



*Eris Tech.*

Stock Code: 3675

# 2020

## Annual Report

Notice to readers

*This English version annual report is a translation of the Mandarin version. This document is created for the sole purpose of the convenience for its non-Mandarin readers and is not an official document to represent the financial status of the Company per Taiwan law. Should any discrepancy arise between the English and Mandarin versions, the Mandarin version shall prevail.*

Taiwan Stock Exchange Market Observation Post System:  
<http://newmops.twse.com.tw>

2020 Annual Report is available at <http://www.ERIS.com.tw>

Published Date June 09, 2021

**I. Spokesperson**

Spokesperson: Esther Chiu / Assistant to the Chairman  
Deputy Spokesperson: Stella Wu / Senior manager of Administrant center  
Telephone: 886-2-2662-6190  
Email: Eris.public@eris.com.tw

**II. Headquarters, Branches and Plant**

Headquarters

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Telephone: 886-3- 3245885

**III. Common Share Transfer Agent and Registrar:**

Name of Agent: KGI Securities Corporation  
Address: 5/F, No. 2 Chung Ching South Road, Section 1, Taipei, Taiwan, ROC  
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Website: <http://www.kgiworld.com.tw>

**IV. Auditors for the Latest Financial Statements**

Name of Auditors: Tzu-Jung Kuo、Hsiu-Chun Huang  
CPA Firm: Deloitte Touche Tohmatsu International Taiwan  
Address: 20F, Taipei Nan Shan Plaza, No. 100,  
Songren Rd., Xinyi Dist., Taipei 11073, Taiwan  
Telephone: 886-2-2725-9988  
Website: <http://www.deloitte.com.tw>

**V. Overseas Securities Exchange: NA**

**VI. Corporate Website** <http://www.eris.com.tw>

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## Letter to Shareholders

### Dear Shareholders,

Since the outbreak of the COVID-19 epidemic in early 2020, not only has it disrupted the original industrial order of the electronics industry, but also lots of countries have been hang over in the haze of the COVID-19 new crown pneumonia, especially in Europe and the United States. Its has spread more and more severely, and global business operations are facing severe tests and market uncertainties. Under such factors as the increase and weak investment confidence in the market, Eris Tech.(The Company') knows that having healthy employees is the key to the smooth progress of the company's production and operations. Therefore, since the first quarter of last year, the company has been actively deploying anti-epidemic measures in advance, conducting regular environmental disinfection operations throughout the plant and offices, to guard against the epidemic and provide a healthy workplace environment for employees.

As the saying goes: "When the wave recedes, the truth becomes clear." During the COVID-19, in this critical year, the company, in addition to employees training, build up or plant root a foundation, actively worked throught in three major direction items in terms of operational business strategy: (1) Wafer manufacturing process (innovative research and development) , (2) Automated packaging process (replace the old with the new), (3) Construct the MPE system (make the data consistent). The following is a report on the company's business overview for the year 2020, and summaries of the business plan for the year 2021, and an explanation of the company's future development strategy as follows:

### I. 2020 Financial Performance

The Company's 2020 consolidated revenue reached NT\$1,537,470 thousand, lightly down 0.67% year-on-year (YoY). For operating income increased by 1.48% year-on-year respectively. Moreover, after-tax net profit fell 16.46% to NT\$93,681 thousand over the same period. Earnings per share is NT\$2.10.

The reason for the decrease in the company's after-tax net profit compared to the same period was mainly due to the sharp decline in the exchange rate of the New Taiwan dollar from the third quarter, reaching an average value of NT\$ 28.51.

**2020 Financial Performance Table ( Units: NTD thousand ; %)**

Year Items	2019	2020	Changed YoY(%)
Revenues	1,547,880	1,537,470	-0.67
Gross Profit	307,751	408,003	32.58
Operating Income	131,500	133,446	1.48
After-Tax Income	112,141	93,681	-16.46
Net profit attribution Owner of the company	102,097	93,335	-8.58

The Company's revenue contribution for 2020 mainly came from remote high-end servers, and because Europe and the United States are still deeply affected by the COVID-19, the consumer market (such as NB, mobile phones, large screens and game consoles) , and Working From Home of business opportunity, is driving the product demand for the application of peripheral components and diodes.

## II. Financial income / expenditure and profitability analysis

Items		2019	2020	
Financial structure	Debt-to-asset ratio (%)	55.89	60.46	
	Long-term capital to fixed assets ratio (%)	126.61	121.17	
Profitability	Return on assets (%)	5.27	4.00	
	Return on shareholders' equity (%)	9.75	8.62	
	Occupancy capital ratio	Operating Income	29.60	30.04
		Pre-Tax income	31.17	25.34
	Net income rate (%)	7.24	6.09	
	Earnings per share (NTD)	2.30	2.10	

## III. 2021 Business outlook

Looking forward to the business strategy of the company in 2021, the company continues to work hard in three major operating business strategies: (1) wafer manufacturing process (innovative research and development), (2) automated packaging process (replacement of old and new), (3) construction The MPE system (to make data consistent), etc. are separately explained as follows.

First of all, in terms of wafer process technology, that beneficial from introduction of its subsidiary Yea-shin 5-inch wafer development process technology based on the GPP process, it will start from Q3 to reduce wafer manufacturing costs and effectively improve the company. The overall gross profit margin also helps increase profitability.

Secondly, the company has started to replace current of manufacturing processes is adopting fully automated production technology, which will not only help improve the audit certification of automotive product customers, but also provide Tier 1 customers more stably than in the past. It is expected to bring substantial revenue and profit contribution to the company in the second half of this year after obtaining a complete set of equipment for the production of automotive components from the Lite-on Keelung Plant.

Finally, the company continues to work on this acre of field automation, and hopes to save the data by constructing MPE (Maverick Product Elimination) system, big data analysis forms, records, etc., so that human/employees factors can be minimized, after that could enhance the company work upon smart production (automation). The accumulation of know-how in the manufacturing process has enabled company's competitive advantages to continuously grow through internalization and innovation, which

in turn drives changes. Furthermore, as result of the high extent of automation, it is helpful to the layout of new products. It is optimistic that from the second half of 2021, continuous expansion to the next two years will substantially increase the company's business revenues and profitability. Sincerely, we have confidants that after the completion of the current Quality System project, the company's business will be gain more expand, and it will firmly entry the high-end product opportunity and enhance the company's profitability.

#### **IV. Corporate Governance and Sustainability**

As the company is about to entry its third decade, the company will continue to accelerate the footsteps of globalization, strengthen product strategic(to entry the market with the latest product trends), improve key technologies, build quality service systems (consistency), market positioning and other business strategies to enhance corporate sustainability and ESG (Environmental, Social and corporate Governance) performance, accordingly maintaining the company's competitive advantage and ushering in a new future. Eris Tech. has always adhered to a belief "Focus on the industry, sustainable operation". Convinced that this business philosophy is the foundation on which the company relies on sustainable operations, and drives the company toward the digital vision of "using technological innovation to improve the quality of life and the environment".

Once again, we sincerely appreciate our customers, shareholders, and business partners who are long-term support to Eris. We will continue to work hard/smart and move forward together toward business strategy goals. While pursuing business performance and profitability goals, it also fulfills its corporate social responsibilities, leading Eris an internationally respected company that is proud of its employees. The company's management team and employees' will continue to work hard to create the greatest value and benefits for the company and shareholders.

*(Notice: This translation document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)*

Sincerely yours,

Chairman:	Jonathan Chang
President & CEO:	Jonathan Chang
Chief Financial Officer:	Doris Hsu

## I. Company Profile

2.1 Date of Incorporation: 08 16, 1995

2.2 Company History

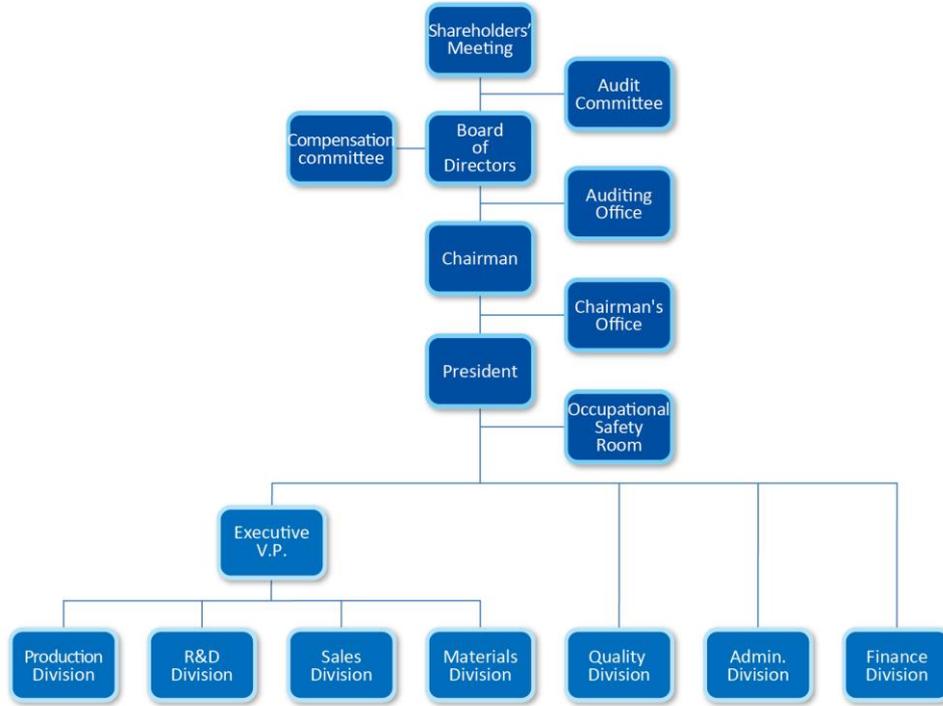
Year	Milestones
1995/08	Eris Technology was founded with paid-in capital of NT\$5 million. The company adopted “Eris” as the own brand and began entering into the strategic alliance with the German-based company SeCoS GmbH. It mainly sold the electronic upstream products, such as wafers, chips and others to Taiwan and China territories, etc.
2001/05	Cash flow reaches NT\$5 million and accumulated capital reaches NT\$10 million.
2002/05	Establishes test line in Taiwan to check wafer quality.
2002/12	Cash flow reaches NT\$7million and accumulated capital reaches NT\$17million.
2003/06	Entered sub-con franchises of finished-products.
2003/10	Eris receives ISO 9001 : 2000 certification.
2003/12	Eris establishes a reliability test laboratory in Taiwan.
2004/03	Eris establishes in-house quality assurance to supervise manufacturing process.
2004/06	Eris establishes its central laboratory
2004/08	Eris adopts Enterprise Information Portal (EIP).
2005/06	Eris adopts ERP system to organize and integrate records between various departments.
2005/07	Cash flow reaches NT\$8 million and accumulated capital reaches NT\$25 million.
2006/07	Cash flow reaches NT\$15 million and accumulated capital reaches NT\$40 million.
2007/07	Cash flow reaches NT\$25 million and accumulated capital reaches NT\$65 million.
2008/08	Investment Commission approved via third-party indirect investment in Jiecheng Electronic Co.,Ltd. in Shanghai,China.
2008/10	Cash flow reaches NT\$60 million and accumulated capital reaches NT\$125 million.
2009/07	Cash flow reaches NT\$22 million and accumulated capital reaches NT\$147 million.
2009/08	Initial public offering is authorized by Securities and Futures Bureau.
2009/09	Listed in the Taiwan Emerging Market ( Stock Code: 3675TT ).
2009/10	Eris establishes a TMTT line in Taiwan.
2009/12	Cash flow reaches NT\$17.88 million and accumulated capital reaches NT\$164.88 million.
2010/07	Eris receives ISO 9001 : 2008 certification.
2010/08	Accumulated capital reaches NT\$206.70 million at the end of July 2010.
2010/08	Eris is recognized among the 13th set of “Rising Star Award” recipients. Taiwan’s Ministry of Economic Affairs awards the prize to exemplary small and medium enterprises displaying competitiveness, export activity, and well-organized management structure.
2010/12	Cash flow reaches NT\$24 million and accumulated capital reaches NT\$230.70 million.

Year	Milestones
2011/02	Eris receives ISO / IEC 17025: 2005 certification from the Taiwan Accreditation Foundation (TAF).
2011/03	Eris adopts Knowledge management platform within the production management system. Eris receives TS16949 certification from the British Standards Institution (BSI).
2011/07	Eris receives ISO 14001 : 2004 certification from the BSI.
2011/08	Cash flow reaches NT\$100 million and accumulated capital reaches NT\$333.51 million (around
2011/09	USD 11 million).
2011/12	Accumulated capital reaches NT\$393.27 million (around USD 13 million).
2012/02	GreTai Securities Market listing application approved by SFC (Securities and Futures Commission)
2012/06	Eris Technology Corp. is scheduled for listing on GTSM on June 29, 2012.
2012/12	Accumulated capital reaches NT\$444.28 million.
2018/07	Eris acquired a 60.11% equity interest in Yea Shin Technology Co., Ltd.(Wafer Fab)
2019/01	Luzhu Plant Completed of factory construction and pass for registration permission of competent authority.

## II. Corporate Governance Report

### 3.1 Organization

#### 3.1.1 Organizational Chart



#### 3.1.2 Major Corporate Functions

Department	Functions
Chairman's Office	Strategic planning, business planning authorization and supervision
Audit Office	To identify deficiencies in the internal control system, assess the effectiveness and efficiency of operations, and provide appropriate improvement suggestions to ensure the effectiveness of the internal control system as well as for continuous improvement.
Production Division	Responsible for product manufacturing and production capacity allocation.
Materials Division	Implementation of supplier management and outsourcing processing and Warehouse Management
Quality Division	Planning and execution of quality control systems.

Department	Functions
Sales Division	Responsible for corporate image planning, maintaining and enhancing external public relations, corporate marketing activities worldwide, and analyzing industry data and trends. It is also in charge of formulating and implementing corporate marketing and product plans.
Admin. Division	Planning and execution of general affairs, factory affairs, and information systems.
Finance Division	Responsible for the summarization and supply of accounting information, management and operation of finance and investment, annual budgeting, credit control, and stocks services.
R & D Division	Advanced product and technology research and development, intellectual property development and management.

### 3.2 Directors, Supervisors and Management Team

#### 3.2.1 Information on the Company's Directors

As of April 30, 2021

Title/ Name	Nationality/ Country of Origin	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman Jonathan Chang	R.O.C.	Male	2020/10/15	3	1995/08/08	2,111,332	4.75%	2,141,332	4.82%	NA	NA	NA	NA	CEO, ERIS Corp. NTU EMBA	CEO, ERIS Corp. Representative of KeepHigh Limited · ForeverEagle · Jiecheng Electronic (Shanghai) Co., Ltd	NA	NA	NA	
Director Diodes Holding B.V.	Netherlands	NA	2020/10/15	3	2011/10/11	22,687,604	51.07%	22,687,604	51.07%	NA	NA	NA	NA	Diodes Inc.(NASDAQ)100% Shareholders	Representative of DIODES TAIWAN S.A.R.L., TAIWAN BRANCH	NA	NA	NA	
Director Legal: Gary Yu	R.O.C.	Male				NA	NA	NA	NA	NA	NA	NA	NA	NA	Senior Vice President of Business Group at Diodes Inc.	Representative of DIODES TAIWAN S.A.R.L., TAIWAN BRANCH	NA	NA	NA
Director Legal: Maxine Lei	R.O.C.	Female				NA	NA	NA	NA	NA	NA	NA	NA	NA	CFO of DIODES TAIWAN S.A.R.L., TAIWAN BRANCH	CFO of DIODES TAIWAN S.A.R.L., TAIWAN BRANCH	NA	NA	NA
Director Legal: Patricia Hwang	R.O.C.	Female				NA	NA	NA	NA	NA	NA	NA	NA	NA	Vice CFO of DIODES TAIWAN S.A.R.L., TAIWAN BRANCH	Vice CFO of DIODES TAIWAN S.A.R.L., TAIWAN BRANCH	NA	NA	NA
Independent Director Jackie Ding	R.O.C.	Female	2020/10/15	3	2017/10/13	NA	NA	NA	NA	NA	NA	NA	(Retire)VP of SIMPLO TECHNOLOGY CO., LTD.	NA	NA	NA	NA		
Independent Director Kun Shan Lin	R.O.C.	Male	2020/10/15	3	2017/10/13	NA	NA	NA	NA	NA	NA	NA	(Retire)Consultant of NUVOTON TECHNOLOGY CORPORATION	NA	NA	NA	NA		
Independent Director Ed Tang	R.O.C.	Male	2020/10/15	3	2017/10/13	NA	NA	NA	NA	NA	NA	NA	(Retire) Vice president of Texas Instruments, US	NA	NA	NA	NA		

**Major shareholders of the institutional shareholders**

As of April 30, 2021

Name of Institutional Shareholders	Major Shareholders
Diodes Holding B.V.	Diodes Incorporated (100%)

**Major shareholders of the Company's major institutional shareholders**

Name of Institutional Shareholders	Major Shareholders
Diodes Incorporated	BlackRock Inc (14.7%) 、 The Vanguard Group(12.9%) Dimensional Fund Advisors LP (6.4%)

**Professional qualifications and independence analysis of directors and supervisors**

Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note)												Number of Other Taiwanese Public Companies Concurrently Serving as a Compensation Committee Member
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Jonathan Chang			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	NA
Representative of DIODES HOLDING B.V.: Gary Yu			✓			✓	✓			✓	✓	✓	✓	✓		NA
Representative of DIODES HOLDING B.V.: Maxine Lai			✓			✓	✓			✓	✓	✓	✓	✓		NA
Representative of DIODES HOLDING B.V.: Patricia Hwang			✓			✓	✓			✓	✓	✓	✓	✓		NA
Jackie Ding			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NA
Kun Shan Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NA
Ed Tang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NA

Note: All board members met with the following conditions for the two years leading up to assuming their posts and while they held their posts. Please place a tick mark "✓" in the box under number that represents their situation.

