

# Eris Technology Corporation and Subsidiaries

## Consolidated Financial Statements

With Independent Auditors' Review Report

For the Six Months Ended

June 30, 2021 and 2020

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The independent auditors' review 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' review report and consolidated financial statements, the Chinese version shall prevail.

## Table of Contents

	<u>Page</u>	<u>No. of Notes to the Financial Statements</u>
1. Cover Page	1	-
2. Table of Contents	2	-
3. Independent Auditors' Review Report	3	-
4. Consolidated Balance Sheets	4	-
5. Consolidated Statement of Comprehensive Income	5	-
6. Consolidated Statement of Changes in Equity	6	-
7. Consolidated Statements of Cash Flows	7~8	-
8. Notes to Consolidated Financial Statements		
(1) Company History	9	1
(2) Approval Date and Procedures of Authorization of Financial Statements	9	2
(3) Application of New and Amended Standards and Interpretations	9~10	3
(4) Summary of Significant Accounting Policies	10~11	4
(5) The significant Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions	11	5
(6) Explanation of Significant Accounts	11~30	6~26
(7) Related-Party Transactions	30~31	27
(8) Pledged Assets	32	28
(9) Significant Contingent Liabilities and Unrecognized Contract Commitments	32	29
(10) Losses Due to Major Disasters	-	-
(11) Significant subsequent events	-	-
(12) Others	32~34	30
(13) Supplementary Disclosures		
(a) Information on Significant Transactions	34, 36~39	31
(b) Information on Investees	34,40	31
(c) Information on Investments in Mainland China	34~35, 41~42	31
(d) Information on Major Shareholders	35,43	31
(14) Segment Information	35	32

## **Independent Auditors' Review Report**

To The Board of Directors and Shareholders of Eris Technology Corporation:

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Eris Technology Corp. and its subsidiaries (the "Group") as of June 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. 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 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 our 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 Group as of June 30, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Deloitte & Touche (Republic of China)**

Certified Public Accountant

Tsz-Jung Kuo

Securities and Futures Commission Approval No.

Tai-Cai-Zheng-Sixth No. 0920123784

Certified Public Accountant

Hsiu-Chun Huang

Securities and Futures Commission Approval No.

Tai-Cai-Zheng-Sixth No. 0920123784

July 26, 2021

### Notice to Readers

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

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

**Eris Technology Corporation and Subsidiaries**

**Consolidated Balance Sheets**

**As of June 30, 2021, and December 31 and June 30, 2020**

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

**(Expressed in Thousands of New Taiwan Dollars)**

Code	Assets	June 30, 2021 (Reviewed)		December 31, 2020 (Audited)		June 30, 2020 (Reviewed)	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
	<b>Current assets</b>						
1100	Cash (Note 6)	\$ 254,244	9	\$ 223,810	9	\$ 231,473	9
1110	Financial assets at fair value through profit or loss - current (Note 7 and 26)	75	-	-	-	-	-
1136	Financial assets at amortized cost - current (Note 8 and 28)	45,557	2	35,822	1	31,941	1
1150	Notes receivable (Note 9 and 20)	2,564	-	1,541	-	1,952	-
1170	Trade receivables, net (Note 9 and 20)	143,968	5	106,454	4	112,296	4
1180	Trade receivables from related parties (Note 9, 20 and 27)	333,858	12	257,149	10	276,724	11
1200	Other receivables	73,498	3	4,121	-	4,057	-
130X	Inventories, net (Note 10)	272,447	9	245,656	10	260,902	10
1470	Prepayments and other current assets	13,015	-	19,131	1	12,494	1
11XX	Total current assets	<u>1,139,226</u>	<u>40</u>	<u>893,684</u>	<u>35</u>	<u>931,839</u>	<u>36</u>
	<b>Non-current assets</b>						
1535	Financial assets at amortized cost - non-current (Note 8 and 28)	10,003	-	10,003	-	10,003	-
1600	Property, plant and equipment (Note 12, 27 and 28)	1,400,552	49	1,434,110	56	1,447,747	55
1755	Right-of-use assets (Note 13)	9,685	-	11,232	1	16,156	1
1805	Goodwill (Note 14)	24,070	1	24,070	1	24,070	1
1821	Other intangible assets (Note 15)	15,170	1	15,910	1	15,636	1
1840	Deferred tax assets (Note 4 and 22)	112,175	4	106,739	4	113,564	4
1915	Prepayments for equipment (Note 27 and 29)	137,228	5	54,015	2	33,280	1
1920	Refundable deposits	3,876	-	5,433	-	5,416	-
1990	Other non-current assets - other (Note 16)	8,992	-	5,772	-	13,444	1
15XX	Total non-current assets	<u>1,721,751</u>	<u>60</u>	<u>1,667,284</u>	<u>65</u>	<u>1,679,316</u>	<u>64</u>
1XXX	Total assets	<u>\$ 2,860,977</u>	<u>100</u>	<u>\$ 2,560,968</u>	<u>100</u>	<u>\$ 2,611,155</u>	<u>100</u>
	<b>Liabilities and equity</b>						
	<b>Current liabilities</b>						
2100	Short-term borrowings (Note 17 and 28)	\$ 480,000	17	\$ 350,000	14	\$ 405,000	16
2120	Financial liabilities at fair value through profit or loss - current (Note 7 and 26)	-	-	1,277	-	153	-
2170	Trade payables	242,485	9	165,446	7	199,387	8
2180	Trade payables to related parties (Note 27)	3,473	-	97	-	-	-
2200	Other payables (Note 18)	235,846	8	137,822	5	180,993	7
2230	Current tax liabilities (Note 4 and 22)	22,926	1	16,733	1	22,426	1
2250	Provisions - current	7,536	-	4,370	-	5,814	-
2280	Lease liabilities - current (Note 13)	5,194	-	8,251	-	11,316	-
2320	Long-term liabilities due within one year (Note 17 and 28)	145,555	5	138,428	5	18,454	1
2399	Other current liabilities (Note 20)	2,334	-	780	-	1,344	-
21XX	Total current liabilities	<u>1,145,349</u>	<u>40</u>	<u>823,204</u>	<u>32</u>	<u>844,887</u>	<u>33</u>
	<b>Non-current liabilities</b>						
2540	Long-term borrowings (Note 17 and 28)	652,715	23	715,885	28	780,314	30
2570	Deferred tax liabilities (Note 4 and 22)	7,582	-	6,189	-	4,906	-
2580	Lease liabilities - non-current (Note 13)	4,525	-	3,059	-	4,936	-
25XX	Total non-current liabilities	<u>664,822</u>	<u>23</u>	<u>725,133</u>	<u>28</u>	<u>790,156</u>	<u>30</u>
2XXX	Total liabilities	<u>1,810,171</u>	<u>63</u>	<u>1,548,337</u>	<u>60</u>	<u>1,635,043</u>	<u>63</u>
	<b>Equity attributable to owners of the Company (Note 11 and 19)</b>						
3100	Share Capital	444,283	16	444,283	17	444,283	17
3200	Capital surplus	402,511	14	402,511	16	402,511	15
	<b>Retained earnings</b>						
3310	Legal reserve	64,432	2	55,098	2	55,098	2
3320	Special reserve	2,013	-	2,586	-	2,586	-
3350	Unappropriated earnings	140,228	5	108,553	5	73,499	3
3300	Total retained earnings	<u>206,673</u>	<u>7</u>	<u>166,237</u>	<u>7</u>	<u>131,183</u>	<u>5</u>
3400	Other equity	(2,661)	-	(2,013)	-	(3,423)	-
31XX	Total equity attributable to owners of the parent Company	<u>1,050,806</u>	<u>37</u>	<u>1,011,018</u>	<u>40</u>	<u>974,554</u>	<u>37</u>
36XX	Non-controlling interests (Note 11, 19 and 24)	-	-	1,613	-	1,558	-
3XXX	Total equity	<u>1,050,806</u>	<u>37</u>	<u>1,012,631</u>	<u>40</u>	<u>976,112</u>	<u>37</u>
	<b>Total liabilities and equity</b>	<u>\$ 2,860,977</u>	<u>100</u>	<u>\$ 2,560,968</u>	<u>100</u>	<u>\$ 2,611,155</u>	<u>100</u>

