

**Dynapack International Technology  
Corporation and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2021 and 2020 and  
Independent Auditors' Report**

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The entities that are required to be included in the combined financial statements of Dynapack International Technology Corporation as of and for the year ended December 31, 2021, under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Dynapack International Technology Corporation and subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION

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CHUNG TSUN-MING  
Chairman

March 8, 2022

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Dynapack International Technology Corporation

### **Opinion**

We have audited the accompanying consolidated financial statements of Dynapack International Technology Corporation (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2021 are as follows:

Authenticity of Revenue Recognition of Transaction through Outbound Freight Warehouses from Specific Customers

The Group's products include battery packs for notebooks and tablet PCs. Since there is a significant growth in revenue from specific customers compared with the previous year, and the process of revenue recognition of transaction through outbound freight warehouses usually involves a lot of procedures and operations, which can easily cause the risk of improper revenue recognition, we have identified such revenue recognition as the key audit matter.

The main audit procedures were as follows:

1. We obtained an understanding of the internal control related to the recognition of sales revenue through outbound freight warehouses from specific customers and tested the design and operating effectiveness of the control of selected samples.
2. We performed tests of details by checking the selected samples of recorded revenue against the related customer orders, shipping documents, and collection of payments for specific customers to verify the authenticity of the revenue recognition.
3. We performed cut-off procedures for revenue of transaction through outbound freight warehouses from specific customers, before and after the end of the financial reporting date, and verified that sales transactions were recorded in the correct period.

**Other Matter**

We have also audited the parent company only financial statements of Dynapack International Technology Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Tzu-Jung Kuo and Shih-Tsung Wu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 8, 2022

Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

# DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,473,932	21	\$ 2,487,122	13
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	233,296	1	143,691	1
Financial assets at amortized cost - current (Notes 4, 8 and 31)	2,955,236	14	2,727,111	14
Trade receivables from unrelated parties (Notes 4, 5 and 9)	5,149,858	24	4,465,981	24
Other receivables (Note 4)	141,395	1	29,371	-
Inventories (Notes 4, 5 and 10)	2,945,115	14	2,397,334	13
Other current assets (Note 16)	154,693	1	113,691	1
Total current assets	<u>16,053,525</u>	<u>76</u>	<u>12,364,301</u>	<u>66</u>
<b>NON-CURRENT ASSETS</b>				
Investments accounted for using the equity method (Notes 4 and 12)	13,717	-	14,478	-
Property, plant and equipment (Notes 4, 13 and 15)	1,375,302	7	1,648,096	9
Right-of-use assets (Notes 4 and 14)	289,661	1	134,675	1
Investment properties (Notes 4, 13 and 15)	2,752,677	13	3,935,462	21
Deferred tax assets (Notes 4 and 25)	305,452	1	285,885	1
Refundable deposits	122,542	1	2,315	-
Other non-current assets (Note 16)	300,259	1	356,409	2
Total non-current assets	<u>5,159,610</u>	<u>24</u>	<u>6,377,320</u>	<u>34</u>
<b>TOTAL</b>	<u>\$ 21,213,135</u>	<u>100</u>	<u>\$ 18,741,621</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 17)	\$ 3,269,430	15	\$ 1,961,773	11
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	9,218	-
Trade payables from unrelated parties (Note 18)	3,438,140	16	3,511,996	19
Other payables (Note 20)	958,543	5	827,185	5
Current tax liabilities (Notes 4 and 25)	340,412	2	223,463	1
Provisions - current (Notes 4 and 19)	72,123	-	72,955	-
Lease liabilities - current (Notes 4 and 14)	41,383	-	1,906	-
Current portion of long-term borrowings (Note 17)	100,000	1	22,914	-
Other current liabilities (Note 20)	195,926	1	243,965	1
Total current liabilities	<u>8,415,957</u>	<u>40</u>	<u>6,875,375</u>	<u>37</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 17)	1,261,397	6	3,099,226	17
Deferred tax liabilities (Notes 4 and 25)	1,066,415	5	1,023,026	5
Lease liabilities - non-current (Notes 4 and 14)	239,506	1	-	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	1,650	-	3,965	-
Guarantee deposits received (Note 15)	526,110	2	412,991	2
Other non-current liabilities (Note 20)	2,997	-	4,291	-
Total non-current liabilities	<u>3,098,075</u>	<u>14</u>	<u>4,543,499</u>	<u>24</u>
Total liabilities	<u>11,514,032</u>	<u>54</u>	<u>11,418,874</u>	<u>61</u>
<b>EQUITY (Notes 4, 21, 22, 25 and 27)</b>				
Capital				
Share capital	1,492,185	7	1,474,805	8
Capital collected in advance	160	-	-	-
Total capital	<u>1,492,345</u>	<u>7</u>	<u>1,474,805</u>	<u>8</u>
Capital surplus	2,105,416	10	2,007,457	11
Retained earnings				
Legal reserve	1,493,942	7	1,390,703	7
Special reserve	454,161	2	481,562	3
Unappropriated earnings	4,698,589	22	2,422,381	13
Total retained earnings	<u>6,646,692</u>	<u>31</u>	<u>4,294,646</u>	<u>23</u>
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(545,350)	(2)	(454,161)	(3)
Total equity	<u>9,699,103</u>	<u>46</u>	<u>7,322,747</u>	<u>39</u>
<b>TOTAL</b>	<u>\$ 21,213,135</u>	<u>100</u>	<u>\$ 18,741,621</u>	<u>100</u>

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

# DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 34)				
Net sales revenue	\$ 20,769,514	100.0	\$ 19,348,268	100.0
OPERATING COSTS (Notes 4, 5, 10, 13, 14, 24 and 27)				
Cost of goods sold	<u>19,133,982</u>	<u>92.1</u>	<u>17,277,919</u>	<u>89.3</u>
GROSS PROFIT	<u>1,635,532</u>	<u>7.9</u>	<u>2,070,349</u>	<u>10.7</u>
OPERATING EXPENSES (Notes 4, 9, 13, 14, 21, 24 and 27)				
Selling and marketing expenses	103,398	0.5	89,965	0.5
General and administrative expenses	315,156	1.5	262,621	1.3
Research and development expenses	362,713	1.8	328,838	1.7
Expected credit loss	<u>5,938</u>	<u>-</u>	<u>45,340</u>	<u>0.2</u>
Total operating expenses	<u>787,205</u>	<u>3.8</u>	<u>726,764</u>	<u>3.7</u>
PROFIT FROM OPERATIONS	<u>848,327</u>	<u>4.1</u>	<u>1,343,585</u>	<u>7.0</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 24)	38,391	0.2	67,007	0.3
Dividend income	7,460	-	948	-
Other income (Notes 4 and 24)	129,343	0.6	90,323	0.5
Net gain on disposal of property, plant and equipment (Notes 4, 14 and 15)	721,994	3.5	-	-
Net gain on disposal of investment property (Notes 4, 14 and 15)	1,949,996	9.4	-	-
Net gain on disposal of investments	64,291	0.3	16,956	0.1
Net foreign exchange gain (Notes 4, 24 and 32)	68,732	0.3	-	-
Net gain on financial assets (liabilities) at fair value through profit or loss (Notes 4 and 7)	25,205	0.1	24,307	0.1
Miscellaneous disbursements (Note 24)	(59,762)	(0.3)	(27,891)	(0.1)
Net loss on disposal of property, plant and equipment (Note 4)	-	-	(28,401)	(0.2)
Net foreign exchange loss (Notes 4, 24 and 32)	-	-	(93,149)	(0.5)

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# DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Finance costs (Note 24)	\$ (33,976)	(0.1)	\$ (48,566)	(0.2)
Share of loss of associates accounted for using the equity method (Notes 4 and 12)	<u>(761)</u>	<u>-</u>	<u>(627)</u>	<u>-</u>
Total non-operating income	<u>2,910,913</u>	<u>14.0</u>	<u>907</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	3,759,240	18.1	1,344,492	7.0
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(450,221)</u>	<u>(2.2)</u>	<u>(309,237)</u>	<u>(1.6)</u>
NET PROFIT FOR THE YEAR	<u>3,309,019</u>	<u>15.9</u>	<u>1,035,255</u>	<u>5.4</u>
OTHER COMPREHENSIVE INCOME/(LOSS) (Notes 21, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	<u>1,650</u>	<u>-</u>	<u>(2,866)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(113,986)	(0.5)	34,251	0.2
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>22,797</u>	<u>0.1</u>	<u>(6,850)</u>	<u>(0.1)</u>
	<u>(91,189)</u>	<u>(0.4)</u>	<u>27,401</u>	<u>0.1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(89,539)</u>	<u>(0.4)</u>	<u>24,535</u>	<u>0.1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,219,480</u>	<u>15.5</u>	<u>\$ 1,059,790</u>	<u>5.5</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 22.42</u>		<u>\$ 7.02</u>	
Diluted	<u>\$ 22.12</u>		<u>\$ 6.94</u>	

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

(Concluded)

**DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

	Capital (Note 22)				Capital Surplus (Notes 4, 22 and 27)	Retained Earnings (Note 22)				Other Equity (Notes 4, 22 and 25) Exchange Differences on Translating of the Financial Statements of Foreign Operations	Total Equity
	Shares (In Thousands)	Share Capital	Capital Collected in Advance	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total		
BALANCE AT JANUARY 1, 2020	147,481	\$ 1,474,805	\$ -	\$ 1,474,805	\$ 1,990,190	\$ 1,308,131	\$ 232,533	\$ 2,458,996	\$ 3,999,660	\$ (481,562)	\$ 6,983,093
Appropriation of 2019 earnings											
Legal reserve	-	-	-	-	-	82,572	-	(82,572)	-	-	-
Special reserve	-	-	-	-	-	-	249,029	(249,029)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(737,403)	(737,403)	-	(737,403)
Compensation cost of employee share options	-	-	-	-	17,267	-	-	-	-	-	17,267
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	-	1,035,255	1,035,255	-	1,035,255
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	-	(2,866)	(2,866)	27,401	24,535
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	-	-	-	1,032,389	1,032,389	27,401	1,059,790
BALANCE AT DECEMBER 31, 2020	147,481	1,474,805	-	1,474,805	2,007,457	1,390,703	481,562	2,422,381	4,294,646	(454,161)	7,322,747
Appropriation of 2020 earnings											
Legal reserve	-	-	-	-	-	103,239	-	(103,239)	-	-	-
Special reserve	-	-	-	-	-	-	(27,401)	27,401	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(958,623)	(958,623)	-	(958,623)
Compensation cost of employee share options	-	-	-	-	17,626	-	-	-	-	-	17,626
Share-based payment transaction	1,738	17,380	160	17,540	80,333	-	-	-	-	-	97,873
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	-	3,309,019	3,309,019	-	3,309,019
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	-	1,650	1,650	(91,189)	(89,539)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	3,310,669	3,310,669	(91,189)	3,219,480
BALANCE AT DECEMBER 31, 2021	149,219	\$ 1,492,185	\$ 160	\$ 1,492,345	\$ 2,105,416	\$ 1,493,942	\$ 454,161	\$ 4,698,589	\$ 6,646,692	\$ (545,350)	\$ 9,699,103

