

Eris Technology Corp. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report For the Three Months Ended March 31, 2021 and 2020

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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.

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Independent Auditors' Report

To: The Board of Directors and Shareholders of Eris Technology Corp.

Introduction

We have reviewed the accompanying consolidated balance sheets of Eris Technology Corp. and its subsidiaries as of March 31, 2021 and 2020, the related consolidated statements of comprehensive income, of changes in equity, and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. The 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 International Accounting Standard No. 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to the attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Company as of March 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No. 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche
Certified Public Accountant
Tsz-Jung Kuo

Certified Public Accountant
Hsiu-Chun Huang

Securities and Futures Commission Approval No.
Tai-Cai-Zheng-Sixth No. 0920123784

Securities and Futures Commission Approval No.
Tai-Cai-Zheng-Sixth No. 0920123784

May 5, 2021

Eris Technology Corp. and Subsidiaries

Consolidated Balance Sheets

As of March 31, 2021, and December 31 and March 31, 2020

Unit: NT\$ Thousands

Code	Assets	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)		March 31, 2020 (Reviewed)	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets						
1100	Cash (Note 6)	\$ 279,625	10	\$ 223,810	9	\$ 173,757	7
1110	Financial assets at fair value through profit or loss - current (Note 7 and 26)	-	-	-	-	387	-
1136	Financial assets at amortized cost - current (Note 8 and 28)	43,800	2	35,822	1	32,195	1
1150	Notes receivable (Note 9 and 20)	1,820	-	1,541	-	1,777	-
1170	Trade receivables, net (Note 9 and 20)	117,651	4	106,454	4	108,902	4
1180	Trade receivables from related parties (Note 9, 20 and 27)	287,454	11	257,149	10	252,489	10
1200	Other receivables	13,772	1	4,121	-	3,674	-
130X	Inventories, net (Note 10)	266,968	10	245,656	10	233,368	9
1470	Prepayments and other current assets	12,158	-	19,131	1	9,596	1
11XX	Total current assets	<u>1,023,248</u>	<u>38</u>	<u>893,684</u>	<u>35</u>	<u>816,145</u>	<u>32</u>
	Non-current assets						
1540	Financial assets at amortized cost - non-current (Note 8 and 28)	10,003	-	10,003	-	10,002	-
1600	Property, plant and equipment (Note 12, 27 and 28)	1,425,219	53	1,434,110	56	1,463,397	58
1755	Right-of-use assets (Note 13)	5,385	-	11,232	1	19,239	1
1805	Goodwill (Note 14)	24,070	1	24,070	1	24,070	1
1821	Other intangible assets (Note 15)	15,280	1	15,910	1	16,222	1
1840	Deferred tax assets (Note 4 and 22)	100,038	4	106,739	4	115,980	5
1915	Prepayments for equipment (Note 27 and 29)	68,423	3	54,015	2	35,352	1
1920	Refundable deposits	5,138	-	5,433	-	5,371	-
1990	Other non-current assets - other (Note 16)	9,512	-	5,772	-	16,254	1
15XX	Total non-current assets	<u>1,663,068</u>	<u>62</u>	<u>1,667,284</u>	<u>65</u>	<u>1,705,887</u>	<u>68</u>
1XXX	Total assets	<u>\$ 2,686,316</u>	<u>100</u>	<u>\$ 2,560,968</u>	<u>100</u>	<u>\$ 2,522,032</u>	<u>100</u>
	Liabilities and equity						
	Current liabilities						
2100	Short-term borrowings (Note 17 and 28)	\$ 380,000	14	\$ 350,000	14	\$ 405,000	16
2120	Financial liabilities at fair value through profit or loss - current (Note 7 and 26)	871	-	1,277	-	-	-
2170	Trade payables	222,434	8	165,446	7	163,059	6
2180	Trade payables to related parties (Note 27)	-	-	97	-	-	-
2200	Other payables (Note 18)	128,466	5	137,822	5	102,271	4
2220	Other payables - related parties (Note 27)	5,633	-	-	-	-	-
2230	Current tax liabilities (Note 4 and 22)	19,998	1	16,733	1	16,501	1
2250	Provisions - current	5,887	-	4,370	-	6,375	-
2280	Lease liabilities - current (Note 13)	3,996	-	8,251	-	12,438	1
2320	Long-term liabilities due within one year (Note 17 and 28)	148,410	6	138,428	5	9,096	-
2399	Other current liabilities (Note 20)	966	-	780	-	1,575	-
21XX	Total current liabilities	<u>916,661</u>	<u>34</u>	<u>823,204</u>	<u>32</u>	<u>716,315</u>	<u>28</u>
	Non-current liabilities						
2540	Long-term borrowings (Note 17 and 28)	703,663	26	715,885	28	791,890	32
2570	Deferred tax liabilities (Note 4 and 22)	6,877	1	6,189	-	8,383	-
2580	Lease liabilities - non-current (Note 13)	1,444	-	3,059	-	6,891	-
25XX	Total non-current liabilities	<u>711,984</u>	<u>27</u>	<u>725,133</u>	<u>28</u>	<u>807,164</u>	<u>32</u>
2XXX	Total liabilities	<u>1,628,645</u>	<u>61</u>	<u>1,548,337</u>	<u>60</u>	<u>1,523,479</u>	<u>60</u>
	Equity attributable to owners of the Company (Note 11 and 19)						
3100	Share Capital	444,283	16	444,283	17	444,283	18
3200	Capital surplus	402,511	15	402,511	16	402,511	16
	Retained earnings						
3310	Legal reserve	55,098	2	55,098	2	44,888	2
3320	Special reserve	2,586	-	2,586	-	1,484	-
3350	Unappropriated earnings	153,772	6	108,553	5	106,755	4
3300	Total retained earnings	<u>211,456</u>	<u>8</u>	<u>166,237</u>	<u>7</u>	<u>153,127</u>	<u>6</u>
3400	Other equity	(2,319)	-	(2,013)	-	(2,940)	-
31XX	Total equity attributable to owners of the Company	<u>1,055,931</u>	<u>39</u>	<u>1,011,018</u>	<u>40</u>	<u>996,981</u>	<u>40</u>
36XX	Non-controlling interests (Note 11, 19 and 24)	1,740	-	1,613	-	1,572	-
3XXX	Total equity	<u>1,057,671</u>	<u>39</u>	<u>1,012,631</u>	<u>40</u>	<u>998,553</u>	<u>40</u>
	Total liabilities and equity	<u>\$ 2,686,316</u>	<u>100</u>	<u>\$ 2,560,968</u>	<u>100</u>	<u>\$ 2,522,032</u>	<u>100</u>

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

Eris Technology Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2021 and 2020

(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

Unit: NT\$ Thousands, Except for Earnings Per Share In NT\$

Code		Three Months Ended March 31, 2021		Three Months Ended March 31, 2020	
		AMOUNT	%	AMOUNT	%
	Operating revenue (Note 20 and 27)				
4110	Sales	\$ 452,390	101	\$ 385,100	101
4170	Less: Sales return and allowance	(3,512)	(1)	(2,139)	(1)
4000	Net operating revenue	448,878	100	382,961	100
5000	Operating costs (Note 10 and 21)	312,251	70	293,505	76
5900	Gross Profit	136,627	30	89,456	24
	Operating expenses (Note 21)				
6100	Selling and marketing expenses	17,474	4	11,744	3
6200	General and administrative expenses	34,588	8	26,921	7
6300	Research and development expenses	25,183	5	20,634	6
6450	Expected credit loss (Note 9)	-	-	1,229	-
6000	Total operating expenses	77,245	17	60,528	16
6900	Net operating income	59,382	13	28,928	8
	Non-operating income and expenses				
7100	Interest income	69	-	91	-
7190	Other income	40	-	390	-
7210	Gains on disposal of property, plant and equipment	1,847	1	-	-
7230	Foreign exchange (loss) gain (Note 21)	(94)	-	2,432	1
7235	Net gain (loss) on financial instruments at fair value through profit or loss (Note 7)	(430)	-	375	-
7510	Interest expense	(2,909)	(1)	(3,296)	(1)
7000	Total non-operating income and expenses	(1,477)	-	(8)	-

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Code		Three Months Ended March 31, 2021		Three Months Ended March 31, 2020	
		AMOUNT	%	AMOUNT	%
7900	Net profit before income tax	\$ 57,905	13	\$ 28,920	8
7950	Income tax expenses (Notes 4 and 22)	(12,559)	(3)	(6,275)	(2)
8200	Net profit for the period	<u>45,346</u>	<u>10</u>	<u>22,645</u>	<u>6</u>
8360	Other comprehensive income/(loss) Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating the financial statements of foreign operations	(382)	-	(442)	-
8399	Income tax relating to items that may be reclassified subsequently to other comprehensive income (Note 4 and 22)	<u>76</u>	<u>-</u>	<u>88</u>	<u>-</u>
8300	Other comprehensive income/(loss) for the period, net of income tax	(<u>306</u>)	<u>-</u>	(<u>354</u>)	<u>-</u>
8500	Total comprehensive income for the period	<u>\$ 45,040</u>	<u>10</u>	<u>\$ 22,291</u>	<u>6</u>
	Net income attributable to:				
8610	Owners of the Company	\$ 45,219	10	\$ 22,447	6
8620	Non-controlling interests (Note 11 and 19)	<u>127</u>	<u>-</u>	<u>198</u>	<u>-</u>
8600		<u>\$ 45,346</u>	<u>10</u>	<u>\$ 22,645</u>	<u>6</u>
	Total comprehensive income/(loss) attributable to:				
8710	Owners of the Company	\$ 44,913	10	\$ 22,093	6
8720	Non-controlling interests (Note 11 and 19)	<u>127</u>	<u>-</u>	<u>198</u>	<u>-</u>
8700		<u>\$ 45,040</u>	<u>10</u>	<u>\$ 22,291</u>	<u>6</u>
	Earnings per share (Note 23)				
9710	Basic	<u>\$ 1.02</u>		<u>\$ 0.51</u>	
9810	Diluted	<u>\$ 1.02</u>		<u>\$ 0.50</u>	

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

Eris Technology Corp. and Subsidiaries
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2021 and 2020
(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)
Unit: NT\$ Thousands

