,084</u> (Note 1 and Note 2)	<u>4.70</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	<u>USD 62,436</u> (Note 1 and Note 2)	<u>4.41</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Sub-subsidiary	<u>RMB 117,032</u> (Note 1 and Note 2)	<u>4.52</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Sub-subsidiary	<u>RMB 185,906</u> (Note 1 and Note 2)	<u>3.20</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Sub-subsidiary	<u>RMB 40,183</u> (Note 1 and Note 2)	<u>6.98</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>

Note 1 : Accounts receivable

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Intercompany relationships and significant intercompany transactions

For the three-month period ended March 31, 2021

Attachment 7

(In Thousands of Foreign Currency / New Taiwan Dollars)

No. (Note 1)	Company name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transaction			Percentage to Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statement Account	Amount	Terms	
	2021.01.01~2021.03.31						
0	Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1	Purchases	\$684,759	90 days after monthly closing	19.22%
0	Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	1	Accounts payable	\$516,021	90 days after monthly closing	3.52%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. Taiwan Branch (Seychelles)	1	Other managing expenses	\$7,601	-	0.23%
0	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. Taiwan Branch (Seychelles)	1	Rent income	\$810	-	0.02%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	3	Purchases	USD 70,745	90 days after monthly closing	56.68%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	3	Accounts payable	USD 62,710	90 days after monthly closing	12.19%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Purchases	USD 17,810	90 days after monthly closing	14.27%
1	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Accounts payable	USD 17,810	90 days after monthly closing	3.46%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic PCB Electronics Co., Ltd.	3	Purchases	USD 64,360	90 days after monthly closing	51.56%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic PCB Electronics Co., Ltd.	3	Accounts payable	USD 62,436	90 days after monthly closing	12.14%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Trading Pte. Ltd.	3	Other managing expenses	USD 11	-	0.01%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Trading Pte. Ltd.	3	Other payables	USD 11	-	-%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Co., Ltd. Taiwan Branch (Seychelles)	3	Other managing expenses	USD 562	-	0.45%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Co., Ltd.	2	Receipts under custody	USD 383	-	0.07%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Purchases	RMB 154,763	90 days after monthly closing	18.87%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Accounts payable	RMB 185,906	90 days after monthly closing	5.50%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other receivables	RMB 2,489	-	0.07%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other receivables	RMB 160,000	-	4.73%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other interest income	RMB 1,755	-	0.21%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other operating revenue	RMB 98	-	0.01%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other manufacturing expenses	RMB 11	-	-%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Outsourced manufacturing expenses	RMB 585	-	0.07%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Accounts receivables	RMB 40,183	90 days after monthly closing	1.19%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Sales	RMB 35,377	90 days after monthly closing	4.31%
4	Wintek (Mauritius) Co., Ltd.	Dynamic Electronics Holding Pte. Ltd.	3	Other receivables	USD 48	-	0.01%

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

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

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

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

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

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