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

# DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 3,759,240	\$ 1,344,492
Adjustments for:		
Depreciation expense	235,720	176,508
Amortization expense	62,505	55,269
Expected credit loss	5,938	45,340
Net gain on financial assets and liabilities at fair value through profit or loss	(15,563)	(16,285)
Finance costs	33,976	48,566
Interest income	(38,391)	(67,007)
Dividend income	(7,460)	(948)
Compensation cost of employee share options	17,626	17,267
Share of loss of associates accounted for using the equity method	761	627
(Gain)/loss on disposal of property, plant and equipment	(721,994)	28,401
Gain on disposal of investment property	(1,949,996)	-
Inventory write-downs (reversed)	143,858	(62,878)
Reversal of provisions	(832)	(44,660)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss - current	(76,002)	107,818
Notes receivable from unrelated parties	-	2,149
Trade receivables from unrelated parties	(689,572)	(531,936)
Other receivables	(113,300)	(13,161)
Inventories	(690,970)	(768,741)
Other current assets	(56,263)	(15,252)
Financial liabilities at fair value through profit or loss - current	(9,218)	(760)
Trade payables from unrelated parties	(73,856)	896,864
Other payables	23,772	(67,889)
Other current liabilities	(48,039)	(57,187)
Net defined benefit liabilities	(665)	(702)
Other non-current liabilities	(1,294)	567
Cash (used in)/generated from operations	(210,019)	1,076,462
Interest received	39,667	76,939
Income tax paid	(257,179)	(110,617)
Net cash (used in)/generated from operating activities	<u>(427,531)</u>	<u>1,042,784</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(8,732,501)	(12,347,057)
Proceeds from sale of financial assets at amortized cost	8,471,764	12,490,936
Payments for property, plant and equipment	(269,500)	(198,299)
Proceeds from disposal of property, plant and equipment	1,216,508	4,521
Increase in refundable deposits	(121,327)	-
Decrease in refundable deposits	1,100	3

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# DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Payments for investment properties	\$ (895)	\$ (31,148)
Proceeds from disposal of investment properties	3,277,496	-
Increase in other non-current assets	(95,755)	(230,125)
Dividends received	7,460	948
Income tax paid	<u>(30,002)</u>	<u>-</u>
Net cash generated from/(used in) investing activities	<u>3,724,348</u>	<u>(310,221)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	10,394,161	6,140,643
Repayments of short-term borrowings	(9,037,325)	(5,477,558)
Proceeds from long-term borrowings	3,579,740	4,096,140
Repayments of long-term borrowings	(5,340,483)	(4,250,000)
Proceeds from guarantee deposits received	113,119	147,657
Repayment of the principal portion of lease liabilities	(3,789)	(1,884)
Cash dividends distributed	(958,623)	(737,403)
Proceeds from employee share options	97,873	-
Interest paid	<u>(34,073)</u>	<u>(52,831)</u>
Net cash used in financing activities	<u>(1,189,400)</u>	<u>(135,236)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<u>(120,607)</u>	<u>18,214</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,986,810	615,541
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		
	<u>2,487,122</u>	<u>1,871,581</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 4,473,932</u>	<u>\$ 2,487,122</u>

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

(Concluded)

# DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Dynapack International Technology Corporation (the “Company”) was incorporated in the Republic of China (ROC) on July 15, 1998. The Company mainly manufactures and sells lithium-ion battery packs.

The Company’s shares have been listed on the Taipei Exchange (TPEX) since November 8, 2004.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 8, 2022.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

##### b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) on the measurement date in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

##### c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

##### d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

See Note 11, Tables 6 and 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Group (including subsidiaries in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and merchandise inventories and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost.

At the end of the period, the inventory obsolescence losses are assessed based on the actual inventory status.

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.



The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method within useful lives. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

Investment properties under construction are measured at cost less accumulated impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment and right-of-use assets and investment properties

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets and investment properties to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular transactions of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets held by the Group are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29: Financial Instruments.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, and trade receivables are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime Expected Credit Losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 12 months past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Except financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at FVTPL, which are held for trading, are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 29.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, which mainly include cross-currency swap contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

## l. Provisions

Provisions, if the time value of money has a significant impact, are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

### Warranties

Provisions for the expected cost of warranty obligations in sales contracts are recognized at the date of sale of the relevant products at the best estimate by the management of the Company of the expenditure required to settle the Group's obligation.

## m. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

### Revenue from the sale of goods

The revenue of the Group from the sale of goods mainly comes from sales of lithium-ion battery packs. Revenue are recognized when the goods are shipped or when the customers pick up the goods from a specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

## n. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

### 1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

### 2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

For sale and leaseback transactions, if the transfer of an asset satisfies the requirements of IFRS 15 to be accounted for as a sale, the Group recognizes only the amount of any gain or loss which relates to the rights transferred to the buyer-lessor, and adjusts the off-market terms to measure the sale proceeds at fair value. If the transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale, it is accounted for as a financing transaction.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

p. Share-based payment arrangements

Employee share options granted to employees

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable is based on taxable profit for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3) Current and deferred taxes

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

**5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group’s accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

a. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

b. Estimated impairment of financial assets

The estimate for impairment of trade receivables is based on assumptions of risk of default and expected loss rates. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

**6. CASH AND CASH EQUIVALENTS**

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Cash on hand	\$ 701	\$ 851
Checking accounts and demand deposits	2,784,903	2,288,545
Cash equivalents		
Time deposits with original maturities less than 3 months	<u>1,688,328</u>	<u>197,726</u>
	<u>\$ 4,473,932</u>	<u>\$ 2,487,122</u>



The ranges of interest rates for bank deposits at the end of the reporting period were as follows:

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
Bank deposits	0.01%-2.10%	0.01%-2.50%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Domestic listed shares (a)	\$ 85,810	\$ 8,594
Domestic listed convertible bonds (a)	25,200	29,295
Domestic unlisted shares (a)	108,436	45,304
Foreign unlisted preference shares (a)	-	46,251
Foreign unlisted convertible bonds (a)	<u>13,850</u>	<u>14,247</u>
	<u>\$ 233,296</u>	<u>\$ 143,691</u>

### Financial liabilities at FVTPL - current

Financial liabilities mandatorily classified as at FVTPL

Derivative financial liabilities (not under hedge accounting)		
Cross-currency swap contracts (b)	\$ -	\$ 9,218

- a. Since the Group holds domestic and foreign listed shares and unlisted shares, preference shares, convertible bonds, it recognized net gain of \$15,563 thousand and \$25,504 thousand on FVTPL in 2021 and 2020, respectively.
- b. At the end of the year, the Group's transactions and contracts of derivative financial instruments not under hedge accounting were as follows: (December 31, 2021: None)

### Cross-currency swap contracts

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
<u>December 31, 2020</u>			
USD20,000/NTD579,400	January 2021	-	0.04%-0.05%

The Group entered into cross-currency swap contracts to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities. Those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

Since the Group entered into cross-currency swap contracts, the Group recognized net gain of \$9,642 thousand and net loss of \$1,197 thousand on FVTPL in 2021 and 2020, respectively.

## 8. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Time deposits with original maturities more than 3 months	\$ 2,871,744	\$ 1,869,521
RMB structured financial instrument	83,372	855,504
Restricted assets (Note 31)	<u>120</u>	<u>2,086</u>
	<u>\$ 2,955,236</u>	<u>\$ 2,727,111</u>

The ranges of interest rates for time deposits with original maturities more than 3 months were approximately 0.22%-0.88% and 0.20%-1.34% per annum as of December 31, 2021 and 2020, respectively.

Dynapack (Suchou) Co., Ltd. undertook RMB19,200 thousand and RMB196,000 thousand for RMB structured instrument on December 31, 2021 and 2020, respectively, and was provided with 100% guarantee of principal. The relevant information was as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Maturity date	January 2022	January - April 2021
Annualized rate of return	3.05%-3.15%	1.50%-3.07%

## 9. TRADE RECEIVABLES FROM UNRELATED PARTIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Trade receivables - at amortized cost		
Gross carrying amount	\$ 5,201,609	\$ 4,512,037
Less: Loss allowance	<u>(51,751)</u>	<u>(46,056)</u>
	<u>\$ 5,149,858</u>	<u>\$ 4,465,981</u>

The credit period of sales of goods was approximately 30 to 90 days. No interest was charged as a result of the shorter credit period.

In order to control credit risk and ensure the recoverable amount of trade receivables, the management of the Group has evaluated individual customers' financial positions to determine credit limits and subsequently monitored the factors possibly affecting customers' payment ability such as its own trading records and current economic conditions.

The Group adopts the simplified approach of IFRS 9 to measure the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The ECLs on trade receivables are estimated using a provision matrix. Since the different customer groups of the Group have different loss patterns, the Group adopts different provision matrix by the customer group and considers the number of days overdue of the customer's trade receivables, current financial position and industrial economic condition to set the expected credit loss rate. In addition, the Group reviews the recoverable amount of each individual trade receivables at the each end of the reporting period to ensure that adequate allowance is made for amounts possibly having credit risk. In this regard, the management believes the Group's credit risk was significantly reduced.