Code		Share capital (Note 19)		Retained earnings				Other equity	Total equity attributable to owners of the Company	Non-controlling interests (Note 11, 19 and 24)	Total equity	
		Number of shares (in thousands)	AMOUNT	Capital surplus (Note 19)	Legal reserve	Special reserve	Unappropriated earnings (Note 11 and 19)	Total				Exchange differences on translating the financial statements of foreign operations (Note 19)
A1	Balance as of January 1, 2020	44,428	\$ 444,283	\$ 402,511	\$ 44,888	\$ 1,484	\$ 145,184	\$ 191,556	(\$ 2,586)	\$ 1,035,764	\$ 125,340	\$ 1,161,104
M5	Acquisition of partial equity of subsidiary (Note 24)	-	-	-	-	-	(60,876)	(60,876)	-	(60,876)	(123,966)	(184,842)
D1	Net profit for the three months ended March 31, 2020	-	-	-	-	-	22,447	22,447	-	22,447	198	22,645
D3	Other comprehensive income/(loss) for the three months ended March 31, 2020 after tax	-	-	-	-	-	-	-	(354)	(354)	-	(354)
D5	Total comprehensive income/(loss) for the three months ended March 31, 2020	-	-	-	-	-	22,447	22,447	(354)	22,093	198	22,291
Z1	Balance as of March 31, 2020	44,428	\$ 444,283	\$ 402,511	\$ 44,888	\$ 1,484	\$ 106,755	\$ 153,127	(\$ 2,940)	\$ 996,981	\$ 1,572	\$ 998,553
A1	Balance as of January 1, 2021	44,428	\$ 444,283	\$ 402,511	\$ 55,098	\$ 2,586	\$ 108,553	\$ 166,237	(\$ 2,013)	\$ 1,011,018	\$ 1,613	\$ 1,012,631
D1	Net profit for the three months ended March 31, 2021	-	-	-	-	-	45,219	45,219	-	45,219	127	45,346
D3	Other comprehensive income/(loss) for the three months ended March 31, 2021 after tax	-	-	-	-	-	-	-	(306)	(306)	-	(306)
D5	Total comprehensive income/(loss) for the three months ended March 31, 2021	-	-	-	-	-	45,219	45,219	(306)	44,913	127	45,040
Z1	Balance as of March 31, 2021	44,428	\$ 444,283	\$ 402,511	\$ 55,098	\$ 2,586	\$ 153,772	\$ 211,456	(\$ 2,319)	\$ 1,055,931	\$ 1,740	\$ 1,057,671

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

Eris Technology Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the three months ended March 31, 2021 and 2020

(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

Unit: NT\$ Thousands

Code		Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
	Cash flows from operating activities		
A10000	Net Profit before tax for the period	\$ 57,905	\$ 28,920
A20010	Adjustments for:		
A20100	Depreciation expenses	30,602	31,739
A20200	Amortization expenses	3,926	6,436
A20300	Expected credit loss	-	1,229
A20400	Net gain on financial instruments at fair value through profit or loss	(406)	(413)
A20900	Interest expense	2,909	3,296
A21200	Interest income	(69)	(91)
A22500	Gains on disposal of property, plant and equipment	(1,847)	-
A23800	Write-downs of inventories	-	1,981
A24100	Unrealized gain on foreign currency exchange	(4,747)	(4,994)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	(279)	(337)
A31150	Trade receivables	(10,799)	16,208
A31160	Trade receivables from related parties	(27,605)	111
A31200	Inventories	(21,312)	17,381
A31180	Other receivables	(9,651)	1,287
A31240	Prepayments and other current assets	432	706
A32150	Trade payables	58,569	(42,192)
A32180	Other payables	(4,128)	(18,436)
A32200	Provisions	1,517	267
A32230	Other current liabilities	<u>186</u>	<u>710</u>
A33000	Cash generated from operations	75,203	43,808
A33100	Interest received	69	94
A33300	Interest paid	(2,851)	(3,184)
A33500	Income tax paid	<u>(889)</u>	<u>(90)</u>
AAAA	Net cash generated from operating activities	<u>71,532</u>	<u>40,628</u>

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Code		Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
	Cash flows from investing activities		
B00040	Acquisition of financial assets at amortized cost	(\$ 8,000)	\$ -
B02700	Acquisition of property, plant and equipment	(22,124)	(9,162)
B02800	Proceeds from disposal of property, plant and equipment	13,615	-
B03700	Decrease in refundable deposits	295	199
B04500	Payments for intangible assets	-	(686)
B06700	Increase in other non-current assets	(495)	(3,104)
B07100	Increase in prepayments for equipment	(23,384)	(7,629)
BBBB	Net cash used in investing activities	(40,093)	(20,382)
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	30,000	5,000
C01600	Proceeds from long-term borrowings	-	100,000
C01700	Repayments of long-term borrowings	(2,240)	(2,180)
C04020	Repayments of principal portion of lease liabilities	(2,993)	(3,306)
C05400	Acquisition of subsidiaries	-	(184,842)
CCCC	Net cash generated from/(used in) financing activities	24,767	(85,328)
DDDD	Effect of exchange rate changes on cash	(391)	(443)
EEEE	Increase (decrease) in cash	55,815	(65,525)
E00100	Cash at the beginning of the period	<u>223,810</u>	<u>239,282</u>
E00200	Cash at the ending of the period	<u>\$ 279,625</u>	<u>\$ 173,757</u>

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

Eris Technology Corp. and Subsidiaries

Notes to Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

(Amount in NTS Thousands, Unless Specified Otherwise)

1. Company History

Eris Technology Corporation (the “Company”) was incorporated with the approval of the Ministry of Economic Affairs on August 16, 1995, and it mainly manufactures, sells and services for testing of components, such as rectifier diode, wafer, light-emitting diode, and related products.

The Securities and Futures Bureau of Financial Supervisory Commission approved the Company for the public offering of its stocks on August 13, 2009, and the shares have been listed on the Taipei Exchange (“TPEX”) Mainboard on June 29, 2012 with approval.

In August 2012, Diodes International B.V. (Diodes B.V.) became the parent company of the Company with a shareholding ratio of more than 50%. Diodes Holding B.V. has merged and assumed all the rights and obligations of Diodes B.V. in January 2019, and the relevant operation was completed in August 2019. As of March 31, 2021, Diodes Holding B.V. held 51.07% of the Company’s shares. Diodes Holding B.V. was acquired by Diodes Holdings UK Limited in January 2021 and it assumed all the rights and obligations of Diodes Holding B.V. The ultimate parent of the Company is Diodes Incorporated (Diodes), and the ultimate parent and its subsidiaries are hereinafter referred to as the Diodes Group.

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

2. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements were approved by the Company's board of directors on May 5, 2021.

3. Application of New and Amended 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 application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group accounting policies.

b. IFRSs issued by the International Accounting Standards Board (“IASB”) and yet to be endorsed by the FSC

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018–2020"	January 1, 2022 (Note 2)
Amendment to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	To be determined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment 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 6)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IAS 16 "Property, plant and equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)
<p>Note 1: Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.</p> <p>Note 2: The amendments to IFRS 9 are 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" are 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" are applied retrospectively for the annual reporting period beginning on or after January 1, 2022.</p> <p>Note 3: This amendment applies to the business combination with acquisition date during the annual reporting period beginning on or after January 1, 2022.</p> <p>Note 4: 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.</p> <p>Note 5: This amendment applies to the contracts of which not all performance obligations are satisfied on January 1, 2022.</p> <p>Note 6: This amendment prospectively applies to annual periods beginning after January 1, 2023.</p> <p>Note 7: This amendment applies to the changes in accounting estimates and changes in accounting policies incurred during the annual reporting period beginning on or after January 1, 2023.</p>	

As of the date of authorization of the consolidated financial statements, the Company 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 are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, other regulations and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRSs.

b. Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments at fair value.

The fair value measurement is classified into Levels 1 to 3 based on the observability and importance of the related inputs:

- 1) Level 1 inputs refer to the quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date;

- 2) Level 2 inputs refer to the 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 refer to the unobservable inputs for an asset or liability.

c. Basis of Consolidation

The Consolidated Financial Statements include the financial statements of the Company and entities controlled by the Company (subsidiaries). The financial statements of the subsidiaries have been adjusted to bring their accounting policies in line with those used by the Group. All intergroup transactions, balances, income and expenses are eliminated in full as preparing the consolidated financial statements. A subsidiary's total comprehensive income is attributed to the owners of the Company and non-controlling interests, even if non-controlling interests become having deficit balances in the process.

When a change in the Group's ownership interests in a subsidiary does not cause a loss of control over the subsidiary, it shall be treated as an equity transaction. The carrying amounts of the Group and its non-controlling interests have been adjusted to reflect the relative changes in the interest in the subsidiaries. The difference between the adjustment amount of non-controlling interests and the fair value of the consideration paid or collected shall be directly recognized in equity attributable to the owners of the Company.

Please refer to Note 11 and Tables 5 and 6 for details, shareholding ratio, and operations of subsidiaries.

d. Other significant accounting policies

In addition to the following description, please refer to the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2020.

Income Tax

Income tax expenses are the sum of current income tax and deferred income tax. The income tax for an interim period is accrued by applying the tax rate applicable based on expected total annual earnings to the profit before tax of the interim period.

5. The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

Please refer to the primary sources of uncertainties in major accounting judgments, estimates, and assumptions described in the consolidated financial statements for the year ended December 31, 2020.

6. Cash

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Foreign currency demand deposits	\$ 134,592	\$ 110,947	\$ 79,515
Demand deposits	144,247	112,151	93,306
Cash on hand	773	699	923
Check deposits	<u>13</u>	<u>13</u>	<u>13</u>
	<u>\$ 279,625</u>	<u>\$ 223,810</u>	<u>\$ 173,757</u>

The market rate intervals of demand deposits at the balance sheet date were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Demand deposits	0.001%~0.3%	0.2%~0.3%	0.001%~0.35%

7. Financial Instruments at Fair Value Through Profit or Loss

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Financial assets - current</u>			
Held for trading			
– Cross-currency swap contracts	\$ -	\$ -	\$ 305
– Forward foreign exchange contracts	-	-	82
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 387</u>

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Financial liabilities - current</u>			
Held for trading			
– Cross-currency swap contracts	\$ 415	\$ 1,277	\$ -
– Forward foreign exchange contracts	456	-	-
	<u>\$ 871</u>	<u>\$ 1,277</u>	<u>\$ -</u>

- a. At the balance sheet date, outstanding cross-currency swap contracts not under hedge accounting were as follows:

March 31, 2021

<u>Notional Amount (In Thousands)</u>	<u>Maturity Date</u>	<u>Interval of Interest Rates Paid</u>	<u>Interval of Interest Rates Received</u>
USD1,000	From April 2021 to May 2021	-	0.08%~0.34%

December 31, 2020

<u>Notional Amount (In Thousands)</u>	<u>Maturity Date</u>	<u>Interval of Interest Rates Paid</u>	<u>Interval of Interest Rates Received</u>
USD2,000	From January 2021 to May 2021	-	0.08%~1.25%

March 31, 2020

<u>Notional Amount (In Thousands)</u>	<u>Maturity Date</u>	<u>Interval of Interest Rates Paid</u>	<u>Interval of Interest Rates Received</u>
USD1,000	From July 2020 to January 2021	-	1.25%~1.30%

- b. At the balance sheet date, outstanding forward foreign exchange contracts not applicable to hedge accounting were as follows (December 31, 2020: None.):

March 31, 2021

	<u>Currency</u>	<u>Maturity Period</u>	<u>Notional Amount (In Thousands)</u>
Sales of forwarding foreign exchange	USD : NTD	From April 2021 to June 2021	USD 1,500/NTD 42,335

March 31, 2020

	<u>Currency</u>	<u>Maturity Period</u>	<u>Notional Amount (In Thousands)</u>
Sales of forwarding foreign exchange	USD : NTD	May 2020	USD 500/NTD 15,178

The Group's financial instruments at fair value through profit or loss incurred a net loss of \$430 thousand and a net gain of \$375 thousand for the three months ended March 31, 2021 and 2020, respectively.