(1) Not an employee of the Company or its affiliated companies

(2) Not a director or supervisor of the Company's affiliates (unless the person is an independent director of the Company, the Company's parent company or any subsidiary

of the Company)

- (3) Not a shareholder whose total holdings, including those of his/her spouse and minor children, or shares held under others' names, reach or exceed 1 percent of the total outstanding shares of the Company or rank among the top 10 individual shareholders
- (4) Not a spouse, relative of second degree or closer, or direct blood relative of third degree or closer to the managers listed in (1) and persons listed in (2) or (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds more than 5% of the total issued shares of the Company, a top-five shareholder, or authorized representative to be a director or supervisor of the Company in accordance with Article 27, Paragraph 1 or 2 of the Company Act (however, this does not apply when serving concurrently and mutually as independent director established by the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations).
- (6) Not a director, supervisor, or employee of another company where more than half of the director positions or voting shares of that other company and the Company are controlled by the same person (however, this does not apply when serving concurrently and mutually as independent director established by the Company or its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations).
- (7) Not a director (managing director), supervisor (managing supervisor) or employee of another company or institution where any of its chairmen, presidents, or other equivalent positions are served by the same person or is the spouse of the Company's chairmen, presidents, or other equivalent positions (however, this does not apply when serving concurrently and mutually as independent director established by the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations).
- (8) Not a director (managing director), supervisor (managing supervisor), manager, or shareholder with 5% or more shareholding of a specific company or institution with which the Company has financial or business dealings (however, this does not apply when serving concurrently and mutually as independent director established by the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations, if that specific company or institution holds no less than 20%, but no more than 50%, of the total issued shares of the Company).
- (9) Not a professional who provides auditing to the Company or its affiliates, or a professional who provides commercial, legal, financial, accounting, or related services to the Company or its affiliates with a total remuneration of less than NT\$500,000 in the past two years, nor is an owner, partner, director (managing director), supervisor (managing supervisor), or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates. However, this does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee or Special Committee for Merger/Consolidation and Acquisition who perform their functions in accordance with laws relevant to the Securities and Exchange Act or the Business Mergers And Acquisitions Act.
- (10) Not a spouse or relative within second degree by affinity to other directors
- (11) Not in contravention of Article 30 of the Company Act
- (12) Not an institutional shareholder or its representative pursuant to Article 27 of the Company Act

### 3.2.2 Management Team

Title	Nationality/ Country of Origin	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	R.O.C.	Jonathan Chang	1997.01.01	2,141,332	4.82%	NA	NA	NA	NA	CEO, ERIS Corp. NTU EMBA	CEO, ERIS Corp. Representative of KeepHigh Limited、 ForeverEagle、Jiecheng Electronic (Shanghai) Co., Ltd	NA	NA	NA
Vice President	R.O.C.	Calvin Chu	2018.07.19	NA	NA	NA	NA	NA	NA	University of Manchester, UK Master Degree in Materials Science	NA	NA	NA	NA
Production Division Vice President	R.O.C.	Wenyi Huang	2019.01.26	146	0.00%	NA	NA	NA	NA	B.S. in IE Nan Jeon University of Science and Technology	NA	NA	NA	NA
Quality Division Manager	R.O.C.	Mac Huang	2019.01.26	392	NA	NA	NA	NA	NA	MBA, NTUST	NA	NA	NA	NA
Materials Division Manager	R.O.C.	Grace Huang	2010.07.05	NA	NA	NA	NA	NA	NA	BS in SooChow University Dep. of Business Administration	NA	NA	NA	NA
financial accounting Manager	R.O.C.	Doris Hsu	2008.04.01	81,518	0.18%	18,711	0.04%	NA	NA	BS in Accounting Chung Yuan Christian University	NA	NA	NA	NA
Internal Auditor	R.O.C.	Andy Wang	2019.03.14	NA	NA	NA	NA	NA	NA	BS in Electronic Engineering Hwa Hsia University of Technology	NA	NA	NA	NA

### 3.2.3 Remuneration of Directors, Supervisors, President, and Vice President

#### Remuneration of Directors

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration received from the parent company and all investee companies			
		Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)									
		The company	companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	Cash	Stock	Cash	Stock	The company	Companies in the consolidated financial statements				
Chairman	Jonathan Chang																								
Director	DIODES HOLDING B.V. Representative Gary Yu(2) Maxine Lai Patricia Hwang Evan Yu(1)	0	0	0	0	0	0	245	245	2.62%	2.62%	6,421	6,421	0	0	420	0	420	0	7.39%	7.39%	0			
Independent Director	Jackie Ding																								
	Kun Shan Lin	1,200	1,200	0	0	0	0	476	476	1.80%	1.80%	0	0	0	0	0	0	0	0	1.80%	1.80%	0			
	Ben Chou(1)																								
	Ed Tang (2)																								

Notes:

(1) The company's 9th of BOD and independent directors terms of office expires in Oct.14, 2021.

(2) The company's 10th New BOD and independent directors in Oct.15, 2021.

### Remuneration of the President and Vice President

Unit: NT\$ thousands

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Profit Sharing- Employee Bonus (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration received from all investee companies (other than subsidiaries) or the parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Jonathan Chang	9,168	9,168	0	0	1,462	1,462	900	0	900	0	12.35%	12.35%	0
Vice President	Calvin Chu													
Vice President	Wenyi Huang													

Range of Remuneration	Name of President and Vice President	
	The company	Companies in the consolidated financial statements
Under NT\$ 2,000,000	-	-
NT\$2,000,001 ~ NT\$5,000,000	Calvin Chu 、Wenyi Huang	Calvin Chu 、Wenyi Huang
NT\$5,000,001 ~ NT\$10,000,000	Jonathan Chang	Jonathan Chang
Over NT\$10,000,000	0	0
Total	3	3

Managers and employee bonuses

Unit: NT\$ thousands

Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
President	Jonathan Chang	None	1,313	1,313	1.40%
Vice President	Calvin Chu				
Production Division Vice President	Wenyi Huang				
Quality Division Manager	Mac Huang				
Materials Division Manager	Grace Huang				
Financial accounting Manager	Doris Hsu				

### 3.2.4 Comparison of Remuneration for Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents and Vice Presidents

A. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, presidents and vice presidents of the Company, to the net income.

Title	Total remuneration paid to directors, supervisors, presidents and vice president and to net income (%)			
	2018		2019	
	Companies in the consolidated financial statements	%	Companies in the consolidated financial statements	%
Directors	1,620	1.59	1,921	2.06
presidents and vice president	11,595	11.36	11,530	12.35

B. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance.

The compensation to directors and other key management personnel were determined by the Remuneration Committee of the Company in accordance with the individual performance and the market trends.

The compensation is measured based on the employee's personal achievements, contribution made to the business operation, and the market averages. It has a positive correlation with the performance of the Company's business.

### 3.3 Implementation of Corporate Governance

#### 3.3.1 Board of Directors

A total of 9 (A) meetings of the Board of Directors were held in the previous period.

The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B/A 】	Remarks
Chairman	Jonathan Chang	9	0	100	
Director	Representative of DIODES HOLDING B.V.: Evan Yu	5	1	83	The terms of as director end of date: Oct. 14, 2020
Director	Representative of DIODES HOLDING B.V.: Maxine Lai	9	0	100	
Director	Representative of DIODES HOLDING B.V.: Patricia Hwang	9	0	100	
Director	Representative of DIODES HOLDING B.V.: Gary Yu	3	0	100	The tenth new directors from Oct.15, 2020.
Independent director	Jackie Ding	9	0	100	
Independent director	Kun Shan Lin	9	0	100	
Independent director	Ben Chou	6	0	100	The terms of as director end of date: Oct. 14, 2020
Independent director	ED Tang	3	0	100	The tenth new directors from Oct.15, 2020.

#### Other mentionable items:

1. If there are circumstances referred to in Article 14-3 of the Securities and Exchange Act and resolutions of the directors' meetings objected to by independent directors or subject to qualified opinion and recorded or declared in writing, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified: None
2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. TWSE/TPEX listed companies shall disclose information such as evaluation cycle and period, evaluation scope:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation result
Once per year	2020/01/01-2020/12/31	Performance evaluation of the overall board of directors.	Self- evaluation by individual Board members.	Overall condition is excellent

3. Measures taken to strengthen the functionality of the board: The Board of Directors has established an Audit Committee and a Remuneration Committee to assist the board in carrying out its various duties.

### 3.3.2 Audit Committee (or Attendance of Supervisors at Board Meetings)

#### A. Audit Committee

A total of 9 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B/A 】	Remarks
Independent Director/ Convener	Jackie Ding	9	0	100	
Independent director/ Committee Members	Kun Shan Lin	9	0	100	
Independent director/ Committee Members	Ben Chou	6	0	100	The terms of as director end of date: Oct. 14, 2020
Independent director/ Committee Members	ED Tang	3	0	100	The tenth new directors from Oct.15, 2020.

#### Other mentionable items:

1. If there are the circumstances referred to in Article 14-5 of the Securities and Exchange Act and resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:  
None
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.)
  - (1)The internal auditors have communicated the result of the audit reports to the members of the Audit Committee periodically, and have presented the findings of all audit reports in the quarterly meetings of the Audit Committee. Should the urgency of the matter require it, the Company's chief internal auditor will inform the members of the Audit Committee outside of the regular reporting. The communication channel between the Audit Committee and the internal auditor has been functioning well.
  - (2)The Company's CPAs have presented the findings or the comments for the quarterly corporate financial reports, as well as those matters communication of which is required by law, in the regular quarterly meetings of the Audit Committee. Under applicable laws and regulations, the CPAs are required to communicate to the Audit Committee any material matters that they have discovered. The communication channel between the Audit Committee and the CPAs has been functioning well.

3.3.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has established the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”. The information has been disclosed on the Company’s website.	None
2. Shareholding structure & shareholders’ rights (1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure? (4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		In addition to the existing hotline and email channels, the Company has established an internal operating procedure, and has designated appropriate departments, such as Investor Relations, Public Relations, Legal Department, to handle shareholders’ suggestions, doubts, disputes and litigation.  The Finance & Shared Services Division is responsible for collecting the updated information of major shareholders and the list of ultimate owners of those shares. Rules are made to strictly regulate the activities of trading, endorsement and loans between the Company and its affiliates. In addition, the “Criteria of Internal Control Mechanism for a Public Company”, outlined by the Financial Supervisory Commission when drafting the guidelines for the “Supervision and Governance of Subsidiaries”, was followed in order to implement total risk control with respect to subsidiaries.	None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			To protect shareholders’ rights and fairly treat shareholders, the Company has established the internal rules to forbid insiders trading on undisclosed information. The Company has also strongly advocated these rules in order to prevent any violations.	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Board develop and implement a diversified policy for the composition of its members?</p> <p>(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p>	✓		<p>Member diversification is considered by the Board members. Factors taken into account include, but are not limited to gender, age, cultures, educational background, race, professional experience, skills, knowledge and terms of service. The Board objectively chooses candidates to meet the goal of member diversification.</p> <p>In order for the sound supervision and reinforcement of management, the Company established the Nomination and Risk Management Committee in addition to the Remuneration Committee and the Audit Committee. These functional committees shall</p>	None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?			<p>be responsibilities for the Board of Directors.</p> <p>The company has formulated rules and procedures for evaluating the Board’s performance and conducts it annually. The Company uses two methods to evaluate the performance of the Board.</p> <p>1. Self-assessment of Board members</p> <p>Board members fill in the” Self-Assessment Questionnaire for Board Members” at the end of each year. To evaluate the performance of each members effectively, the questionnaire contains the following factors:</p> <p>A. Their grasp of the Company's goals and missions;</p> <p>B. Their recognition of director's duties;</p> <p>C. Their degree of participation in the Company's operations;</p> <p>D. Their management of internal relationships and communications;</p> <p>E. Their professionalism and continuing professional education;</p> <p>F. Internal controls.</p>	

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?			<p>2. Assessment of the Board:  The Secretary Office of the Board conducts the assessment of the Board’s performance. The following aspects are taken into consideration:  A. The degree of participation in the Company's operations;  B. Improvement in the quality of decision making by the Board of Directors;  C. The composition and structure of the Board of Directors;  D. The election of the directors and their continuing professional education.  E. Internal controls.</p> <p>The Company evaluates the independence of CPAs annually, ensuring that that they are not stakeholders such as a Board member, supervisor, shareholder or person paid by the Company.</p>	
4. Has the TWSE/TPEX listed company been equipped with competent and appropriate numbers of corporate governance personnel, and designated a CGO responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with the information required for business execution, assisting	✓		The company's Corporate Governance Best Practice Principles clearly stated the financial and accounting division as the entity responsible for corporate governance related affairs, which is managed and	

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
directors and supervisors with legal compliance, handling matters related to board meetings and shareholders meetings in accordance with the law, and producing meeting minutes for board of directors meetings and shareholders meetings)?			supervised by the Chairman’s Office.	
5. Does the company establish a communication channel and build a designated section on its website for involved parties (including but not limited to shareholders, employees, customers and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company provides detailed contact information, including telephone numbers and email addresses in the “Stakeholder Area” section of the corporate website. In addition, personnel are in place to exclusively deal with issues of social responsibility, ensuring that various interested parties have channels to communicate with the Company.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company designates KGI Securities Co.Ltd. Registrar Dep. to deal with shareholder affairs.	None
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?  (2) Does the company have other information disclosure	✓		The Company has set up a Chinese/English website (www.ERIS.com.tw) to disclose information regarding the Company’s financials, business and corporate governance status.  The Company has assigned an appropriate person to	None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																																						
	Yes	No	Abstract Illustration																																							
channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?			handle information collection and disclosure. Contact person: Esther Chiu, TEL: +886-2-662-2190 The Company has established a spokesman system. Investor conference information is disclosed on the corporate website.																																							
<p>8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?</p> <p>(1) The Company has purchased D&amp;O insurance for its directors and supervisors.</p> <p>(2) Directors’ and supervisors’ training records:</p> <table border="1"> <thead> <tr> <th rowspan="2">Title</th> <th rowspan="2">Name</th> <th rowspan="2">Training hours</th> <th colspan="2">Study period</th> <th rowspan="2">Sponsoring Organization</th> <th rowspan="2">Course</th> </tr> <tr> <th>From</th> <th>To</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Directors</td> <td>Jonathan Chang</td> <td rowspan="4">6H</td> <td rowspan="4">2020/10/15</td> <td rowspan="4">2020/10/15</td> <td rowspan="4">Securities and Futures Institute</td> <td rowspan="4">A. Investment opportunities carry by the emerging development of 5G B. Analysis of international tax trends under the new version of the corporate governance implementation ( blueprint) and corresponding practices</td> </tr> <tr> <td>Gary Yu</td> </tr> <tr> <td>Maxine Lai</td> </tr> <tr> <td>Patricia Hwang</td> </tr> <tr> <td rowspan="3">Independent directors</td> <td>Jackie Ding</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Kun Shan Lin</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ed Tang</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>					Title	Name	Training hours	Study period		Sponsoring Organization	Course	From	To	Directors	Jonathan Chang	6H	2020/10/15	2020/10/15	Securities and Futures Institute	A. Investment opportunities carry by the emerging development of 5G B. Analysis of international tax trends under the new version of the corporate governance implementation ( blueprint) and corresponding practices	Gary Yu	Maxine Lai	Patricia Hwang	Independent directors	Jackie Ding						Kun Shan Lin						Ed Tang					
Title	Name	Training hours	Study period					Sponsoring Organization	Course																																	
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Independent directors	Jackie Ding																																									
	Kun Shan Lin																																									
	Ed Tang																																									
<p>9. Please describe improvements in accordance with corporate governance assessment results issued by the Corporate Governance Center, TWSE in the most recent year, and provide priority emphasizes and action plans for items that have not yet improved.</p> <p>In accordance with latest corporate governance result and corporate governance indicators issued in recent years, the company has reviewed those indicators individually and has scheduled a timetable for needed improvements for items where improvements are needed. Significant portion of the times that require improvements has been addressed.</p>																																										

### 3.3.4 Composition, Responsibilities and Operations of the Remuneration Committee

The Remuneration Committee assists the Board in discharging its responsibilities relating to the Company's compensation and benefits policies, plans and programs, and the evaluation of the directors' and executives' compensation.

The Chairman of the Remuneration Committee convened four regular meetings in 2020. The Remuneration Committee Charter is available on the Company's corporate website.