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

**Eris Technology Corporation and Subsidiaries**

**Consolidated Statements of Comprehensive Income**

For the three months and six months ended June 30, 2021 and 2020

**(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)**  
**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share are stated in NT\$)**

Code		For the three months ended June 30, 2021		For the three months ended June 30, 2020		For the six months ended June 30, 2021		For the six months ended June 30, 2020	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Operating revenue (Note 20 and 27)								
4110	Sales	\$ 521,999	101	\$ 416,639	101	\$ 974,389	101	\$ 801,739	101
4170	Less: Sales return and allowance	( 3,177 )	( 1 )	( 2,220 )	( 1 )	( 6,689 )	( 1 )	( 4,359 )	( 1 )
4000	Net operating revenue	518,822	100	414,419	100	967,700	100	797,380	100
5000	Operating costs (Note 10, 21 and 27)	350,569	68	296,197	72	662,820	68	589,702	74
5900	Gross Profit	168,253	32	118,222	28	304,880	32	207,678	26
	Operating expenses (Note 21 and 27)								
6100	Selling and Marketing expenses	20,307	4	15,306	3	37,781	4	27,050	3
6200	General and Administrative expenses	38,335	7	32,114	8	72,923	8	59,035	7
6300	Research and Development expenses	25,880	5	24,693	6	51,063	5	45,327	6
6450	Expected credit loss (Note 9)	-	-	( 801 )	-	-	-	428	-
6000	Total operating expenses	84,522	16	71,312	17	161,767	17	131,840	16
6900	Net operating income	83,731	16	46,910	11	143,113	15	75,838	10
	Non-operating income and expenses								
7100	Interest income	94	-	148	-	163	-	239	-
7190	Other income	11	-	187	-	51	-	577	-
7210	Gains on disposal of property, plant and equipment	2,800	1	-	-	4,647	-	-	-
7235	Net profit (loss) of financial instruments at fair value through profit or loss (Note7)	483	-	( 103 )	-	53	-	272	-
7510	Interest expense	( 3,109 )	( 1 )	( 3,186 )	( 1 )	( 6,018 )	( 1 )	( 6,482 )	( 1 )
7630	Foreign currency exchange losses-net (Note 21)	( 4,220 )	( 1 )	( 3,017 )	-	( 4,314 )	-	( 585 )	-
7000	Total non-operating income and expenses	( 3,941 )	( 1 )	( 5,971 )	( 1 )	( 5,418 )	( 1 )	( 5,979 )	( 1 )
7900	Net profit before income tax	79,790	15	40,939	10	137,695	14	69,859	9
7950	Income tax expenses (Notes 4 and 22)	4,849	1	( 5,070 )	( 1 )	( 7,710 )	( 1 )	( 11,345 )	( 2 )
8200	Net profit for the period	84,639	16	35,869	9	129,985	13	58,514	7
	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	( 428 )	-	( 605 )	-	( 810 )	-	( 1,047 )	-
8399	Income tax relating to items that may be reclassified subsequently to other comprehensive income (Note 4 and 22)	86	-	122	-	162	-	210	-
8300	Other comprehensive income (loss) for the period, net of income tax	( 342 )	-	( 483 )	-	( 648 )	-	( 837 )	-
8500	Total comprehensive income for the period	\$ 84,297	16	\$ 35,386	9	\$ 129,337	13	\$ 57,677	7
	Net income attributable to:								
8610	Owners of the parent company	\$ 84,570	16	\$ 35,834	9	\$ 129,789	13	\$ 58,281	7
8620	Non-controlling interests (Note 11 and 19)	69	-	35	-	196	-	233	-
8600		\$ 84,639	16	\$ 35,869	9	\$ 129,985	13	\$ 58,514	7
	Total comprehensive income (loss) attributable to:								
8710	Owners of the parent company	\$ 84,228	16	\$ 35,351	9	\$ 129,141	13	\$ 57,444	7
8720	Non-controlling interests (Note 11 and 19)	69	-	35	-	196	-	233	-
8700		\$ 84,297	16	\$ 35,386	9	\$ 129,337	13	\$ 57,677	7
	Earnings per share (Note 23)								
9710	Basic	\$ 1.90		\$ 0.81		\$ 2.92		\$ 1.31	
9810	Diluted	\$ 1.90		\$ 0.81		\$ 2.92		\$ 1.31	

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

**Eris Technology Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
For the six months ended June 30, 2021 and 2020  
**(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)**  
**(Expressed in Thousands of New Taiwan Dollars)**

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	
		Ordinary shares (in thousands)	AMOUNT	Capital surplus (Note 19)	Legal reserve	Special reserve	Unappropriated earnings (Note 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
	Appropriation of 2019 earnings											
B1	Legal reserve	-	-	-	10,210	-	( 10,210 )	-	-	-	-	-
B3	Special reserve	-	-	-	-	1,102	( 1,102 )	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	( 57,756 )	( 57,756 )	-	( 57,756 )	-	( 57,756 )
		-	-	-	10,210	1,102	( 69,068 )	( 57,756 )	-	( 57,756 )	-	( 57,756 )
M5	Acquisition of partial equity of subsidiary (Note 24)	-	-	-	-	-	( 60,898 )	( 60,898 )	-	( 60,898 )	( 124,015 )	( 184,913 )
D1	Net profit for the six months ended June 30, 2020	-	-	-	-	-	58,281	58,281	-	58,281	233	58,514
D3	Other comprehensive income/(loss) for the six months ended June 30, 2020 after tax	-	-	-	-	-	-	-	( 837 )	( 837 )	-	( 837 )
D5	Total comprehensive income/(loss) for the six months ended June 30, 2020	-	-	-	-	-	58,281	58,281	( 837 )	57,444	233	57,677
Z1	Balance as of June 30, 2020	44,428	\$ 444,283	\$ 402,511	\$ 55,098	\$ 2,586	\$ 73,499	\$ 131,183	(\$ 3,423)	\$ 974,554	\$ 1,558	\$ 976,112
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
	Appropriation of 2020 earnings											
B1	Legal reserve	-	-	-	9,334	-	( 9,334 )	-	-	-	-	-
B3	Special surplus reserve	-	-	-	-	( 573 )	573	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	( 88,857 )	( 88,857 )	-	( 88,857 )	-	( 88,857 )
		-	-	-	9,334	( 573 )	( 97,618 )	( 88,857 )	-	( 88,857 )	-	( 88,857 )
M5	Acquisition of partial equity of subsidiary (Note 24)	-	-	-	-	-	( 496 )	( 496 )	-	( 496 )	( 1,809 )	( 2,305 )
D1	Net profit for the six months ended June 30, 2021	-	-	-	-	-	129,789	129,789	-	129,789	196	129,985
D3	Other comprehensive income/(loss) for the six months ended June 30, 2021 after tax	-	-	-	-	-	-	-	( 648 )	( 648 )	-	( 648 )
D5	Total comprehensive income/(loss) for the six months ended June 30, 2021	-	-	-	-	-	129,789	129,789	( 648 )	129,141	196	129,337
Z1	Balance as of June 30, 2021	44,428	\$ 444,283	\$ 402,511	\$ 64,432	\$ 2,013	\$ 140,228	\$ 206,673	(\$ 2,661)	\$ 1,050,806	\$ -	\$ 1,050,806

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

## Eris Technology Corporation and Subsidiaries

### Consolidated Statements of Cash Flows

For the six months ended June 30, 2021 and 2020

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

(Expressed in Thousands of New Taiwan Dollars)