8. Financial assets at amortized cost

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Current</u>			
Pledged bank deposits			
Time deposits with original maturity of more than 3 months	\$ 13,787	\$ 13,809	\$ 14,187
Restricted demand deposits	<u>30,013</u>	<u>22,013</u>	<u>18,008</u>
	<u>\$ 43,800</u>	<u>\$ 35,822</u>	<u>\$ 32,195</u>
<u>Non-current</u>			
Pledged bank deposits			
Restricted demand deposits	<u>\$ 10,003</u>	<u>\$ 10,003</u>	<u>\$ 10,002</u>

The market rate intervals of the above assets at the balance sheet date were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Time deposits with original maturity of more than 3 months	0.26%~2.13%	0.46%~2.13%	1.88%~2.24%
Restricted demand deposits	0.01%~0.04%	0.01%~0.04%	0.01%~0.04%

Please refer to Note 28 for information relating to financial assets at amortized cost pledged as security.

9. Notes Receivable and Trade Receivables

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Notes receivable</u>			
Measured at amortized cost			
Total carrying amount	<u>\$ 1,820</u>	<u>\$ 1,541</u>	<u>\$ 1,777</u>
<u>Trade receivables</u>			
Measured at amortized cost			
Total carrying amount	\$ 125,981	\$ 114,792	\$ 118,858
Less: loss allowance	(8,330)	(8,338)	(9,956)
Trade receivables, net	<u>\$ 117,651</u>	<u>\$ 106,454</u>	<u>\$ 108,902</u>
<u>Receivables from related parties</u>			
Measured at amortized cost			
Total carrying amount	<u>\$ 287,454</u>	<u>\$ 257,149</u>	<u>\$ 252,489</u>

The payment terms of sales of goods were about 30 days to 120 days, and no interest was charged during the payment terms.

To minimize credit risks, the management of the Group has delegated a team responsible for determining payment terms, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue trade receivables. In addition, the Group reviews the recoverable amount of each individual receivable at the balance sheet date to ensure that adequate allowances are made for possible irrecoverable amounts of trade receivables. As such, the Group's management concludes that the credit risk has been significantly reduced.

The Group recognizes allowance for uncollectible accounts of trade receivables as lifetime expected credit losses for the duration of the contract. The lifetime expected credit losses are taken into account the default history and current financial position of customers, as well as the industrial economies situation.

The Group eliminates trade receivables when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivables. For trade receivables that have been eliminated, the Group continues to engage in enforcement activity. Where recoveries are made, they are recognized in profit or loss.

The loss allowance of trade receivables of the Group was as follows:

March 31, 2021

	<u>Payment Terms of 30 days</u>	<u>Payment Terms of 60 days</u>	<u>Payment Terms of 90 days</u>	<u>Payment Terms of 120 days</u>	<u>Others</u>	<u>Total</u>
Total carrying amount	\$ 18,429	\$ 318,918	\$ 68,084	\$ 2,173	\$ 5,831	\$ 413,435
Loss allowance (lifetime expected credit losses)	(921)	(1,238)	(340)	-	(5,831)	(8,330)
Amortized cost	<u>\$ 17,508</u>	<u>\$ 317,680</u>	<u>\$ 67,744</u>	<u>\$ 2,173</u>	<u>\$ -</u>	<u>\$ 405,105</u>

December 31, 2020

	<u>Payment Terms of 30 days</u>	<u>Payment Terms of 60 days</u>	<u>Payment Terms of 90 days</u>	<u>Payment Terms of 120 days</u>	<u>Others</u>	<u>Total</u>
Total carrying amount	\$ 13,259	\$ 285,362	\$ 65,769	\$ 1,731	\$ 5,820	\$ 371,941
Loss allowance (lifetime expected credit losses)	(663)	(1,621)	(234)	-	(5,820)	(8,338)
Amortized cost	<u>\$ 12,596</u>	<u>\$ 283,741</u>	<u>\$ 65,535</u>	<u>\$ 1,731</u>	<u>\$ -</u>	<u>\$ 363,603</u>

March 31, 2020

	Payment Terms of 30 days	Payment Terms of 60 days	Payment Terms of 90 days	Payment Terms of 120 days	Others	Total
Total carrying amount	\$ 10,602	\$ 274,203	\$ 65,542	\$ 7,980	\$ 13,020	\$ 371,347
Loss allowance (lifetime expected credit losses)	(<u>530</u>)	(<u>859</u>)	(<u>280</u>)	-	(<u>8,287</u>)	(<u>9,956</u>)
Amortized cost	<u>\$ 10,072</u>	<u>\$ 273,344</u>	<u>\$ 65,262</u>	<u>\$ 7,980</u>	<u>\$ 4,733</u>	<u>\$ 361,391</u>

Information on the movements of the loss allowance of trade receivables was as follows:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Beginning balance	\$ 8,338	\$ 8,738
Add: loss on impairment recognized in the period	-	1,229
Foreign exchange translation differences	(<u>8</u>)	(<u>11</u>)
Ending balance	<u>\$ 8,330</u>	<u>\$ 9,956</u>

The aging analysis of trade receivables was as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Not Overdue	\$ 394,527	\$ 344,952	\$ 349,726
Less than 60 days overdue	6,991	15,321	9,676
61~90 days overdue	4	374	1,231
91~120 days overdue	449	86	3,981
More than 120 days overdue	<u>11,464</u>	<u>11,208</u>	<u>6,733</u>
Total	<u>\$ 413,435</u>	<u>\$ 371,941</u>	<u>\$ 371,347</u>

10. Inventories

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Raw Material	\$ 125,404	\$ 103,418	\$ 101,600
Work in progress	110,594	108,124	103,809
Finished goods	<u>30,970</u>	<u>34,114</u>	<u>27,959</u>
	<u>\$ 266,968</u>	<u>\$ 245,656</u>	<u>\$ 233,368</u>

The cost of goods sold for the three months ended March 31, 2020 included write-downs of inventories for decline in the value and obsolescence of \$1,981 thousand (for the three months ended March 31, 2021: None).

11. Subsidiaries

a. Subsidiaries included in the consolidated financial statements

The entities involved in the preparation of the consolidated financial statements were as follows:

Name of Investor	Name of Subsidiary	Nature of business	Percentage of Ownership		
			March 31, 2021	December 31, 2020	March 31, 2020
The Company	Keep High Limited ("Keep High")	Holding of investments	100%	100%	100%
The Company	Yea Shin Technology Co., Ltd. ("Yea Shin")	Manufacturing of electronic components and wholesaling of electronic materials	99.52%	99.52%	99.50%
Keep High	Forever Eagle Incorporation ("Forever")	Holding of investments	100%	100%	100%
Forever	Jie Cheng Electronic (Shanghai) Co., Ltd. ("Jie Cheng")	Wholesaling of electronic materials and international trading business	100%	100%	100%

On April 3, 2008, the Company reinvested in Jie Cheng located in mainland China through a third region approved by the Investment Commission, Ministry of Economic Affairs (the MOEAIC). This company mainly engaged in wholesaling and international trading of electronic materials. As of March 31, 2021, the paid-in capital of Jie Cheng was US\$650 thousand.

For backward integration of upstream suppliers and expansion of new products' business, the Company acquired 60.11% of ownership in Yea Shin, consisting of 26,259 thousand ordinary shares at aggregate proceeds of \$193,860 thousand in July 2018.

In response to the Group's development strategy, the Company acquired 11,558 thousand and 5 thousand ordinary shares of Yea Shin at an aggregate proceeds of \$184,842 thousand and \$71 thousand, respectively, in March and April 2020, resulting in an increase in shareholding ratio from 60.11% to 99.50%, then additionally increased to 99.52%, as well as a reduction in retained earnings of \$60,876 thousand and \$22 thousand, respectively. (Please refer to descriptions of Note 24)

b. Information on subsidiaries with material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
	March 31, 2021	December 31, 2020	March 31, 2020
Yea Shin	0.48%	0.48%	0.50%

Please refer to Table 5 for the information on countries of main business premises and registration of incorporation.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Non-controlling interest		
	Three Months Ended	Three Months Ended	December 31,		
	March 31, 2021	March 31, 2020	March 31, 2021	2020	March 31, 2020
Yea Shin	\$ <u>127</u>	\$ <u>198</u>	\$ <u>1,740</u>	\$ <u>1,613</u>	\$ <u>1,572</u>

The following financial information of Yea Shin is prepared by the amounts of intragroup transactions before eliminations.

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 300,887	\$ 243,326	\$ 163,663
Non-current assets	233,100	235,552	239,050
Current liabilities	(164,455)	(135,936)	(81,287)
Non-current liabilities	<u>-</u>	<u>-</u>	(<u>2</u>)
Equity	<u>\$ 369,532</u>	<u>\$ 342,942</u>	<u>\$ 321,424</u>
Equity attributable to:			
Owners of the Company	\$ 367,758	\$ 341,296	\$ 319,818
Non-controlling interest	<u>1,774</u>	<u>1,646</u>	<u>1,606</u>
	<u>\$ 369,532</u>	<u>\$ 342,942</u>	<u>\$ 321,424</u>

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Operating revenue	<u>\$ 179,457</u>	<u>\$ 69,392</u>
Net profit for the period	<u>\$ 26,589</u>	<u>\$ 2,297</u>
Net income attributable to:		
Owners of the Company	\$ 26,462	\$ 1,381
Non-controlling interest	<u>127</u>	<u>916</u>
	<u>\$ 26,589</u>	<u>\$ 2,297</u>
Cash Flows		
Operating activities	\$ 5,580	(\$ 3,926)
Investing activities	(4,997)	(4,098)
Financing activities	(<u>857</u>)	(<u>5,857</u>)
Net cash flows used	<u>(\$ 274)</u>	<u>(\$ 13,881)</u>

12. Property, Plant and Equipment

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Carrying amount of each category</u>			
Land	\$ 612,895	\$ 612,895	\$ 612,895
Houses and buildings	436,846	437,827	450,825
Machinery Equipment	359,966	366,875	377,185
Transportation Equipment	7,211	6,613	8,151
Leasehold Improvements	3,865	5,519	9,005
Other Equipment	<u>4,436</u>	<u>4,381</u>	<u>5,336</u>
	<u>\$ 1,425,219</u>	<u>\$ 1,434,110</u>	<u>\$ 1,463,397</u>