#### A. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title	Criteria	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Remarks	
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10			
Independent director	Jackie Ding			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	None
Independent director	Kun Shan Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	None
Independent director	Ed Tang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	None

Note: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

- (1) Not an employee of the Company or its affiliated companies
- (2) Not a director or supervisor of the Company or its affiliated companies (unless the person is an independent director of the Company, the Company's parent company or of any subsidiary in which the Company holds, directly or indirectly, more than 50 percent of the voting shares)
- (3) Not a shareholder whose total holdings, including that of his/her spouse and minor children, or shares held under others' names reach or exceed 1 percent of the total outstanding shares of the Company or rank among the top 10 individual shareholders
- (4) Not a spouse, relative of second degree or closer, or direct blood relative of third degree or closer to the managers listed in (1) and persons listed in (2) or (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds more than 5% of the total issued shares of the Company, a top-five shareholder, or authorized representative to be a director or supervisor of the Company in accordance with Article 27, Paragraph 1 or 2 of the Company Act (however, this does not apply when serving concurrently and mutually as independent director established by the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations).
- (6) Not a director, supervisor, or employee of another company where more than half of the director positions or

voting shares of that other company and the Company are controlled by the same person (however, this does not apply when serving concurrently and mutually as independent director established by the Company or its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations).

- (7)Not a director (managing director), supervisor (managing supervisor) or employee of another company or institution where any of its chairmen, presidents, or other equivalent positions are served by the same person or is the spouse of the Company’s chairmen, presidents, or other equivalent positions (however, this does not apply when serving concurrently and mutually as independent director established by the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations).
- (8)Not a director (managing director), supervisor (managing supervisor), manager, or shareholder with 5% or more shareholding of a specific company or institution with which the Company has financial or business dealings (however, this does not apply when serving concurrently and mutually as independent director established by the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations, if that specific company or institution holds no less than 20%, but no more than 50%, of the total issued shares of the Company).
- (9)Not a professional who provides auditing to the Company or its affiliates, or a professional who provides commercial, legal, financial, accounting, or related services to the Company or its affiliates with a total remuneration of less than NT\$500,000 in the past two years, nor is an owner, partner, director (managing director), supervisor (managing supervisor), or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates. However, this does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee or Special Committee for Merger/Consolidation and Acquisition who perform their functions in accordance with laws relevant to the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10)Not in contravention of Article 30 of the Company Act

#### B. Attendance of Members at Remuneration Committee Meetings

There are 3 members in the Remuneration Committee. A total of 4 (A) Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【 B/A 】	Remarks
Convener	Kun Shan Lin	4	0	100	
Committee Member	Jackie Ding	4	0	100	
Committee Member	Ben Chou	2	0	100	The terms of as director end of date: Oct. 14, 2020
Committee Member	Ed Tang	2	0	100	The tenth new directors from Oct.15, 2020.

#### Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company’s response to the remuneration committee’s opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members’ opinions and the response to members’ opinion should be specified: None.

### 3.3.5 Corporate Governance Guidelines and Regulations

Please refer to the Company's website at [http:// www. eris.com.tw](http://www.eris.com.tw)

### 3.3.6 Other Important Information Regarding Corporate Governance: None.

### 3.3.7 Internal Control Systems

Please refer to page 29 of the Chinese annual report.

### 3.3.8 Major Resolutions of Shareholders' Meeting and Board Meetings

Please refer to page 29 of the Chinese annual report.

### 3.3.9 Major Issues of Record or Written Statements Made by Any Director or Supervisor

Dissenting to Important Resolutions Passed by the Board of Directors: None

### 3.3.10 Resignation or Dismissal of the Company's Key Individuals, Including the

Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D:

None

## 3.4 Information Regarding the Company's Audit Fee and Independence

### 3.4.1 Audit Fee

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Remarks
Deloitte & Touche	Tzu-Jung Kuo Hsiu-Chun Huang	2020.01.01~2020.12.31	

Note: If the Company has changed CPA or Accounting Firm during the current fiscal year, the company shall report the information regarding the audit period covered by each CPA and the replacement reason.

Fee Range		Fee Items	Audit Fee	Non-audit Fee	Total
1	Under NT\$ 2,000,000			✓	✓
2	NT\$2,000,001 ~ NT\$4,000,000		✓		✓

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remarks
			System of Design	Company Registration	Human Resource	Others	Subtotal		
Deloitte & Touche	Tzu-Jung Kuo	2,330	-	15	-	300	315	2020.01.01	
	Hsiu-Chun Huang							2020.12.31	

### 3.4.2 Replacement of CPA

#### A. Regarding the former CPA

Replacement Date	February 20, 2019		
Replacement reasons and explanations	The original CPAs of the Company were Jimmy Wu and Hsiu-Chun Huang from Deloitte & Touche firm. Due to internal restructuring at Deloitte & Touche firm , the CPAs of the Company were changed to Tzu-Jung Kuo and Hsiu-Chun Huang , beginning January 1, 2019.		
Describe whether the Company terminated or the CPA did not accept the appointment	Parties	CPA	The Company
	Status		
	Termination of appointment	-	-
	No longer accepted (continued) appointment	-	-
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the company	Yes	-	Accounting principles or practices
		-	Disclosure of Financial Statements
		-	Audit scope or steps
		-	Others
	None	✓	
	Remarks/specify details:		
Other Revealed Matters	None		

## B. Regarding the successor CPA

Name of accounting firm	Deloitte & Touche firm
Name of CPA	Tzu-Jung Kuo
Date of appointment	February 22, 2019
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

### 3.4.3 Audit Independence

The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during 2020.

### 3.5 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders:

NONE

3.5.1 Shares Trading with Related Parties: None

3.5.2 Shares Pledge with Related Parties: None

### 3.6 Relationship among the Top Ten Shareholders

Please refer to Mandarin version on pages 34.

As of 04/30/2021

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Diodes Holding B.V.	22,687,604	51.07%	None	None	None	None	None	None	None
Mr.Hsu	2,257,000	5.08%	None	None	None	None	None	None	None
Jonathan Chang	2,141,332	4.82%	None	None	None	None	None	None	None
CAPITAL OTC FUND	900,000	2.03%	None	None	None	None	None	None	None
Morgan Stanley Special Account	788,000	1.77%	None	None	None	None	None	None	None
Mr. Lee	645,000	1.45%	None	None	None	None	None	None	None
Mr. Hsu	500,000	1.13%	None	None	None	None	None	None	None
Ms. Lin	410,000	0.92%	None	None	None	None	None	None	None
Ms. Sun	379,000	0.85%	None	None	None	None	None	None	None
UBS Europe SE Investment special account	366,000	0.82%	None	None	None	None	None	None	None

### 3.7 Ownership of Shares in Affiliated Enterprises

As of 04/30/2021 Unit: shares/ %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Keep High Limited	-	100%	-	-	-	100%
Forever Eagle Inc.	-	100%	-	-	-	100%
Jiecheng Electronic (Shanghai) Co., Ltd.	-	100%	-	-	-	100%
Yea Shin Technology Corp.	29,342,218	100%	-	-	-	100%

## IV. Capital Overview

### 4.1 Capital and Shares

#### 4.1.1 Source of Capital

##### A. Issued Shares

As of 04/30/2021

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
101.10	10	50,000	500,000	44,428	444,283	Options exercised 1,510	-	

##### B. Type of Stock

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Share	44,428,250	25,571,750	70,000,000	Listed on TPEx

#### 4.1.2 Status of Shareholders

As of 04/30/2021

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	-	3	25	2,066	11	2,105
Shareholding (shares)	-	512,000	1,909,055	17,900,591	24,106,604	44,428,250
Percentage	-	1.15%	4.30%	40.29%	54.26%	100.00%

### 4.1.3 Shareholding Distribution Status

#### A. Common Shares

As of 04/30/2021

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 至 999	311	52,195	0.12%
1,000 至 5,000	1,407	2,685,133	6.04%
5,001 至 10,000	159	1,267,526	2.85%
10,001 至 15,000	65	838,666	1.89%
15,001 至 20,000	38	696,460	1.57%
20,001 至 30,000	28	748,000	1.68%
30,001 至 40,000	26	926,495	2.09%
40,001 至 50,000	11	496,721	1.12%
50,001 至 100,000	29	2,126,447	4.79%
100,001 至 200,000	16	2,162,020	4.87%
200,001 至 400,000	7	2,099,651	4.73%
400,001 至 600,000	2	910,000	2.05%
600,001 至 800,000	2	1,433,000	3.23%
800,001 至 1,000,000	1	900,000	2.03%
1,000,001 股以上	3	27,085,936	60.94%
合 計	2,105	44,428,250	100.00%

### 4.1.4 List of Major Shareholders

As of 4/30/2021

Shareholder's Name	Shareholding	
	Shares	Percentage
Diodes International B.V.	22,687,604	51.07%
Mr.Hsu	2,257,000	5.08%
Jonathan Chang	2,141,332	4.82%

#### 4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$

Items	2019	2020	01/01/2021-06/08/2021
<b>Market Price per Share</b>			
Highest Market Price	48.90	91.20	127.50
Lowest Market Price	38.60	31.05	64.50
Average Market Price	43.66	71.40	92.56
<b>Net Worth per Share</b>			
Before Distribution	26.13	22.79	—
After Distribution	24.83	(Note1)	—
<b>Earnings per Share</b>			
Weighted Average Shares (thousand shares)	44,428	44,428	44,428
Diluted Earnings Per Share	2.30	2.10	—
Adjusted Diluted Earnings Per Share	2.30	Note1	—
<b>Dividends per Share</b>			
Cash Dividends	1.3	2( Note1)	—
<b>Stock Dividends</b>			
• Dividends from Retained Earnings	Not applicable	Note1	—
• Dividends from Capital Surplus	Not applicable	Note1	—
Accumulated Undistributed Dividends	-	-	-
<b>Return on Investment</b>			
Price / Earnings Ratio (Note2)	18.98	34.00	—
Price / Dividend Ratio (Note 3)	33.58	Note1	—
Cash Dividend Yield Rate (Note 4)	2.97%	Note1	—

Note 1: Pending on approval of shareholders at Annual General Shareholders' Meeting.

Note2: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 3: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 4: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

#### 4.1.6 Dividend Policy and Implementation Status

##### A. Dividend Policy

If earnings are available for distribution at the end of a fiscal year, 10% of net earnings – that is, after offsetting any loss from prior year(s) and paying all taxes and dues – shall be set aside as legal reserve and appropriated in accordance with the Securities Exchange Law. The remaining net earnings can be distributed along with prior accumulated unappropriated retained earnings. The Board of Directors will consider the above-mentioned factors when making the dividend distribution proposal. Dividends will be distributed in accordance with the resolution approved by the Board of Directors and at the annual shareholders' meeting. The remaining balances will be distributed in the following manner:

1. The rest as a bonus for shareholders.

## B. Proposed Distribution of Dividend

The proposal for the distribution of 2020 profits had approved by the BOD meeting in March 4, 2021. The proposal for a cash dividend of NT\$ 2.0 per share would be approached to the annual shareholders' meeting.

### 4.1.7 Employee Bonus and Directors' and Supervisors' Remuneration

#### A. Information Relating to Employee Bonus and Directors' and Supervisors' Remuneration in the Articles of Incorporation

If earnings are available for distribution at the end of a fiscal year, 10% of net earnings – that is, after offsetting any loss from prior year(s) and paying all taxes and dues – shall be set aside as legal reserve and appropriated in accordance with the Securities Exchange Law. The remaining net earnings can be distributed along with prior accumulated unappropriated retained earnings. The Board of Directors will consider the above-mentioned factors when making the dividend distribution proposal.

The company charter prescribes the following for the employee bonus and compensation for directors and supervisors:

1. 1%~5% as a bonus for employees;

If the above-mentioned bonus for employees is in the form of a stock bonus, it may also be distributed to employees of subsidiary companies. The Board of Directors is authorized to work out the conditions and procedures of making such distribution.

#### B. The Estimated Basis for Calculating the Employee Bonus and Directors' and Supervisors' Remuneration

#### C. Profit Distribution for Employee Bonus and Directors' and Supervisors' Remuneration for 2020 Approved in Board of Directors Meeting

(1) Recommended Distribution of Employee Bonus: (NT\$ thousands)	
Employee Bonus – in Cash	\$3,400

### 4.2 Bonds

4.2.1 Corporate Bonds: None

4.3 Global Depository Receipts: None

4.4 Employee Stock Options: None

4.6 Financing Plans and Implementation: None

## V. Operational Highlights

### 5.1 Business Activities

Please refer to page 39 of the Chinese annual report.

### 5.2 Market and Sales Overview

Unit: NT\$ thousands

Shipments & Sales Major Products (or by departments)	Year	2019				2020			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Diodes		1,612,234	837,464	1,068,332	673,779	1,581,490	522,720	1,445,609	809,099
wafer		7,963	22,178	2,829	11,077	745,546	195,378	110,922	6,936
other		0	0	687	3,382	280	276	653	3,061
Total		1,620,197	859,642	1,071,848	688,238	2,327,316	718,374	1,557,184	819,096

### 5.3 Human Resources

Year		2019	2020	3/31/2021
Number of Employees	Manager	6	6	6
	Sales & Marketing	199	202	193
	Operator	133	130	125
	Total	338	338	324
Average Age		32.75	33.50	34.20
Average Years of Service		4.1	4.50	4.90
Education	Ph.D.	0	0	0
	Masters	17	16	15
	Bachelor's Degree	175	181	164
	Senior High School	124	120	131
	Below Senior High School	22	21	14

### 5.4 Environmental Protection Expenditure

Please refer to page 46 of the Chinese annual report.

### 5.5 Labor Relations

Please refer to page 46 of the Chinese annual report.

### 5.6 Important Contracts

Please refer to page 47 of the Chinese annual report.

## VI. Financial Information

### 6.1 Five-Year Financial Summary

#### 6.1.1 Condensed Balance Sheet

##### A. Consolidated Condensed Balance Sheet – Based on IFRS

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years				
		2016	2017	2018	2019	2020
Current assets		839,025	680,407	921,865	925,835	893,684
Property, Plant and Equipment		387,253	577,051	703,102	1,474,486	1,434,110
Intangible assets		1,661	1,659	25,817	40,185	39,980
Other assets		49,746	82,063	295,355	191,569	193,194
Total assets		1,277,685	1,341,180	1,946,139	2,632,075	2,560,968
Current liabilities	Before distribution	254,098	338,180	676,010	765,250	823,204
	After distribution	407,820	427,037	764,867	823,006	(Note 2)
Non-current liabilities		2,551	2,674	131,207	705,721	725,133
Total liabilities	Before distribution	256,649	340,854	807,217	1,470,971	1,548,337
	After distribution	410,371	429,711	896,074	1,528,727	(Note 2)
Equity attributable to shareholders of the parent		1,021,036	1,000,326	1,023,626	1,035,764	1,011,018
Capital stock		444,283	444,283	444,283	444,283	444,283
Capital surplus		402,511	402,511	402,511	402,511	402,511
Retained earnings	Before distribution	174,850	154,472	178,316	191,556	166,237
	After distribution	21,128	65,615	89,459	133,800	(Note 2)
Other equity interest		(608)	(940)	(1,484)	(2,586)	(2,013)
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	115,296	125,340	1,613
Total equity	Before distribution	1,021,036	1,000,326	1,138,922	1,161,104	1,012,631
	After distribution	867,314	911,469	1,050,065	1,103,348	(Note 2)

Note 1: Have been reviewed by CPAs.

Note 2: Pending on approval of shareholders at Annual General Shareholders' Meeting.