The following aging schedule details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2021

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	91 to 180 Days	181 to 270 Days	Over 270 days	Total
Gross carrying amount	\$ 5,121,436	\$ 27,543	\$ 238	\$ 566	\$ 75	\$ -	\$ 51,751	\$ 5,201,609
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	(51,751)	(51,751)
Amortized cost	<u>\$ 5,121,436</u>	<u>\$ 27,543</u>	<u>\$ 238</u>	<u>\$ 566</u>	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,149,858</u>

December 31, 2020

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	91 to 180 Days	181 to 270 Days	Over 270 days	Total
Gross carrying amount	\$ 4,440,756	\$ 17,832	\$ 591	\$ -	\$ 609	\$ 12,167	\$ 40,082	\$ 4,512,037
Loss allowance (Lifetime ECLs)	-	-	-	-	(301)	(5,673)	(40,082)	(46,056)
Amortized cost	<u>\$ 4,440,756</u>	<u>\$ 17,832</u>	<u>\$ 591</u>	<u>\$ -</u>	<u>\$ 308</u>	<u>\$ 6,494</u>	<u>\$ -</u>	<u>\$ 4,465,981</u>

The movements of the loss allowance of trade receivables were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 46,056	\$ -
Add: Impairment loss recognized on receivables	5,938	45,340
Foreign exchange gains and losses	<u>(243)</u>	<u>716</u>
Balance at December 31	<u>\$ 51,751</u>	<u>\$ 46,056</u>

**10. INVENTORIES**

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Finished goods	\$ 1,240,252	\$ 1,219,359
Raw materials	<u>1,704,863</u>	<u>1,177,975</u>
	<u>\$ 2,945,115</u>	<u>\$ 2,397,334</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$19,133,982 thousand and \$17,277,919 thousand, respectively. The cost of goods sold for the years ended December 31, 2021 and 2020 included inventory write-downs of \$143,858 thousand and inventory write-downs reversed of \$62,878 thousand, respectively.

## 11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Percentage of Ownership	
			2021	2020
The Company	Dynapack Technologies (Cayman) Corporation (hereinafter referred to as the "Dynapack (Cayman)")	Investment and selling lithium-ion battery packs	100	100
The Company	Dynapack Investment Corporation	Investment	100	100
Dynapack (Cayman)	Dynapack Technology (Hong Kong) Corporation Limited (hereinafter referred to as the "Dynapack (Hong Kong)")	Investment	100	100
Dynapack (Hong Kong)	Dynapack (Suchou) Co., Ltd.	Manufacturing and selling various lithium-ion battery packs, nickel-metal hydride battery packs, new electronic components, wireless communication modules, various chargers and technical development of power management systems, etc.	100	100
Dynapack (Hong Kong)	Dynapack (Kunshan) Co., Ltd.	Manufacturing and selling various lithium-ion battery packs for computers, communications, nickel-metal hydride battery packs, new electronic components, wireless communication modules, and various chargers, etc.	-	100

As of December 31, 2021, the Company has invested in Dynapack (Cayman) US\$84,186 thousand, then reinvested US\$72,300 thousand in Dynapack (Hong Kong), and then reinvested US\$72,100 thousand in Dynapack (Suchou) Co., Ltd.

Dynapack (Hong Kong) reduced the capital by cash in July 2021, and Dynapack (Cayman) received repatriations of US\$10,000 thousand. Dynapack (Hong Kong) completed capital reduction process in October 2021.

In order to meet the needs of Dynapack Investment Corporation's investment business, the Company's board of directors resolved to subscribe the cash capital increase of \$280,000 thousand to Dynapack Investment Corporation on March 9, 2021. The record date of cash capital increase was March 31, 2021. As of December 31, 2021, the Company has invested \$480,000 thousand in Dynapack Investment Corporation.

After considering the market operating environment and group operating strategy, production and operation functions of Dynapack (Kunshan) Co., Ltd., ended at the end of 2017 and the liquidation process was completed in July 2021.

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
Associate that is not individually material		
Chih Ho Shun Development Co., Ltd.	<u>\$ 13,717</u>	<u>\$ 14,478</u>

The Group's percentage of ownership and voting rights in associate that is not individually material at the end of the year are as follows, and for the rest of the relevant information, refer to Table 6.

Name of Associate	December 31	
	2021	2020
Chih Ho Shun Development Co., Ltd.	30%	30%

For "Taoyuan Airport MRT A7 Station Development Zone Industrial Zone (Bid A) Bidding Investment Project", the Group jointly invested and established Chih Ho Shun Development Co., Ltd. in April 2012 with Chroma ATE Inc. and HERAN Co., Ltd. As of December 31, 2021, the Company has invested \$15,000 thousand in Chih Ho Shun Development Co., Ltd. with a 30% of ownership.

The summarized financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

	December 31	
	2021	2020
Current assets	\$ 44,271	\$ 47,338
Non-current assets	1,797	1,274
Current liabilities	<u>(344)</u>	<u>(352)</u>
Equity	<u>\$ 45,724</u>	<u>\$ 48,260</u>
	For the Year Ended December 31	
	2021	2020
Net loss for the year	<u>\$ (2,536)</u>	<u>\$ (2,084)</u>

Investments accounted for using the equity method and the share of profit and loss by the Group is calculated based on the financial statements of Chih Ho Shun Development Co., Ltd., that have not been audited by a certified public accountant. However, the management of the Group believes that the above financial statements of the investee, which were not audited by a certified public accountant, did not have a significant impact.

### 13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
<u>Cost</u>							
Balance at January 1, 2021	\$ 113,106	\$ 1,337,880	\$ 1,798,334	\$ 13,319	\$ 118,576	\$ 113,284	\$ 3,494,499
Additions	-	94,615	225,876	-	25,761	22,885	369,137
Reclassification	-	-	193	-	(193)	-	-
Disposals	(106,463)	(273,107)	(123,747)	(2,305)	(7,185)	(75,289)	(588,096)
Effect of foreign currency exchange differences	-	(5,502)	(16,398)	(13)	(750)	(628)	(23,291)
Balance at December 31, 2021	<u>6,643</u>	<u>1,153,886</u>	<u>1,884,258</u>	<u>11,001</u>	<u>136,209</u>	<u>60,252</u>	<u>3,252,249</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2021	-	282,616	1,420,661	6,027	86,813	50,286	1,846,403
Depreciation expense	-	38,245	138,693	2,301	14,746	9,569	203,554
Reclassification	-	-	16	-	(16)	-	-
Disposals	-	(18,596)	(117,313)	(2,305)	(6,752)	(10,949)	(155,915)
Effect of foreign currency exchange differences	-	(1,399)	(14,427)	(7)	(662)	(600)	(17,095)
Balance at December 31, 2021	-	<u>300,866</u>	<u>1,427,630</u>	<u>6,016</u>	<u>94,129</u>	<u>48,306</u>	<u>1,876,947</u>
Carrying amount at December 31, 2021	<u>\$ 6,643</u>	<u>\$ 853,020</u>	<u>\$ 456,628</u>	<u>\$ 4,985</u>	<u>\$ 42,080</u>	<u>\$ 11,946</u>	<u>\$ 1,375,302</u>

(Continued)

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Total
<u>Cost</u>							
Balance at January 1, 2020	\$ 98,592	\$ 1,287,511	\$ 1,835,205	\$ 10,901	\$ 105,405	\$ 71,580	\$ 3,409,194
Additions	-	4,056	196,057	3,915	14,637	43,973	262,638
Reclassification (Note 15)	14,514	29,883	-	-	-	-	44,397
Disposals	-	-	(233,666)	(1,537)	(2,712)	(3,075)	(240,990)
Effect of foreign currency exchange differences	-	16,430	738	40	1,246	806	19,260
Balance at December 31, 2020	<u>113,106</u>	<u>1,337,880</u>	<u>1,798,334</u>	<u>13,319</u>	<u>118,576</u>	<u>113,284</u>	<u>3,494,499</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2020	-	235,445	1,560,895	5,427	76,964	45,236	1,923,967
Depreciation expense	-	42,869	81,680	2,018	11,315	7,209	145,091
Disposals	-	-	(219,872)	(1,441)	(2,640)	(2,921)	(226,874)
Effect of foreign currency exchange differences	-	4,302	(2,042)	23	1,174	762	4,219
Balance at December 31, 2020	-	<u>282,616</u>	<u>1,420,661</u>	<u>6,027</u>	<u>86,813</u>	<u>50,286</u>	<u>1,846,403</u>
Carrying amount at December 31, 2020	<u>\$ 113,106</u>	<u>\$ 1,055,264</u>	<u>\$ 377,673</u>	<u>\$ 7,292</u>	<u>\$ 31,763</u>	<u>\$ 62,998</u>	<u>\$ 1,648,096</u>

(Concluded)

Refer to Note 15 for details about disposals of land and building.

The Group had no capitalized interest and did not recognize any impairment loss for the years ended December 31, 2021 and 2020 as there was no indication of impairment.

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

#### Buildings

Main building	36-50 years
Electromechanical power	15-20 years
Factory engineering	10-20 years
Machinery equipment	2-10 years
Transportation equipment	5 years
Office equipment	3-5 years
Other equipment	2-10 years

## 14. LEASE ARRANGEMENTS

### a. Right-of-use assets

	Right to Use Land	Buildings	Transportation Equipment	Total
<u>Cost</u>				
Balance at January 1, 2021	\$ 140,194	\$ -	\$ 5,653	\$ 145,847
Additions	-	162,266	-	162,266
Effect of foreign currency exchange differences	<u>(724)</u>	<u>-</u>	<u>-</u>	<u>(724)</u>
Balance at December 31, 2021	<u>\$ 139,470</u>	<u>\$ 162,266</u>	<u>\$ 5,653</u>	<u>\$ 307,389</u>

(Continued)

	<b>Right to Use Land</b>	<b>Buildings</b>	<b>Transportation Equipment</b>	<b>Total</b>
<u>Accumulated depreciation</u>				
Balance at January 1, 2021	\$ 7,403	\$ -	\$ 3,769	\$ 11,172
Depreciation expense	3,681	1,028	1,884	6,593
Effect of foreign currency exchange differences	<u>(37)</u>	<u>-</u>	<u>-</u>	<u>(37)</u>
Balance at December 31, 2021	<u>\$ 11,047</u>	<u>\$ 1,028</u>	<u>\$ 5,653</u>	<u>\$ 17,728</u>
Carrying amount at December 31, 2021	<u>\$ 128,423</u>	<u>\$ 161,238</u>	<u>\$ -</u>	<u>\$ 289,661</u> (Concluded)

	<b>Right to Use Land</b>	<b>Transportation Equipment</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2020	\$ 138,031	\$ 5,653	\$ 143,684
Effect of foreign currency exchange differences	<u>2,163</u>	<u>-</u>	<u>2,163</u>
Balance at December 31, 2020	<u>\$ 140,194</u>	<u>\$ 5,653</u>	<u>\$ 145,847</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2020	\$ 3,644	\$ 1,884	\$ 5,528
Depreciation expense	3,633	1,885	5,518
Effect of foreign currency exchange differences	<u>126</u>	<u>-</u>	<u>126</u>
Balance at December 31, 2020	<u>\$ 7,403</u>	<u>\$ 3,769</u>	<u>\$ 11,172</u>
Carrying amount at December 31, 2020	<u>\$ 132,791</u>	<u>\$ 1,884</u>	<u>\$ 134,675</u>

The Group did not recognize any impairment for the years ended December 31, 2021 and 2020 as there was no indication of impairment.

b. Lease liabilities

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
<u>Carrying amount</u>		
Current	<u>\$ 41,383</u>	<u>\$ 1,906</u>
Non-current	<u>\$ 239,506</u>	<u>\$ -</u>

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Transportation equipment	1.14%	1.14%
Buildings	0.90%	-

c. Material leasing activities and terms

The prepaid lease payments for the right to use land in Wujiang District, Suchou City, China obtained by the Group were recognized as right-of-use assets.