Three Months Ended March 31, 2021						
	Beginning balance	Increase of the period	Decrease of the period	Internal transfer	Effect of exchange rate	Ending balance
<u>Cost</u>						
Land	\$ 612,895	\$ -	\$ -	\$ -	\$ -	\$ 612,895
Houses and buildings	530,915	3,989	-	1,390	-	536,294
Machinery Equipment	1,025,572	16,025	27,614	7,586	-	1,021,569
Transportation Equipment	15,976	1,122	-	-	(14)	17,084
Leasehold Improvements	16,991	-	2,095	-	-	14,896
Other Equipment	14,095	400	-	-	(7)	14,488
Total Cost	<u>2,216,444</u>	<u>\$ 21,536</u>	<u>\$ 29,709</u>	<u>\$ 8,976</u>	<u>(\$ 21)</u>	<u>2,217,226</u>
<u>Accumulated depreciation</u>						
Houses and buildings	93,088	\$ 6,360	\$ -	\$ -	\$ -	99,448
Machinery Equipment	658,697	18,752	15,846	-	-	661,603
Transportation Equipment	9,363	523	-	-	(13)	9,873
Leasehold Improvements	11,472	1,654	2,095	-	-	11,031
Other Equipment	9,714	344	-	-	(6)	10,052
Total accumulated depreciation	<u>782,334</u>	<u>\$ 27,633</u>	<u>\$ 17,941</u>	<u>\$ -</u>	<u>(\$ 19)</u>	<u>792,007</u>
Net balance	<u>\$1,434,110</u>					<u>\$1,425,219</u>

Three Months Ended March 31, 2020						
	Beginning balance	Increase of the period	Decrease of the period	Internal transfer	Effect of exchange rate	Ending balance
<u>Cost</u>						
Land	\$ 612,895	\$ -	\$ -	\$ -	\$ -	\$ 612,895
Houses and buildings	524,237	1,699	-	-	-	525,936
Machinery Equipment	991,486	4,887	-	10,386	-	1,006,759
Transportation Equipment	16,485	-	-	-	(21)	16,464
Leasehold Improvements	19,381	-	600	-	-	18,781
Other Equipment	17,466	370	424	-	(10)	17,402
Total Cost	<u>2,181,950</u>	<u>\$ 6,956</u>	<u>\$ 1,024</u>	<u>\$ 10,386</u>	<u>(\$ 31)</u>	<u>2,198,237</u>
<u>Accumulated depreciation</u>						
Houses and buildings	69,126	\$ 5,985	\$ -	\$ -	\$ -	75,111
Machinery Equipment	609,120	20,454	-	-	-	629,574
Transportation Equipment	7,785	548	-	-	(20)	8,313
Leasehold Improvements	9,417	959	600	-	-	9,776
Other Equipment	12,016	483	424	-	(9)	12,066
Total accumulated depreciation	<u>707,464</u>	<u>\$ 28,429</u>	<u>\$ 1,024</u>	<u>\$ -</u>	<u>(\$ 29)</u>	<u>734,840</u>
Net balance	<u>\$1,474,486</u>					<u>\$1,463,397</u>

The Group did not process any assessment for impairment due to no signs of impairment for the three months ended March 31, 2021 and 2020.

The Group's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Houses and buildings	
Main buildings of the office	35 to 50 years
Building improvement	5 to 15 years
Machinery Equipment	2 to 15 years
Transportation Equipment	5 years
Leasehold Improvements	5 years
Other Equipment	3 to 5 years

Please refer to Note 28 for the amounts of property, plant and equipment pledged as collateral for borrowings.

13. Lease Arrangements

a. Right-of-use assets

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Carrying amount of right-of-use assets			
Buildings	<u>\$ 5,385</u>	<u>\$ 11,232</u>	<u>\$ 19,239</u>
		<u>Three Months Ended</u>	<u>Three Months Ended</u>
		<u>March 31, 2021</u>	<u>March 31, 2020</u>
Additions on right-of-use assets		<u>\$ 1,944</u>	<u>\$ 9,609</u>
Depreciation expense of right-of-use assets			
Buildings		<u>\$ 2,969</u>	<u>\$ 3,310</u>

b. Lease liabilities

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Carrying amount of lease liabilities			
Current	<u>\$ 3,996</u>	<u>\$ 8,251</u>	<u>\$ 12,438</u>
Non-current	<u>\$ 1,444</u>	<u>\$ 3,059</u>	<u>\$ 6,891</u>

Intervals of discount rates for lease liabilities were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Buildings	1%~1.25%	1%~1.25%	1.25%

c. Other lease information

	<u>Three Months Ended</u>	<u>Three Months Ended</u>
	<u>March 31, 2021</u>	<u>March 31, 2020</u>
Total cash outflow for leases	<u>\$ 3,018</u>	<u>\$ 3,354</u>

All lease commitments with lease terms beginning after the balance sheet date were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Lease commitments	<u>\$ 1,883</u>	<u>\$ -</u>	<u>\$ -</u>

14. Goodwill

	<u>Three Months Ended</u>	<u>Three Months Ended</u>
	<u>March 31, 2021</u>	<u>March 31, 2020</u>
Cost	<u>\$ 24,070</u>	<u>\$ 24,070</u>

The acquisition of Yea Shin by the Group in July 2018 resulted in related goodwill of \$24,070 thousand, which mainly came from the expects of future economic benefits of the subsidiary.

15. Other Intangible Assets

	<u>Patent</u>	<u>Computer Software</u>	<u>Total</u>
<u>Cost</u>			
Balance as of January 1 and March 31, 2021	\$ 617	\$ 19,625	\$ 20,242
<u>Accumulated amortization and impairment</u>			
Balance as of January 1, 2021	\$ 435	\$ 3,897	\$ 4,332
Amortization expenses	<u>15</u>	<u>615</u>	<u>630</u>
Balance as of March 31, 2021	<u>\$ 450</u>	<u>\$ 4,512</u>	<u>\$ 4,962</u>
Net balance as of March 31, 2021	<u>\$ 167</u>	<u>\$ 15,113</u>	<u>\$ 15,280</u>
<u>Cost</u>			
Balance as of January 1, 2020	\$ 617	\$ 17,902	\$ 18,519
Separate acquisition	<u>-</u>	<u>686</u>	<u>686</u>
Balance as of March 31, 2020	<u>\$ 617</u>	<u>\$ 18,588</u>	<u>\$ 19,205</u>
<u>Accumulated amortization and impairment</u>			
Balance as of January 1, 2020	\$ 373	\$ 2,031	\$ 2,404
Amortization expenses	<u>16</u>	<u>563</u>	<u>579</u>
Balance as of March 31, 2020	<u>\$ 389</u>	<u>\$ 2,594</u>	<u>\$ 2,983</u>
Net balance as of March 31, 2020	<u>\$ 228</u>	<u>\$ 15,994</u>	<u>\$ 16,222</u>

16. Other Non-Current Assets

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Long-term prepaid expenses	<u>\$ 9,512</u>	<u>\$ 5,772</u>	<u>\$ 16,254</u>

17. Borrowings

a. Short-term borrowings

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Secured loans</u>			
Bank loans	\$ 350,000	\$ 320,000	\$ 280,000
<u>Unsecured loans</u>			
Line of credit loans	<u>30,000</u>	<u>30,000</u>	<u>125,000</u>
	<u>\$ 380,000</u>	<u>\$ 350,000</u>	<u>\$ 405,000</u>

The interest rates on bank revolving loans were 0.97%~1.2%, 0.97%~1.2%, and 1.12%~1.45% per annum as of March 31, 2021, December 31 and March 31, 2020, respectively.

Please refer to Note 28 for information relating to assets pledged for secured borrowings.

b. Long-term borrowings

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Secured loans</u>			
Bank loans (1)	\$ 116,073	\$ 118,313	\$ 124,986
Bank loans (2)	476,000	476,000	476,000
Bank loans (3)	100,000	100,000	100,000
Bank loans (4)	-	-	100,000
Bank loans (5)	100,000	100,000	-
Bank loans (6)	11,000	11,000	-
Bank loans (7)	<u>49,000</u>	<u>49,000</u>	<u>-</u>
	852,073	854,313	800,986
Less: listed as portion matured in			
1 year	(<u>148,410</u>)	(<u>138,428</u>)	(<u>9,096</u>)
Long-term borrowings	<u>\$ 703,663</u>	<u>\$ 715,885</u>	<u>\$ 791,890</u>

- 1) The bank loan of \$140,000 thousand was obtained by the Group at the end of June 2018, which are pledged by the land and buildings owned by the Group as collateral, with an interest rate of the loan calculated by the floating interest rate of time savings deposit plus 0.115% to be repaid in annual installments over 15 years. The maturity date of the loan was June 28, 2033. The effective interest rates were all 0.9154% as of March 31, 2021, December 31 and March 31, 2020.
- 2) The bank loan of \$476,000 thousand was obtained by the Group at the end of May 2019, which are pledged by the land and buildings owned by the Group as collateral, with an interest rate of the loan calculated by TAIBOR 3M plus 0.5% and a grace period of two years to be repaid after the period in one installment of 2% of the principal for every three months and to be repaid in a one-time payment at maturity for the rest of the principal. The maturity date of the loan was May 27, 2024. The effective interest rate were 0.9796%, 0.9797%, and 1.1658% as of March 31, 2021, December 31 and March 31, 2020, respectively.
- 3) The bank loan of \$100,000 thousand was obtained by the Group at the end of December 2019, which are pledged by the land and buildings owned by the Group as collateral, with an interest rate of the loan calculated by TAIBOR 3M plus 0.5% to be paid monthly for the interests and repaid in a one-time payment at maturity for the principal. The maturity date of the loan was December 30, 2021. The effective interest rate were 0.9797%, 0.9797%, and 1.1681% as of March 31, 2021, December 31 and March 31, 2020, respectively.
- 4) The bank loan of \$100,000 thousand was obtained by the Group at the end of January 2020, which are pledged by the demand deposits owned by the Group as collateral amounted to 10% of the drawdown balance, with an interest rate of the loan calculated by the floating interest rate of time savings deposit plus 0.08% and a grace period of one year to be averagely repaid after the period in monthly installments for the principal and the interests. The loan was paid in full by early settlement in December 2020. The effective interest rate was 1.15% as of March 31, 2020.
- 5) The bank loan of \$100,000 thousand was obtained by the Group at the end of December 2020, which are pledged by the demand deposits owned by the Group as collateral amounted to 10% of the drawdown balance, with an interest rate of the loan mobilely calculated by the floating interest rate of time savings deposit plus 0.08% to be paid monthly for the interests and repaid in a one-time payment at maturity for the principal. The maturity date of the loan was December 30, 2022. The effective interest rates were all 0.88% as of March 31, 2021, and December 31, 2020, respectively.