## 6.1.2 Condensed Statement of Comprehensive Income/Condensed Statement of Income

### A. Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years				
		2016	2017	2018	2019	2020
Operating revenue		1,084,710	1,372,083	1,508,500	1,547,880	1,537,470
Gross profit		230,545	273,714	278,483	307,751	408,003
Income from operations		127,034	163,341	139,181	131,500	133,446
Non-operating income (expenses)		(1,530)	(2,860)	7,497	6,983	(20,864)
Income before tax		125,504	160,481	146,678	138,483	112,582
Net income (Loss)		98,108	133,344	115,315	112,141	93,681
Other comprehensive income (income after tax)		(2,086)	(332)	(544)	(1,102)	573
Total comprehensive income		96,022	133,012	114,771	111,039	94,254
Net income attributable to shareholders of the parent		98,108	133,344	112,701	102,097	93,335
Net income attributable to non-controlling interest		-	-	2,614	10,044	346
Comprehensive income attributable to Shareholders of the parent		96,022	133,012	112,157	100,995	93,908
Comprehensive income attributable to non-controlling interest		-	-	2,614	10,044	346
Earnings per share(NT\$)		2.21	3.00	2.54	2.30	2.10

### 6.1.3 Auditors' Opinions from 2016 to 2020

Year	Accounting Firm	CPA	Audit Opinion
2016	Deloitte & Touche	Jimmy Wu 、 Kathy Huang	An Unqualified Opinion
2017	Deloitte & Touche	Jimmy Wu 、 Hsiu-Chun Huang	An Unqualified Opinion
2018	Deloitte & Touche	Jimmy Wu 、 Hsiu-Chun Huang	An Unqualified Opinion
2019	Deloitte & Touche	Tzu-Jung Kuo 、 Hsiu-Chun Huang	An Unqualified Opinion
2020	Deloitte & Touche	Tzu-Jung Kuo 、 Hsiu-Chun Huang	An Unqualified Opinion

## 6.2 Five-Year Financial Analysis

### A. Consolidated Financial Analysis – Based on IFRS

Unit: NT\$ thousands

Item		Financial Analysis for the Last Five Years				
		2016	2017	2018	2019	2020
Financial structure (%)	Debt Ratio	20.09	25.41	41.48	55.89	60.46
	Ratio of long-term capital to property, plant and equipment	264.32	173.81	180.65	126.61	121.17
Liquidity Analysis	Current ratio (%)	330.20	201.20	136.37	120.98	108.56
	Quick ratio (%)	282.93	151.51	96.68	86.70	76.52
	Interest Coverage	-	459.52	36.23	13.99	9.84
Operating performance Analysis	Accounts receivable turnover (times)	4.33	5.10	4.81	4.19	4.05
	Average collection period	84	72	76	87	90
	Inventory turnover (times)	7.55	7.43	5.24	4.24	4.02
	Accounts payable turnover (times)	6.41	6.95	7.28	6.53	6.08
	Average days in sales	48	49	70	86	91
	Property, plant and equipment turnover (times)	2.80	2.38	2.15	1.05	1.06
	Total assets turnover (times)	0.85	1.02	0.92	0.68	0.59
Profitability Analysis	Return on total assets (%)	8.07	10.21	7.22	5.27	4.00
	Return on stockholders' equity (%)	9.94	13.19	10.78	9.75	8.62
	Pre-tax income to paid-in capital (%)	28.25	36.12	33.01	31.17	25.34
	Profit ratio (%)	9.04	9.72	7.64	7.24	6.09
	Earnings per share (NT\$)	2.21	3.00	2.54	2.30	2.10
Cash flow	Cash flow ratio (%)	75.99	65.95	21.33	34.79	30.23
	Cash flow adequacy ratio (%)	227.25	152.20	147.38	67.29	58.64
	Cash reinvestment ratio (%)	11.80	4.89	2.93	6.89	7.58
Leverage	Operating leverage	1.92	1.75	2.09	2.17	2.09
	Financial leverage	1.00	1.00	1.03	1.09	1.11
Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)						

### 6.3 Audit Committee's Report for the Most Recent Year

To: Shareholders' Annual General Meeting for Year 2021, ERIS Technology Corporation

The Board of Directors had prepared and submitted to the undersigned, Audit Committee of ERIS Technology Corporation the 2020 Business Report, Financial Statements and the proposal of distribution of earnings. The Financial Statements have been duly audited by Certified Public Accountants Tzu-Jung Kuo and Hsiu-Chun Huang of Deloitte Touche Tohmatsu International Taiwan. The above Business Report, Financial Statements and the proposal of distribution of earnings had been examined and determined to be corrected by the undersigned. This Report is duly submitted in accordance with Article 14-4 of Securities and Exchange Law and Article 219 of the Company Law.

The Audit Committee, Chairman: Jackie Ding

March 5, 2021

### 6.4 Financial statement for the most recent fiscal year

Please refer to page 48 ~ 102 of this annual report.

### 6.5 Consolidated Financial Statements for the most recent fiscal year

Please refer to page 103 ~ 162 of this annual report.

## VII. Review of Financial Conditions, Financial Performance, and Risk Management

### 7.1 Analysis of Financial Status

Unit: NT\$ thousands

Item \ Year	2019	2020	Difference	
			Amount	%
Current Assets	925,835	893,684	(32,151)	(3.47)
Non-Current Assets	1,706,240	1,667,284	(38,956)	(2.28)
<b>Total Assets</b>	<b>2,632,075</b>	<b>2,560,968</b>	<b>(71,107)</b>	<b>(2.70)</b>
Current Liabilities	765,250	823,204	57,954	7.57
Non-Current Liabilities	705,721	725,133	19,412	2.75
<b>Total Liabilities</b>	<b>1,470,971</b>	<b>1,548,337</b>	<b>77,366</b>	<b>5.26</b>
Ordinary Share	444,283	444,283	-	-
Capital surplus	402,511	402,511	-	-
Retained Earnings	191,556	166,237	(25,319)	(13.22)
Other Equity Interest	122,754	(400)	(123,154)	(100.33)
<b>Total Equity</b>	<b>1,161,104</b>	<b>1,012,631</b>	<b>(148,473)</b>	<b>(12.79)</b>
<p>The changes in the most recent two years are more than 20% and the amount of changes is more than 10 million yuan, the main reasons are analyzed and explained as follows:</p> <p>(1) Other items of shareholders' equity: Mainly due to the increase in the proportion of Yea Shin Technology Corp. equity held by the company in 2020, resulting in a decrease in non-controlling interests.</p>				

- **Effect of changes on the company's financial condition:** The Company's financial condition has not changed significantly.
- **Future response actions:** Not applicable

## 7.2 Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2019	2020	Difference	
			Amount	%
Gross Sales	1,552,898	1,546,023	(6,875)	(0.44)
Less: Sales Returns & Allowances	(5,018)	8,553	3,535	70.45
Net Sales	1,547,880	1,537,470	(10,410)	(0.67)
Cost of Sales	1,240,129	1,129,467	(110,662)	(8.92)
Gross Profit	307,751	408,003	100,252	32.58
Operating Expenses	176,251	274,557	98,306	55.78
Operating Income	131,500	133,446	1,946	1.48
Non-operating Income (Expense)	6,983	(20,864)	(27,847)	(398.78)
Profit Before Tax	138,483	112,582	(25,901)	(18.70)
Less: Income Tax Expense	26,342	18,901	(7,441)	(28.25)
Net Profit (loss)	112,141	93,681	(18,460)	(16.46)
Other comprehensive income (loss)	(1,102)	573	1,675	152.00
Total comprehensive income (loss)	111,039	94,254	(16,785)	(15.12)

The changes in the most recent two years are more than 20% and the amount of changes is more than 10 million yuan, the main reasons are analyzed and explained as follows:

- (1) Operating costs reduced and increased operating expenses: due to after the acquisition of Yea Shin Technology Corp, the organization and department personnel were adjusted to meet operating needs, and the functional attributes of each department were reassessed and the classification standards were refined, so that the original attributable to operating costs Department expenses are classified under operating expenses.
- (2) Non-operating income and expenses: Due to the impact of the COVID-19 epidemic, the exchange rate of the U.S. dollar has depreciated sharply, resulting in an increase in exchange losses.

- **Effect of changes on the company's future business:** The Company's business scope has not changed significantly.
- **Future response actions:** Not applicable.

### 7.3 Analysis of Cash Flow

#### 7.3.1 Remedy for Cash Deficit and Liquidity Analysis

Item	Year	2019	2020	Variance (%)
	Cash Flow Ratio (%)		34.79	30.23
Cash Flow Adequacy Ratio (%)		67.29	58.64	(12.85)
Cash Reinvestment Ratio (%)		6.89	7.58	10.01
Analysis of financial ratio change: None				

#### 7.3.2 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
223,810	279,227	268,857	234,180	None	Loan

#### 7.4 Major Capital Expenditure Items: None

#### 7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

Unit: NT\$ thousands

Item	Remarks	2020 Gain or Loss	Policies	Action Plan	Investment Plan for the Next 12 Months
Yea Shin Technology Corp		\$30,413	Manufacturing of electronic parts and Wafer	—	—
Keep High Limited		\$10,763	Holding company	—	—
Forever Eagle Incorporation		\$10,816	Holding company	—	—
Jiecheng Electronic (Shanghai) Co., Ltd		\$10,816	Wholesaling of electronic components and international trading business	—	—

## 7.6 Analysis of Risk Management

### 7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

#### **(1) Interest rate**

The company's net interest expenses for the year 2019 and 2020 were NT\$ 10,660 thousands and NT\$ 12,731 thousands, respectively, accounting for 0.69% and 0.83% of the operating income of each period. The ratio is still low, and it has not yet had a significant impact on the company's finances.

#### **(2) Foreign exchange rates**

The company's main trading currencies are mainly quoted in US dollars, so it can still achieve the effect of natural hedging, and engage in foreign exchange for profit contract transactions to avoid exchange rate fluctuations. Exchange (profit) and loss and derivative financial products (profit) and loss in 2019 years were NT\$(5,264) thousands and NT\$648,000 thousands, respectively, accounting for (0.34)% and 0.04% of operating income in 2019. Exchange (loss) in 2020 Profit and derivative financial products (profit) and loss are NT\$(8,287) thousands and NT\$(1,041) thousands, respectively, accounting for (0.54)% and (0.07)% of the operating income in the year of 2019. The proportion is not large. The operation has not yet caused a significant impact.

#### **(3) Inflation**

The impact of inflation does not currently have a significant impact on the Company's profits and business operations.

### **7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions**

The Company did not engage in any high-risk or high-leveraged investments. The transactions and procedures related to lending and endorsement are based on the Company's "Procedures for Lending" and "Procedures for Endorsement Guarantee". Furthermore, derivative transactions follow the "Procedures for Acquisition and Disposal of Assets".

### **7.6.3 Future Research & Development Projects and Corresponding Budget**

In Thousands of New Taiwan Dollars

Item	2020	2021 Budget
Research & development expenses	95,794	105,000

### **7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales**

The Company consistently pays close attention to any changes in local and foreign policies and makes appropriate amendments to our systems when necessary. During 2020 and as of the date of publication of this annual report, changes in related laws have not had a significant impact on our operations.

### **7.6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales**

The Company attaches great importance to improvements in technology and carefully monitors market trends and assesses the impact they may have on the company's operations.

### **7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures**

Since its inception, the Company has consistently maintained an ethical business philosophy and fulfilled its social responsibilities. Aside from working to strengthen internal management and conforming to all relevant corporate governance requirements, the Company has also organized numerous public welfare activities.

### **7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans**

In response to the Group's development strategy, the company expanded its business in the automotive market. After acquiring a 60.11% stake in Yea Shin Technology in July 2018, it also acquired the remaining ordinary shares from March to April 2020 and April 2021, respectively. To increase the shareholding ratio from 60.11% to 100%. It is hoped that through integration and synergy, the overall operating efficiency of the group will be improved.

#### **7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans**

The company purchased the Luzhu plant in 2018 and carried out the relocation operation. Through the efforts of the company team to train employees to improve the management and control capabilities of the automation engineering system, the overall production efficiency has been improved, and the benefits of the initial plant expansion and production flexibility have been improved. The advantages of reducing the risk of outsourcing manufacturing operations and developing new application areas of the business market will strengthen the overall competitiveness of the company.

#### **7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration**

The Company has consistently focused on identifying alternative sources for purchasing, and has worked to diversify its customer base in order to reduce the concentration of sales.

#### **7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10% : None**

#### **7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights: None**

#### **7.6.12 Litigation or Non-litigation Matters**

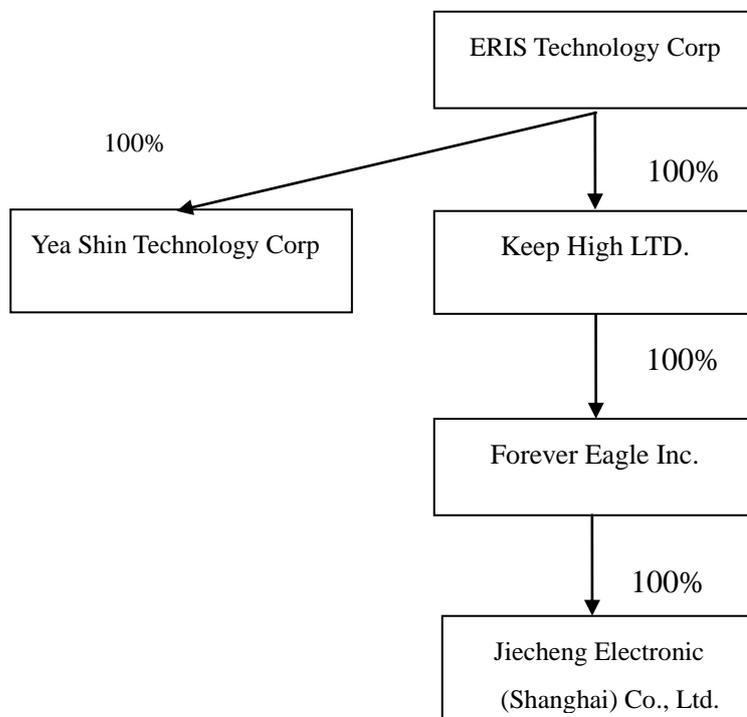
- (1) Major ongoing lawsuits, non-lawsuits or administrative lawsuit: None.
- (2) Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings: None.

#### **7.6.13 Other Major Risks: None**

## VIII. Special Disclosure

### 8.1 Summary of Affiliated Companies

Please refer to page 61~ page 63 of the Chinese annual report.



### 8.2 Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years:

As of 4/30/2021

Investee Company	Date	Paid-in Capital	Number of Shares	%
Keep High LTD.	2008.01.03	USD670 thousands	Inapplicable	100.00
Forever Eagle Inc.	2008.01.09	USD660 thousands	Inapplicable	100.00
Jiecheng Electronic (Shanghai) Co., Ltd.	2008.06.05	USD650 thousands	Inapplicable	100.00
Yea Shin Technology Corp.	2018.07.04	NTD293,422 thousands	293,422 shares	100.00

# **Eris Technology Corporation**

## **Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report**

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For the convenience of readers and for information purposes only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English and the Chinese version or any differences in interpretation between the two versions, the original Chinese version shall prevail.

Note: The accompanying financial statements have been translated into English from the original Chinese version, and the English version is not audited by certified public accountant.

# ERIS TECHNOLOGY CORPORATION

## BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash (Notes 4 and 6)	\$ 158,619	6	\$ 187,100	8
Financial assets at amortized cost - current (Notes 4,8 and 27)	35,822	2	42,182	2
Notes receivable (Notes 4,9 and 20)	861	-	715	-
Net trade receivables (Notes 4,9 and 20)	35,391	1	60,476	3
Trade receivables from related parties (Notes4, 9, 20 and 26)	266,568	11	261,722	11
Other receivables (Note 4 )	3,037	-	4,063	-
Other receivables from related parties (Notes4 and 26)	775	-	1,270	-
Inventories (Notes 4, 5 and 10)	186,456	7	179,748	7
Prepayments and other current assets	14,717	1	5,638	-
Total current assets	<u>702,246</u>	<u>28</u>	<u>742,914</u>	<u>31</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at amortized cost – non-current (Notes 4,8 and 27)	10,003	-	-	-
Investments associated for the equity method (Notes 4 and 11)	404,050	16	249,741	10
Property, plant and equipment (Notes 4, 12, 26 and 27)	1,251,986	50	1,310,558	54
Right-of-use assets - non-current (Notes4 and 13)	10,731	1	10,984	-
Investment properties (Notes 4,14 and 27)	58,235	2	59,437	2
Other intangible assets (Note 4 and 15)	15,910	1	16,115	1
Deferred tax assets (Note 4 and 22)	3,972	-	4,061	-
Prepayments for equipment (Note 26 and 28 )	48,389	2	19,658	1
Refundable deposits	4,050	-	4,242	-
Other non-current assets (Note 16 )	3,380	-	17,089	1
Total non-current assets	<u>1,810,706</u>	<u>72</u>	<u>1,691,885</u>	<u>69</u>
<b>TOTAL</b>	<u>\$ 2,512,952</u>	<u>100</u>	<u>\$ 2,434,799</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note17 and 27)	\$ 320,000	13	\$ 370,000	15
Financial liabilities at fair value through profit or loss - current (Notes 4,7 and 25)	1,277	-	26	-
Trade payables	85,441	3	147,261	6
Trade payables from related parties (Notes 26)	93,665	4	47,774	2
Other payables(Note 18 and 26)	112,286	4	97,279	4
Current tax liabilities (Note 4 and 22)	15,844	1	10,819	1
Provisions (Note 4 )	1,588	-	3,412	-
Lease liabilities - current (Notes 4 and 13)	7,744	-	7,945	-
Current portions of long-term borrowings (Note17 and 27)	138,428	6	8,771	-
Other current liabilities (Note 20 )	528	-	466	-
Total current liabilities	<u>776,801</u>	<u>31</u>	<u>693,753</u>	<u>28</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note17 and 27)	715,885	29	694,395	29
Deferred tax liabilities (Note 4 and 22)	6,189	-	7,779	-
Lease liabilities - non-current (Notes 4 and 13)	3,059	-	3,108	-
Total non-current liabilities	<u>725,133</u>	<u>29</u>	<u>705,282</u>	<u>29</u>
Total liabilities	<u>1,501,934</u>	<u>60</u>	<u>1,399,035</u>	<u>57</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 11and 19)</b>				
Share capital	444,283	18	444,283	18
Capital surplus	402,511	16	402,511	17
Retained earnings				
Legal reserve	55,098	2	44,888	2
Special reserve	2,586	-	1,484	-
Unappropriated earnings	108,553	4	145,184	6
Total retained earnings	<u>166,237</u>	<u>6</u>	<u>191,556</u>	<u>8</u>
Other equity	(2,013)	-	(2,586)	-
Total equity	<u>1,011,018</u>	<u>40</u>	<u>1,035,764</u>	<u>43</u>
<b>TOTAL</b>	<u>\$ 2,512,952</u>	<u>100</u>	<u>\$ 2,434,799</u>	<u>100</u>