Code		For the six months ended June 30, 2021	For the six months ended June 30, 2020
	Cash flows from operating activities		
A10000	Net Profit before tax for the period	\$ 137,695	\$ 69,859
A20010	Adjustments for:		
A20100	Depreciation expenses	59,988	62,464
A20200	Amortization expenses	6,825	11,772
A20300	Expected credit loss	-	428
A20400	Net gain on financial instruments at fair value through profit or loss	( 1,352)	127
A20900	Interest expense	6,018	6,482
A21200	Interest income	( 163)	( 239)
A22500	Gains on disposal of property, plant and equipment	( 4,647)	-
A23800	Write-downs of inventories	-	1,981
A24100	Unrealized gain on foreign currency exchange	( 2,300)	1,632
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	( 1,023)	( 512)
A31150	Trade receivables	( 36,688)	13,858
A31160	Trade receivables from related parties	( 75,441)	( 26,086)
A31180	Other receivables	( 69,377)	904
A31200	Inventories	( 26,791)	( 10,153)
A31240	Prepayments and other current assets	( 451)	( 2,193)
A32150	Trade payables	77,528	( 10,501)
A32160	Trade payables from related parties	3,376	-
A32180	Other payables	7,097	2,671
A32200	Provisions	3,166	( 294)
A32230	Other current liabilities	<u>1,554</u>	<u>479</u>
A33000	Cash generated from operations	85,014	122,679
A33100	Interest received	162	239
A33300	Interest paid	( 5,916)	( 6,459)
A33500	Income tax paid	<u>( 5,382)</u>	<u>( 175)</u>
AAAA	Net cash generated from operating activities	<u>73,878</u>	<u>116,284</u>

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Code		For the six months ended June 30, 2021	For the six months ended June 30, 2020
	Cash flows from investing activities		
B00040	Acquisition of financial assets at amortized cost	(\$ 10,000)	\$ -
B02700	Acquisition of property, plant and equipment	( 52,356)	( 14,697)
B02800	Proceeds from disposal of property, plant and equipment	70,136	3
B03700	Decrease in refundable deposits	1,557	154
B04500	Payments for intangible assets	( 448)	( 686)
B06700	Increase in other non-current assets	( 2,293)	( 5,046)
B07100	Increase in prepayments for equipment	( <u>115,776</u> )	( <u>11,805</u> )
BBBB	Net cash used in investing activities	( <u>109,180</u> )	( <u>32,077</u> )
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	130,000	5,000
C01600	Proceeds from long-term borrowings	-	100,000
C01700	Repayments of long-term borrowings	( 56,043)	( 4,398)
C04020	Repayments of principal portion of lease liabilities	( 5,079)	( 6,643)
C05400	Acquisition of subsidiaries	( <u>2,305</u> )	( <u>184,913</u> )
CCCC	Net cash generated from/(used in) financing activities	<u>66,573</u>	( <u>90,954</u> )
DDDD	Effect of exchange rate changes on cash	( <u>837</u> )	( <u>1,062</u> )
EEEE	Increase (decrease) in cash	30,434	( 7,809)
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>\$ 254,244</u>	<u>\$ 231,473</u>

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



# Eris Technology Corporation and Subsidiaries

## Notes to Consolidated Financial Statements

For the six months ended June 30, 2021 and 2020

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

(Unless otherwise stated, in thousands of New Taiwan Dollars)

### 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”) Listed 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 June 30, 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, respectively.

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 July 26, 2021.

### 3. Application of New and Revised Standards, Amended 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)
Amendment to IAS 12 "With the assets and liabilities arising from a single transaction"	January 1, 2023 (Note 8)

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Related deferred income tax"	
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 business mergers whose acquisition date starts in the annual reporting period 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> <p>Note 8: Except for the recognition of deferred income tax on temporary differences between lease and decommissioning obligations on January 1, 2022, the amendment is applicable to transactions that occur after January 1, 2022.</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 significant 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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Demand deposits	\$ 128,683	\$ 112,151	\$ 89,175
Foreign currency demand deposits	124,840	110,947	141,414
Cash on hand	708	699	871
Check deposits	<u>13</u>	<u>13</u>	<u>13</u>
	<u>\$ 254,244</u>	<u>\$ 223,810</u>	<u>\$ 231,473</u>

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
<u>Financial assets - current</u>			
Held for trading			
– Forward foreign exchange contracts	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
<u>Financial liabilities - current</u>			
Held for trading			
– Forward foreign exchange contracts	<u>\$ -</u>	<u>\$ 1,277</u>	<u>\$ 153</u>

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

June 30, 2021: None

December 31, 2020

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

June 30, 2020

<u>Notional Amount</u> <u>(In Thousands)</u>	<u>Maturity Date</u>	<u>Interval of Interest</u> <u>Rates Paid</u>	<u>Interval of Interest</u> <u>Rates Received</u>
USD1,500	From July 2020 to January 2021	-	0.50%~1.30%

- b. At the balance sheet date, outstanding forward foreign exchange contracts not applicable to hedge accounting were as follows:

June 30, 2021

	<u>Currency</u>	<u>Maturity Period</u>	<u>Notional Amount</u> <u>(In Thousands)</u>
Sales of forwarding foreign exchange	USD : NTD	August 2021	USD 1,500/NTD 14,009

June 30, 2020: None

December 31, 2020: None

From April 1 to June 30, 2021 and 2020, and from January 1 to June 30, 2021 and 2020, the Group's financial instruments at fair value through profit or loss that incurred a net

gain NT\$483 thousand, net loss NT\$103 thousand, net gain NT\$53 thousand, and net gain NT\$272 thousand.

## 8. Financial assets at amortized cost

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
<u>Current</u>			
Pledged bank deposits			
Time deposits with original maturity of more than 3 months	\$ 13,541	\$ 13,809	\$ 13,930
Restricted demand deposits	<u>32,016</u>	<u>22,013</u>	<u>18,011</u>
	<u>\$ 45,557</u>	<u>\$ 35,822</u>	<u>\$ 31,941</u>
<u>Non-current</u>			
Pledged bank deposits			
Restricted demand deposits	<u>\$ 10,003</u>	<u>\$ 10,003</u>	<u>\$ 10,003</u>

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Time deposits with original maturity of more than 3 months	0.26%~1.98%	0.46%~2.13%	1.66%~1.88%
Restricted demand deposits	0.01%~0.05%	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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
<u>Notes receivable</u>			
Measured at amortized cost			
Total carrying amount	<u>\$ 2,564</u>	<u>\$ 1,541</u>	<u>\$ 1,952</u>
<u>Trade receivables</u>			
Measured at amortized cost			
Total carrying amount	\$ 152,291	\$ 114,792	\$ 120,593
Less: loss allowance	( 8,323)	( 8,338)	( 8,297)
Trade receivables, net	<u>\$ 143,968</u>	<u>\$ 106,454</u>	<u>\$ 112,296</u>
<u>Receivables from related parties</u>			
Measured at amortized cost			
Total carrying amount	<u>\$ 333,858</u>	<u>\$ 257,149</u>	<u>\$ 276,724</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 industry 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:

June 30, 2021

	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	\$ 25,272	\$ 381,138	\$ 70,996	\$ 2,921	\$ 5,822	\$ 486,149
Loss allowance (lifetime expected credit losses)	( 1,264)	( 882)	( 355)	-	( 5,822)	( 8,323)
Amortized cost	<u>\$ 24,008</u>	<u>\$ 380,256</u>	<u>\$ 70,641</u>	<u>\$ 2,921</u>	<u>\$ -</u>	<u>\$ 477,826</u>

December 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	\$ 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>

June 30, 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	\$ 14,856	\$ 301,070	\$ 64,873	\$ 10,683	\$ 5,835	\$ 397,317
Loss allowance (lifetime expected credit losses)	( 743)	( 1,395)	( 324)	-	( 5,835)	( 8,297)
Amortized cost	<u>\$ 14,113</u>	<u>\$ 299,675</u>	<u>\$ 64,549</u>	<u>\$ 10,683</u>	<u>\$ -</u>	<u>\$ 389,020</u>

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

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Beginning balance	\$ 8,338	\$ 8,738
Add: loss on impairment recognized in the period	-	428
Less: Impairment loss in the current period	-	( 845)
Foreign exchange translation differences	( 15)	( 24)
Ending balance	<u>\$ 8,323</u>	<u>\$ 8,297</u>

The aging analysis of trade receivables was as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Not Overdue	\$ 465,655	\$ 344,952	\$ 375,419
Less than 60 days overdue	9,199	15,321	10,127
61~90 days overdue	950	374	2,768
91~120 days overdue	371	86	2,899
More than 120 days overdue	<u>9,974</u>	<u>11,208</u>	<u>6,104</u>
Total	<u>\$ 486,149</u>	<u>\$ 371,941</u>	<u>\$ 397,317</u>

## 10. Inventory

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Raw Material	\$ 122,181	\$ 103,418	\$ 113,706
Work in progress	108,775	108,124	98,312
Finished goods	<u>41,491</u>	<u>34,114</u>	<u>48,884</u>
	<u>\$ 272,447</u>	<u>\$ 245,656</u>	<u>\$ 260,902</u>

From April 1 to June 30, 2021 and 2020, there was no inventory fall in price and obsolescence losses. The impairment and obsolescence losses on inventories included in cost of goods sold for six months ended June 30, 2020 were NT\$1,981 thousand. (for the six months ended June 30, 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		
			June 30, 2021	December 31, 2020	June 30, 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	100%	99.52%	99.52%
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 June 30, 2021, the paid-in capital of Jie Cheng was US\$650 thousand.