The Group leases transportation equipment for operation with lease term of 3 years. Part of the lease agreement contains renewal options at the end of the lease period.

In November 2021, the Company signed the trading contract for real estate to sell its building and the lease agreement to lease back 5 floors for operations with lease terms from 5 to 10 years. According to the lease agreement, the Company has the right and option to renew the lease. The annual lease payment is \$43,740 thousand for the first four years, \$45,088 thousand for the 5th year, \$14,268 thousand for the 6th to 8th years, and \$14,716 thousand for the 9th and 10th years. Refer to Note 15 for details about the sale of land and building.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Expenses relating to short-term leases	<u>\$ 11,203</u>	<u>\$ 5,077</u>
Total cash outflow for leases	<u>\$ (15,120)</u>	<u>\$ (6,994)</u>

The Group elected to apply the recognition exemption of short-term leases and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 15. INVESTMENT PROPERTIES

<u>Cost</u>	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
Balance at January 1, 2021	\$ 3,088,555	\$ 881,660	\$ 3,970,215
Additions	895	-	895
Disposals	<u>(336,773)</u>	<u>(881,660)</u>	<u>(1,218,433)</u>
Balance at December 31, 2021	<u>\$ 2,752,677</u>	<u>\$ -</u>	<u>\$ 2,752,677</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ -	\$ 34,753	\$ 34,753
Depreciation expense	-	25,573	25,573
Disposals	<u>-</u>	<u>(60,326)</u>	<u>(60,326)</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Carrying amount at December 31, 2021	<u>\$ 2,752,677</u>	<u>\$ -</u>	<u>\$ 2,752,677</u>

(Continued)



	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2020	\$ 3,102,511	\$ 880,953	\$ 3,983,464
Additions	558	30,590	31,148
Reclassification (Note 13)	<u>(14,514)</u>	<u>(29,883)</u>	<u>(44,397)</u>
Balance at December 31, 2020	<u>\$ 3,088,555</u>	<u>\$ 881,660</u>	<u>\$ 3,970,215</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2020	\$ -	\$ 8,854	\$ 8,854
Depreciation expense	<u>-</u>	<u>25,899</u>	<u>25,899</u>
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 34,753</u>	<u>\$ 34,753</u>
Carrying amount at December 31, 2020	<u>\$ 3,088,555</u>	<u>\$ 846,907</u>	<u>\$ 3,935,462</u> (Concluded)

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

**Buildings**

Main building	50 years
Electromechanical power	15 years
Factory engineering	10 years

The fair value of investment property was based on valuations carried out by independent qualified professional valuers, and the fair value was measured using Level 3 inputs. The valuation of the land was arrived at by reference to comparison approach and land development analysis approach. The valuation of the Buildings was arrived at by reference to comparison approach and income approach. The appraisal fair value was as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Land (17,387.3 pings and 19,515.6 pings respectively, both of which include joint construction land for residence of 4,046.9 pings)	\$ 11,299,000	\$ 12,492,000
Buildings	-	1,991,000

On February 1, 2012, the Company, Chroma ATE Inc. and HERAN Co., Ltd. jointly obtained "Taoyuan Airport MRT A7 Station Development Zone Industrial Zone (Bid A) Bidding Investment Project" in Guishan District, Taoyuan City. The total bid price was \$10,088,890 thousand. The agreement was signed on April 18, 2012 and the shareholding ratio of each member was 30%, 35% and 35%, respectively. The bid price obtained by the Company was \$3,035,176 thousand, the area of the acquired land was 66,877 square meters (approximately 20,230 pings). The acquired land of 38,707 square meters (approximately 11,709 pings) had registration of caution which stipulated that the land cannot be transferred to a third party if the land has not been constructed and has not obtained a building use permit.

In order to activate assets and raise land development fund, on December 7, 2020, the Company's board of directors approved the signing of the preliminary trading contract for real estate. In November 2021, the Company signed the trading contract for real estate and the lease agreement to lease back part of the building spaces. The sale of the Company's land (approximately 2,801.2 pings) and all of the above-ground building and underground parking spaces (approximately 17,734.0 pings) at No. 55, 55-5, and 55-6 Lejie Section, Guishan District, Taoyuan City was completed in December 2021. The sale price, including value-added business tax, was \$4,500,000 thousand. Refer to Note 14 for details about sale-and-lease-back.

On January 30, 2019, the board of directors approved the agreement for joint construction and separate sale with Fu-Yu Construction Co., Ltd. ("Fu-Yu") for a parcel of residential land of 13,378.2 square meters (approximately 4,046.9 pings) located at No. 56, Lejie Section, Guishan District, Taoyuan City. According to the agreement, the Company will receive total guaranteed revenue of \$2,630,500 thousand without regard to changes in market condition. As of December 31, 2021, the Company has received 20% of total guaranteed revenue in the amount of \$526,110 thousand which is recognized as guarantee deposit received. (As of the date the consolidated financial statements were authorized for issue, the Company has received additional 10% of total guaranteed revenue in the amount of \$263,050 thousand and has cumulatively received 30% of guaranteed revenue.) Registration of caution is applied to the land in this case. It is expected that registration of caution can be cancelled after the construction is completed and building use permit is obtained. In accordance with the joint construction and separate sale agreement, the right of property of the land shall be transferred to the buyer of the real estate or Fu-Yu no later than 2023.

## 16. OTHER ASSETS

	<u>December 31</u>	
	2021	2020
<u>Current</u>		
Refundable deposits	\$ 30,882	\$ 416
Prepayments and others	<u>123,811</u>	<u>113,275</u>
	<u>\$ 154,693</u>	<u>\$ 113,691</u>
<u>Non-current</u>		
Prepayments for construction and equipment	\$ 183,299	\$ 236,554
Others	<u>116,960</u>	<u>119,855</u>
	<u>\$ 300,259</u>	<u>\$ 356,409</u>

Prepayments for construction and equipment are mainly payments for the addition of new production lines. Refundable deposits are mainly paid to suppliers for stable supply and classified into current and non-current accounts, respectively, according to liquidity.

## 17. BORROWINGS

### a. Short-term borrowings

	<u>December 31</u>	
	2021	2020
<u>Unsecured borrowings</u>		
Credit borrowings	<u>\$ 3,269,430</u>	<u>\$ 1,961,773</u>

The ranges of interest rate of short-term borrowings were 0.488%-0.755% and 0.540%-0.856% per annum as of December 31, 2021 and 2020, respectively.

b. Long-term borrowings

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Credit borrowings	\$ 1,361,397	\$ 3,122,140
Less: Current portion of long-term borrowings	<u>(100,000)</u>	<u>(22,914)</u>
	<u>\$ 1,261,397</u>	<u>\$ 3,099,226</u>

The ranges of interest rate of long-term borrowings were 0.000%-0.831% and 0.000%-0.887% per annum as of December 31, 2021 and 2020, respectively, and will be due in succession before April 2025.

According to the bank loan contract, the consolidated financial statements must maintain the agreed financial ratios during the period of the borrowings; as of December 31, 2021, the Group has not violated the agreed financial ratios.

As of December 31, 2021 and 2020, the unused line of credit of long-term and short-term loans of the Group was \$5,653,142 thousand and \$4,678,030 thousand, respectively.

**18. TRADE PAYABLES FROM UNRELATED PARTIES**

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Trade payables - operating	<u>\$ 3,438,140</u>	<u>\$ 3,511,996</u>

The average credit period of purchases of goods is 65-70 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

**19. PROVISIONS - CURRENT**

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Warranties	<u>\$ 72,123</u>	<u>\$ 72,955</u>
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 72,955	\$ 117,615
Reversal of provisions	<u>(832)</u>	<u>(44,660)</u>
Balance at December 31	<u>\$ 72,123</u>	<u>\$ 72,955</u>

## 20. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Other payables		
Payables for salaries and bonuses (including compensation of employees)	\$ 444,255	\$ 416,096
Payables for taxes and levies	127,113	49,087
Payables for mold and fixture	48,222	53,686
Payables for purchases of equipment	46,944	34,478
Payables for professional expenses	33,770	30,895
Payables for construction	26,522	30,759
Payables for repair and maintenance	19,837	15,803
Payables for consumption expenses	19,307	18,315
Payables for compensation of directors	17,606	12,607
Payables for freight and export	17,015	15,685
Payables for pension	10,489	10,870
Payables for processing	8,781	13,989
Others	<u>138,682</u>	<u>124,915</u>
	<u>\$ 958,543</u>	<u>\$ 827,185</u>
Other liabilities		
Refund liabilities	\$ 114,404	\$ 201,839
Others	<u>81,522</u>	<u>42,126</u>
	<u>\$ 195,926</u>	<u>\$ 243,965</u>
<u>Non-current</u>		
Long-term employee benefits	<u>\$ 2,997</u>	<u>\$ 4,291</u>

## 21. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The subsidiary Dynapack (Cayman) adopted a defined contribution plan and makes monthly contributions at 6% of monthly salaries and wages.

### b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees

who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Company has no right to influence the investment policy and strategy.

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualified actuaries.