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

# ERIS TECHNOLOGY CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Note4,20 and 26)				
Sales	\$ 1,387,026	100	\$ 1,425,846	100
Less: Sales return and allowance	( 6,405 )	-	( 2,928 )	-
Net operating revenue	<u>1,380,621</u>	<u>100</u>	<u>1,422,918</u>	<u>100</u>
OPERATING COSTS (Note 10,21 and 26)	<u>1,087,612</u>	<u>79</u>	<u>1,188,846</u>	<u>84</u>
GROSS PROFIT	<u>293,009</u>	<u>21</u>	<u>234,072</u>	<u>16</u>
OPERATING EXPENSES (Note 21 )				
Selling and marketing expenses	50,569	3	21,568	1
General and administrative expenses	85,701	6	51,040	4
Research and development expenses	80,750	6	46,590	3
Expected credit impairment loss	<u>360</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>217,380</u>	<u>15</u>	<u>119,198</u>	<u>8</u>
PROFIT/(LOSS) FROM OPERATIONS	<u>75,629</u>	<u>6</u>	<u>114,874</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of subsidiaries, associates and joint ventures (Note4 and 11)	41,176	3	19,103	2
Interest income	349	-	735	-
Other income(Note26)	3,751	-	4,834	-
(Gain)/Loss on disposal or retirement of property,plant and equipment	-	-	1	-
Gain (loss) on financial debt at fair value through profit or loss(Note 7)	( 1,041 )	-	648	-
Interest expense	( 12,416 )	( 1 )	( 10,047 )	( 1 )
Foreign exchange loss, net(Note21)	( 5,288 )	-	( 5,055 )	-
Total non-operating income and expenses	<u>26,591</u>	<u>2</u>	<u>10,219</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	102,220	8	125,093	9
INCOME TAX EXPENSE(Note4 and 22)	( 8,885 )	( 1 )	( 22,996 )	( 2 )
NET PROFIT FOR THE YEAR	<u>93,335</u>	<u>7</u>	<u>102,097</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME/(LOSS)				

(Continued)

# ERIS TECHNOLOGY CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	716	-	( 1,377)	-
Income tax relating to items that may be reclassified subsequently to profit or loss(Note4 and 22)	( 143)	-	275	-
Other comprehensive income/(loss) for the year, net of income tax	573	-	( 1,102)	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 93,908</u>	<u>7</u>	<u>\$ 100,995</u>	<u>7</u>
<b>EARNINGS PER SHARE (Note 23)</b>				
Basic	<u>\$ 2.10</u>		<u>\$ 2.30</u>	
Diluted	<u>\$ 2.10</u>		<u>\$ 2.29</u>	

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

(Concluded)

# ERIS TECHNOLOGY CORPORATION

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Share Capital(Note 19)		Retained Earnings				Other Equity	Total Equity	
	Share (In Thousands)	Amount	Capital Surplus (Note 19)	Legal Reserve	Special Reserve	Unappropriated Earnings (Note19)	Differences on Translating the Financial Statements of Foreign Operations (Note 19)		
BALANCE AT JANUARY 1, 2019	44,428	\$ 444,283	\$ 402,511	\$ 33,618	\$ 940	\$ 143,758	\$ 178,316	\$ (1,484)	\$ 1,023,626
Appropriation of 2018 earnings									
Legal reserve	-	-	-	11,270	-	( 11,270)	-	-	-
Special reserve	-	-	-	-	544	( 544)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	( 88,857)	( 88,857)	-	( 88,857)
2019 Net profit	-	-	-	11,270	544	( 100,671)	( 88,857)	-	( 88,857)
Other comprehensive income/(loss)	-	-	-	-	-	-	-	( 1,102)	( 1,102)
Total comprehensive income/(loss) for the year ended December 31, 2019	-	-	-	-	-	102,097	102,097	( 1,102)	100,995
BALANCE AT DECEMBER 31, 2019	44,428	444,283	402,511	44,888	1,484	145,184	191,556	( 2,586)	1,035,764
Appropriation of 2019 earnings									
Legal reserve	-	-	-	10,210	-	( 10,210)	-	-	-
Special reserve	-	-	-	-	1,102	( 1,102)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	( 57,756)	( 57,756)	-	( 57,756)
Gain part of the equity of the subsidiary(Note 11)	-	-	-	10,210	1,102	( 69,068)	( 57,756)	-	( 57,756)
2020 Net profit	-	-	-	-	-	93,335	93,335	-	93,335
Other comprehensive income/(loss)	-	-	-	-	-	-	-	573	573
Total comprehensive income/(loss) for the year ended December 31, 2020	-	-	-	-	-	93,335	93,335	573	93,908
BALANCE AT DECEMBER 31, 2020	44,428	\$ 444,283	\$ 402,511	\$ 55,098	\$ 2,586	\$ 108,553	\$ 166,237	( \$ 2,013)	\$1,011,018

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

# ERIS TECHNOLOGY CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 102,220	\$ 125,093
Adjustments for:		
Depreciation expenses	111,470	116,396
Amortization expenses	19,615	21,561
Expected credit impairment loss	360	-
Net (gain)/loss on fair value changes of financial assets and debts designated as at fair value through profit or loss	1,251	80
Interest expense	12,416	10,047
Interest income	( 349)	( 735)
Share of (profit)/loss of subsidiaries, associates and joint ventures	( 41,176)	( 19,103)
(Gain)/loss on disposal or retirement of property, plant and equipment	-	( 1)
Unrealized gain on transactions with associates and joint ventures	( 344)	559
Write-downs of inventories	1,600	1,300
Unrealized (gain)/loss on foreign currency exchange	( 1,115)	4,505
Changes in operating assets and liabilities		
Notes receivable	( 146)	1,676
Trade receivables	25,152	( 14,554)
Trade receivables from related parties	( 3,908)	( 359)
Other receivables	1,012	( 3,068)
Other receivables from related parties	495	( 1,270)
Inventories	( 8,308)	26,972
Prepayments and other current assets	( 2,489)	( 1,578)
Trade payables	( 60,794)	5,480
Trade payables from related parties	44,978	16,789
Other payables	16,358	( 470)
Provisions	( 1,824)	( 1,756)
Other current liabilities	62	27
Cash generated from operations	216,536	287,591
Interest received	356	741
Received dividends from subsidiaries	11,942	-
Interest paid	( 12,361)	( 10,008)
Income tax paid	( 5,504)	( 26,319)
Net cash generated from operating activities	<u>210,969</u>	<u>252,005</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	( 4,000)	( 16,000)
Proceeds from sale of financial assets at amortized cost	-	5,003
Net cash inflow on acquisition of associates/joint ventures	( 184,913)	-
Payments for property, plant and equipment	( 25,145)	( 713,251)
Proceeds from disposal of property, plant and equipment	1,403	3,958
Refundable deposits	192	1,261
Payments for intangible assets	( 2,118)	( 1,066)
Payments for investment properties	-	( 54,227)
Payments for other non-current assets	( 10,173)	( 17,486)
Increase in prepayments for equipment	( 46,465)	( 9,973)
Net cash generated from/(used in) investing activities	<u>( 271,219)</u>	<u>( 801,781)</u>

(Continued)

# ERIS TECHNOLOGY CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	( 50,000)	100,000
Proceeds from long-term borrowings	160,000	576,000
Repayments of long-term borrowings	( 8,853)	( 9,307)
Repayment of the principal portion of lease liabilities	( 11,622)	( 12,097)
Dividends paid to owners of the Company	( <u>57,756</u> )	( <u>88,857</u> )
Net cash generated from/(used in) financing activities	<u>31,769</u>	<u>565,739</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	( 28,481)	15,963
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>187,100</u>	<u>171,137</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 158,619</u>	<u>\$ 187,100</u>

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

(Concluded)

# ERIS TECHNOLOGY CORPORATION

## NOTES TO Independent FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

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#### 1. COMPANY HISTORY

Eris Technology Corporation (the “Company”) was incorporated in the Republic of China (“ROC”) in August 16, 1995. The Company mainly manufactures tests and sells rectifier diode, wafer and light-emitting diode.

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

In August 2012, Diodes International BV (Diodes BV) held more than 50% of the company’s shareholding ratio and became the company’s parent company. Diodes Holding BV absorbed and merged Diodes BV in January 2019, and generally accepted all its rights and obligations. The assignment was completed in August 2019. As of December 31, 2020, 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 generally accepted all the rights and obligations of Diodes Holding B.V. The ultimate parent company of the company is Diodes Incorporated (Diodes), and the ultimate parent company and its subsidiaries are hereinafter referred to as Diodes Group.

The parent company only financial statements are presented in The Company functional currency, the New Taiwan dollar.

#### 2. APPROVAL DATE AND PROCEDURES OF THE FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company board of directors on March 4, 2021.

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

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

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the The Company’s accounting policies.

- b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IFRS 4 “Extension of Provisional Exemption for Applicable IFRS 9”	Effective from release date
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform -Phase 2”	Effective for the annual reporting period beginning on January 1, 2021
Amendments to IFRS 16 “ COVID-19 Pneumonia Related Rent Concessions”	Effective for the annual reporting period beginning on June 1, 2020 (Note )

Note: The Company did not occur the aforementioned related rent negotiation in 2020, but if this happens in 2021 that the aforementioned regulations will be applied.

The application of the above-mentioned newly issued/amended/revised standards or interpretations will not cause major changes in the company’s accounting policies.

- c. The impact of IFRS issued by IASB but not yet endorsed by the FSC  
As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (“IASB”), but have yet to be endorsed by the FSC:

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
“Annual improvement in the 2018-2020 cycle”	January 1, 2022 (Note 2)
Amendment to IFRS 3 "Update the Index of Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or investment of assets between investors and their affiliates or joint ventures"	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IAS 1 "Classification of liabilities as current or non-current"	January 1, 2023
Amendment 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 16 "Real estate, plant and equipment: the price before reaching the intended state of use"	January 1, 2022(Note 4)
Amendment to IAS 37 "Loss Contracts-Cost of Performing Contracts"	January 1, 2022(Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods

beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 are applicable to the exchange or modification of terms of financial liabilities incurred during the annual reporting period beginning on January 1, 2022; the amendment to IAS 41 "Agriculture" applies to the fair value measurement of the annual reporting period beginning after January 1, 2022; the amendment to IFRS 1 "First Adoption of IFRSs" is retrospectively applied to the annual reporting period beginning after January 1, 2022.

Note 3: This amendment applies to business mergers whose acquisition date starts in the annual reporting period after January 1, 2022.

Note 4: Plants, real estate and equipment that have reached the necessary locations and conditions for the management's expected operation mode after January 1, 2021 are subject to this amendment.

Note 5: This amendment applies to contracts that have not fulfilled all obligations on January 1, 2022.

Note 6: The application of this amendment will be postponed during the annual reporting period beginning on January 1, 2023.

Note 7: This amendment applies to changes in accounting estimates and changes in accounting policies that occur during the annual reporting period beginning on January 1, 2023.

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

d. Apportionment of operating costs and operating expenses

After the company acquired Yeashin Technology Co., Ltd. in July 2018, it sustained to adjust its organization and department personnel for operational demands. The management team was to more appropriately divide the attribution of expenses. Started 2020, the functional attributes of each department have reassessed and the classification criteria have been refined.

The adjustment of this expense apportionment made part of the expenses by originally attributable to operating costs, re-classified under operating expenses. Because of the changes in the functional attributes of the above-mentioned departments, which are gradually adjusted in response for organizational demands.

The company believes that it is not yet possible to directly use the classification criteria after the reassessment in 2020 as the basis for classification in the same period in 2019. Therefore, the independent/individual comprehensive income statement from January 1 to December 31, 2019 has not been reclassified and adjusted.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Statement of compliance

These parent company only financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, other regulations and IFRSs as endorsed and issued into effect by the FSC.

##### b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, biological assets excluding bearer plants which are measured at fair value less costs to sell, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

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

Current assets include:

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

Current liabilities include:

- 1) It is held primarily for the purpose of trading;
- 2) It is due to be settled within 12 months after the reporting period; and
- 3) The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

##### d. Foreign currencies

In preparing the financial statements, transactions in currencies other than The Company functional

currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

When preparing independent financial reports, the assets and liabilities of foreign operating organizations (including subsidiaries in the country where they operate or whose currency is different from that of the company) are converted into New Taiwan dollars at the exchange rate on each balance sheet date. Income and expense items are converted at the average exchange rate of the current period, and the resulting conversion difference is listed in other comprehensive income.

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize The Company share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes of subsidiaries' other equity at shareholding ratio.

Changes in The Company ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are processed as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profits or losses resulting from downstream transactions are eliminated in full only in The Company financial statements. Profits and losses resulting from upstream transactions and transactions between

g. Property, plant, and equipment

Property, plant and equipment (including assets held under finance leases and bearer plants) are stated at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction (including bearer plants before they are placed in the location and condition necessary to be capable of operating in the manner intended by management) are carried at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation is recognized using the straight-line method. Each significant part is depreciated

separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On de-recognition of an item of property, plant and equipment, the difference between the net disposal price and the asset's book value is recognized in profit and loss.

#### h. Investment property

Investment property refers to property held for the purpose of earning rent or capital appreciation or both.

Owned investment property is initially measured at cost (including transaction costs), and subsequently measured at the amount of cost minus accumulated depreciation and accumulated impairment losses.

Investment property is depreciated on a straight-line basis.

Property, plant and equipment, and the property of the right to use assets are transferred to investment real estate based on the book value at the finish of self-use.

On de-recognition of an investment property, the difference between the net disposal price and the asset's book value is recognized in profit and loss.

#### i. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss.

Intangible assets are amortized on a straight-line basis during their useful life. The company reviews the estimated service life, residual value and amortization method at least at the end of each year, and defers the impact of changes in applicable accounting estimates.

On de-recognition of an intangible asset, the difference between the net disposal price and the asset's book value is recognized in profit and loss.

#### j. Impairment of assets related to real property, plant and equipment, right-of-use assets, intangible assets and contract costs

The company assesses on each balance sheet date whether there are any signs that real property, plant and equipment, right-of-use assets and intangible assets may have been impaired. If there are any signs of impairment, estimate the recoverable amount of the asset. If the recoverable amount of an individual asset cannot be estimated, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value less the cost of sale and its use value. If the recoverable amount of an individual asset or cash-generating unit is lower than its book value, the book value of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit and loss.

The inventory, real property, plant and equipment and intangible assets recognized in the customer contract are first recognized as impairment in accordance with the inventory impairment regulations and the above regulations, and the book value of the relevant assets is based on the contract cost. The amount after deducting the directly related costs is recognized as an impairment loss, and the book value of the contract cost-related assets is continuously included in the cash-generating unit to perform the impairment assessment of the cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit or contract cost-related asset is adjusted to the revised recoverable amount, but the increased carrying amount does not exceed the asset, cash-generating unit or contract cost. If the relevant asset is not in the previous year, the book value determined when the impairment loss is recognized (less amortization or depreciation) The reversal of the impairment loss is recognized in the profit and loss.

k. Financial instruments

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

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

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

The types of financial assets held by the company are financial assets measured at amortized cost.

Financial assets measured at amortized cost.

If the company's investment financial assets meet the following two conditions at the same time, they are classified as financial assets measured at amortized cost:

- A. It is held under a certain business model, the purpose of which is to hold financial assets to collect contractual cash flows; and
- B. The terms of the contract generate cash flows on a specific date, and these cash flows are all interest on the payment of the principal and the amount of principal in circulation.

Financial assets measured at amortized cost (including cash, notes receivable at amortized cost, accounts receivable (including related parties) and other receivables (including related parties)) are initially recognized, It is measured by the total book amount determined by the effective interest method minus the amortized cost of any impairment loss, and any foreign currency exchange gains and losses are recognized in profit and loss.

Except for the following two cases, interest income is calculated by multiplying the effective interest rate by the total book value of financial assets:

- A. For purchased or created credit-impaired financial assets, interest income is calculated by multiplying the effective interest rate after credit adjustment by the amortized cost of the financial asset.
- B. For financial assets that are not purchased or original credit impairment, but subsequently become credit impairment, it should use the effective interest rate multiplied by the amortized cost of the financial asset to calculate the interest income from the next reporting period after the impairment.

Credit-impaired financial assets refer to the issuer or debtor who has experienced major financial difficulties, defaulted, the debtor is likely to apply for bankruptcy or other financial

reorganization, or the active market for financial assets disappears due to financial difficulties.

b) Impairment of financial assets and contract assets

The company assesses the impairment losses of financial assets (including accounts receivable) measured at amortized cost based on expected credit losses on each balance sheet date.

For accounts receivable are recognized as allowance losses based on expected credit losses during the duration. For other financial assets, first assess whether there is a significant increase in credit risk since the initial recognition. If there is no significant increase, the allowance loss is recognized based on the 12-month expected credit loss; if it has increased significantly, it is recognized based on the duration of the expected credit loss Allowance for losses.

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

For the purpose of internal Credit Risk Management(CRM), the company determines that there is internal or external information indicating that the debtor is unable to pay off the debt without considering the collateral held, which represents that the financial asset has defaulted.

The impairment loss of all financial assets is reduced by the allowance account to reduce its carrying amount, but the allowance loss of debt instrument investment measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce its carrying amount.

c) Derecognition of financial assets

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

Recording, on derecognition of a financial asset at amortized cost in its entirety, the

difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

## 2) Equity instruments

Debt and equity instruments issued by the company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing. Moreover, get back the company's own equity instruments is recognized and deducted under equity. The purchase, sale, issuance or cancellation of the company's own equity instruments are not recognized in profit or loss.