For vertical 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 NT\$193,860 thousand in July 2018.

For the Group's development strategic, the Company acquired 11,558 thousand, and 5 thousand, and 142 thousand ordinary shares of Yea Shin at an aggregate proceeds of NT\$184,842 thousand, NT\$71 thousand and NT\$2,305 thousand, respectively, in March and April 2020, and April 2021 resulting in an increase in shareholding ratio from 60.11% increased to 100%, as well as a reduction in retained earnings of NT\$60,876 thousand, NT\$22 thousand and NT\$496 thousand, respectively. (Please refer to descriptions of Note 24)

## 12. Property, Plant and Equipment

	June 30, 2021	December 31, 2020	June 30, 2020			
<u>Carrying amount of each category</u>						
Land	\$ 574,129	\$ 612,895	\$ 612,895			
Houses and buildings	421,440	437,827	446,053			
Machinery Equipment	389,135	366,875	366,784			
Transportation Equipment	6,673	6,613	9,032			
Leasehold Improvements	2,937	5,519	8,111			
Other Equipment	6,238	4,381	4,872			
	<u>\$ 1,400,552</u>	<u>\$ 1,434,110</u>	<u>\$ 1,447,747</u>			
<u>Six Months Ended June 30, 2021</u>						
	<u>Beginning balance</u>	<u>Increase of the period</u>	<u>Decrease of the period</u>	<u>Internal transfer</u>	<u>Effect of exchange rate</u>	<u>Ending balance</u>
<u>Cost</u>						
Land	\$ 612,895	\$ -	\$ 38,766	\$ -	\$ -	\$ 574,129
Houses and buildings	530,915	9,588	17,030	1,894	-	525,367
Machinery Equipment	1,025,572	40,938	39,416	30,669	-	1,057,763
Transportation Equipment	15,976	1,122	-	-	( 28)	17,070
Leasehold Improvements	16,991	-	4,994	-	-	11,997
Other Equipment	14,095	2,676	739	-	( 14)	16,018
Total Cost	<u>2,216,444</u>	<u>\$ 54,324</u>	<u>\$ 100,945</u>	<u>\$ 32,563</u>	<u>(\$ 42)</u>	<u>2,202,344</u>
<u>Accumulated depreciation</u>						
Houses and buildings	93,088	\$ 12,914	\$ 2,075	\$ -	\$ -	103,927
Machinery Equipment	658,697	37,579	27,648	-	-	668,628
Transportation Equipment	9,363	1,060	-	-	( 26)	10,397
Leasehold Improvements	11,472	2,582	4,994	-	-	9,060
Other Equipment	9,714	818	739	-	( 13)	9,780
Total accumulated depreciation	<u>782,334</u>	<u>\$ 54,953</u>	<u>\$ 35,456</u>	<u>\$ -</u>	<u>(\$ 39)</u>	<u>801,792</u>
Net balance	<u>\$1,434,110</u>					<u>\$1,400,552</u>



	Six Months Ended June 30, 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	2,127	335	810	-	526,839
Machinery Equipment	991,486	8,472	3,288	15,824	-	1,012,494
Transportation Equipment	16,485	1,462	539	-	( 48)	17,360
Leasehold Improvements	19,381	-	1,476	-	-	17,905
Other Equipment	17,466	378	536	-	( 23)	17,285
Total Cost	<u>2,181,950</u>	<u>\$ 12,439</u>	<u>\$ 6,174</u>	<u>\$ 16,634</u>	<u>(\$ 71)</u>	<u>2,204,778</u>
<u>Accumulated depreciation</u>						
Houses and buildings	69,126	\$ 11,995	\$ 335	\$ -	\$ -	80,786
Machinery Equipment	609,120	39,878	3,288	-	-	645,710
Transportation Equipment	7,785	1,124	536	-	( 45)	8,328
Leasehold Improvements	9,417	1,853	1,476	-	-	9,794
Other Equipment	12,016	954	536	-	( 21)	12,413
Total accumulated depreciation	<u>707,464</u>	<u>\$ 55,804</u>	<u>\$ 6,171</u>	<u>\$ -</u>	<u>(\$ 66)</u>	<u>757,031</u>
Net balance	<u>\$1,474,486</u>					<u>\$1,447,747</u>

The Group did not process any assessment for impairment due to no signs of impairment for the six months ended June 30, 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

	June 30, 2021	December 31, 2020	June 30, 2020
Carrying amount of right-of-use assets			
Buildings	<u>\$ 9,685</u>	<u>\$ 11,232</u>	<u>\$ 16,156</u>
	For the Three Months ended June 30, 2021	For the Three Months ended June 30, 2020	For the Six Months Ended June 30, 2021
Additions on right-of-use assets	<u>\$ 6,423</u>	<u>\$ 291</u>	<u>\$ 8,367</u>
Depreciation expense of right-of-use assets			
Buildings	<u>\$ 2,066</u>	<u>\$ 3,350</u>	<u>\$ 5,035</u>
			For the Six Months Ended June 30, 2020
			<u>\$ 6,660</u>

b. Lease liabilities

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Carrying amount of lease liabilities			
Current	\$ <u>5,194</u>	\$ <u>8,251</u>	\$ <u>11,316</u>
Non-current	\$ <u>4,525</u>	\$ <u>3,059</u>	\$ <u>4,936</u>

Intervals of discount rates for lease liabilities were as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Buildings	1%~1.25%	1%~1.25%	1.25%

c. Other lease information

	<u>For the Three Months ended June 30, 2021</u>	<u>For the Three Months ended June 30, 2020</u>	<u>For the Six Months Ended June 30, 2021</u>	<u>For the Six Months Ended June 30, 2020</u>
Total cash outflow for leases	\$ <u>2,105</u>	\$ <u>3,397</u>	\$ <u>5,123</u>	\$ <u>6,751</u>

14. Goodwill

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Cost	\$ <u>24,070</u>	\$ <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, 2021	\$ 617	\$ 19,625	\$ 20,242
Separate acquisition	-	448	448
Gains on disposal	-	<u>952</u>	<u>952</u>
Balance as of June 30, 2021	<u>\$ 617</u>	<u>\$ 19,121</u>	<u>\$ 19,738</u>
<u>Accumulated amortization and impairment</u>			
Balance as of January 1, 2021	\$ 435	\$ 3,897	\$ 4,332
Amortization expenses	31	1,157	1,188
Gains on disposal	-	<u>952</u>	<u>952</u>
Balance as of June 30, 2021	<u>\$ 466</u>	<u>\$ 4,102</u>	<u>\$ 4,568</u>
Net balance as of June 30, 2021	<u>\$ 151</u>	<u>\$ 15,019</u>	<u>\$ 15,170</u>
<u>Cost</u>			
Balance as of January 1, 2020	\$ 617	\$ 17,902	\$ 18,519
Separate acquisition	-	<u>686</u>	<u>686</u>
Balance as of June 30, 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	31	<u>1,134</u>	<u>1,165</u>
Balance as of June 30, 2020	<u>\$ 404</u>	<u>\$ 3,165</u>	<u>\$ 3,569</u>
Net balance as of June 30, 2020	<u>\$ 213</u>	<u>\$ 15,423</u>	<u>\$ 15,636</u>

Amortization expenses are accrued on a straight-line basis based on the following durability years:

Patent	10 years
Computer Software	2 to 15 years

## 16. Other Non-Current Assets

	June 30, 2021	December 31, 2020	June 30, 2020
Unamortized expense	<u>\$ 8,992</u>	<u>\$ 5,772</u>	<u>\$ 13,444</u>

## 17. Borrowings

### a. Short-term borrowings

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Secured loans</u>			
Bank loans	\$ 360,000	\$ 320,000	\$ 280,000
<u>Unsecured loans</u>			
Line of credit loans	<u>120,000</u>	<u>30,000</u>	<u>125,000</u>
	<u>\$ 480,000</u>	<u>\$ 350,000</u>	<u>\$ 405,000</u>

The interest rates on bank revolving loans were 0.97% ~ 1.5%, 0.97% ~ 1.2%, and 0.97% ~ 1.2% per annum as of June 30, 2021, December 31 and June 30, 2020, respectively.