The amounts included in the consolidated balance sheets in respect of the Company’s defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Present value of defined benefit obligation	\$ (26,593)	\$ (27,790)
Fair value of plan assets	<u>24,943</u>	<u>23,825</u>
Net defined benefit liabilities - non-current	<u>\$ (1,650)</u>	<u>\$ (3,965)</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Assets (Liabilities)</b>
Balance at January 1, 2020	\$ (25,461)	\$ 23,660	\$ (1,801)
Recognized in profit or loss			
Net interest (expense) income	<u>(255)</u>	<u>241</u>	<u>(14)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	703	703
Actuarial loss			
Changes in demographic assumptions	(682)	-	(682)
Changes in financial assumptions	(2,005)	-	(2,005)
Experience adjustments	<u>(882)</u>	<u>-</u>	<u>(882)</u>
Recognized in other comprehensive income	<u>(3,569)</u>	<u>703</u>	<u>(2,866)</u>
Contributions from the employer	<u>-</u>	<u>716</u>	<u>716</u>
Benefits paid	<u>1,495</u>	<u>(1,495)</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ (27,790)</u>	<u>\$ 23,825</u>	<u>\$ (3,965)</u>
Balance at January 1, 2021	\$ (27,790)	\$ 23,825	\$ (3,965)
Recognized in profit or loss			
Net interest (expense) income	<u>(139)</u>	<u>121</u>	<u>(18)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	314	314
Actuarial loss			
Changes in demographic assumptions	(824)	-	(824)
Actuarial gain			
Experience adjustments	<u>2,160</u>	<u>-</u>	<u>2,160</u>
Recognized in other comprehensive income	<u>1,336</u>	<u>314</u>	<u>1,650</u>
Contributions from the employer	<u>-</u>	<u>683</u>	<u>683</u>
Balance at December 31, 2021	<u>\$ (26,593)</u>	<u>\$ 24,943</u>	<u>\$ (1,650)</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations on the measurement date are as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate	0.500%	0.500%
Expected rate of salary increase	2.750%	2.750%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate		
0.25% increase	<u>\$ (948)</u>	<u>\$ (1,033)</u>
0.25% decrease	<u>\$ 992</u>	<u>\$ 1,081</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 995</u>	<u>\$ 1,041</u>
0.25% decrease	<u>\$ (918)</u>	<u>\$ (1,001)</u>

The above sensitivity analysis may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Average duration of the defined benefit obligation	14.5 years	15.1 years

## 22. EQUITY

### a. Ordinary share capital

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Number of authorized shares (in thousands of shares)	<u>250,000</u>	<u>250,000</u>
Amount of authorized shares	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>
Number of issued and fully paid shares (in thousands of shares)	<u>149,219</u>	<u>147,481</u>
Amount of issued and fully paid shares	<u>\$ 1,492,185</u>	<u>\$ 1,474,805</u>
Capital collected in advance	<u>\$ 160</u>	<u>\$ -</u>

The issued ordinary shares with a par value of \$10 entitle the holders with the right to vote and receive dividends.

The amendment to the articles of incorporation has been resolved by the Company's general shareholders' meeting on July 1, 2021. After the amendment, the authorized shares reserved for the employee share options are 10,000 thousand shares.

The difference in capital is due to the execution of share options by employees. The capital collected in advance is due to the execution of shares by employee share options. (Refer to Note 27 for details.)

### b. Capital surplus

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Issuance of ordinary shares	\$ 1,764,555	\$ 1,669,050
Premium from conversion of bonds	318,790	318,790
<u>May not be used for any purpose</u>		
Employee share options	<u>22,071</u>	<u>19,617</u>
	<u>\$ 2,105,416</u>	<u>\$ 2,007,457</u>

\* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's share capital and to once a year).

### c. Retained earnings and dividend policy

The amendment to the articles of incorporation has been resolved by the company's general shareholders' meeting on July 1, 2021. Under the dividends policy as set forth in the Articles, if the Company records a surplus earning at the close of a fiscal year, it shall pay the taxes, offset losses to be covered and then set aside 10% of the balance as legal reserve in accordance with the laws and regulations provided the amount of accumulated legal reserve has yet to reach the amount of the paid-up capital of the Company, then set aside or return the special reserve required by laws or competent authority. The balance (distributable profit) together with accumulated unappropriated earnings are available for appropriation, and the board of directors shall draft a plan for allocating surplus earnings and submit it to the shareholders for resolution. Where the Company distributes preceding surplus earning in the form of cash, such distribution is authorized to be made after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors and in addition thereto, a report of such distribution shall be

submitted to the shareholders' meeting. Where the Company incurs no loss, it may distribute its legal reserve and capital reserve set forth in Article 241 of Company Act, in whole or in part, by issuing new shares or by cash. Where legal reserve is distributed by issuing new shares or by cash, only the portion of legal reserve which exceeds 25 percent of the paid-up capital may be distributed. Where the Company distributes the preceding legal reserve and capital reserve set forth in Article 241 of Company Act in the form of cash, such distribution is authorized to be made after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting. Allocating surplus profits may be made by way of cash or stock dividend after taking into consideration financial, business, and operational factors. Allocating surplus profits shall be made preferably by way of cash and the ratio for cash dividend shall be more than 50% of total shareholders' bonuses.

Re-election of directors, including 4 independent directors, has been approved in the shareholders' meeting on June 9, 2020, and all independent directors formed an audit committee to replace the supervisors. The Company has set up the audit committee since June 13, 2020, which was the next day of the director and supervisor's term of office expired on June 12, 2020.

For the policies on the distribution of compensation of employees and directors refer to compensation of employees and directors in Note 24-g.

The appropriations of earnings for 2020 and 2019, which were approved in the shareholders' meetings on July 1, 2021 and June 9, 2020, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For Fiscal Year 2020</b>	<b>For Fiscal Year 2019</b>	<b>For Fiscal Year 2020</b>	<b>For Fiscal Year 2019</b>
Legal reserve	<u>\$ 103,239</u>	<u>\$ 82,572</u>		
Special reserve	<u>\$ (27,401)</u>	<u>\$ 249,029</u>		
Cash dividends	<u>\$ 958,623</u>	<u>\$ 737,403</u>	\$ 6.50	\$ 5.00

The appropriation of earnings for 2021, which was proposed by the Company's board of directors on March 8, 2022, was as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	<u>\$ 331,067</u>	
Special reserve	<u>\$ 91,189</u>	
Cash dividends	<u>\$ 2,248,342</u>	\$15.05

The cash dividends have been approved by the Company's board of directors, and the appropriation of legal reserve and special reserve for 2021 is to be resolved in the shareholders' meeting on June 6, 2022.

d. Special reserve

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Beginning at January 1	\$ 481,562	\$ 232,533
Appropriations in respect of Debit/(credit) to other equity items	<u>(27,401)</u>	<u>249,029</u>
Balance at December 31	<u>\$ 454,161</u>	<u>\$ 481,562</u>



Pursuant to Rule No. 1090150022 issued by the FSC, the Company is required to set aside additional special reserve equivalent to the net debit balance of other equity items from the sum of net profit for the year and the amount of items other than net profit for the year but included in the unappropriated earnings. When there is still a deficit, it shall be set aside from previous unappropriated earnings. However, special reserve set aside for the amount equal to the net debit balance of other equity items for the previous year from previous unappropriated earnings shall not be distributed. Any special reserve may be reversed and distributed to the extent of reversal of the net debit balance.

e. Other equity items

Exchange differences on translation of the financial statements of foreign operations

The exchange differences arising on translation of the financial statements of foreign operation's net assets from its functional currency to the Group's presentation currency (i.e., New Taiwan dollars) are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences on translation of the financial statements of foreign operations previously accumulated in the foreign currency translation reserve are reclassified to profit and loss when the foreign operation is disposed of.

**23. REVENUE**

a. Contract information

Refer to Notes 4 and 34.

b. Contract balances

Refer to trade receivables in Note 9.

**24. NET PROFIT FOR THE YEAR**

Net profit for the year includes the following items:

a. Interest income

	<u>For the Year Ended December 31</u>	
	<b>2021</b>	<b>2020</b>
Bank deposits	\$ 18,939	\$ 63,498
RMB structured financial instruments	19,434	3,485
Others	<u>18</u>	<u>24</u>
	<u>\$ 38,391</u>	<u>\$ 67,007</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	<b>2021</b>	<b>2020</b>
Subsidy income	\$ 37,165	\$ 62,476
Rental income	89,902	24,872
Others	<u>2,276</u>	<u>2,975</u>
	<u>\$ 129,343</u>	<u>\$ 90,323</u>

c. Net foreign exchange (loss) gain

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Foreign exchange gain	\$ 547,423	\$ 803,745
Foreign exchange loss	<u>(478,691)</u>	<u>(896,894)</u>
Net gain (loss)	<u>\$ 68,732</u>	<u>\$ (93,149)</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Interest on bank borrowings	\$ 33,727	\$ 48,489
Interest on lease liabilities	128	33
Others	<u>121</u>	<u>44</u>
	<u>\$ 33,976</u>	<u>\$ 48,566</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
An analysis of depreciation by function		
Operating costs	\$ 166,068	\$ 115,690
Operating expense	44,079	34,919
Non-operating income and expense	<u>25,573</u>	<u>25,899</u>
	<u>\$ 235,720</u>	<u>\$ 176,508</u>
An analysis of amortization by function		
Operating costs	\$ 29,238	\$ 26,064
Operating expense	<u>33,267</u>	<u>29,205</u>
	<u>\$ 62,505</u>	<u>\$ 55,269</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Post-employment benefits (Note 21)		
Defined contribution plans	\$ 11,940	\$ 9,677
Defined benefit plans	<u>18</u>	<u>14</u>
	<u>11,958</u>	<u>9,691</u>
Share-based payments (Note 27)		
Equity-settled	<u>17,626</u>	<u>17,267</u>
Other employee benefits		
Salaries expense	1,259,709	1,046,210
Labor/health insurance expense	140,514	78,983

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Compensation of directors	\$ 33,819	\$ 21,520
Other personnel expenses	<u>98,612</u>	<u>75,060</u>
	<u>1,532,654</u>	<u>1,221,773</u>
 Total employee benefits expense	 <u>\$ 1,562,238</u>	 <u>\$ 1,248,731</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 1,098,997	\$ 857,634
Operating expense	430,741	391,097
Non-operating income and expense	<u>32,500</u>	<u>-</u>
	<u>\$ 1,562,238</u>	<u>\$ 1,248,731</u>

(Concluded)

g. Compensation of employees and directors

According to the Company's Articles before amendments, the Company shall appropriate compensation of employees and compensation of directors at rates of no less than 3% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and directors. According to the Company's amended Articles resolved by shareholders' meeting on July 1, 2021, if the Company records a profit for the year starting from 2021, the Company shall appropriate compensation of employees and compensation of directors at rates of no less than 2% and no higher than 3%, respectively, of the net profit before income tax, compensation of employees and directors. The compensation of employees and directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 8, 2022 and March 9, 2021, respectively, are as follows:

	<b>For the Year Ended December 31</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Appropriate Rate</b>	<b>Amount</b>	<b>Appropriate Rate</b>	<b>Amount</b>
Compensation of employees	2.002%	<u>\$ 75,000</u>	5.750%	<u>\$ 78,412</u>
Compensation of directors	0.454%	<u>\$ 17,000</u>	0.880%	<u>\$ 12,000</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded in the next fiscal year as a change in the accounting estimate. If the board of directors resolves to distribute compensation of employees by shares, the number of shares of the compensation of employees is determined by dividing the amount of the compensation of employees by the closing price per share on the day immediately preceding the meeting of the Company's board of directors.