## 3) Financial liabilities

### a) Subsequent measurement

Except for derivatives, all financial liabilities of the company are measured at amortized cost using the effective interest method.

### b) Derecognition of financial liabilities

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

## 4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and

cross-currency swaps.

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

#### l. Provisions

The amount recognized as a liability reserve is based on the risk and uncertainty of the obligation, and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. The liability provision is the estimated liability for sales returns and discounts. The liability provision is the estimated product returns and a discount that may occur based on the judgment of management and other known reasons, and is recognized as a deduction of operating income in the period when the relevant product is sold Subtract items.

#### m. Revenue recognition

The company identifies contract with the customers, it allocates the transaction price to each performance obligation, and recognizes revenue when each performance obligation is met.

##### 1) Revenue from the sale of goods

The company manufactures and sells electronic products to international brand customers.

Since the product arrives at the customer's designated location, the customer has the right to set the price and use of the product and has the main responsibility for resale, and bears the risk of obsolescence and obsolescence, the company recognizes revenue and receivables at that point in time Accounts.

When the material is removed for processing, the control of the ownership of the processed product has not been transferred, so revenue is not recognized when the material is removed.

When processing with supplied materials, the company processes and manufactures diodes according to the raw materials provided by the customer and the agreed specifications. Since the customer has control over the diodes when they are strengthened, the company will gradually

recognize income over time.

n. Leasing

At the inception of a contract, The Company's assesses whether the contract is, or contains, a lease.

1) The Company's as lessor

When the lease clause transfers almost all the risks and rewards attached to the ownership of the asset to the lessee, it is classified as a financial lease. All other leases are classified as operating leases.

The operating leases, lease payments after deduction of lease incentives are recognized as income on a straight-line basis during the relevant lease period. The original direct cost incurred in obtaining an operating lease is added to the book value of the underlying asset and recognized as an expense during the lease period on a straight-line basis.

2) The Company's as lessee

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

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

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

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

Afterward, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is The Company's remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the independent balance sheets.

o. Retirement benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

p. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are likely to have taxable income to deduct temporary differences, loss deductions, or purchases of machinery and equipment. The resulting income tax deduction is recognized when it is used.

Taxable temporary differences related to investment in subsidiaries are recognized as deferred income tax liabilities, but if the company can control the timing of the reversion of the temporary difference, and the temporary difference is likely to not revert in the foreseeable future except. The deductible temporary differences related to this type of investment will be recognized as deferred income tax only if it is likely to have sufficient taxable income to realize the temporary difference,

and within the range expected to return in the foreseeable future assets.

The carrying amount of deferred income tax assets is reviewed on each balance sheet date, and the carrying amount is reduced for those that are no longer likely to have sufficient taxable income to recover all or part of their assets. For those that have not been recognized as deferred income tax assets, they are also reviewed on each balance sheet date, and if they are likely to generate taxable income in the future for recovering all or part of their assets, the book amount will be increased.

Deferred income tax assets and liabilities are measured by the tax rate for the period in which the expected liability is settled or the asset is realized. The tax rate is based on the tax rate and tax law that has been legislated or substantively legislated on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences arising from the way the company expects to recover or settle the carrying amount of its assets and liabilities on the balance sheet date.

3) Current and deferred taxes for the year

Current and deferred income taxes are recognized in profit or loss, but current and deferred incomes taxes related to items recognized in other comprehensive profit or loss or directly included in equity are respectively recognized in other comprehensive profit or loss or directly included in equity.

**5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

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

The company incorporates the economic impact caused by the COVID-19 novel coronavirus pneumonia into the consideration of major accounting estimates, and the management will continue to review the estimates and basic assumptions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**Write-down of inventories**

The net realizable value of inventories is the estimated selling price in the ordinary course of business

less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Foreign currency demand deposit	\$ 67,053	\$ 120,525
Demand deposits	90,978	65,810
Cash on hand	575	752
Check deposits	<u>13</u>	<u>13</u>
	<u>\$ 158,619</u>	<u>\$ 187,100</u>

The market interest rate range of demand deposits on the balance sheet date is as follows:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Bank balance	0.2%-0.3%	0.001%-0.38%

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

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Financial liabilities-current, held for trading		
Cross-currency swap contracts	<u>\$ 1,277</u>	<u>\$ 26</u>

At the end of the reporting period, outstanding cross-currency swap contracts not under hedge accounting were as follows:

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Range of Interest Rates Paid</b>	<b>Range of Interest Rates Received</b>
<u>December 31, 2020</u>			
US\$2,000	January 2021 ~ May 2021	-	0.08%~1.25%
<u>December 31, 2019</u>			
US\$1,000	January 2020 ~ February 2020	-	1.55%~2.75%

As of December 31, 2020 and 2019, the company engaged in financial instruments measured at fair value through profit and loss, resulting in a net loss of \$1,041 thousand and a net gain of \$648 thousand, respectively.

## 8. FINANCIAL ASSETS AT AMORTIZED COST

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Current		
<u>Unpledged time deposits</u>		
Time deposits with original maturities of more than 3 months	\$ -	\$ 8,994
<u>Pledged time deposits</u>		
Time deposits with original maturities of more than 3 months	13,809	5,178
Restricted demand deposit	<u>22,013</u>	<u>28,010</u>
	<u>\$ 35,822</u>	<u>\$ 42,182</u>
Non-current		
<u>Pledged time deposits</u>		
Restricted demand deposit	<u>\$ 10,003</u>	<u>\$ -</u>

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	<b><u>December 31, 2020</u></b>	<b><u>December 31, 2019</u></b>
Time deposits with original maturities of more than 3 months	0.46%-2.13%	2.35%-2.49%
Restricted demand deposit	0.01%-0.04%	0.01%-0.08%

Refer to Note 27 for information relating to investments in financial assets at amortized cost pledged as security.

## 9. NOTES RECEIVABLE AND TRADE RECEIVABLES AND OTHER RECEIVABLES

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
<u>Notes receivable</u>		
Notes receivable – operating	<u>\$ 861</u>	<u>\$ 715</u>
<u>Trade receivables</u>		
Book value at amortized cost	\$ 36,791	\$ 61,516
Less: Allowance for impairment loss	<u>( 1,400)</u>	<u>( 1,040)</u>
	<u>\$ 35,391</u>	<u>\$ 60,476</u>
<u>Trade receivables from related parties</u>		
Book value at amortized cost	<u>\$ 266,568</u>	<u>\$ 261,722</u>

The average credit period of sales of goods was 30-120 days. No interest was charged on trade receivables for the period.

In order to mitigate credit risks, the management of the company assigns a dedicated team to be responsible for the determination of credit dates, credit approvals and other monitoring procedures to ensure that appropriate actions have been taken for the collection of overdue accounts receivable. In addition, the company will review the recoverable amount of accounts receivable on the balance

sheet date to ensure that accounts receivable that cannot be recovered have been properly deducted.

Accordingly, the management of the company believes that the company's credit risk has been significantly reduced.

The company recognizes the allowance loss of accounts receivable based on the expected credit loss during the duration. The expected credit loss during the existence period takes into account the past default records of customers and the current financial situation and industrial economic situation.

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

December 31, 2020

	<u>Not Past Due</u>	<u>Less than 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Total</u>
Gross carrying amount	\$ 8,808	\$274,712	\$ 19,839	\$ -	\$303,359
Loss allowance (Lifetime ECLs)	( 440)	( 861)	( 99)	-	( 1,400)
Amortized cost	<u>\$ 8,368</u>	<u>\$273,851</u>	<u>\$ 19,740</u>	<u>\$ -</u>	<u>\$301,959</u>

December 31, 2019

	<u>Not Past Due</u>	<u>Less than 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Total</u>
Gross carrying amount	\$ 3,457	\$270,244	\$ 49,537	\$ -	\$323,238
Loss allowance (Lifetime ECLs)	( 173)	( 619)	( 248)	-	( 1,040)
Amortized cost	<u>\$ 3,284</u>	<u>\$269,625</u>	<u>\$ 49,289</u>	<u>\$ -</u>	<u>\$322,198</u>

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

	<u>2020</u>	<u>2019</u>
AT THE BEGINNING OF THE YEAR	\$ 1,040	\$ 1,040
Add: The impairment loss is listed for the current year	<u>360</u>	-
AT THE END OF THE YEAR	<u>\$ 1,400</u>	<u>\$ 1,040</u>

The aging of receivables was as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Not past due	\$ 291,059	\$ 316,072
1-60 days	<u>12,300</u>	<u>7,166</u>
	<u>\$ 303,359</u>	<u>\$ 323,238</u>

## 10. INVENTORIES

	<b>December 31,</b> <b>2020</b>	<b>December 31,</b> <b>2019</b>
Raw materials	\$ 93,611	\$ 87,744
Work in progress	63,651	63,084
Finished goods	<u>29,194</u>	<u>28,920</u>
	<u>\$ 186,456</u>	<u>\$ 179,748</u>

The cost of goods sold for the years ended December 31, 2020 and 2019 included reversals of inventory write-downs of \$1,600 thousand and \$1,300 thousand, respectively.

## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

<b>Investee</b>	<b>December 31,</b>		<b>December 31,</b>	
	<b>2020</b>	%	<b>2019</b>	%
<b>Keep High Ltd. (“Keep High”)</b>	\$ 48,746	100	\$ 37,150	100
<b>Yea Shin Technology Co., Ltd. (“Yea Shin”)</b>	<u>355,304</u>	99.52	<u>212,591</u>	60.11
	<u>\$ 404,050</u>		<u>\$ 249,741</u>	

On April 3, 2008, Eris set up as of Jie Cheng with the investment in Mainland China companies through a company invested and established in a third region approved by the Investment Commission, Ministry of Economic Affairs. Jie Cheng mainly manufacturing of electronic parts and wholesaling of electronic components. December 31, 2020, the capital of Jie Cheng was US\$650 thousand.

For upside integration and the expansion of The Company’s activities, Eris acquired a 60.11% equity interest in Yea Shin, consisting of 26,259 thousand common shares, at NT\$193,860 in July 2018.

In response to the development strategy of the group, the company acquired 11,558 thousand and 50 thousand common shares of Yea Shin Technology at a total price of NT\$ 184,842 thousand and NT\$ 71 thousand in March and April of 2020, resulting in a 60.11% shareholding ratio increased to 99.52%, and reduced retained earnings by NT\$60,898 thousand.

For the details of the investment subsidiaries indirectly held by the company, please refer to Note 30 and Attached Tables 5 and 6.

The share of profits and losses and other comprehensive profits and losses of the subsidiaries that adopted the equity method in 2020 and 2019 are recognized based on the financial statements of the subsidiaries that have been audited by accountants during the same period.

## 12. PROPERTY, PLANT AND EQUIPMENT

<b>2020</b>					
	<b>Balance at January 1, 2020</b>	<b>Additions</b>	<b>Disposals</b>	<b>Reclassifications</b>	<b>Balance at December 31, 2020</b>
<b><u>Cost</u></b>					
Land	\$ 612,895	\$ -	\$ -	\$ -	\$ 612,895
Buildings	388,388	4,474	335	1,624	394,151
Machinery Equipment	826,322	15,631	27,778	16,110	830,285
Transportation Equipment	13,099	2,709	1,939	-	13,869
Leasehold Improvements	19,381	100	2,490	-	16,991
Other Equipment	<u>16,491</u>	<u>825</u>	<u>4,220</u>	<u>-</u>	<u>13,096</u>
<b>Total</b>	<u>1,876,576</u>	<u>\$ 23,739</u>	<u>\$ 36,762</u>	<u>\$ 17,734</u>	<u>1,881,287</u>
<b><u>Accumulated depreciation</u></b>					
Buildings	26,077	\$ 19,622	\$ 335	\$ -	45,364
Machinery Equipment	513,506	70,546	27,778	-	556,274
Transportation Equipment	5,824	2,059	536	-	7,347
Leasehold Improvements	9,417	4,545	2,490	-	11,472
Other Equipment	<u>11,194</u>	<u>1,870</u>	<u>4,220</u>	<u>-</u>	<u>8,844</u>
<b>Total</b>	<u>566,018</u>	<u>\$ 98,642</u>	<u>\$ 35,359</u>	<u>\$ -</u>	<u>629,301</u>
Carrying amount at December 31, 2019	<u>\$ 1,310,558</u>				<u>\$ 1,251,986</u>
<b>2019</b>					
	<b>Balance at January 1, 2019</b>	<b>Additions</b>	<b>Disposals</b>	<b>Reclassification s</b>	<b>Balance at December 31, 2019</b>
<b><u>Cost</u></b>					
Land	\$ 147,295	\$ 419,040	\$ -	\$ 46,560	\$ 612,895
Buildings	86,568	239,667	786	62,939	388,388
Machinery Equipment	789,419	48,628	23,950	12,225	826,322
Transportation Equipment	10,382	3,237	520	-	13,099
Leasehold Improvements	48,836	700	4,015	( 26,140 )	19,381
Other Equipment	<u>18,980</u>	<u>1,238</u>	<u>3,727</u>	<u>-</u>	<u>16,491</u>
<b>Total</b>	<u>1,101,480</u>	<u>\$ 712,510</u>	<u>\$ 32,998</u>	<u>\$ 95,584</u>	<u>1,876,576</u>

	<b>2019</b>				
	<b>Balance at January 1, 2019</b>	<b>Additions</b>	<b>Disposals</b>	<b>Reclassification s</b>	<b>Balance at December 31, 2019</b>
<b><u>Accumulated depreciation</u></b>					
Buildings	10,633	\$ 14,633	\$ 786	\$ 1,597	26,077
Machinery Equipment	453,768	80,071	20,333	-	513,506
Transportation Equipment	4,331	1,673	180	-	5,824
Leasehold Improvements	9,646	5,383	4,015	( 1,597 )	9,417
Other Equipment	<u>12,943</u>	<u>1,978</u>	<u>3,727</u>	<u>-</u>	<u>11,194</u>
<b>Total</b>	<u>491,321</u>	<u>\$ 103,738</u>	<u>\$ 29,041</u>	<u>\$ -</u>	<u>566,018</u>
Carrying amount at December 31, 2018	<u>\$ 610,159</u>				<u>\$ 1,310,558</u>

As there was no sign of impairment in 2020 and 2019, the company did not conduct impairment assessment.

For the below items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	35-50 years
Building improvement	5-15 years
Machinery equipment	3-10 years
Transportation equipment	5 years
Leasehold Improvements	5 years
Other equipment	3-5 years

Property, plant and equipment used by the Company and pledged as collateral for bank borrowings are set out in Note 27.

### 13. LEASE ARRANGEMENTS

#### a. Right-of-use assets

	<b><u>December 31, 2020</u></b>	<b><u>December 31, 2019</u></b>
Buildings	<u>\$ 10,731</u>	<u>\$ 10,984</u>
	<b><u>2020</u></b>	<b><u>2019</u></b>
Additions to right-of-use assets	<u>\$ 12,094</u>	<u>\$ 1,278</u>
Depreciation charge for right-of-use assets		
Buildings	<u>\$ 11,626</u>	<u>\$ 11,956</u>

#### b. Lease liabilities

	<b><u>December 31, 2020</u></b>	<b><u>December 31, 2019</u></b>
Carrying amounts		
Current	<u>\$ 7,744</u>	<u>\$ 7,945</u>
Non-current	<u>\$ 3,059</u>	<u>\$ 3,108</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Buildings	1%~1.25%	1.25%

c. Other lease information

	<u>2020</u>	<u>2019</u>
Expenses relating to short-term leases	<u>\$ -</u>	<u>\$ 5,284</u>
Total cash outflow for leases	<u>\$ 11,721</u>	<u>\$ 17,381</u>

The company chooses to apply the recognition exemption for land and building leases that qualify for short-term leases, and does not recognize related right-of-use assets and lease liabilities for such leases.

#### 14. Investment properties measured at cost

	<u>Buildings</u>
<u>Cost</u>	
Begging & year end	<u>\$ 60,139</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2020	\$ 702
Adjustments on initial application	<u>1,202</u>
Balance at December 31, 2020	<u>\$ 1,904</u>
Balance at December 31, 2020	<u>\$ 58,235</u>
	<u>Buildings</u>
<u>Cost</u>	
Balance at January 1, 2019	\$ -
Adjustments on initial application	<u>60,139</u>
Balance at December 31, 2019	<u>\$ 60,139</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2019	\$ -
Adjustments on initial application	<u>702</u>
Balance at December 31, 2019	<u>\$ 702</u>
Balance at December 31, 2020	<u>\$ 59,437</u>

The future minimum lease payments of non-cancellable operating lease commitments as of December 31, 2020 and 2019 are as follows:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Not later than 1 year	<u>\$ 2,100</u>	<u>\$ 2,100</u>

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

Main buildings	50 years
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Management was unable to reliably measure the fair value of investment property located at Luzhu Dist., Taoyuan City, because transactions are infrequent. The market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment property is not reliably measurable.

Refer to Note 27 for information relating to prepayments for property.