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

### b. Long-term borrowings

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Secured loans</u>			
Bank loans (1)	\$ 71,790	\$ 118,313	\$ 122,768
Bank loans (2)	466,480	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>
	798,270	854,313	798,768
Less: listed as portion matured in 1 year	( <u>145,555</u> )	( <u>138,428</u> )	( <u>18,454</u> )
Long-term borrowings	<u>\$ 652,715</u>	<u>\$ 715,885</u>	<u>\$ 780,314</u>

1) The bank loan of NT\$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 June 30, 2021, December 31 and June 30, 2020.

2) The bank loan of NT\$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 0.9797%, 0.9797%, and 0.979% as of June 30, 2021, December 31 and June 30, 2020, respectively.

- 3) The bank loan of NT\$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 0.9785% as of June 30, 2021, December 31 and June 30, 2020, respectively.
- 4) The bank loan of NT\$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 0.88% as of June 30, 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 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 June 30, 2021, and December 31, 2020, respectively.
- 6) The bank loan of NT\$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 June 30, 2021, and December 31, 2020, respectively.
- 7) The bank loan of NT\$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 June 30, 2021, and December 31, 2020, respectively.

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

## 18. Other Payables

	June 30, 2021	December 31, 2020	June 30, 2020
Cash dividend payable	\$ 88,857	\$ -	\$ 57,756
Salary and bonus payable	61,538	59,010	50,654
Processing fees payable	16,150	13,170	19,038
Equipment payable	6,611	4,643	3,661
Labor and health insurance payable	5,618	5,825	5,598
Water, electricity, and gas fee payable	5,543	4,879	5,235
Professional service fee payable	2,550	3,083	2,993
Pension payable	1,434	1,829	1,744
Other	<u>47,545</u>	<u>45,383</u>	<u>34,314</u>
	<u>\$ 235,846</u>	<u>\$ 137,822</u>	<u>\$ 180,993</u>

## 19. Equity

### a. Share capital

	June 30, 2021	December 31, 2020	June 30, 2020
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 NT\$500,000 thousand to NT\$700,000 thousand for 70,000 thousand shares.

### b. Capital surplus

	June 30, 2021	December 31, 2020	June 30, 2020
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:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
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>

According to the "Relevant Measures for Postponing the Meeting of Shareholders of Public Offering Companies in Response to the COVID-19 Epidemic" announced by the Financial Supervisory Commission("FSC"), the company cancelled convening the original shareholders' meeting and held it on August 11,2021. However, the 2020 year surplus distribution proposal had reached the statutory resolution threshold through electronic voting, and the company had already adjustment entry.

d. Other equity items

Exchange differences on translating the financial statements of foreign operations

	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Beginning balance	( \$ 2,013 )	( \$ 2,586 )
Derived from this period		
Exchange differences on translating the financial statements of foreign operations	( 810 )	( 1,047 )
Income tax related to the components of other comprehensive income	<u>162</u>	<u>210</u>
Ending balance	( <u>\$ 2,661</u> )	( <u>\$ 3,423</u> )

e. Non-controlling interests

	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Beginning balance	\$ 1,613	\$ 125,340
Acquisition of non-controlling interests in Yea Shin (Note 24)	( 1,809 )	( 124,015 )
Net profit for the period	<u>196</u>	<u>233</u>
Ending balance	<u>\$ -</u>	<u>\$ 1,558</u>

**20. Revenue**

	For the Three Months ended June 30, 2021	For the Three Months ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Revenue from contracts with customers				
Revenue from the sale of goods	<u>\$ 518,822</u>	<u>\$ 414,419</u>	<u>\$ 967,700</u>	<u>\$ 797,380</u>

Contract balances

	For the Three Months ended June 30, 2021	For the Three Months ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Notes and trade receivables (Note 9)	<u>\$ 480,390</u>	<u>\$ 365,144</u>	<u>\$ 390,972</u>	<u>\$ 376,375</u>
Contract liabilities (included in other current liability)				
Sales of goods	<u>\$ 647</u>	<u>\$ 17</u>	<u>\$ 57</u>	<u>\$ 40</u>

## 21. Net Profit

Additional information on the net profit includes the following items:

### a. Depreciation and amortization

	For the Three Months ended June 30, 2021	For the Three Months ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Property, plant and equipment	\$ 27,320	\$ 27,375	\$ 54,953	\$ 55,804
Right-of-use assets	2,066	3,350	5,035	6,660
Long-term prepaid expenses	2,341	4,750	5,637	10,607
Intangible assets	<u>558</u>	<u>586</u>	<u>1,188</u>	<u>1,165</u>
Total	<u>\$ 32,285</u>	<u>\$ 36,061</u>	<u>\$ 66,813</u>	<u>\$ 74,236</u>
Depreciation expenses summarized by function				
Operating costs	\$ 17,362	\$ 21,836	\$ 37,051	\$ 48,144
Operating Expenses	<u>12,024</u>	<u>8,889</u>	<u>22,937</u>	<u>14,320</u>
	<u>\$ 29,386</u>	<u>\$ 30,725</u>	<u>\$ 59,988</u>	<u>\$ 62,464</u>
Amortization expenses summarized by function				
Operating costs	\$ 2,197	\$ 4,380	\$ 4,917	\$ 9,457
Operating Expenses	<u>702</u>	<u>956</u>	<u>1,908</u>	<u>2,315</u>
	<u>\$ 2,899</u>	<u>\$ 5,336</u>	<u>\$ 6,825</u>	<u>\$ 11,772</u>

### b. Gains or losses on foreign currency exchange

	For the Three Months ended June 30, 2021	For the Three Months ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Total foreign exchange gains	\$ 5,144	\$ 1,630	\$ 11,306	\$ 4,347
Total foreign exchange losses	( 9,364 )	( 4,647 )	( 15,620 )	( 4,932 )
Net balance	<u>( \$ 4,220 )</u>	<u>( \$ 3,017 )</u>	<u>( \$ 4,314 )</u>	<u>( \$ 585 )</u>

### c. Employee benefits expense

	For the Three Months ended June 30, 2021	For the Three Months ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Post-employment benefits				
Defined benefit plans	\$ 2,383	\$ 1,963	\$ 4,795	\$ 4,696
Salaries and bonus	<u>82,494</u>	<u>80,957</u>	<u>161,451</u>	<u>157,785</u>
Total	<u>\$ 84,877</u>	<u>\$ 82,920</u>	<u>\$ 166,246</u>	<u>\$ 162,481</u>
Summarized by function				
Operating costs	\$ 44,764	\$ 48,602	\$ 91,356	\$ 98,105
Operating Expenses	<u>40,113</u>	<u>34,318</u>	<u>74,890</u>	<u>64,376</u>
	<u>\$ 84,877</u>	<u>\$ 82,920</u>	<u>\$ 166,246</u>	<u>\$ 162,481</u>

### d. Employees' compensation

The Company sets aside 1%~5% of the profit before tax income for the current year before distribution of employees' compensation as the employees' compensation in compliance with the Articles of Incorporation. The estimated employee's compensation for the three months ended June 30, 2021 and 2020, and for six months ended January 1 to June 30, 2021 and 2020 were as follows:

## Accrual rate

	<u>For the Six Months Ended June 30, 2021</u>	<u>For the Six Months Ended June 30, 2020</u>
Employees' compensation	2.1%	3.5%