There is no difference between the amounts of compensation of employees and directors resolved by board of directors to pay and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

Information on the compensation of employees and directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 25. INCOME TAXES

### a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax		
In respect of the current year	\$ 412,216	\$ 277,182
Income tax on unappropriated earnings	58	-
Adjustments for prior years	<u>(8,145)</u>	<u>(39,808)</u>
	<u>404,129</u>	<u>237,374</u>
Deferred tax		
In respect of the current year	46,092	71,545
Adjustments for prior years	<u>-</u>	<u>318</u>
	<u>46,092</u>	<u>71,863</u>
Income tax expense recognized in profit or loss	<u>\$ 450,221</u>	<u>\$ 309,237</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit before tax	<u>\$ 3,759,240</u>	<u>\$ 1,344,492</u>
Income tax expense calculated at the statutory rate	\$ 851,446	\$ 378,447
Revenue excluded from taxable income	(423,777)	(31,150)
Additional income tax under the Alternative Minimum Tax Act	574	1,430
Income tax on unappropriated earnings	58	-
Land value increment tax	30,002	-
Adjustments for recognized temporary differences	-	318
Adjustments for prior years' tax	(8,145)	(39,808)
Others	<u>63</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 450,221</u>	<u>\$ 309,237</u>

The income tax rate of companies in the ROC according to the Income Tax Act is 20%; the income tax rate applicable to its subsidiaries in China is 25%; the taxes incurred in other regions are calculated based on the tax rate of corresponding region.

Since the resolution of the appropriation of earnings in the shareholders' meeting in 2022 is still uncertain, the potential income tax consequences of 5% income tax on the unappropriated earnings for 2021 cannot be determined reliably.

### b. Income tax expense (benefit) recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Deferred tax</u>		
Translation of the financial statements of foreign operations	<u>\$ (22,797)</u>	<u>\$ 6,850</u>

c. Current tax liabilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Income tax payable	<u>\$ 340,412</u>	<u>\$ 223,463</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2021

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
Inventory write-downs	\$ 51,804	\$ 30,553	\$ -	\$ (168)	\$ 82,189
Refund liabilities	40,367	(17,487)	-	-	22,880
Provisions	14,591	(166)	-	-	14,425
Payables for annual leave	3,452	1,211	-	(9)	4,654
Defined benefit obligations	135	(133)	-	-	2
Exchange differences on translation of the financial statements of foreign operations	113,541	-	22,797	-	136,338
Unrealized loss on financial liabilities	1,844	(1,844)	-	-	-
Book-tax differences from different depreciation method for fixed asset	9,873	(3,945)	-	(53)	5,875
Allowance for expected credit loss	11,514	1,485	-	(61)	12,938
Others	<u>38,764</u>	<u>(12,373)</u>	<u>-</u>	<u>(240)</u>	<u>26,151</u>
	<u>\$ 285,885</u>	<u>\$ (2,699)</u>	<u>\$ 22,797</u>	<u>\$ (531)</u>	<u>\$ 305,452</u>

  

<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
Share of profit of associates accounted for using the equity method	\$ 990,821	\$ 65,100	\$ -	\$ -	\$ 1,055,921
Unrealized exchange gain	31,566	(21,072)	-	-	10,494
Others	<u>639</u>	<u>(635)</u>	<u>-</u>	<u>(4)</u>	<u>-</u>
	<u>\$ 1,023,026</u>	<u>\$ 43,393</u>	<u>\$ -</u>	<u>\$ (4)</u>	<u>\$ 1,066,415</u>

For the year ended December 31, 2020

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
Inventory write-downs	\$ 63,704	\$ (12,435)	\$ -	\$ 535	\$ 51,804
Refund liabilities	39,286	1,081	-	-	40,367
Provisions	23,523	(8,932)	-	-	14,591
Payables for annual leave	3,167	262	-	23	3,452
Defined benefit obligations	276	(141)	-	-	135
Exchange differences on translation of the financial statements of foreign operations	120,391	-	(6,850)	-	113,541
Unrealized loss on financial liabilities	152	1,692	-	-	1,844
Book-tax differences from different depreciation method for fixed asset	18,334	(8,616)	-	155	9,873
Allowance for expected credit loss	-	11,335	-	179	11,514
Others	<u>33,341</u>	<u>4,666</u>	<u>-</u>	<u>757</u>	<u>38,764</u>
	<u>\$ 302,174</u>	<u>\$ (11,088)</u>	<u>\$ (6,850)</u>	<u>\$ 1,649</u>	<u>\$ 285,885</u>

<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
Share of profit of associates accounted for using the equity method	\$ 921,616	\$ 69,205	\$ -	\$ -	\$ 990,821
Unrealized exchange gain	39,975	(8,409)	-	-	31,566
Others	<u>660</u>	<u>(21)</u>	<u>-</u>	<u>-</u>	<u>639</u>
	<u>\$ 962,251</u>	<u>\$ 60,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,023,026</u>

e. Income tax assessments

The income tax returns of the Company and its subsidiary Dynapack Investment Corporation through 2019 have been assessed by the tax authorities.

**26. EARNINGS PER SHARE**

**Unit: NT\$ Per Share**

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Basic earnings per share	<u>\$ 22.42</u>	<u>\$ 7.02</u>
Diluted earnings per share	<u>\$ 22.12</u>	<u>\$ 6.94</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net profit for the year

	<u>For the Year Ended December 31</u>	
	2021	2020
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 3,309,019</u>	<u>\$ 1,035,255</u>

Shares

	Unit: Shares (In Thousands)	
	<u>For the Year Ended December 31</u>	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	147,598	147,481
Effect of potentially dilutive ordinary shares:		
Employee share options	1,163	602
Compensation of employees	<u>866</u>	<u>1,085</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>149,627</u>	<u>149,168</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 27. SHARE-BASED PAYMENT ARRANGEMENTS

### Employee Share Option Plan

Qualified employees of the Company, controlling company and its subsidiaries were granted 1,076 options on September 17, 2021 and 5,000 options in November 12, 2019. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 5 years and exercisable at certain percentages after the second anniversary from the grant date. The options were granted at an exercise price equal to the closing price of the Company's ordinary shares listed on the Taipei Exchange on the grant date. For any subsequent changes in the Company's capital or cash dividend distribution, the exercise price is adjusted accordingly.

Information on issued employee share options was as follows:

	<b>For the Year Ended December 31</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (\$)</b>	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (\$)</b>
Balance at January 1	5,000	\$ 59.3	5,000	\$ 63.2
Options granted	1,076	95.0	-	-
Options forfeited	(262)	55.8	-	-
Options exercised	<u>(1,738)</u>	55.8	<u>-</u>	-
Balance at December 31	<u>4,076</u>	66.1	<u>5,000</u>	59.3
Options exercisable, end of the year	<u>677</u>	55.8	<u>-</u>	-

The weighted-average share price on the exercise date of the share options for the year ended December 31, 2021 was \$97.45.

Information on outstanding options was as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Exercise price (\$)	\$55.8, \$95.0	\$59.3
Weighted-average remaining contractual life (in years)	2.87-4.71 years	3.87 years

Due to the Company's dividend exclusion, the exercise price of the employee share options granted on November 12, 2019 was adjusted to \$55.8 and \$59.3 from the ex-dividend dates, July 16, 2021 and June 30, 2020, respectively.

Options granted in September 2021 and November 2019 was priced using the Black-Scholes-Merton pricing model, and the inputs to the model are as follows:

	<b>September 2021</b>	<b>November 2020</b>
Grant-date share price	\$95.0	\$63.2
Grant-date exercise price	\$95.0	\$63.2
Expected volatility	27.33%-28.59%	22.89%-24.09%
Expected life (in years)	5	5
Expected dividend yield	-	-
Risk-free interest rate	0.28%-0.29%	0.57%-0.58%
Weighted-average fair value of options granted (\$)	\$20.77	\$12.02

Expected volatility is based on the historical share price volatility over the past 5 years. The historical share price is the average value of the annualized standard deviation of the daily return rate of the Company, which is a hypothetical value.

Compensation costs recognized for the years ended December 31, 2021 and 2020 were \$17,626 thousand and \$17,267 thousand, respectively.



## 28. CAPITAL MANAGEMENT

Key management personnel of the Group review the capital structure periodically. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

## 29. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

The management believes that all the carrying amounts of financial assets and financial liabilities not measured at fair value recognized in the consolidated financial statements approximate their fair values or their fair value cannot be reliably measured.

### b. Fair value of financial instruments measured at fair value on a recurring basis

#### 1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 85,810	\$ -	\$ -	\$ 85,810
Domestic listed convertible bonds	25,200	-	-	25,200
Domestic unlisted shares	-	-	108,436	108,436
Foreign unlisted convertible bonds	-	-	13,850	13,850
	<u>\$ 111,010</u>	<u>\$ -</u>	<u>\$ 122,286</u>	<u>\$ 233,296</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 8,594	\$ -	\$ -	\$ 8,594
Domestic listed convertible bonds	29,295	-	-	29,295
Domestic unlisted shares	-	-	45,304	45,304
Foreign unlisted preference shares	-	-	46,251	46,251
Foreign unlisted convertible bonds	-	-	14,247	14,247
	<u>\$ 37,889</u>	<u>\$ -</u>	<u>\$ 105,802</u>	<u>\$ 143,691</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 9,218</u>	<u>\$ -</u>	<u>\$ 9,218</u>

There were no transfers between Levels 1 and 2 for the years ended December 31 2021 and 2020.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Derivatives - cross-currency swap contracts	The Company adopts the discounted cash flow method to evaluate the information provided by the counterparty bank, which estimates the future cash flows based on observable exchange rates at the end of the year and contract exchange/interest rates and discounts separately at discount rates that reflect the credit risk of each counterparty.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The Group's evaluation process for the fair value of financial instruments classified as Level 3 is based on independent data to conduct independent fair value verification and regular reviews to ensure that the evaluation results are reasonable.

The fair values of domestic unlisted shares were determined using the market method with reference to the value multiples of comparable listed companies and the recent transaction price of the target company. The significant unobservable input is the discount for lack of marketability, and the higher the discount for lack of marketability, the fair value of such investments will decrease.

The fair values of foreign unlisted preference shares were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees and to use the evaluation model to allocate the overall company value to each preference share. The significant unobservable inputs used are listed below. An increase in long-term revenue growth rates or long-term pre-tax operating margin or a decrease in the WACC would result in an increase in the fair value.