- 6) The bank loan of \$11,000 thousand was obtained by the Group on July 1, 2020, which are pledged by the land and buildings owned by the Group as collateral, with an interest rate of the loan calculated by the floating interest rate of time savings deposit plus 0.08%, which should not be lower than 0.98%, and a grace period of one year to be averagely repaid after the period for the principal and the interests. The maturity date of the loan was June 30, 2027. The effective interest rates were all 0.98% as of March 31, 2021, and December 31, 2020, respectively.
- 7) The bank loan of \$49,000 thousand was obtained by the Group on July 1, 2020, which are pledged by the land and buildings owned by the Group as collateral, with an interest rate of the loan calculated by the floating interest rate of one-month time savings deposit plus 0.08%, which should not be lower than 0.90%, and a grace period of two year to be averagely repaid after the period for the principal and the interests. The maturity date of the loan was June 30, 2030. The effective interest rates were all 0.90% as of March 31, 2021, and December 31, 2020, respectively.

Please refer to Note 28 for information relating to assets pledged for secured borrowings.

18. Other Payables

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Salary and bonus payable	\$ 50,828	\$ 59,010	\$ 41,824
Processing fees payable	17,536	13,170	13,740
Labor and health insurance payable	6,094	5,825	5,343
Water, electricity, and gas fee payable	5,008	4,879	3,979
Equipment payable	4,054	4,643	3,713
Professional service fee payable	3,458	3,083	2,707
Pension payable	1,528	1,829	1,775
Other	<u>39,960</u>	<u>45,383</u>	<u>29,190</u>
	<u>\$ 128,466</u>	<u>\$ 137,822</u>	<u>\$ 102,271</u>

19. Equity

a. Share capital

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Number of shares authorized (in thousands)	<u>70,000</u>	<u>70,000</u>	<u>50,000</u>
Share capital authorized	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 500,000</u>
Number of shares issued (in thousands)	<u>44,428</u>	<u>44,428</u>	<u>44,428</u>
Share capital issued	<u>\$ 444,283</u>	<u>\$ 444,283</u>	<u>\$ 444,283</u>

Ordinary shares issued have a par value of \$10, and they're entitled to one vote right per share and a right to receive dividends.

On October 15, 2020, the extraordinary shareholders' meeting resolved to revise the Articles of Incorporation, increasing the authorized capital from \$500,000 thousand to \$700,000 thousand for 70,000 thousand shares.

b. Capital surplus

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Issuance of shares at a premium	\$ 401,662	\$ 401,662	\$ 401,662
Others	<u>849</u>	<u>849</u>	<u>849</u>
	<u>\$ 402,511</u>	<u>\$ 402,511</u>	<u>\$ 402,511</u>

The capital surplus from the premium from issuance of shares over the par value and the portion received as endowments may be used to offset a deficit; in addition, when a company has no deficit, it may also be distributed as cash dividends or transferred to share capital with a limit of transferring to a certain percentage of the paid-in capital every year.

c. Retained earnings and dividends policy

Under the policy of earnings distribution as set forth in the Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing an earnings distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies of the Company on the distribution of employees' compensation, please refer to employees' compensation in Note 21(4).

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for the year ended December 31, 2020 and 2019 proposed from the board of directors' meeting held on March 4, 2021, and approved in the shareholders' meetings held on May 28, 2020, respectively, were as follows:

	<u>For the Year Ended December 31, 2020</u>	<u>For the Year Ended December 31, 2019</u>
Legal reserve	<u>\$ 9,334</u>	<u>\$ 10,210</u>
Special reserve	<u>(\$ 573)</u>	<u>\$ 1,102</u>
Cash dividends	<u>\$ 88,857</u>	<u>\$ 57,756</u>
Cash Dividends Per Share (\$)	<u>\$ 2.0</u>	<u>\$ 1.3</u>

The appropriations of earnings for the year ended December 31, 2020 are subject to be approved in the shareholders' meetings held on June 28, 2021.

d. Other equity items

Exchange differences on translating the financial statements of foreign operations

	<u>Three Months Ended March 31, 2021</u>	<u>Three Months Ended March 31, 2020</u>
Beginning balance	(\$ 2,013)	(\$ 2,586)
Derived from this period		
Exchange differences on translating the financial statements of foreign operations	(382)	(442)
Income tax related to the components of other comprehensive income	<u>76</u>	<u>88</u>
Ending balance	<u>(\$ 2,319)</u>	<u>(\$ 2,940)</u>

e. Non-controlling interests

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Beginning balance	\$ 1,613	\$125,340
Acquisition of non-controlling interests in Yea Shin (Note 24)	-	(123,966)
Net profit for the period	<u>127</u>	<u>198</u>
Ending balance	<u>\$ 1,740</u>	<u>\$ 1,572</u>

20. Revenue

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$448,878</u>	<u>\$382,961</u>

Contract balances

	March 31, 2021	December 31, 2020	March 31, 2020	January 1, 2020
Notes and trade receivables (Note 9)	<u>\$ 406,925</u>	<u>\$ 365,144</u>	<u>\$ 363,168</u>	<u>\$ 376,375</u>
Contract liabilities (included in other current liability)				
Sales of goods	<u>\$ 43</u>	<u>\$ 17</u>	<u>\$ 247</u>	<u>\$ 40</u>

21. Net Profit

Additional information on the net profit includes the following items:

a. Depreciation and amortization

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Property, plant and equipment	\$ 27,633	\$ 28,429
Right-of-use assets	2,969	3,310
Long-term prepaid expenses	3,296	5,857
Intangible assets	<u>630</u>	<u>579</u>
Total	<u>\$ 34,528</u>	<u>\$ 38,175</u>

Depreciation expenses summarized by function

Operating costs	\$ 19,689	\$ 26,308
Operating Expenses	<u>10,913</u>	<u>5,431</u>
	<u>\$ 30,602</u>	<u>\$ 31,739</u>

Amortization expenses summarized by function

Operating costs	\$ 2,720	\$ 5,077
Operating Expenses	<u>1,206</u>	<u>1,359</u>
	<u>\$ 3,926</u>	<u>\$ 6,436</u>

b. Gains or losses on foreign currency exchange

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Total foreign exchange gains	\$ 6,162	\$ 2,717
Total foreign exchange losses	(6,256)	(285)
Net balance	<u>(\$ 94)</u>	<u>\$ 2,432</u>

c. Employee benefits expense

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Post-employment benefits		
Defined benefit plans	\$ 2,412	\$ 2,733
Salaries and bonus	<u>78,957</u>	<u>76,828</u>
Total	<u>\$ 81,369</u>	<u>\$ 79,561</u>
Summarized by function		
Operating costs	\$ 46,592	\$ 49,503
Operating Expenses	<u>34,777</u>	<u>30,058</u>
	<u>\$ 81,369</u>	<u>\$ 79,561</u>

d. Employees' compensation

The Company sets aside 1%~5% of the profit before tax for the current year before distribution of employees' compensation as the employees' compensation in compliance with the Articles of Incorporation. The employees' compensation for the three months ended March 31, 2021 and 2020 were accrued as follows:

Accrual rate

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Employees' compensation	2.7%	4.0%

Amount of Cash

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Employees' compensation	<u>\$ 1,400</u>	<u>\$ 1,200</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimates and adjusted in the next year.

The board of directors of the Company held on March 4, 2021 and February 21, 2020 to approve the employees' compensation for years ended December 31, 2020 and 2019 as follows:

Amount of Cash

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Employees' compensation	\$ 3,400	\$ 2,800

There is no difference between the actual amounts of employees' compensation distributed for the years ended December 31, 2019 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019. The employees' compensation for the years ended December 31, 2020 is waiting for distribution.

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

22. Income Tax

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	<u>Three Months Ended March 31, 2021</u>	<u>Three Months Ended March 31, 2020</u>
Current income tax		
In respect of the period	\$ 5,350	\$ 5,682
Deferred income tax		
In respect of the period	<u>7,209</u>	<u>593</u>
Income tax expense recognized in profit or loss	<u>\$ 12,559</u>	<u>\$ 6,275</u>

In July 2019, the President of our nation put into effect the amended Statutes for Industrial Innovation, stipulating that from 2018 onwards, any undistributed earnings, if taken for building or purchasing specific assets or techniques, can be listed as a deduction to the calculation of undistributed earnings. While calculating the undistributed earnings in 2020, the Group simply deducts the amount of capital expenditures of reinvestment that is in progress and planned to process.

b. Income tax recognized in other comprehensive income

	<u>Three Months Ended March 31, 2021</u>	<u>Three Months Ended March 31, 2020</u>
<u>Deferred income tax</u>		
Derived from this period		
- Translations of foreign operations	<u>\$ 76</u>	<u>\$ 88</u>
Income tax recognized in other comprehensive income	<u>\$ 76</u>	<u>\$ 88</u>

c. Income tax assessments

The profit-seeking enterprise income tax filing case of the Company has been approved by the tax authority through the year ended December 31, 2018; The profit-seeking enterprise income tax filing case of the subsidiary, Yea Shin, have been approved by the tax authority through the year ended December 31, 2019.

23. Earnings per Share

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

	<u>Amount (numerator)</u>	<u>Number of Shares (denominator) (in Thousands)</u>	<u>Earnings per share (\$)</u>
<u>Three Months Ended March 31, 2021</u>			
Basic earnings per share			
Net profit attributable to shareholders of the ordinary shares	\$ 45,219	44,428	<u>\$ 1.02</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>53</u>	
Diluted earnings per share			
Net profit attributable to shareholders of the ordinary shares	<u>\$ 45,219</u>	<u>44,481</u>	<u>\$ 1.02</u>

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	Amount (numerator)	Number of Shares (denominator) (in Thousands)	Earnings per share (\$)
<u>Three Months Ended March 31, 2020</u>			
Basic earnings per share			
Net profit attributable to shareholders of the ordinary shares	\$ 22,447	44,428	<u>\$ 0.51</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>71</u>	
Diluted earnings per share			
Net profit attributable to shareholders of the ordinary shares	<u>\$ 22,447</u>	<u>44,499</u>	<u>\$ 0.50</u>

If the Group offered to settle the employees' compensation in cash or shares, it assumed the entire amount of the compensation will be settled in shares, and the resulting potential shares were 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 ordinary shares is included in the computation of diluted earnings per share until the number of shares to be distributed as employees' compensation in the resolution in the next year.

24. Equity transactions with non-controlling Interests

The Group acquired 39.39% and 0.02% of its shareholding in Yea Shin on March 31 and April 24, 2020, respectively, resulting in an increase in its shareholding ratio from 60.11% to 99.52%.

As the above-mentioned transaction did not change the Group's control over such a subsidiary, it was treated as an equity transaction.