## Amount of Cash

	<u>For the Three Months ended June 30, 2021</u>	<u>For the Three Months ended June 30, 2020</u>	<u>For the Six Months Ended June 30, 2021</u>	<u>For the Six Months Ended June 30, 2020</u>
Employees' compensation	<u>\$ 1,600</u>	<u>\$ 1,200</u>	<u>\$ 3,000</u>	<u>\$ 2,400</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

	<u>For the Year Ended December 31, 2020</u>	<u>For the Year Ended December 31, 2019</u>
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>For the Three Months ended June 30, 2021</u>	<u>For the Three Months ended June 30, 2020</u>	<u>For the Six Months Ended June 30, 2021</u>	<u>For the Six Months Ended June 30, 2020</u>
Current income tax				
In respect of the current year	(\$ 4,409)	(\$ 5,996)	(\$ 9,759)	(\$ 11,678)
Adjustments for prior years	( <u>1,832</u> )	( <u>14</u> )	( <u>1,832</u> )	( <u>14</u> )
	( <u>6,241</u> )	( <u>6,010</u> )	( <u>11,591</u> )	( <u>11,692</u> )
Deferred income tax				
In respect of the current year	11,183	( 2,861 )	3,974	( 3,454 )
Adjustments for prior years	( <u>93</u> )	<u>3,801</u>	( <u>93</u> )	<u>3,801</u>
	<u>11,090</u>	<u>940</u>	<u>3,881</u>	<u>347</u>
Income tax expense recognized in profit or loss	<u>\$ 4,849</u>	( <u>\$ 5,070</u> )	( <u>\$ 7,710</u> )	( <u>\$ 11,345</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

	For the Three Months ended June 30, 2021	For the Three Months ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
<u>Deferred income tax</u>				
In respect of the current period:				
-Translations of foreign operations	\$ 86	\$ 122	\$ 162	\$ 210
Total income tax recognized in other comprehensive income	<u>\$ 86</u>	<u>\$ 122</u>	<u>\$ 162</u>	<u>\$ 210</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, had 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:

	Amount (numerator)	Number of Shares (denominator) (in Thousands)	Earnings per share (NT\$)
<u>For the Three Months Ended June 30, 2021</u>			
Basic earnings per share			
Net profit attributable to shareholders of the ordinary shares	\$ 84,570	44,428	<u>\$ 1.9</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	29	
Diluted earnings per share			
Net profit attributable to shareholders of the ordinary shares	<u>\$ 84,570</u>	<u>44,457</u>	<u>\$ 1.9</u>
<u>For the Three Months Ended June 30, 2020</u>			
Basic earnings per share			
Net profit attributable to shareholders of the ordinary shares	\$ 35,834	44,428	<u>\$ 0.81</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	29	
Diluted earnings per share			
Net profit attributable to shareholders of the ordinary shares	<u>\$ 35,834</u>	<u>44,457</u>	<u>\$ 0.81</u>
<u>For the Six Months Ended June 30, 2021</u>			
Basic earnings per share			
Net profit attributable to shareholders of the ordinary shares	\$ 129,789	\$ 44,428	<u>\$ 2.92</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	45	
Diluted earnings per share			
Net profit attributable to shareholders of the ordinary shares	<u>\$ 129,789</u>	<u>44,473</u>	<u>\$ 2.92</u>

	Amount (numerator)	Number of Shares (denominator) (in Thousands)	Earnings per share (NT\$)
<u>For the Six Months Ended June 30, 2020</u>			
Basic earnings per share			
Net profit attributable to shareholders of the ordinary shares	\$ 58,281	44,428	<u>\$ 1.31</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>47</u>	
Diluted earnings per share			
Net profit attributable to shareholders of the ordinary shares	<u>\$ 58,281</u>	<u>44,475</u>	<u>\$ 1.31</u>

In case, 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 following next year.

## 24. Equity transactions with non-controlling Interests

The Group acquired 39.39%, 0.02% and 0.48% of its shareholding in Yea Shin on March 31 and April 24, 2020, and April 30, 2021, respectively, resulting in an increase in its shareholding ratio from 60.11% to 100%.

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

	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Consideration paid	(\$ 2,305)	(\$ 184,913)
Carrying amount of the subsidiary's net assets to be transferred to non-controlling interests based on changes in equity	<u>1,809</u>	<u>124,015</u>
Difference in equity transactions	(\$ <u>496</u> )	(\$ <u>60,898</u> )
<u>Adjustment accounts of difference in equity transactions</u>		
Unappropriated earnings	(\$ <u>496</u> )	(\$ <u>60,898</u> )

## 25. Capital Risk Management

The Group monitors its funds by regularly reviewing the ratio of assets to liabilities, and based on the characteristics of the current operating industry, future company development and changes in the external environment, it plans the company's needs for working capital, capital expenditures, and dividend payments in the future. To ensure that the company can continue to operate and maintain the best capital structure.

## 26. Financial Instruments

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

1) Fair value hierarchy

June 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities at fair value through profit or loss</u>				

Derivatives	\$ -	\$ 75	\$ -	\$ 75
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December 31, 2020

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

June 30, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Derivatives	\$ -	\$ 153	\$ -	\$ 153

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2021 and 2020.

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

Category of Financial Instruments	Valuation Technique and Inputs
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

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 858,560	\$ 635,407	\$ 665,366
Measured at fair value through profit or loss			
Held for trading	75	-	-
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	1,691,484	1,440,472	1,525,757
Measured at fair value through profit or loss			
Held for trading	-	1,277	153

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 six months ended June 30, 2021 would decrease/increase by \$1,969 thousand; the net profit after tax of the Group for the six months ended June 30, 2020 would decrease/increase by \$867 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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Fair value interest rate risk			
– Financial assets	\$ 13,541	\$ 13,809	\$ 13,930
– Financial liabilities	9,719	11,310	16,252
Cash flow interest rate risk			
– Financial assets	295,542	255,114	258,603
– Financial liabilities	1,278,270	1,204,313	1,203,768

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 impact to a decrease or increase of \$489 thousand and \$977 thousand on the Group's

net profit after tax for the three months and six months ended June 30, 2021; It also, would impact to a decrease or increase of \$471 thousand and \$941 thousand on the Group's net profit after tax for the three months and six months ended June 30, 2020, respectively.

## 2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopted a policy of only dealing with credit worthy 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 69%, 69%, and 70% of the total trade receivable from the above-mentioned customer as of June 30, 2021, December 31 and June 30, 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.

#### June 30, 2021

	Weighted Average Effective Rate (%)	Payment on Sight or Less than 3 Month	3 Months to 1 Year	1 to 2 Year(s)	2 to 5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities						
		\$ 481,804	\$ -	\$ -	\$ -	\$ -
Lease liabilities	1.05%	1,511	3,750	1,764	2,835	-
Floating-rate instruments	0.97%	484,040	149,234	157,100	437,347	71,544
		<u>\$ 967,355</u>	<u>\$ 152,984</u>	<u>\$ 158,864</u>	<u>\$ 440,182</u>	<u>\$ 71,544</u>

#### December 31, 2020

	Weighted Average Effective Rate (%)	Payment on Sight or Less than 3 Month	3 Months to 1 Year	1 to 2 Year(s)	2 to 5 Years	Over 5 Years
<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%	344,915	152,167	58,546	569,647	106,355
		<u>\$ 650,974</u>	<u>\$ 157,800</u>	<u>\$ 61,058</u>	<u>\$ 570,207</u>	<u>\$ 106,355</u>

## June 30, 2020

	Weighted Average Effective Rate (%)	Payment on Sight or Less than 3 Month	3 Months to 1 Year	1 to 2 Year(s)	2 to 5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities		\$ 380,380	\$ -	\$ -	\$ -	\$ -
Lease liabilities	1.25%	3,348	8,088	4,957	-	-
Floating-rate instruments	0.97%	<u>359,978</u>	<u>72,157</u>	<u>153,865</u>	<u>566,360</u>	<u>80,164</u>
		<u>\$ 743,706</u>	<u>\$80,245</u>	<u>\$158,822</u>	<u>\$566,360</u>	<u>\$80,164</u>