The fair values of foreign unlisted convertible bonds were determined using the trinomial model based on the theoretical ordinary share price. The price at the time of issuance (i.e., face value) and the theoretical share price on the date of issuance are first calibrated with the implicit credit overweight at the time of issuance, and on subsequent reassessment, fair value was determined by separately deriving the theoretical share price on the reassessment date and using the interest-rate market parameters on the reassessment date and the volatility of comparable companies' historical share price. Considering the issue condition of convertible bonds, the model calculates the possible present value of expected returns from holding this investment. Based on the theoretical ordinary share price using the evaluation model to allocate the overall company value to the ordinary shares, an increase in long-term revenue growth rates or long-term pre-tax operating margin or a decrease in the WACC or market interest rates would result in an increase in the fair value of the convertible bonds.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 233,296	\$ 143,691
Financial assets at amortized cost (1)	12,873,845	9,712,316
		(Continued)

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial liabilities</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ -	\$ 9,218
Financial liabilities at amortized cost (2)	9,556,617	9,840,376 (Concluded)

- 1) The balances include cash and cash equivalents, financial assets at amortized cost - current, trade receivables from unrelated parties, other receivables, and refundable deposits.
- 2) The balances include short-term borrowings, trade payables from unrelated parties, other payables, long-term borrowings (including current portion of long-term borrowings), guarantee deposits received and other non-current liabilities.

d. Financial risk management objectives and policies

The risk control and hedge strategies of the Group are affected by the operating environment. However, the Group has incorporated various risks into management in accordance with the nature of the business and the principle of risk diversification, and set risk management procedures, evaluation methods, and management indicators to control and manage risks effectively.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and price (see (c) below).

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The foreign currency denominated monetary financial assets and liabilities held by the Group are subject to the risk of exchange rate changes. The Group has established relevant control to monitor the positions held and the fluctuations of the market exchange rate at any time, and applied the derivatives of cross-currency swap contracts to reduce the exchange rate risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 32.

Sensitivity analysis

Foreign currencies other than functional currencies of the entities in the Group is mainly exposed to the U.S. dollar.

The Group's sensitivity analysis mainly focuses on changes in the exchange rates of relevant foreign currencies to the functional currencies of the entities in the Group at the end of the reporting period. If the functional currency of the entities in the Group had a 1% increase and decrease of the New Taiwan dollar against the U.S. dollars, the Group's post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$23,800 thousand and \$24,764 thousand, respectively. If the functional currency of the entities in the Group had a 1% increase and decrease of the RMB against the U.S. dollars, the Group's post-tax profit for the years ended December 31, 2021 and 2020 would have decreased/increased by \$25,127 thousand and \$22,326 thousand, respectively.

b) Interest rate risk

Interest rate risk refers to the risk of changes in the value of financial instruments caused by changes in market interest rates. The Group closely monitors the fluctuations of market interest rates to manage interest rate risk.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
Fair value interest rate risk		
Financial assets	\$ 4,643,444	\$ 2,922,751
Financial liabilities	3,550,319	1,963,679
Cash flow interest rate risk		
Financial assets	2,785,023	2,290,631
Financial liabilities	1,361,397	3,122,140

Sensitivity analysis

The fixed interest rate financial assets and financial liabilities held by the Group are measured at amortized cost; therefore, they are not included in the analysis; the sensitivity analysis of interest rate risk is based on the financial assets and financial liabilities with floating interest rates at the end of the reporting period. If interest rates had increased/decreased by 1%, the Group's post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$11,455 thousand and decreased/increased by \$6,626 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities and convertible bonds. The Group manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis of investment in equity securities and convertible bonds was determined based on the exposure to equity price risks at the end of the year. If the prices of equity securities and convertible bonds had increased/decreased by 1%, the Group's post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$2,333 thousand and \$1,437 thousand, respectively, due to changes in the fair value of financial assets at FVTPL.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The credit risk of the Group mainly comes from the receivables from operating activities, fixed income investments from investment activities and other financial instruments. Operation-related credit risks and financial credit risks are managed separately.

Operation-related credit risk

In order to maintain the quality of trade receivables, the Group has established management procedures for operation-related credit risks.

To mitigate the risk of financial loss from defaults, the Group has adopted a policy to assess individual customers and takes into account factors that may affect the customers' ability to pay, including the customers' financial position, ratings by credit rating agencies, internal credit ratings of the Group, historical transaction records, and current economic condition. The Group also uses some credit enhancement tools at appropriate times, such as requesting customers to pay for goods in advance and provide credit insurance, to reduce the credit risk of specific customers.

As of December 31, 2021 and 2020, the balance of trade receivables of the top five customers accounted for more than 85% of the balance of trade receivables of the Group. Since the top five customers are all creditworthy manufacturers, the credit risk is limited. After the Group considered the specific factors and performed the risk assessment, the Group did not have significant credit risk exposure to customers.

#### Financial credit risk

The credit risks of bank deposits, fixed income investments and other financial instruments are measured and monitored by the management of the Group. Since the counterparties of the Group are creditworthy banks and financial institutions with investment grade, corporate organizations and government agencies or above without major performance concerns, there is no significant credit risk.

#### 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of credit line of bank loan and ensures compliance with loan covenants.

The Group's working capital and credit line of bank loan are deemed adequate to finance its operations; therefore, there is no liquidity risk of inability to fulfill contractual obligations.

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of the financial liabilities from the earliest date on which the Group may be required to pay the principal.

The Group may be required to immediately pay the principal amount within the earliest period, regardless of the probability of exercising immediate enforcement rights by the bank.

#### December 31, 2021

	<b>On Demand or Less than 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 3,788,658	\$ 526,110	\$ -	\$ 4,314,768
Lease liabilities	43,740	189,229	57,316	290,285
Floating interest rate liabilities	100,000	1,261,397	-	1,361,397
Fixed interest rate liabilities	<u>3,269,430</u>	<u>-</u>	<u>-</u>	<u>3,269,430</u>
	<u>\$ 7,201,828</u>	<u>\$ 1,976,736</u>	<u>\$ 57,316</u>	<u>\$ 9,235,880</u>

December 31, 2020

	<b>On Demand or Less than 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 3,843,479	\$ 396,864	\$ 16,127	\$ 4,256,470
Lease liabilities	1,918	-	-	1,918
Floating interest rate liabilities	22,914	2,715,876	383,350	3,122,140
Fixed interest rate liabilities	<u>1,961,773</u>	<u>-</u>	<u>-</u>	<u>1,961,773</u>
	<u>\$ 5,830,084</u>	<u>\$ 3,112,740</u>	<u>\$ 399,477</u>	<u>\$ 9,342,301</u>

### 30. TRANSACTIONS WITH RELATED PARTIES

#### Remuneration of Key Management Personnel

The remuneration of directors and key executives is as follows:

	<u>For the Year Ended December 31</u>	
	<b>2021</b>	<b>2020</b>
Short-term benefit	\$ 74,443	\$ 65,276
Post-employment benefit	600	696
Other long-term benefit	20	50
Share-based payments	<u>3,221</u>	<u>3,531</u>
	<u>\$ 78,284</u>	<u>\$ 69,553</u>

The remuneration of directors and key executives, as determined by the remuneration committee and the board of directors, is based on the overall performance of the Company and individuals and market trends.

### 31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as tax payment account and customs deposit for outbound processing of bonded materials and imported raw materials:

Asset	Description	<u>December 31</u>	
		<b>2021</b>	<b>2020</b>
Restricted asset - cash	Tax payment account and customs deposit	<u>\$ 120</u>	<u>\$ 2,086</u>

### 32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2021

	<b>Foreign Currency (In thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In thousands)</b>
<u>Assets denominated in foreign currencies</u>			
Monetary items			
USD	\$ 270,548	27.685 (USD:NTD)	\$ 7,490,113
USD	344,763	6.3757 (USD:RMB)	<u>9,544,761</u>
			<u>\$ 17,034,874</u>

Liabilities denominated in foreign currencies

Monetary items			
USD	378,008	27.685 (USD:NTD)	\$ 10,465,154
USD	223,750	6.3757 (USD:RMB)	<u>6,194,514</u>
			<u>\$ 16,659,668</u>

December 31, 2020

	<b>Foreign Currency (In thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In thousands)</b>
<u>Assets denominated in foreign currencies</u>			
Monetary items			
USD	\$ 206,958	28.480 (USD:NTD)	\$ 5,894,164
USD	234,880	6.5249 (USD:RMB)	<u>6,689,394</u>
			<u>\$ 12,583,558</u>

Liabilities denominated in foreign currencies

Monetary items			
USD	315,648	28.480 (USD:NTD)	\$ 8,989,661
USD	130,358	6.5249 (USD:RMB)	<u>3,712,598</u>
			<u>\$ 12,702,259</u>

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currency (In Thousands)	For the Year Ended December 31	
	2021	2020
USD	\$ 28,790	\$ (106,648)
RMB	39,942	13,463
Others (EUR)	<u>-</u>	<u>36</u>
	<u>\$ 68,732</u>	<u>\$ (93,149)</u>

### 33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 1)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (Table 2)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 9) Trading in derivative instruments (Note 7)
- 10) Intercompany relationships and significant intercompany transactions (Table 5)
- 11) Information on investees (Table 6)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net profit and loss for the year, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)



- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year (Table 3)
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year (Table 3)
  - c) The amount of property transactions and the amount of the resultant gains or losses (None)
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes (None)
  - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds (None)
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

### 34. SEGMENT INFORMATION

a. Operating segment information

The chief operating decision maker allocates resources and evaluates performance by using the financial information of the Group based on IFRS 8 Operating Segments. The Group manages organization and allocates resources with single operating segment, and the sales revenue of operating activity accounts for more than 90% of the Group's total revenue.

b. Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services.

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Lithium-ion battery packs	\$ 20,744,016	\$ 19,305,566
Others	<u>25,498</u>	<u>42,702</u>
	<u>\$ 20,769,514</u>	<u>\$ 19,348,268</u>

c. Geographical information

The Group's revenue from external customers' order by location and information about its non-current assets by location of assets are detailed below.