	March 31, 2020	April 24, 2020	Total
Consideration paid	(\$ 184,842)	(\$ 71)	(\$ 184,913)
Carrying amount of the subsidiary's net assets to be transferred to non-controlling interests based on changes in equity	<u>123,966</u>	<u>49</u>	<u>124,015</u>
Difference in equity transactions	<u>(\$ 60,876)</u>	<u>(\$ 22)</u>	<u>(\$ 60,898)</u>
<u>Adjustment accounts of difference in equity transactions</u>			
Unappropriated earnings	<u>(\$ 60,876)</u>	<u>(\$ 22)</u>	<u>(\$ 60,898)</u>

25. Capital Risk Management

The Group monitors its capital by reviewing the liabilities to assets ratio on a regular basis to plan the operating capital needed by the Group in the future period based on the factors, such as the characteristics of the current operating industry, the development of the company in the future as well as changes in the external environment, to ensure that the Group will be able to continue as a going concern while maintaining the optimization of the capital structure.

26. Financial Instruments

a. Fair value information - financial instruments at fair value on a recurring basis

1) Fair value hierarchy

March 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial liabilities at fair value through profit or loss</u>				
Derivatives	\$ -	\$ 871	\$ -	\$ 871

December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial liabilities at fair value through profit or loss</u>				
Derivatives	\$ -	\$ 1,277	\$ -	\$ 1,277

March 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Derivatives	\$ -	\$ 387	\$ -	\$ 387

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2021 and 2020.

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

<u>Category of Financial Instruments</u>	<u>Valuation Technique and Inputs</u>
Derivatives - cross-currency swap contracts	The fair value of cross-currency swap contracts is measured by reference to quoted forward exchange rates and the curves of the corresponding discount rate derived therefrom.
Derivatives - forward foreign exchange contracts	The fair value of forward foreign exchange contracts is measured by reference to quoted forward exchange rates and the yield curves derived from the quoted interest rates over the contract maturity period.

b. Categories of financial instruments

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 740,353	\$ 635,093	\$ 579,122
Measured at fair value through profit or loss			
Held for trading	-	-	387
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	1,530,069	1,440,472	1,421,980
Measured at fair value through profit or loss			

Held for trading	871	1,277	-
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Note 1: The balances include financial assets at amortized cost, which comprise cash, debt instrument investments, notes receivable, and trade receivables.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, trade payables, other payables, and long-term borrowings.

c. Financial risk management objectives and policies

The Group's major financial instruments include note receivables, trade receivables, other receivables, trade payables, borrowings, and lease liabilities. The Group's financial risk management objective is to manage market risks, credit risks, and liquidity risks associated with its operating activities. To reduce related risks, the Group is committed to identify, assess and avoid uncertainties of the market in order to reduce potentially unfavorable effects on its financial performance due to changes in the market.

1) Market risk

The Group's operating activities expose the Group primarily to the market risks of changes in foreign currency exchange rates and interest rates.

i. Foreign exchange risk

The Group's sales and purchase transactions are denominated in foreign currency; as a consequence, the Group is exposed to the risk of fluctuation in the exchange rate. In order to avoid the decrease in the value of foreign currency assets and fluctuations in future cash flows due to changes in exchange rates, the Group has taken into account the risk of the net position of foreign currencies by analyzing factors, such as the amount of payments received and paid for foreign currency assets and foreign currency liabilities and the maturity period, and it also avoids the related risk of exchange rates by methods of cross-currency swap contracts, forward foreign exchange contracts, borrowings in foreign currency, and so on. Internal auditors continuously review the conformity to policies and risk exposure limits. The application of cross-currency swap contracts and forward foreign exchange contracts by the Group is governed by the policies approved by the Board of Directors, and the Group does not enter into transactions of cross-currency swap contracts and forward foreign exchange contracts for speculative purposes.

Please refer to Note 30 for the carrying amount of monetary assets and monetary liabilities of the Group denominated in non-functional currencies at the balance sheet date (including the monetary items denominated in non-functional currencies and already eliminated in the consolidated financial statements).

The sensitivity analysis of foreign exchange rate risks is mainly computed with respect to foreign currency items (mainly in USD) and derivatives on the end date of the financial reporting period. If the functional currency of the consolidated entities had strengthened/weakened by 1% against USD, the net profit after tax of the Group for the three months ended March 31, 2021 would decrease/increase by \$867 thousand; the net profit after tax of the Group for the three months ended March 31, 2020 would decrease/increase by \$1,214 thousand.

As the above-mentioned sensitivity analysis is based on the amount of foreign currency to be exposed at the balance sheet date, the management considers that the sensitivity is unrepresentative of the interim exposure.

ii. Interest rate risk

Interest rate risk refers to the risk of changes in the fair value of a financial instrument or changes in cash flows caused by fluctuations in market interest rates. The Group is

exposed to fair value interest rate risk through holding its fixed-rate financial assets and liabilities; financial assets and liabilities held at floating rates expose the Group to cash flow interest rate risk. The management of the Group regularly monitors the changes in market interest rates and adjusts the portion of financial assets and liabilities at floating rates to make the Group's interest rates approximate the market interest rates in response to the risk of changes in market interest rates.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Fair value interest rate risk			
– Financial assets	\$ 13,787	\$ 13,809	\$ 14,187
– Financial liabilities	5,440	11,310	19,329
Cash flow interest rate risk			
– Financial assets	318,855	255,114	200,831
– Financial liabilities	1,232,073	1,204,313	1,205,986

Fixed-rate financial assets/liabilities held by the Group are measured at amortized cost and are therefore excluded from the analysis; the methods for the analysis of floating-rate financial assets/liabilities assume that the amounts of assets/liabilities outstanding at the balance sheet date were outstanding for the whole reporting period. An increase/decrease of 0.25% in market interest rates is used as a reasonable risk assessment for reporting changes in interest rates to the management by the Group. With all other variables remaining unchanged, an increase/decrease of 0.25% in market interest rates will lead to a decrease or increase of \$453 thousand and \$501 thousand on the Group's net profit after tax for the three months ended March 31, 2021 and 2020, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults, and the exposure to credit risk and the credit ratings of its counterparties were continuously monitored. At the balance sheet date, the Group's maximum amount of exposure to credit risk approximated the carrying amount of its financial assets.

The Group's credit risk of trade receivable is concentrated on the Group's top customer, the Diodes Group, which is also the parent company, accounting for 70%, 69%, and 68% of the total trade receivable from the above-mentioned customer as of March 31, 2021, December 31 and March 31, 2020, respectively. However, it belongs to associates transactions which should not result in credit risk.

3) Liquidity risk

The Group's management finances the operations and mitigates the liquidity risk by maintaining sufficient cash and banking facilities.

i. Liquidity and interest risk rate table for non-derivative financial liabilities

The following table details analysis of the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows, including both interest and principal cash flows, of financial liabilities from the earliest date on which the Group can be required to pay.

March 31, 2021

	<u>Weighted Average Effective Rate (%)</u>	<u>Payment on Sight or Less than 3 Month</u>	<u>3 Months to 1 Year</u>	<u>1 to 2 Year(s)</u>	<u>2 to 5 Years</u>	<u>Over 5 Years</u>
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities		\$ 356,533	\$ -	\$ -	\$ -	\$ -
Lease liabilities	1.16%	1,619	2,409	1,101	350	-
Floating-rate instruments	0.97%	<u>324,621</u>	<u>212,443</u>	<u>156,760</u>	<u>458,955</u>	<u>105,175</u>
		<u>\$ 682,773</u>	<u>\$ 214,852</u>	<u>\$ 157,861</u>	<u>\$ 459,305</u>	<u>\$ 105,175</u>

December 31, 2020

	<u>Weighted Average Effective Rate (%)</u>	<u>Payment on Sight or Less than 3 Month</u>	<u>3 Months to 1 Year</u>	<u>1 to 2 Year(s)</u>	<u>2 to 5 Years</u>	<u>Over 5 Years</u>
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities		\$ 303,365	\$ -	\$ -	\$ -	\$ -
Lease liabilities	1.20%	2,694	5,633	2,512	560	-
Floating-rate instruments	0.96%	<u>344,915</u>	<u>152,167</u>	<u>58,546</u>	<u>569,647</u>	<u>106,355</u>
		<u>\$ 650,974</u>	<u>\$ 157,800</u>	<u>\$ 61,058</u>	<u>\$ 570,207</u>	<u>\$ 106,355</u>

March 31, 2020

	<u>Weighted Average Effective Rate (%)</u>	<u>Payment on Sight or Less than 3 Month</u>	<u>3 Months to 1 Year</u>	<u>1 to 2 Year(s)</u>	<u>2 to 5 Years</u>	<u>Over 5 Years</u>
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities	-	\$ 265,330	\$ -	\$ -	\$ -	\$ -
Lease liabilities	1.25%	3,352	9,241	6,930	-	-
Floating-rate instruments	1.14%	<u>286,036</u>	<u>139,141</u>	<u>155,667</u>	<u>579,568</u>	<u>81,567</u>
		<u>\$ 554,718</u>	<u>\$ 148,382</u>	<u>\$ 162,597</u>	<u>\$ 579,568</u>	<u>\$ 81,567</u>

ii. Financing facilities

Conditions of utilization on the Group's bank financing facilities at the balance sheet date were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Secured bank financing facilities:			
— Amount used	\$ 1,232,073	\$ 1,204,313	\$ 1,205,986
— Amount unused	<u>253,927</u>	<u>290,167</u>	<u>50,244</u>
	<u>\$ 1,486,000</u>	<u>\$ 1,494,480</u>	<u>\$ 1,256,230</u>

27. Related Party Transactions

Transactions, account balances, income and expenses between the Company and its subsidiaries have been eliminated in full upon consolidation, and they are not disclosed in this note accordingly. In addition to those disclosed in other notes, the significant transactions between the Group and other related parties were as follows:

a. Related party name and category

Related Party	Relationship with the Group
Diodes Taiwan S.A R.L., Taiwan Branch (Luxembourg) (Diodes (TW))	Sister company
Diodes Hong Kong Limited (Diodes (HK))	Sister company
BCD Semiconductor Manufacturing Limited (BCD)	Sister company
Lite-on Semiconductor Corp. (Lite-on)	Sister company

b. Operating revenue

Line Item	Related Party Category/Name	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Sales	Sister company		
	Diodes (HK)	\$ 207,069	\$ 181,319
	Diodes (TW)	<u>128,736</u>	<u>112,991</u>
		<u>\$ 335,805</u>	<u>\$ 294,310</u>

There are no significant differences between the terms and conditions of transactions for related parties and that for general transactions.

c. Receivables from related parties

Line Item	Related Party Category/Name	March 31, 2021	December 31, 2020	March 31, 2020
Trade receivables from related parties	Sister company			
	Diodes(HK)	\$ 152,278	\$ 115,456	\$ 132,689
	Diodes(TW)	<u>135,176</u>	<u>141,693</u>	<u>119,800</u>
		<u>\$ 287,454</u>	<u>\$ 257,149</u>	<u>\$ 252,489</u>

No secure was received for the outstanding amount of receivables from related parties. No loss allowances were set aside for receivables from related parties as of March 31, 2021 and 2020.

d. Payables to related parties

Line Item	Related Party Category/Name	March 31, 2021	December 31, 2020	March 31, 2020
Trade payables - Related parties	Sister company BCD	<u>\$ -</u>	<u>\$ 97</u>	<u>\$ -</u>
Equipment payable - Related parties	Sister company Lite-on	<u>\$ 5,633</u>	<u>\$ -</u>	<u>\$ -</u>

No collateral was provided for the outstanding amount of payables from related parties.

e. Prepayments

Line Item	Related Party Category/Name	March 31, 2021	December 31, 2020	March 31, 2020
Prepayments for equipment - Related parties	Sister company Lite-on	<u>\$ -</u>	<u>\$ 5,365</u>	<u>\$ -</u>

f. Purchase of Property, plant and equipment

Related Party Category/Name	Proceeds received	
	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Sister company		
Lite-on	\$ 17,883	\$ -

g. Remuneration to the key management

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Short-term employee benefits	\$ 4,009	\$ 4,013
Post-employment benefits	27	38
	<u>\$ 4,036</u>	<u>\$ 4,051</u>

The remuneration to directors and other key management is determined by the Remuneration Committee based on personal performances and market trends.