### ii. Financing facilities

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

	June 30, 2021	December 31, 2020	June 30, 2020
Secured bank financing facilities:			
— Amount used	\$ 1,278,270	\$ 1,204,313	\$ 1,203,768
— Amount unused	<u>255,590</u>	<u>290,167</u>	<u>191,862</u>
	<u>\$ 1,533,860</u>	<u>\$ 1,494,480</u>	<u>\$ 1,395,630</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	For the Three Months ended June 30, 2021	For the Three Months ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Sales	Sister company				
	Diodes (HK)	\$ 219,567	\$ 172,964	\$ 426,636	\$ 354,283
	Diodes (TW)	<u>151,037</u>	<u>140,466</u>	<u>279,773</u>	<u>253,457</u>
		<u>\$ 370,604</u>	<u>\$ 313,430</u>	<u>\$ 706,409</u>	<u>\$ 607,740</u>

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

### c. Purchases of goods

Related Party Category/Name	For the Three Months ended June 30, 2021	For the Three Months ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Sister company				
Lite-on	<u>\$ 3,219</u>	<u>\$ -</u>	<u>\$ 3,219</u>	<u>\$ -</u>

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

d. Receivables from related parties

Line Item	Related Party Category/Name	June 30, 2021	December 31, 2020	June 30, 2020
Trade receivables from related parties	Sister company			
	Diodes(TW)	\$ 165,994	\$ 141,693	\$ 154,717
	Diodes(HK)	<u>167,864</u>	<u>115,456</u>	<u>122,007</u>
		<u>\$ 333,858</u>	<u>\$ 257,149</u>	<u>\$ 276,724</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 June 30, 2021, and December 31 and June 30, 2020.

e. Payables to related parties

Line Item	Related Party Category/Name	June 30, 2021	December 31, 2020	June 30, 2020
Trade payables - Related parties	Sister company			
	BCD	\$ -	\$ 97	\$ -
	Lite-on	<u>3,473</u>	<u>-</u>	<u>-</u>
		<u>\$ 3,473</u>	<u>\$ 97</u>	<u>\$ -</u>

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

f. Prepayments

Line Item	Related Party Category/Name	June 30, 2021	December 31, 2020	June 30, 2020
Prepayments for equipment - Related parties	Sister company			
	Lite-on	<u>\$ 10,924</u>	<u>\$ 5,365</u>	<u>\$ -</u>

g. Purchase of Property, plant and equipment

Related Party Category/Name	Proceeds received	
	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Sister company		
Lite-on	<u>\$ 17,883</u>	<u>\$ -</u>

h. Expenditure

Line Item	Related Party Category/Name	For the Three Months ended June 30, 2021	For the Three Months ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Various of expenditure	Sister company				
	Lite-on	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ 24</u>	<u>\$ -</u>
Various of Purchased	Sister company				
	Lite-on	<u>\$ 286</u>	<u>\$ -</u>	<u>\$ 286</u>	<u>\$ -</u>

i. Remuneration to the major management

	For the Three Months ended June 30, 2021	For the Three Months ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Short-term employee benefits	\$ 2,584	\$ 3,100	\$ 6,593	\$ 7,113
Post-employment benefits	<u>27</u>	<u>34</u>	<u>54</u>	<u>72</u>
	<u>\$ 2,611</u>	<u>\$ 3,134</u>	<u>\$ 6,647</u>	<u>\$ 7,185</u>

The remuneration of directors and major executives was determined by the remuneration committee based on the performance of individuals and market trends.

## 28. Pledged Assets

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

	June 30, 2021	December 31, 2020	June 30, 2020	Nature
Bank time deposits (classified as financial assets at amortized cost)	\$ 13,541	\$ 13,809	\$ 13,930	endorsements/guarantees and short-term borrowings
Bank demand deposits (classified as financial assets at amortized cost)	42,019	32,016	28,014	Short-term and long-term borrowings
Property and plant	<u>904,701</u>	<u>962,121</u>	<u>931,368</u>	Short-term and long-term borrowings
	<u>\$ 960,261</u>	<u>\$1,007,946</u>	<u>\$ 973,312</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:

	June 30, 2021	December 31, 2020	June 30, 2020
Amount of Contract Commitments	<u>\$ 289,137</u>	<u>\$ 122,854</u>	<u>\$ 63,988</u>
Amount Paid (classified as prepayments for equipment)	<u>\$ 137,228</u>	<u>\$ 54,015</u>	<u>\$ 33,280</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

	June 30, 2021			
	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 17,264	27.86 (USD:NTD)	\$ 480,975	\$ 480,975
USD	61	6.4655 (USD:RMB)	394	1,698
RMB	1,418	4.309 (RMB:NTD)	6,111	6,111
EUR	315	33.15 (EUR:NTD)	10,442	10,442
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
USD	1,950	27.86 (USD:NTD)	54,315	54,315
RMB	12,619	0.1547 (RMB:USD)	1,952	54,373
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	8,500	27.86 (USD:NTD)	236,810	236,810



June 30, 2021				
	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<u>Non-monetary items</u>				
<u>Derivatives</u>				
USD	500	27.86 (USD:NTD)	13,930	13,930
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>				
<u>Derivatives</u>				
USD	2,000	28.48 (USD:NTD)	56,960	56,960
June 30, 2020				
	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 10,683	29.63 (USD:NTD)	\$ 316,537	\$ 316,537
USD	153	7.070 (USD:RMB)	1,082	4,535
RMB	1,424	4.191 (RMB:NTD)	5,968	5,968
EUR	487	33.27 (EUR:NTD)	16,202	16,202
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
USD	1,368	29.63 (USD:NTD)	40,524	40,524
RMB	9,676	0.141 (RMB:USD)	1,369	40,553
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	5,463	29.63 (USD:NTD)	161,869	161,869
USD	204	7.070 (USD:RMB)	1,442	6,043
<u>Non-monetary items</u>				
<u>Derivatives</u>				
USD	1,500	29.63 (USD:NTD)	44,445	44,445

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 June 30, 2021			Three Months Ended June 30, 2020		
	Exchange Rate	Net Foreign Exchange Gains (Losses)		Exchange Rate	Net Foreign Exchange Gains (Losses)	
USD	27.977 (USD:NTD)	( \$ 4,897 )		29.895 (USD:NTD)	( \$ 2,895 )	
USD	6.4583 (USD:RMB)	38		7.085 (USD:RMB)	( 42 )	
EUR	33.73 (EUR:RMB)	( 101 )		32.9 (EUR:RMB)	( 132 )	
Japan Yuan	0.2558 (Yuan: NTD)	894		0.278 (Yuan: NTD)	-	
Others	-	( 154 )		-	52	
		( \$ 4,220 )			( \$ 3,017 )	
<hr/>						
Foreign Currency	Six Months Ended June30, 2021			Six Months Ended June30, 2020		
	Exchange Rate	Net Foreign Exchange Gains (Losses)		Exchange Rate	Net Foreign Exchange Gains (Losses)	
USD	28.17 (USD:NTD)	( \$ 4,826 )		29.805 (USD:NTD)	( \$ 473 )	
USD	6.486 (USD:RMB)	72		7.017 (USD:RMB)	22	
EUR	33.15 (EUR:RMB)	( 347 )		33.27 (EUR:RMB)	( 123 )	
Japan Yuan	0.252 (Yuan: NTD)	892		0.275 (Yuan: NTD)	-	
Others	-	( 105 )		-	( 11 )	
		( \$ 4,314 )			( \$ 585 )	

### 31. Supplementary Disclosures

#### a. Information on significant transactions:

- 1) Financing provided to others: None.
- 2) Endorsements/guarantees provided to others: Please refer to Attached 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 Attached Table 2.
- 8) Receivables from related parties amounting to NT\$100 million or 20% of paid-in capital or more: Please refer to Attached Table 3.
- 9) Trading in derivative instruments: Please refer to Note 7.
- 10) Other: Business relations and important transactions and amounts between parent and subsidiary companies and between subsidiaries: Please refer to Attached Table 4.

#### b. Intercompany relationships and significant intercompany transactions: Please refer to Attached Table 5.

#### c. Information on investments in Mainland China:

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, 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 Attached 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 Attached 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 Attached Table 7.
  - iii. The amount of property transactions and the amount of the resultant gains or losses: None.
  - iv. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Please refer to Attached 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 Attached Table 8.