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
America	\$ 7,463,617	\$ 4,740,797	\$ -	\$ -
Singapore	6,160,067	7,753,894	-	-
China	2,602,350	2,644,862	1,587,927	1,520,611
Taiwan	4,504,566	4,177,027	3,252,514	4,556,346
Others	<u>38,914</u>	<u>31,688</u>	<u>-</u>	<u>-</u>
	<u>\$ 20,769,514</u>	<u>\$ 19,348,268</u>	<u>\$ 4,840,441</u>	<u>\$ 6,076,957</u>

Non-current assets excluded financial instruments and deferred tax assets.

d. Information about major customers

Single customers that contributed 10% or more to the Group's revenue were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Customer A	\$ 9,598,713	\$ 7,769,899
Customer B	3,900,710	4,441,718
Customer C	<u>2,508,812</u>	<u>1,697,561</u>
	<u>\$ 16,008,235</u>	<u>\$ 13,909,178</u>

## DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership	Fair Value	
Dynapack Technologies (Cayman) Corporation	Zentera Systems, Inc. A-1 - preference shares	None	Financial assets at fair value through profit or loss - current	662	\$ -	4.07	\$ -	-
	Zentera Systems, Inc. A-2 - preference shares	None	Financial assets at fair value through profit or loss - current	368	-	2.26	-	-
	Zentera Systems, Inc. - convertible bonds	None	Financial assets at fair value through profit or loss - current	-	13,850	N/A	13,850	-
Dynapack Investment Corporation	Taiwan Fertilizer Co., Ltd. - ordinary shares	None	Financial assets at fair value through profit or loss - current	432	30,240	0.04	30,240	-
	I Sheng Electric Wire & Cable Co., Ltd. - ordinary shares	None	Financial assets at fair value through profit or loss - current	746	32,003	0.40	32,003	-
	Fubon Financial Holding Co., Ltd. - ordinary shares	None	Financial assets at fair value through profit or loss - current	20	1,526	0.00	1,526	-
	Mega Financial Holding Company Limited - ordinary shares	None	Financial assets at fair value through profit or loss - current	620	22,041	0.00	22,041	-
	Savior Lifetec Corporation - convertible bonds	None	Financial assets at fair value through profit or loss - current	225	25,200	N/A	25,200	-
	Gotech Energy Co., Ltd. - ordinary shares	None	Financial assets at fair value through profit or loss - current	750	-	10.34	-	-
	Vactronics technologies Inc. - ordinary shares	None	Financial assets at fair value through profit or loss - current	1,629	108,436	2.84	108,436	-

Note: The marketable securities were not pledged.

## DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Dynapack International Technology Corporation	The factory office building and the land at No. 188, Wenhe Rd., Guishan District, Taoyuan City  Land: No. 55,55-5,55-6, Lejie Section, Guishan District, Taoyuan City  Buildings: All buildings and underground parking spaces at No. 188 Wenhe Rd., Guishan District, Taoyuan	2021.11.29	Land: Acquisition by signing of the trading contract on April 18, 2012  Buildings: Self-constructed by the Company and the use permit was obtained on January 30, 2019	\$ 1,606,706	\$ 4,500,000 (Including Value-added Business Tax)	Full collection	\$ 2,671,413	Millerful No.1 REIT whose trustee is King's Town Bank Co., Ltd.	Unrelated party	Activate assets to raise land development funds and maintain a stable dividend policy	Appraisal report from CCIS Real Estate Joint Appraisers Firm and Zhan-Mao Real Estate Appraisers Firm	The Company leased back 5 floors with a total of 4,885.4 pings currently used for operation purpose according to the lease agreement after disposal of the building.

**DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Dynapack International Technology Corporation	Dynapack Technologies (Cayman) Corporation	Subsidiary of the Company	Purchase	\$ 5,538,749	29	Note 1	None	None	\$ (8,336,088)	80	Note 2
Dynapack Technologies (Cayman) Corporation	Dynapack International Technology Corporation	Parent company of the Company	Sale	5,538,749	99	Note 1	None	None	8,336,088	73	Note 2
	DynaPack (Suchou) Co., Ltd.	Subsidiary of the Company	Purchase	5,481,600	99	Note 1	None	None	(6,758,197)	69	Note 2
Dynapack (Suchou) Co., Ltd.	Dynapack Technologies (Cayman) Corporation	Parent company of the Company	Sale	5,481,600	95	Note 1	None	None	6,758,197	96	Note 2

Note 1: Open account 60 days, and the Company may make adjustments according to its working capital requirements.

Note 2: All intercompany transactions have been eliminated upon consolidation.

**DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 1)	Allowance for Impairment Loss
					Amount	Actions Taken		
Dynapack International Technology Corporation	Dynapack Technologies (Cayman) Corporation	Subsidiary company	\$ 1,265,512	7.06	\$ -	-	US\$ 12,701	\$ -
Dynapack Technologies (Cayman) Corporation	Dynapack International Technology Corporation	Parent company	8,336,088	2.57	-	-	US\$ 42,512	-
Dynapack (Suchou) Co., Ltd.	Dynapack Technologies (Cayman) Corporation	Parent company	6,758,197	3.30	-	-	US\$ 44,535	-

Note 1: Subsequent period will be on February 28, 2022.

Note 2: All intercompany transactions have been eliminated upon consolidation.

## DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2021  
 (In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			% of Total Sales or Assets (Note 3)
				Financial Statement Accounts	Amount (Note 5)	Payment Terms	
0	Dynapack International Technology Corporation	Dynapack Technologies (Cayman) Corporation Dynapack Technologies (Cayman) Corporation	a	Trade receivables	\$ 1,265,512	Note 4	6.0
			a	Sales revenue	42,226	-	0.2
1	Dynapack Technologies (Cayman) Corporation	Dynapack International Technology Corporation Dynapack International Technology Corporation	b	Trade receivables	8,336,088	Note 4	39.0
			b	Sales revenue	5,538,749	-	27.0
2	Dynapack (Suchou) Co., Ltd.	Dynapack Technologies (Cayman) Corporation Dynapack Technologies (Cayman) Corporation	b	Trade receivables	6,758,197	Note 4	32.0
			b	Sales revenue	5,481,600	-	26.0

Note 1: The information about the transactions between the Company and the subsidiaries are marked in the note column as follows:

- a. The Company: 0.
- b. The subsidiaries were marked in numerical order from 1.

Note 2: Investment types as follows:

- a. The Company to the subsidiaries.
- b. The subsidiaries to the Company.
- c. Between the subsidiaries.

Note 3: The ratio of transaction amounts to total sales revenue or assets is calculated as follows: (1) asset or liability: The ratio was calculated based on the ending balance over the total consolidated assets; (2) income or loss: The ratio was calculated based on the ending balance of the accumulated amounts over the total consolidated sales revenue.

Note 4: Open account 60 days, and the Company may make adjustments according to its working capital requirements.

Note 5: All intercompany transactions have been eliminated upon consolidation.

**DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 1)		As of December 31, 2021			Net Income (Loss) of the Investee (Notes 2 and 3)	Share of Profits (Loss) (Notes 2 and 3)	Note
				December 31, 2021	December 31, 2020	Number of Shares (In Thousands)	%	Carrying Amount			
Dynapack International Technology Corporation	Dynapack Technologies (Cayman) Corporation	British Cayman Islands	Investment and selling lithium-ion battery packs	\$ 2,610,052 (US\$ 84,186)	\$ 2,610,052 (US\$ 84,186)	84,186	100	\$ 8,765,547	\$ 370,050 (US\$ 13,216)	\$ 375,500 (Note 4)	Subsidiary (Note 5)
	Dynapack Investment Corporation	ROC	Investment	480,000	200,000	48,000	100	568,921	71,628	71,628	Subsidiary (Note 5)
	Chih Ho Shun Development Co., Ltd.	ROC	New towns, new community development	15,000	15,000	1,500	30	13,717	(2,536)	(761)	Investee accounted for using the equity method
Dynapack Technologies (Cayman) Corporation	Dynapack Technology (Hong Kong) Corporation Limited	Hong Kong	Investment	2,236,165 (US\$ 72,300)	2,547,745 (US\$ 82,300)	72,300	100	6,926,615	319,569 (US\$ 11,395)	319,569 (US\$ 11,395)	Subsidiary (Notes 5 and 6)

Note 1: The calculation was based on the original investment cost.

Note 2: The calculation was based on the average exchange rate for the year ended December 31, 2021.

Note 3: The basis for investment income (loss) recognition, except for Chih Ho Shun Development Co., Ltd., is the financial statements audited and attested by parent company's CPA in the ROC.

Note 4: The difference is the net written-off amount of \$5,453 thousand in upstream transactions and the offset of loss \$3 thousand on sale of property, plant and equipment between subsidiaries.

Note 5: All intercompany transactions have been eliminated upon consolidation.

Note 6: Dynapack Technology (Hong Kong) Corporation Limited reduced the capital by cash in July 2021, and Dynapack Technologies (Cayman) Corporation received repatriation of US\$10,000 thousand. Dynapack Technology (Hong Kong) Corporation Limited completed capital reduction process in October 2021.

Note 7: For information on investee companies in mainland China, refer to Table 7.



## DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021 (Note 1)	Remittance of Funds (Note 1)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (Note 1)	Net Income (Loss) of the Investee (Notes 2 and 3)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 3)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outflow	Inflow						
Dynapack (Suchou) Co., Ltd.	Manufacturing and selling various lithium-ion battery packs, nickel-metal hydride battery packs, new electronic components, wireless communication modules, various chargers and technical development of power management systems, etc.	\$ 2,487,238 (US\$ 80,000) (Note 4)	(Note 5)	\$ 2,229,856 (US\$ 72,100)	\$ -	\$ -	\$ 2,229,856 (US\$ 72,100)	\$ 320,051 (RMB 73,739)	100	\$ 320,051 (RMB 73,739)	\$ 6,923,581	\$ -
Dynapack (Kunshan) Co., Ltd.	Manufacturing and selling computers, various lithium-ion battery packs for communications, nickel-metal hydride battery packs, new electronic components, wireless communication modules, and various chargers	- (Note 6)	(Note 5)	311,580 (US\$ 10,000)	-	311,580 (US\$ 10,000) (Note 6)	-	(4,542) (RMB (1,041))	-	(4,542) (RMB (1,041))	- (Note 6)	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$2,229,856 (US\$72,100)	\$2,541,436 (US\$82,100)	\$5,819,462

Note 1: The calculation was based on the original investment cost.

Note 2: The calculation was based on the average exchange rate for the year ended December 31, 2021.

Note 3: The basis for investment income (loss) recognition is the financial statements audited and attested by parent company's CPA in the ROC.

Note 4: The paid-in capital includes the original outward remittance for investment from Taiwan of US\$72,100 thousand and the earnings transferred to ordinary shares of US\$7,900 thousand.

Note 5: The Company indirectly invested in mainland China through Dynapack Technology (Hong Kong) Corporation Limited by investing via a third region.

Note 6: Dynapack (Kunshan) Co., Ltd. has completed the liquidation and remitted the remaining fund from the liquidation to Dynapack Technologies (Cayman) Corporation through the third region Dynapack Technology (Hong Kong) Corporation Limited.

Note 7: All intercompany transactions have been eliminated upon consolidation.

**DYNAPACK INTERNATIONAL TECHNOLOGY CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Hua Long Financial Co., Ltd.	7,620,431	5.10

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.