28. Pledged Assets

The following assets of the Group were provided as collateral for borrowings and endorsements/guarantees through pledges:

	March 31, 2021	December 31, 2020	March 31, 2020	Nature
Bank time deposits (classified as financial assets at amortized cost)	\$ 13,787	\$ 13,809	\$ 14,187	endorsements/guarantees and short-term borrowings
Bank demand deposits (classified as financial assets at amortized cost)	40,016	32,016	28,010	Short-term and long-term borrowings
Property and plant	<u>960,252</u>	<u>962,121</u>	<u>933,241</u>	Short-term and long-term borrowings
	<u>\$1,014,055</u>	<u>\$1,007,946</u>	<u>\$ 975,438</u>	

29. Significant Contingent Liabilities and Unrecognized Contract Commitments

As a result of the replacement of production line equipment and business expansion, the Group has undertaken to purchase buildings and land for plants and to order machinery equipment and system software, etc. The amounts paid were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Amount of Contract Commitments	<u>\$ 104,035</u>	<u>\$ 122,854</u>	<u>\$ 61,241</u>
Amount Paid (classified as prepayments for equipment)	<u>\$ 68,423</u>	<u>\$ 54,015</u>	<u>\$ 35,352</u>

30. Information on Assets And Liabilities Denominated in Foreign Currencies With Significant Effects

The following information is presented in foreign currencies other than the functional currency of the Group's each entity, and the exchange rate disclosed refers to the exchange rate for such foreign currency translated to the functional currency. Financial assets and liabilities denominated in foreign currencies with significant effects were as follows:

Unit: Foreign currency/NT\$ thousands, Except for Exchange Rate

March 31, 2021				
	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 15,622	28.54 (USD:NTD)	\$ 445,852	\$ 445,852
USD	198	6.57 (USD:RMB)	1,301	5,652
RMB	1,417	4.344 (RMB:NTD)	6,155	6,155
EUR	294	33.48 (EUR:NTD)	9,843	9,843
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
USD	1,822	28.54 (USD:NTD)	52,001	52,001
RMB	11,997	0.1522 (RMB:USD)	1,826	52,113
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	\$ 9,558	28.54 (USD:NTD)	\$ 272,785	\$ 272,785
<u>Non-monetary items</u>				
Derivatives				
USD	2,500	28.54 (USD:NTD)	71,350	71,350
December 31, 2020				
	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 8,742	28.48 (USD:NTD)	\$ 248,972	\$ 248,972
USD	174	6.5067 (USD:RMB)	1,132	4,956
RMB	1,401	4.377 (RMB:NTD)	6,132	6,132
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
USD	1,712	28.48 (USD:NTD)	48,748	48,748
RMB	11,181	0.1537 (RMB:USD)	1,718	48,941
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	6,179	28.48 (USD:NTD)	175,978	175,978
<u>Non-monetary items</u>				
Derivatives				
USD	2,000	28.48 (USD:NTD)	56,960	56,960

March 31, 2020				
	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 7,481	30.23 (USD:NTD)	\$ 226,151	\$ 226,151
USD	133	7.105 (USD:RMB)	945	4,021
RMB	1,418	4.255 (RMB:NTD)	6,034	6,034
EUR	407	33.24 (EUR:NTD)	13,529	13,529
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
USD	1,272	30.23 (USD:NTD)	38,438	38,438
RMB	9,035	0.141 (RMB:USD)	1,272	38,445
Derivatives				
USD	500	30.23 (USD:NTD)	15,115	15,115
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	\$ 2,790	30.23 (USD:NTD)	\$ 84,342	\$ 84,342
USD	276	7.105 (USD:RMB)	1,961	8,344

The (realized and unrealized) foreign exchange net gains or losses with significant effects were as follows:

Unit: NT\$ Thousands, Except for Exchange Rate				
Foreign Currency	Three Months Ended March 31, 2021		Three Months Ended March 31, 2020	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	28.51 (USD:NTD)	\$ 71	30.105 (USD:NTD)	\$ 2,422
USD	6.54 (USD:RMB)	34	6.987 (USD:RMB)	64
EUR	33.48 (EUR:RMB)	(246)	33.24 (EUR:RMB)	(45)
Others		47		(9)
		(\$ 94)		\$ 2,432

31. Supplementary Disclosures

a. Information on significant transactions:

- 1) Financing provided to others: None.
- 2) Endorsements/guarantees provided to others: Please refer to Table 1.
- 3) Marketable securities held at end of period (excluding investments in subsidiaries): None.
- 4) Marketable securities acquired and disposed of amounting to NT\$300 million or 20% of the paid-in capital or more: None.
- 5) Acquisition of property amounting to NT\$300 million or 20% of paid-in capital or more: None.
- 6) Disposal of property amounting to NT\$300 million or 20% of paid-in capital or more: None.
- 7) Purchases or sales with related parties amounting to NT\$100 million or 20% of paid-in capital or more: Please refer to Table 2.
- 8) Receivables from related parties amounting to NT\$100 million or 20% of paid-in capital or more: Please refer to Table 3.
- 9) Derivatives transactions: Please refer to Note 7.
- 10) Other: Intercompany relationships and significant intercompany transactions: Please refer to Table 4.

b. Information on investees: Please refer to Table 5.

- c. Information on investments in mainland China:
- 1) Information on investments in mainland China, showing the name of investee company, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, income of investments, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Please refer to Table 6.
 - 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:
 - i. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Please refer to Table 7.
 - ii. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Please refer to Table 7.
 - iii. The amount of property transactions and the amount of the resultant gains or losses: None.
 - iv. The balance of notes for endorsements/guarantees or collateral provided at the end of the period and the purposes: Please refer to Table 1.
 - v. The highest balance, the end of the period balance, the interest rate intervals, and total current period interest with respect to the financing of funds: None.
 - vi. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None.
- d. Information on major shareholders: names of shareholders with a shareholding ratio of 5% or more as well as number and proportion of shares held: Please refer to Table 8.

32. Segment Information

Information reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance focuses on each operating entity and the types of goods or services delivered or provided in addition to considering the managers of segments. The Group's reportable segments were as follows:

- Eris Technology and Jie Cheng - mainly manufacturing and selling in diodes.
- Yea Shin - mainly manufacturing and selling in wafers.

Segment revenues and operating results

The following was an analysis of the Group's revenues and operating results from continuing operation units by reportable segments.

Three Months Ended March 31, 2021

	Eris Technology and Jie Cheng	Yea Shin	Adjustments and write-offs	Total
Revenue from external customers	\$ 415,406	\$ 33,472	\$ -	\$ 448,878
Inter-segment revenue	9,341	145,985	(155,326)	-
Segment revenue	<u>\$ 424,747</u>	<u>\$ 179,457</u>	<u>(\$ 155,326)</u>	<u>\$ 448,878</u>
Segment income	<u>\$ 48,773</u>	<u>\$ 26,589</u>	<u>(\$ 30,016)</u>	<u>\$ 45,346</u>
Segment assets	<u>\$2,765,766</u>	<u>\$ 533,987</u>	<u>(\$ 613,437)</u>	<u>\$2,686,316</u>
Segment liabilities	<u>\$1,657,722</u>	<u>\$ 164,455</u>	<u>(\$ 193,532)</u>	<u>\$1,628,645</u>

Three Months Ended March 31, 2020

	<u>Eris Technology and Jie Cheng</u>	<u>Yea Shin</u>	<u>Adjustments and write-offs</u>	<u>Total</u>
Revenue from external customers	\$ 367,745	\$ 15,216	\$ -	\$ 382,961
Inter-segment revenue	<u>2,110</u>	<u>54,176</u>	<u>(56,286)</u>	<u>-</u>
Segment revenue	<u>\$ 369,855</u>	<u>\$ 69,392</u>	<u>(\$ 56,286)</u>	<u>\$ 382,961</u>
Segment income	<u>\$ 23,929</u>	<u>\$ 2,297</u>	<u>(\$ 3,581)</u>	<u>\$ 22,645</u>
Segment assets	<u>\$2,552,535</u>	<u>\$ 402,713</u>	<u>(\$ 433,216)</u>	<u>\$2,522,032</u>
Segment liabilities	<u>\$1,514,460</u>	<u>\$ 81,289</u>	<u>(\$ 72,270)</u>	<u>\$1,523,479</u>

Eris Technology Corp. and Subsidiaries

Endorsements/Guarantees Provided to Others

For the three months ended March 31, 2021

Unit: NT\$ Thousands, Unless Specified Otherwise

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Provided to An Individual Entity (Note 2)	Maximum Endorsement/ Guarantee Balance for the Period	Outstanding Balance of Endorsements/ Guarantees at the End of the Period	Actual Drawing Amount	Amount of Endorsements/ Guarantees Collateralized by Property	Ratio of Cumulative Amount of Endorsements/ Guarantees to the Net Equity Stated in the Latest Financial Statements	Maximum Limit of Endorsement/ Guarantee (Note 2)	Endorsements/ Guarantees Provided by Parent for Subsidiary	Endorsements/ Guarantees Provided by Subsidiary for Parent	Endorsements/ Guarantees Provided for Subsidiary in Mainland China
		Name of Company	Relationship (Note 1)										
0	Eris Technology Corp.	Jie Cheng Electronic (Shanghai) Co., Ltd.	(2)	\$ 105,593	\$ 30,000 (USD 1,000 thousand)	\$ 30,000 (USD1,000 thousand)	\$ -	\$ -	2.84%	\$ 316,779	Y	N	Y
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	(2)	105,593	30,000	30,000	30,000	-	2.84%	316,779	Y	N	N

Note 1: Relationship between the endorser/guarantor and the endorsee/guarantee is classified into the following 7 categories:

- (1) A company with which it does business.
- (2) A company in which the company directly and indirectly holds more than 50% of the voting shares.
- (3) A company that directly and indirectly holds more than 50% of the voting shares in the company.
- (4) A company in which the company holds, directly or indirectly, 90% or more of the voting shares.
- (5) A company that fulfills its contractual obligations by providing mutual guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) A company that all capital contributing shareholders make endorsements/guarantees in proportion to their shareholding ratio due to their joint investment relationship.
- (7) Escrow with joint and several guarantees between companies in the same industry for performance guarantees of pre-construction homes under the Consumer Protection Act.