### 32. Segment Information

The information provided to major operating decision makers for allocating resources and evaluating department performance, in addition to considering department managers, focuses on each operating entity and the types of products or services provided. The departments that the consolidate company should report are 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.

#### Six Months Ended June 30, 2021

	Eris Technology and Jie Cheng	Yea Shin	Adjustments and write-offs	Total
Revenue from external customers	\$ 890,988	\$ 76,712	\$ -	\$ 967,700
Inter-segment revenue	<u>22,472</u>	<u>321,223</u>	( 343,695 )	<u>-</u>
Segment revenue	<u>\$ 913,460</u>	<u>\$ 397,935</u>	( \$ 343,695 )	<u>\$ 967,700</u>
Segment income	<u>\$ 136,031</u>	<u>\$ 85,956</u>	( \$ 92,002 )	<u>\$ 129,985</u>
Segment assets	<u>\$ 2,942,166</u>	<u>\$ 628,549</u>	( \$ 709,739 )	<u>\$ 2,860,976</u>
Segment liabilities	<u>\$ 1,836,988</u>	<u>\$ 199,651</u>	( \$ 226,468 )	<u>\$ 1,810,171</u>

#### Six Months Ended June 30, 2020

	Eris Technology and Jie Cheng	Yea Shin	Adjustments and write-offs	Total
Revenue from external customers	\$ 757,838	\$ 39,542	\$ -	\$ 797,380
Inter-segment revenue	<u>6,763</u>	<u>112,679</u>	( 119,442 )	<u>-</u>
Segment revenue	<u>\$ 764,601</u>	<u>\$ 152,221</u>	( \$ 119,442 )	<u>\$ 797,380</u>
Segment income	<u>\$ 62,474</u>	<u>\$ 12,264</u>	( \$ 16,224 )	<u>\$ 58,514</u>
Segment assets	<u>\$ 2,637,488</u>	<u>\$ 424,475</u>	( \$ 450,808 )	<u>\$ 2,611,155</u>
Segment liabilities	<u>\$ 1,622,382</u>	<u>\$ 93,084</u>	( \$ 80,423 )	<u>\$ 1,635,043</u>

**TABLE 1**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)  
**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Endorsements/Guarantees Provided to Others**

For the Six Months ended June 30, 2021

(In Thousands of New Taiwan Dollars, Unless Stated 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)	\$ 105,081	\$ 30,000 ( USD 1,000 thousand )	\$ 30,000 ( USD 1,000 thousand )	\$ -	\$ -	2.85%	\$ 315,242	Y	N	Y
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	(2)	105,081	30,000	30,000	20,000	-	2.85%	315,242	Y	N	N

Note 1: Relationship between the endorser/guarantor and the endorsee/guarantee is classified into the following seven 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 company's external endorsement guarantee and the limit of the single company's endorsement guarantee shall not exceed 30% and 10% of the company's net worth, respectively. The maximum limit of this endorsement guarantee is calculated based on the company's net value on June 30, 2021.

**TABLE 2**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)  
**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Purchases or Sales with Related Parties Amounting to NT\$100 Million or 20% of Paid-in Capital or More**

For the Six Months ended June 30, 2021

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

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	( \$ 279,773 )	33.09%	Net 60 payment term	None	None	\$ 165,994	33.97%	-
Eris Technology Corp.	Diodes Hong Kong Limited	Same as the Company's ultimate parent company	Sales	( 426,636 )	50.45%	Net 60 payment term	None	None	167,864	34.35%	-
Eris Technology Corp.	Yea Shin Technology Co., Ltd.	The Company's subsidiary	Purchases	313,268	47.22%	Net 60 payment term	None	None	( 189,036 )	69.52%	Note 1

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

**TABLE 3**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)  
**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Receivables from Related Parties Amounting to NT\$100 Million or 20% of the Paid-in Capital or More**

For the Six Months ended June 30, 2021

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

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	\$ 165,994	3.6	\$ -	—	\$ 52,883	\$ -
Eris Technology Corp.	Diodes Hong Kong Limited	Same as the Company's ultimate parent company	167,864	6.0	-	—	66,252	-
Yea Shin Technology Co., Ltd.	Eris Technology Corp.	Parent company	189,036	4.4	-	—	56,695	-

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.

Note 3: Related transactions were eliminated in the consolidated financial statements.

**TABLE 4**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES****Intercompany Relationships and Significant Intercompany Transactions**

For the Six Months ended June 30, 2021

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

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	\$ 1,558	-	0.05%
0	Eris Technology Corp.	Jie Cheng Electronic (Shanghai) Co., Ltd.	1	Sales	1,976	No significant difference from general customers	0.20%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Trade receivables	7,577	-	0.26%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Trade payables	189,036	-	6.61%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Sales	17,468	No significant difference from general customers	1.79%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Purchases	313,268	No significant difference from general customers	32.15%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Processing fees	7,380	No significant difference from general customers	0.76%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Other receivables	922	-	0.03%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Rental income	1,714	-	0.18%
1	Yea Shin Technology Co., Ltd.	Jie Cheng Electronic (Shanghai) Co., Ltd.	3	Trade receivables	575	-	0.02%
1	Yea Shin Technology Co., Ltd.	Jie Cheng Electronic (Shanghai) Co., Ltd.	3	Sales	575	No significant difference from general customers	0.06%
1	Yea Shin Technology Co., Ltd.	Jie Cheng Electronic (Shanghai) Co., Ltd.	3	Trade payables	4,502	-	0.16%
1	Yea Shin Technology Co., Ltd.	Jie Cheng Electronic (Shanghai) Co., Ltd.	3	Purchases	4,828	No significant difference from general customers	0.50%
1	Yea Shin Technology Co., Ltd.	Jie Cheng Electronic (Shanghai) Co., Ltd.	3	Other receivables	2,015	-	0.07%
1	Yea Shin Technology Co., Ltd.	Jie Cheng Electronic (Shanghai) Co., Ltd.	3	Other income	2,615	No significant difference from general customers	0.27%

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.

**TABLE 5**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)  
**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Related Information on Name of Investee, Location, and So On**

For the Six Months ended June 30, 2021

(In Thousands of New Taiwan Dollars, Unless Stated 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 ( USD 670 thousand )	\$ 20,776 ( USD 670 thousand )	N/A	100	\$ 54,315	\$ 6,242 (USD 222 thousand)	\$ 6,279 (Note 4)	Subsidiary
	Yea Shin Technology Co., Ltd.	Taiwan	Engaged in manufacturing of electronic components and wholesaling of electronic materials	381,078	378,773	29,342	100	442,426	85,956	84,702 (Note 4)	Subsidiary
Keep High Limited	Forever Eagle Incorporation	MAURITIUS	Holding of investments	20,473 ( USD 660 thousand )	20,473 (USD 660 thousand )	N/A	100	54,373 ( USD 1,952 thousand )	6,242 ( USD 222 thousand )	6,242 ( USD 222 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.



**TABLE 6**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)  
**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Information on Investments in Mainland China**

For the Six Months ended June 30, 2021

(In Thousands of New Taiwan Dollars, Unless Stated 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 ( USD 650 thousand )	\$ -	\$ -	\$ 20,170 ( USD 650 thousand )	\$ 6,242 (RMB 1,437 thousand)	100%	\$ 6,242 (RMB 1,437 thousand )	\$ 54,373	\$ -

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)	\$18,109 (USD 650 thousand)	\$630,484

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 June 30, 2021.

Note 4: The information was calculated as 60% of the Company's net worth on June 30, 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.

**TABLE 7**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)  
**ERIS TECHNOLOGY CORPORATION 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 Six Months ended June 30, 2021

(In Thousands of New Taiwan Dollars, Unless Stated 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	( \$ 2,551 )	0.30%	None	None	\$ 2,133	0.54%	Note 1
Jie Cheng Electronic (Shanghai) Co., Ltd.	Purchases	4,828	0.73%	None	None	( 4,502 )	1.66%	Note 1
Jie Cheng Electronic (Shanghai) Co., Ltd	Other Income	( 2,615 )	-	None	None	2,015	2.84%	Note 1

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

**TABLE 8**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)  
**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Information on Major Shareholders**

June 30, 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 (website: <http://mops.twse.com.tw>).