## 15. INTANGIBLE ASSETS

	<u>Patents</u>	<u>Computer software</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2020	\$ 617	\$ 17,902	\$ 18,519
Additions	-	2,118	2,118
Disposals	-	( 395)	( 395)
Balance at December 31, 2020	<u>\$ 617</u>	<u>\$ 19,625</u>	<u>\$ 20,242</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2020	\$ 373	\$ 2,031	\$ 2,404
Amortization expenses	62	2,261	2,323
Disposals	-	( 395)	( 395)
Balance at December 31, 2020	<u>\$ 435</u>	<u>\$ 3,897</u>	<u>\$ 4,332</u>
Carrying amount at December 31, 2020	<u>\$ 182</u>	<u>\$ 15,728</u>	<u>\$ 15,910</u>
	<u>Patents</u>	<u>Computer software</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2019	\$ 617	\$ 2,237	\$ 2,854
Additions	-	1,066	1,066
Disposals	-	( 262)	( 262)
Additions from internal	-	14,861	14,861
Balance at December 31, 2019	<u>\$ 617</u>	<u>\$ 17,902</u>	<u>\$ 18,519</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2019	\$ 311	\$ 796	\$ 1,107
Amortization expenses	62	1,497	1,559
Disposals	-	( 262)	( 262)
Balance at December 31, 2019	<u>\$ 373</u>	<u>\$ 2,031</u>	<u>\$ 2,404</u>
Carrying amount at December 31, 2019	<u>\$ 244</u>	<u>\$ 15,871</u>	<u>\$ 16,115</u>

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Patents	10 years
Computer software	2-15 years

## 16. OTHER ASSETS

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
<u>Non-current</u>		
Unamortized expense	<u>\$ 3,380</u>	<u>\$ 17,089</u>

## 17. BORROWINGS

### a. Short-term borrowings

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
<u>Secured borrowings</u>		
Bank loans	\$ 320,000	\$ 300,000
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>-</u>	<u>70,000</u>
	<u>\$ 320,000</u>	<u>\$ 370,000</u>

The range of weighted average effective interest rates on bank loans was 0.97%~0.99% and 1.14%~1.15% per annum as of December 31, 2020 and 2019, respectively.

Refer to Note 27 for information relating to borrowings pledged as security.

### b. Long-term borrowings

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
<u>Secured borrowings</u>		
Bank loans (1)	\$ 118,313	\$ 127,166
Bank loans (2)	476,000	476,000
Bank loans (3)	100,000	100,000
Bank loans (4)	100,000	-
Bank loans (5)	11,000	-
Bank loans (6)	<u>49,000</u>	<u>-</u>
	854,313	703,166
Less: Current portions	<u>(138,428)</u>	<u>(8,771)</u>
Long-term borrowings	<u>\$ 715,885</u>	<u>\$ 694,395</u>

1) As of December 31, 2020 and 2019, the range of weighted average effective interest rates of the bank borrowings secured by the Company's land and buildings, was 0.92% and 1.20% per annum, respectively.

2) As of December 31, 2020 and 2019, the range of weighted average effective interest rates of the bank borrowings secured by the Company's land and buildings, was 0.9797%~1.1681% per annum, respectively.

- 3) As of December 31, 2020 and 2019, the range of weighted average effective interest rates of the bank borrowings secured by the Company's land and buildings, was 0.9797~1.1681% per annum, respectively.
- 4) As of December 31, 2020, the range of weighted average effective interest rates of the bank borrowings secured by the Company's demand deposit guarantee was 0.88% per annum, respectively.
- 5) As of December 31, 2020, the range of weighted average effective interest rates of the bank borrowings secured by the Company's land and buildings, was 0.98% per annum, respectively.
- 6) As of December 31, 2020, the range of weighted average effective interest rates of the bank borrowings secured by the Company's land and buildings, was 0.90% per annum, respectively.

Refer to Note 27 for information relating to borrowings pledged as security.

## 18. OTHER LIABILITIES

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Other payables		
Payables for salaries or bonuses	\$ 48,842	\$ 42,355
Payables for processing fees	13,170	15,592
Payables for purchases of equipment	4,643	6,049
Payables for labor and health insurance	4,393	4,307
Payables for professional service fees	2,465	1,773
Payables for pension	1,427	1,407
Others	<u>37,346</u>	<u>25,796</u>
	<u>\$ 112,286</u>	<u>\$ 97,279</u>

## 19. EQUITY

- a. Share capital
  - Ordinary shares

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Number of shares authorized (in thousands)	<u>50,000</u>	<u>50,000</u>
Shares authorized	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Number of shares issued and fully paid (in thousands)	<u>44,428</u>	<u>44,428</u>
Shares issued	<u>\$ 444,283</u>	<u>\$ 444,283</u>

Fully paid common shares, which have a par value of NT\$10, carry one vote per share and a right to dividends.

- b. Capital surplus

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Issuance of ordinary shares	\$ 401,662	\$ 401,662
Others	<u>849</u>	<u>849</u>
	<u>\$ 402,511</u>	<u>\$ 402,511</u>

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, 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 board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employee benefits expense in Note 21-4.

The Company Articles also stipulate a dividends policy whereby the issuance of stock dividends takes precedence over the payment of cash dividends. In principle, cash dividends are limited to 10% of the total dividends distributed.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals The Company 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 paid-in capital, the excess may be transferred to capital or distributed in cash.

As follows by FSC No. 1010012865 and the "Questions and Answers Concerning the Application of Special Surplus Reserves after the adoption of International Financial Reporting Standards (IFRSs)", the company has listed and converted special surplus reserves.

The appropriations of earnings for 2019 and 2018 approved in the shareholders' meetings on May 28, 2020 and May 31, 2019, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For the Year Ended December 31 2019</u>	<u>For the Year Ended December 31 2018</u>	<u>For the Year Ended December 31 2019</u>	<u>For the Year Ended December 31 2018</u>
Legal reserve	\$ 10,210	\$ 11,270	\$ -	\$ -
Special reserve	1,102	544	-	-
Cash dividends	57,756	88,857	1.30	2.00

On March 4, 2021, the BOD proposed the 2021-year surplus distribution proposal as follows:

	<u>Dividends Per Share (NT\$)</u>
	<u>For the Year Ended December 31 2020</u>
Legal reserve	\$ 9,334
Special reserve	( \$ 573 )
Cash dividends	\$ 88,857
Cash dividends of per share NT\$	2.00

d. Other equity items

Exchange differences on translating the financial statements of foreign operations

	<u>2020</u>	<u>2019</u>
Balance at January 1	(\$ 2,586)	(\$ 1,484)
Exchange differences on translating the financial statements of foreign operations	716	( 1,377)
Related income tax	( 143)	275
Balance at December 31	<u>(\$ 2,013)</u>	<u>(\$ 2,586)</u>

## 20. REVENUE

	<u>2020</u>	<u>2019</u>	
Revenue from contracts with customers			
Revenue from the sale of goods	<u>\$1,380,621</u>	<u>\$1,422,918</u>	
Contract balances			
	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>January 1,</u> <u>2019</u>
Trade receivables and Notes (Note 9)	<u>\$ 302,820</u>	<u>\$ 322,913</u>	<u>\$ 311,732</u>
Contract liabilities			
Sale of goods	<u>\$ 17</u>	<u>\$ 40</u>	<u>\$ 22</u>

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods is as follows:

	<u>2020</u>	<u>2019</u>
From contract liabilities at the start of the year		
Sale of goods	<u>\$ 40</u>	<u>\$ 22</u>

## 21. NET PROFIT

### a. Net profit

#### 1) Depreciation and amortization

	<u>2020</u>	<u>2019</u>
Property, plant and equipment	\$ 98,642	\$ 103,738
Right-of-use assets	11,626	11,956
Investment properties	1,202	702
Long-term prepayments	17,292	20,002
Intangible assets	<u>2,323</u>	<u>1,559</u>
	<u>\$ 131,085</u>	<u>\$ 137,957</u>
An analysis of depreciation by function		
Operating costs	\$ 82,438	\$ 108,279
Operating expenses	<u>29,032</u>	<u>8,117</u>
	<u>\$ 111,470</u>	<u>\$ 116,396</u>
An analysis of amortization by function		
Operating costs	\$ 15,778	\$ 17,060
Operating expenses	<u>3,837</u>	<u>4,501</u>
	<u>\$ 19,615</u>	<u>\$ 21,561</u>

#### 2) Gains or losses on foreign currency exchange

	<u>2020</u>	<u>2019</u>
Foreign exchange gains	\$ 10,296	\$ 6,103
Foreign exchange losses	<u>( 15,524 )</u>	<u>( 11,158 )</u>
	<u>(\$ 5,228)</u>	<u>(\$ 5,055)</u>

3) Employee benefits expense

	<u>2020</u>	<u>2019</u>
Post-employment benefits		
Defined benefit plans	\$ 8,550	\$ 8,454
Salaries and bonus	<u>259,800</u>	<u>240,420</u>
Total employee benefits expense	<u>\$ 268,350</u>	<u>\$ 248,874</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 168,694	\$ 185,420
Operating expenses	<u>99,656</u>	<u>63,454</u>
	<u>\$ 268,350</u>	<u>\$ 248,874</u>

4) Employees' compensation

The Company accrued employees' compensation at rates of no less than 1% and no higher than 5%. The employees' compensation for the years ended December 31, 2020 and 2019, which have been approved by The Company board of directors on March 4, 2020 and February 21, 2019, respectively, were estimated as follows:

Estimated rate

	<u>2020</u>	<u>2019</u>
Employees' compensation	3.2%	2.2%

Amount

	<u>2020</u>	<u>2019</u>
Employees' compensation	\$ 3,400	\$ 2,800

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 the next year.

There is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation by The Company board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

### a. Major components of tax expense recognized in profit or loss

	<u>2020</u>	<u>2019</u>
Current tax		
In respect of the current year	\$ 12,241	\$ 21,295
Adjustments for prior years	( <u>1,712</u> )	( <u>2,058</u> )
	<u>10,529</u>	<u>19,237</u>
Deferred tax		
In respect of the current year	2,157	3,759
Adjustments for prior years	( <u>3,801</u> )	<u>-</u>
	( <u>1,644</u> )	<u>3,759</u>
Income tax expense recognized in profit or loss	<u>\$ 8,885</u>	<u>\$ 22,996</u>

A reconciliation of is as follows:

	<u>2020</u>	<u>2019</u>
Profit before tax from continuing operations	<u>\$ 102,220</u>	<u>\$ 125,093</u>
Income tax expense calculated at the statutory rate	\$ 20,444	\$ 25,018
Nondeductible expenses in determining taxable income	( 6,082 )	36
Income tax on unappropriated earnings	36	-
Adjustments for prior years' tax	( <u>5,513</u> )	( <u>2,058</u> )
Income tax expense recognized in profit or loss	<u>\$ 8,885</u>	<u>\$ 22,996</u>

In July 2019, the President of my country announced the amendment to the Industrial Innovation Regulations, which clearly stipulates that the construction or purchase of specific assets or technologies with undistributed surplus from fiscal year 2018 may be included as a deduction item for calculating undistributed surplus. When the company calculates undistributed surplus tax, Only deduct the amount of capital expenditures that have been made and expected to be reinvested.

### b. Income tax recognized in other comprehensive income

	<u>2020</u>	<u>2019</u>
<u>Deferred tax</u>		
Effect of change in tax rate		
In respect of the current period:		
Translations of foreign operations	( <u>\$ 143</u> )	\$ 275
Total income tax recognized in other comprehensive income	( <u>\$ 143</u> )	<u>\$ 275</u>

### c. Income tax assessments

	<u>2020</u>	<u>2019</u>
Current tax liabilities	<u>\$ 15,844</u>	<u>\$ 10,819</u>

### d. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Closing Balance</u>
<b>Deferred Tax Assets</b>				
Reversals of inventory write-downs	\$ 1,520	\$ 320	\$ -	\$ 1,840
Payables for annual leave	903	110	-	1,013
Provisions	683	( 365)	-	318
Translations of foreign operations	646	-	( 143)	503
Unrealized Foreign exchange loss	178	( 178)	-	-
FVTPL financial assets	5	250	-	255
Others	126	( 83)	-	43
	<u>\$ 4,061</u>	<u>\$ 54</u>	<u>(\$ 143)</u>	<u>\$ 3,972</u>
<b>Deferred tax liabilities</b>				
Investments accounted for using the equity method	\$ 7,779	(\$ 1,662)	\$ -	\$ 6,117
Unrealized Foreign exchange income	-	72	-	72
FVTPL financial assets	-	-	-	-
	<u>\$ 7,779</u>	<u>(\$ 1,590)</u>	<u>\$ -</u>	<u>\$ 6,189</u>

For the year ended December 31, 2019

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Closing Balance</u>
<b>Deferred Tax Assets</b>				
Reversals of inventory write-downs	\$ 1,260	\$ 260	\$ -	\$ 1,520
Payables for annual leave	847	56	-	903
Provisions	1,034	( 351)	-	683
Translations of foreign operations	371	-	275	646
Unrealized Foreign exchange loss	-	178	-	178
FVTPL financial assets	-	5	-	5
Others	229	( 103)	-	126
	<u>\$ 3,741</u>	<u>\$ 45</u>	<u>\$ 275</u>	<u>\$ 4,061</u>

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Closing Balance</u>
<b>Deferred tax liabilities</b>				
Investments accounted for using the equity method	\$ 3,958	\$ 3,821	\$ -	\$ 7,779
Unrealized Foreign exchange income	6	( 6)	-	-
FVTPL financial assets	11	( 11)	-	-
	<u>\$ 3,975</u>	<u>\$ 3,804</u>	<u>\$ -</u>	<u>\$ 7,779</u>

e. Income tax verification situation

The company's profitable business income tax declarations as of the year before 2018 have been approved by the tax collection agency.

### 23. EARNINGS PER SHARE

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

	Net income	Shares, Unit: thousand shares	The weighted average number of common shares to be used to calculate diluted earnings per share (EPS)
<b>2020</b>			
Basic earnings per share			
Net profit of the year	\$ 93,335	44,428	\$ 2.10
Potential impact of common stock with dilution:			
Remuneration to employees	-	53	
Diluted earnings per share			
Profit for the period attributable to owners of the Company	<u>\$ 93,335</u>	<u>44,481</u>	<u>\$ 2.10</u>
<b>2019</b>			
Basic earnings per share			
Net profit of the year	\$ 102,097	44,428	\$ 2.30
Potential impact of common stock with dilution:			
Remuneration to employees	-	73	
Diluted earnings per share			
Profit for the period attributable to owners of the Company	<u>\$ 102,097</u>	<u>44,501</u>	<u>\$ 2.29</u>

If The Company offered to settle compensation or bonuses paid to employees in cash or shares, The Company assumed the entire amount of the compensation or bonuses 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 shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

### 24. CAPITAL MANAGEMENT

The company 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.

## 25. FINANCIAL INSTRUMENTS

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

#### 1) Fair value hierarchy

December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 1,277	\$ -	\$ 1,277

December 31, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 26	\$ -	\$ 26

During 2020 and 2019, there were no transfers between Levels 1 and 2 in the current and prior periods.

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - cross currency swap	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

### b. Categories of financial instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 508,353	\$ 554,830
Fair value through profit or loss (FVTPL)		
Held for trading	-	-
<u>Financial liabilities</u>		
Amortized cost (2)	1,465,705	1,317,411
Fair value through profit or loss (FVTPL)		
Held for trading	1,277	26

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments and accounts receivable (including related parties) and other receivables.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, accounts payable (including related parties) and other payables.

c. Financial risk management objectives and policies

The Company's major financial instruments include note receivables, trade receivables, trade payables, and borrowings. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of The Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The Company sought to minimize the effects of these risks

1) Market risk

The company's operating activities make the company's main market risks bear the risk of changes in foreign currency exchange rates and changes in interest rates.

a) Foreign currency risk

The company is engaged in sales and purchase transactions denominated in foreign currencies, which has caused the company to risk exposure to exchange rate fluctuations. In order to avoid the decrease in the value of foreign currency assets and the fluctuation of future cash flow due to exchange rate changes, the company analyzes foreign currency assets and foreign currency liabilities receipts and payments, maturity period and other factors, and considers the risk of foreign currency net positions, and then uses foreign currency exchange for profit. Contracts, borrowing foreign currency loans, etc., to avoid relevant exchange rate risks. Internal auditors continue to review compliance with policies and the risk limit. The use of the company's currency exchange contracts is governed by the policies adopted by the board of directors, and the company does not conduct transactions in foreign exchange contracts for speculative purposes.

For the carrying amount of monetary assets and monetary liabilities denominated in non-functional currencies of the company at the balance sheet date, please refer to Note 29.

In addition, the change in equity due to a 1% change in the New Taiwan dollar against all exchange rates for the translation of new investment hedging instruments would be an increase of NT\$98 thousand and NT\$1,199 thousand for the years ended December 31, 2020 and 2019 in post-tax equity. However, there would be no net effect on equity because there would be an offset in the currency translation of the foreign operation.

b) Interest rate risk

The Company was exposed to interest rate risk because entities in The Company borrowed funds at both fixed and floating interest rates. The risk is managed by The Company by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

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

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Fair value interest rate risk		
Financial assets	\$ 13,809	\$ 14,172
Financial liabilities	10,803	11,053
Cash flow interest rate risk		
Financial assets	190,047	214,345
Financial liabilities	1,174,313	1,073,166

The fixed-rate financial assets/liabilities held by the company are measured at amortized cost, so they are not included in the analysis; the floating-rate financial asset/liability analysis method assumes that the amount of assets/liabilities in circulation on the balance sheet date is reported. During the period, they are all in circulation. The company uses an increase/decrease of 0.25% in market interest rates as a reasonable risk assessment for reporting interest rate changes to the management. Under the circumstance that all other variables remain unchanged, if the market interest rate rises/decreases by 0.25%, the company's net profit after tax in 2020 will decrease/increase by NT\$1,969 thousand; the net profit after tax in 2019 will decrease/increase by NT\$1,718 thousand.