Note 2: The total amount of the endorsements/guarantees provided to an external entity by the Company and the limits on endorsement/guarantee given to an individual entity shall not exceed 30% and 10%, respectively, of the Company's net worth. The maximum endorsement/guarantee limit was calculated by the Company's net worth as of March 31, 2021.

Eris Technology Corp. and Subsidiaries

Purchases or Sales with Related Parties Amounting to NTS100 Million or 20% of Paid-in Capital or More

For the three months ended March 31, 2021

Unit: NTS Thousands

Buyer (Seller)	Counterparty	Relationship	Transaction Details				Details and Reasons for Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases (Sales)	AMOUNT	Ratio of Total Purchases (Sales) (%)	Credit Period	Unit price	Credit Period	Balance	Ratio of Notes/Accounts Receivable (Payable) (%)	
Eris Technology Corp.	Diodes Taiwan S.A R.L., Taiwan Branch (Luxembourg)	Same as the Company's ultimate parent company	Sales	\$ 128,736	32.46%	Net 60 payment term	None	None	\$ 135,176	40.00%	-
Eris Technology Corp.	Diodes Hong Kong Limited	Same as the Company's ultimate parent company	Sales	207,069	52.20%	Net 60 payment term	None	None	152,278	45.06%	-
Eris Technology Corp.	Yea Shin Technology Co., Ltd.	The Company's subsidiary	Purchases	142,149	45.42%	Net 60 payment term	None	None	(152,332)	60.86%	Note 1

Note 1: Related transactions were eliminated in the consolidated financial statements.

Eris Technology Corp. and Subsidiaries

Receivables from Related Parties Amounting to NTS100 Million or 20% of the Paid-in Capital or More
 March 31, 2021
 Unit: NTS Thousands

Company recording the receivables	Counterparty	Relationship	Balance Receivables from Related Parties	Turnover rate	Overdue Receivables from Related Parties		Amounts of Receivables from Related Parties Received in Subsequent Period (Note 2)	Amount of Loss Allowance
					AMOUNT	Actions Taken		
Eris Technology Corp.	Diodes Taiwan S.A R.L., Taiwan Branch (Luxembourg)	Same as the Company's ultimate parent company	\$ 135,176	3.7	\$ -	-	\$ 43,752	\$ -
Eris Technology Corp.	Diodes Hong Kong Limited	Same as the Company's ultimate parent company	152,278	6.2	-	-	61,534	-
Yea Shin Technology Co., Ltd.	Eris Technology Corp.	Parent company	152,332	3.7	-	-	2,513	-

Note 1: All of the above did not overdue the payment terms as of the issue date of the financial statements.

Note 2: Amounts received as of the issue date of the financial statements.

Eris Technology Corp. and Subsidiaries

Intercompany Relationships and Significant Intercompany Transactions
For the three months ended March 31, 2021
Unit: NT\$ Thousands

No. (Note 1)	Company	Counterparty	Relationship with Investor (Note 2)	Transactions Details			Ratio of Consolidated Total Revenue or Total Assets (Note 3)
				Ledger Account	Amount (Note 4)	Transaction Term	
0	Eris Technology Corp.	Jie Cheng Electronic (Shanghai) Co., Ltd.	1	Trade receivables	\$ 980	-	0.04%
0	Eris Technology Corp.	Jie Cheng Electronic (Shanghai) Co., Ltd.	1	Sales	9,585	No significant difference from general customers	2.12%
0	Eris Technology Corp.	Jie Cheng Electronic (Shanghai) Co., Ltd.	1	Purchases	7,841	No significant difference from general customers	1.73%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Trade receivables	7,882	-	0.29%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Trade payables	152,332	-	5.67%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Sales	9,341	No significant difference from general customers	2.06%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Purchases	142,149	No significant difference from general customers	31.42%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Processing fees	3,836	No significant difference from general customers	0.85%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Other receivables	666	-	0.02%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Rental income	857	No significant difference from general customers	0.19%
1	Yea Shin Technology Co., Ltd.	Jie Cheng Electronic (Shanghai) Co., Ltd.	3	Trade receivables	589	-	0.02%
1	Yea Shin Technology Co., Ltd.	Jie Cheng Electronic (Shanghai) Co., Ltd.	3	Trade payables	450	-	0.02%
1	Yea Shin Technology Co., Ltd.	Jie Cheng Electronic (Shanghai) Co., Ltd.	3	Purchases	450	No significant difference from general customers	0.10%

Note 1: The numbers shall be filled in the column of No. for intercompany relationships in a manner of following instructions:

1. Fill in 0 for the parent company.
2. Subsidiaries are numbered in order starting from 1 of Arabic numerals.

Note 2: Relationships with the investor are classified into the following three categories to remark the category only:

1. Parent company to subsidiaries.
2. Subsidiaries to the parent company.
3. Subsidiaries to subsidiaries.

Note 3: Regarding the ratio of the transaction amount to consolidated total operating revenues or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet accounts, and based on the accumulated amount for the interim to consolidated total operating revenues for income statement accounts.

Note 4: Related transactions were eliminated in the consolidated financial statements.

Eris Technology Corp. and Subsidiaries

Related Information on Name of Investee, Location, and So On
For the three months ended March 31, 2021
Unit: NT\$ Thousands, Unless Specified Otherwise

Name of Investor	Name of Investee	Location	Principal Business Activities	Original Investment Amount (Note 1)		Ending Balance			Net Income (Loss) of the Investee for the Period (Note 2 and 3)	Investment Profit (Loss) Recognized for the Period (Note 2 and 3)	Note
				End of the Period	Year-end of the last year	Number of shares (in thousands)	Ratio (%)	Carrying Amount (Note 3)			
Eris Technology Corp.	Keep High Limited	SEYCHELLES	Holding of investments	\$ 20,776 (USD670 thousand)	\$ 20,776 (USD 670 thousand)	N/A	100	\$ 52,001	\$ 3,554 (USD 125 thousand)	\$ 3,536 (Note 4)	Subsidiary
	Yea Shin Technology Co., Ltd.	Taiwan	Engaged in manufacturing of electronic components and wholesaling of electronic materials	378,773	193,860	29,200	99.52	381,541	26,589	26,122 (Note 4)	Subsidiary
Keep High Limited	Forever Eagle Incorporation	MAURITIUS	Holding of investments	20,473 (USD660 thousand)	20,473 (USD 660 thousand)	N/A	100	52,113 (USD 1,826 thousand)	3,554 (USD 125 thousand)	3,554 (USD 125 thousand)	Sub-subsubsidiary

Note 1: Translation was based on the buying exchange rate of USD at the time of remittance.
Note 2: Translation was based on the average exchange rate of USD in the investment period.
Note 3: Related transactions were eliminated in the consolidated financial statements.
Note 4: Including adjustments for unrealized gross profit.
Note 5: Please refer to Table 6 for related information on investee in mainland China.

Eris Technology Corp. and Subsidiaries

Information on Investments in Mainland China

For the three months ended March 31, 2021

Unit: NT\$ Thousands, Unless Specified Otherwise

Investee in mainland China	Principal Business Activities	Paid-in Capital (Note 1)	Method of Investments	Accumulated Amount of Investments Remitted Outward from Taiwan at Beginning of Period (Note 1)	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted Outward from Taiwan at End of Period (Note 1)	Income (Loss) of the Investee for the Period	Shareholding Ratio of The Company's Direct or Indirect Investment	Investment Gain (Loss) Recognized for the Period (Note 2 and 5)	Carrying Amount of Investments at End of Period	Accumulated Repatriation of Investment Income at End of Period
					Remitted	Repatriated						
Jie Cheng Electronic (Shanghai) Co., Ltd.	Wholesaling of electronic materials and international trading business	\$ 20,170 (USD 650 thousand)	Indirectly investment in Mainland China through companies registered in a third region	\$ 20,170 (USD650 thousand)	\$ -	\$ -	\$ 20,170 (USD 650 thousand)	\$ 3,554 (RMB815 thousand)	100%	\$ 3,554 (RMB815 thousand)	\$ 52,113	\$ -

Accumulated Amount of Investments in Mainland China Remitted Outward from Taiwan at End of Period (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on the Amount of Investment in Mainland China Stipulated by Investment Commission, MOEA (Note 4)
\$20,170 (USD 650 thousand)	\$18,551 (USD 650 thousand)	\$633,559

Note 1: Translation was based on the buying exchange rate of USD at the time of remittance.

Note 2: Translation was based on the average exchange rate during the investment period.

Note 3: Translation was based on the period-end exchange rate of USD on March 31, 2021.

Note 4: The information was calculated as 60% of the Company's net worth on March 31, 2021.

Note 5: Computation was based on the financial statements for the same periods reviewed by the certified public accountants of the Taiwan parent company.

Eris Technology Corp. and Subsidiaries

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, and Other Related Information
 For the three months ended March 31, 2021
 Unit: NT\$ Thousands, Unless Specified Otherwise

Counterparty	Transaction Details			Details and Reasons for Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
	Purchases (Sales)	AMOUNT	Ratio of Total Purchases (Sales) (%)	Unit price	Credit Period	Balance	Ratio of Notes/Accounts Receivable (Payable) (%)	
Jie Cheng Electronic (Shanghai) Co., Ltd.	Sales	\$ 9,585	2.42%	None	None	\$ 14,596	4.32%	Note 1
Jie Cheng Electronic (Shanghai) Co., Ltd.	Purchases	8,291	2.65%	None	None	(450)	0.18%	Note 1

Note 1: Related transactions were eliminated in the consolidated financial statements.

Eris Technology Corp.

Information on Major Shareholders
March 31, 2021

Name of Major Shareholders	Shares	
	Number of Shares Held	Shareholding Ratio
The investment account of Diodes Technology Holding B.V. of which Yuanta Commercial Bank entrusted with the custody	22,687,604	51.07%

Note 1: Information on major shareholders in this table is the information on shareholders holding more than 5% of the common stocks and preferred stocks that are completed the non-physical registration and delivered (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been completed the non-physical registration and delivered as a result of the different basis of preparation.

Note 2: In the above table, if the shareholder entrusts his/her shares to the trust, disclosure shall be made by the individual account of the trustee who opened the trust account of the grantor. As for the shareholders' declarations for insider equity holdings exceeding 10% in accordance with the Securities and Exchange Act, their shareholding includes their own shares plus their delivery of trust and shares with the right to make decisions on trust property, etc. For information on the declaration for insider equity, please refer to the Market Observatory Post System.