## 2) Credit risk

Credit risk refers to the risk of the company's financial losses caused by the counterparty's default of contract obligations. The policy adopted by the company is to only trade with creditworthy objects in order to reduce the risk of financial losses, and to continuously monitor the credit risk insurance and the credit status of the trading objects. On the balance sheet date, the company's maximum credit risk amount is equivalent to the book value of the financial assets on the account.

The credit risk of the company's accounts receivable is mainly concentrated in the company's largest customer parent company, Diodes Group. As of December 31, 2020 and 2019, the ratio of total accounts receivable from the aforementioned customers was 85% and 77% respectively. However, since it is an affiliated enterprise transaction, there should be no credit risk.

## 3) Liquidity risk

The management of the company maintains sufficient cash and bank financing lines to support working capital and reduce liquidity risks.

### a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following table details the analysis of the remaining contractual maturity of non-derivative financial liabilities during the agreed repayment period of the company. It is based on the earliest possible repayment date of the company and is compiled based on the undiscounted cash flow of financial liabilities, which includes interest and principal cash flow.

December 31, 2020

	<u>Rate</u>	<u>On Demand or Less than 1 Month</u>	<u>1-3 Months</u>	<u>3 Months to 1 Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>
<u>Non-derivative financial liabilities</u>						
Non-interest bearing		\$291,392	\$ -	\$ -	\$ -	\$ -
Fixable interest rate instruments	1.20%	2,212	5,608	2,511	560	-
Variable interest rate instruments	0.96%	<u>324,861</u>	<u>142,165</u>	<u>58,546</u>	<u>569,647</u>	<u>106,355</u>
		<u>\$618,465</u>	<u>\$147,773</u>	<u>\$61,057</u>	<u>\$570,207</u>	<u>\$106,355</u>

December 31, 2019

	<u>Rate</u>	<u>On Demand or Less than 1 Month</u>	<u>1-3 Months</u>	<u>3 Months to 1 Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>
<u>Non-derivative financial liabilities</u>						
Non-interest bearing		\$292,314	\$ -	\$ -	\$ -	\$ -
Fixable interest rate instruments	1.25%	2,956	5,066	3,124	-	-
Variable interest rate instruments	1.16%	<u>375,267</u>	<u>12,733</u>	<u>145,426</u>	<u>489,568</u>	<u>86,521</u>
		<u>\$670,537</u>	<u>\$17,799</u>	<u>\$148,550</u>	<u>\$489,568</u>	<u>\$86,521</u>

b) Financing facilities

The company's use of bank financing facilities on the balance sheet date is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Secured bank overdraft facilities:		
Amount used	\$1,073,166	\$1,073,166
Amount unused	<u>202,834</u>	<u>202,834</u>
	<u>\$1,276,000</u>	<u>\$1,276,000</u>

**26. TRANSACTIONS WITH RELATED PARTIES**

a. Related party name and category

<u>Related Party</u>	<u>Nature of Relationship</u>
Diodes Incorporated ("Diodes Inc.")	Parent company
Diodes Taiwan S.A R.L., Taiwan Branch ("Diodes (TW)")	Subsidiary of Diodes Inc.
Diodes Hong Kong Limited ("Diodes (HK)")	Subsidiary of Diodes Inc.
Jiecheng Electronic (Shanghai) Co., Ltd.	Subsidiary
Yea Shin Technology Corp.	Subsidiary
BCD Semiconductor Manufacturing Limited ("BCD")	Subsidiary of Diodes Inc.
LITE-ON Semiconductor Corp.	Subsidiary of Diodes Inc.

b. Sales of goods

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>2020</b>	<b>2019</b>
Sales	Subsidiary of Diodes Inc.		
	Diodes (HK)	\$ 644,983	\$ 648,266
	Diodes (TW)	510,259	524,465
	Subsidiary	<u>22,378</u>	<u>26,379</u>
		<u>\$ 1,177,620</u>	<u>\$ 1,199,110</u>

There is no significant difference between the transaction conditions of the above-mentioned related parties and ordinary transactions.

c. Purchases of goods

<b>Related Party Category/Name</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Subsidiary		
Yea Shin Technology Corp.	\$ 266,263	\$ 154,691
Jiecheng Electronic	11,171	28,166
Subsidiary of Diodes Inc.(BCD)	<u>98</u>	<u>-</u>
	<u>\$ 277,532</u>	<u>\$ 182,857</u>

Purchases were made at the usual prices.

d. Receivables from related parties (excluding loans to related parties)

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>2020</b>	<b>2019</b>
Trade receivables from related parties	Subsidiary of Diodes Inc.		
	Diodes (TW)	\$ 141,693	\$ 127,015
	Diodes (HK)	115,456	122,528
	Subsidiary	<u>9,419</u>	<u>12,179</u>
		<u>\$ 266,568</u>	<u>\$ 261,722</u>
Other receivables from related parties	Fellow subsidiary Yea Shin Technology Corp	<u>\$ 775</u>	<u>\$ 1,270</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2020 and 2019, no impairment loss was recognized for trade receivables from related parties.

e. Payables to related parties (excluding loans to related parties)

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Trade payables from related parties	Subsidiary		
	Yea Shin Technology Corp	\$ 93,568	\$ 47,774
	Subsidiary	<u>97</u>	<u>-</u>
		<u>\$ 93,665</u>	<u>\$ 47,774</u>
Other payables	Subsidiary	<u>\$ -</u>	<u>\$ 130</u>

The balance of the outstanding amount due to related parties is not guaranteed.

f. Prepayments

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Related parties	Subsidiary of Diodes Inc. LITE ON Semi.	<u>\$ 5,365</u>	<u>\$ -</u>

g. Acquired real estate, plant and equipment

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>2020</b>	<b>2019</b>
Related parties	Subsidiary Yea Shin Technology Corp	<u>\$ 1,247</u>	<u>\$ -</u>

h. Disposal of real property, plant and equipment (2020 year: none)

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>Disposal of the price 2020</b>	<b>Disposition profit( loss) 2019</b>
	Subsidiary	<u>\$ 3,618</u>	<u>-</u>

i. Lease agreement

Operating lease rental

The company leases the right to use the building to its subsidiary, Yea shin Technology, for a period of 1 year. As of December 31, 2020 and 2019, the total lease payments that will be received in the future are both NT\$ 2,100 thousand. The lease income recognized in both 2020 and 2019 was NT\$ 3,429 thousand.

j. Others

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>2020</b>	<b>2019</b>
Processing fee (Listed on the cost of goods sold )	Subsidiary	<u>\$ 15,256</u>	<u>\$ 6,082</u>
Other manufacturing fees (Listed on the cost of goods sold )	Subsidiary	<u>\$ 271</u>	<u>\$ 189</u>

k. Compensation of major management personnel

	<b>2020</b>	<b>2019</b>
Short-term employee benefits	\$ 13,266	\$ 10,861
Post-employment benefits	<u>126</u>	<u>108</u>
	<u>\$ 13,392</u>	<u>\$ 10,969</u>

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

## 27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31, 2020	December 31, 2019
Pledge time deposits (classified as financial assets at amortized cost)	\$ 13,809	\$ 5,178
Pledge deposits (classified as financial assets at amortized cost)	32,016	28,010
Properties and plant	903,886	875,676
Investment properties	<u>58,235</u>	<u>59,437</u>
	<u>\$1,007,946</u>	<u>\$ 968,301</u>

## 28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Due to the replacement of production line equipment and business expansion, the company has promised to purchase and order machinery and equipment, system software, and decoration projects. The payment amount is listed below:

	December 31, 2020	December 31, 2019
Commitments	<u>\$ 110,222</u>	<u>\$ 29,976</u>
Paid (classified as prepayments and other non-current assets - prepayment for land and plant purchases)	<u>\$ 48,389</u>	<u>\$ 19,658</u>

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

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

	2020		
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 7,147	28.48 (USD:NTD)	\$ 203,547
RMB	1,401	4.377 (RMB:NTD)	6,132
Non-monetary items			
Investments accounted for using the equity method			
USD	1,712	28.48 (USD:NTD)	\$ 48,746
<u>Financial liabilities</u>			
Monetary items			
USD	4,718	28.48 (USD:NTD)	\$ 134,369
Derivatives			
USD	2,000	28.48 (USD:NTD)	\$ 56,960

	<b>2019</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<b>Financial assets</b>			
<b>Monetary items</b>			
USD	\$ 8,946	29.98 (USD:NTD)	\$ 268,201
RMB	1,400	4.305 (RMB:NTD)	6,027
<b>Non-monetary items</b>			
Investments accounted for using the equity method			
USD	1,239	29.98 (USD:NTD)	\$ 37,150
<b>Financial liabilities</b>			
<b>Monetary items</b>			
USD	2,948	29.98 (USD:NTD)	\$ 88,381
<b>Derivatives</b>			
USD	1,000	29.98 (USD:NTD)	\$ 29,980

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

	<b>2020</b>		<b>2019</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gains (Losses)</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gains (Losses)</b>
USD		29.23 (USD:NTD)	(\$ 5,461)	30.350 (USD:NTD)	(\$ 4,826)
Others			<u>233</u>		<u>(\$ 229)</u>
			<u>(\$ 5,228)</u>		<u>(\$ 5,055)</u>

### 30. Note Disclosure Items

- a. Information about significant transactions and investees:
  - 1) Financing provided to others (None)
  - 2) Endorsements/guarantees provided (Table 1)
  - 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (None)
  - 4) The cumulative amount of buying or selling the same securities total to NT\$300 million or above of 20% of the paid-in capital (Table 2)
  - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
  - 9) Trading in derivative instruments (Note 7)
- b. Intercompany relationships and significant intercompany transactions (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 (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:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 7)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 7)

c) The amount of property transactions and the amount of the resultant gains or losses (None)

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes (Table 1)

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds (None)

f) 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 more than 5%, shareholding amount and ratio: please refer to Attached Table 8.

## ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

## ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2020

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 1)											
0	Eris Technology Corporation	Jiecheng Electronic (Shanghai) Co., Ltd.	b	\$ 101,102	\$ 30,000 (US\$1,000 thousand)	\$ 30,000 (US\$1,000 thousand)	\$ -	\$ -	2.97%	\$ 303,305	Y	N	Y	
0	Eris Technology Corporation	Yea Shin Technology Corp.	b	\$ 101,102	\$ 60,000	\$ 30,000	\$ 30,000	\$ -	2.97%	303,305	Y	N	N	

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

- A company with which it does business.
- A company in which the public company directly and indirectly holds more than 50 % of the voting shares.
- A company that directly and indirectly holds more than 50% of the voting shares in the public company.
- A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
- A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- A company that all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- The same industry in performance-home sales contracts to ensure that the joint guarantee in accordance with consumer protection laws norms.

Note 2: The total amount of the guarantee provided by ERIS to any individual entity shall not exceed 30% of ERIS's net worth, and limits on endorsement/guarantee given on behalf of each party shall not exceed 10% of the Company's net worth. The aggregate endorsement/guarantee limit is calculated as the Company's net worth at December 31, 2020.

## ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

## ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Buyer	Type and name of securities (Note 1)	Items	Trading sellers (Note 2)	Relationship (Note2)	Beginning of period		Buy ( Note 3 )		Sell ( Note 3 )				End of period	
					Shares (Thousand)	NT\$ (Thousand)	Shares (Thousand)	NT\$ (Thousand)	Shares (Thousand)	NT\$ (Thousand)	Book of cost	Disposal of gains and losses	Shares (Thousand)	NT\$ (Thousand)
ERIS Technology Corporation	Equity Stock Yea-Shin Technology	Investment by the equity method	Tony Development Co., Ltd. Cailuo Investment Co., Ltd. Yixin Investment Co., Ltd. Zhan Teng Investment Co., Ltd. Shangyi Investment Co., Ltd. Zhaoquan Investment Co., Ltd. Jin xun enterprise co., ltd. Subsidiary shareholders and specific persons	Non-related Non-related Non-related Non-related Non-related Non-related Non-related	17,637	\$ 212,591	11,563	\$ 184,913	-	\$ -	\$ -	\$ -	29,200	\$ 355,304

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items.

Note 2: Investors who use the equity method in their securities accounts must fill in these two columns, the rest are not required.

Note 3: The accumulated purchase and sale amount is calculated separately according to the market price whether it reaches NT\$300 million or 20% of the paid-in capital.

**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Eris Technology Corporation	Diodes Taiwan S.A R.L., Taiwan Branch	Same as the Company's ultimate parent company	Sale	\$ 510,259	36.79%	60 days	None	None	\$ 141,693	46.58%	-
Eris Technology Corporation	Diodes Hong Kong Ltd.	Same as the Company's ultimate parent company	Sale	644,983	46.50%	60 days	None	None	115,456	37.95%	-
Eris Technology Corporation	Yea Shin Technology Corp.	Subsidiary	Purchase	266,263	37.23%	60 days	None	None	( 93,568 )	52.24%	

## ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

DECEMBER 31, 2020

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 1)	Allowance for Impairment Loss
					Amount	Actions Taken		
Eris Technology Corporation	Diodes Taiwan S.A R.L., Taiwan Branch	Same as the Company's ultimate parent company	\$ 141,693	3.80	\$ -	—	\$ 91,555	\$ -
Eris Technology Corporation	Diodes Hong Kong Ltd.	Same as the Company's ultimate parent company	115,456	5.42	-	—	114,084	-
Yea-Shin Technology Co.,Ltd.	Eris Technology Corporation	Parent Company	93,568	3.77	-	—	57,392	-

Note 1: The amount recovered as of the date of the accountant's audit report

## ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

## INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 1)		As of December 31, 2020			Net Income (Loss) of the Investee (Note 2 and 3)	Share of Profits (Loss) (Note 2 and 3)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount (Note 3)			
Eris Technology Corporation	Keep High Limited	Seychelles	Holding company	\$ 20,776 (US\$670/thousand)	\$ 20,776 (US\$670/thousand)	Inapplicable	100.00	\$ 48,746	\$10,816 (US\$ 370/ thousand)	\$ 10,763 (Note 4)	Subsidiaries
	Yea Shin Technology Corp.	Taiwan	Manufacturing of electronic parts and wholesaling of electronic components	378,773	193,860	29,200	99.52	355,304	35,815	30,413 (Note 4)	Subsidiaries
Keep High Limited	Forever Eagle Incorporation	Mauritius	Holding company	20,473 (US\$660/thousand)	20,473 (US\$660/thousand)	Inapplicable	100.00	48,941 (US\$ 1,718 /thousand)	10,816 (US\$ 370/ thousand)	10,816 (US\$ 370/ thousand)	Sub-sub-sidiaries

Note 1: The conversion is based on the U.S. dollar buying exchange rate when the original investment funds are remitted.

Note 2: The conversion is based on the average US dollar exchange rate during the investment period.

Note 3: Calculated based on the financial statements of the investee company checked by accountants during the same period.

Note 4: Including adjustment of unrealized gross profit of sales.

Note 5: Please refer to Attached Table 6 for relevant information of mainland investee companies.

## ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

## INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019 (Note 1)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2 and 5)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outflow	Inflow							
Jiecheng Electronic (Shanghai) Co., Ltd.	Wholesaling of electronic components and international trading business	\$ 20,170 (US\$ 650/thousand)	Indirectly investment in Mainland China through companies registered in a third region	\$ 20,170 (US\$ 650/thousand)	\$ -	\$ -	\$ 20,170 (US\$ 650/thousand)	\$ 10,816 (RMB 2,492/ thousand)	100%	\$ 10,816 (RMB 2,492/ thousand)	\$ 48,941	\$ -	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
\$20,170 (US\$650/thousand )	\$18,512 (US\$650/thousand )	\$606,611

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

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

Note 3: Translation was based on the closing exchange rate at December 31, 2020.

Note 4: The information was calculated as 60% of ERIS's net worth at December 31, 2020

Note 5: It is calculated based on the financial statements checked by the Taiwan parent company's certified accountant during the same period.

**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**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**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Transaction Type	Purchase/Sale		Transaction Details		Notes/Accounts Receivable (Payable)		Note
	Amount	%	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Jiecheng Electronic (Shanghai) Co., Ltd.	Sale \$2,020	0.15%	-	-	\$ 296	0.10%	-
Jiecheng Electronic (Shanghai) Co., Ltd.	Purchase 11,171	1.56%	-	-	-	-	-

## ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

## Major Shareholder's information

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Name of major shareholder	Shares	
	Number of shares held	Shareholding ratio
Yuanta Commercial Bank is entrusted with Diodes Tech. Holding B.V. Investment Account	22,687,604	51.07%

Note 1: The information of major shareholders in this table is based on the last business day of the quarter-end of the current quarter, calculated by the shareholders holding the company's common stocks and special stocks that have completed unregistered delivery (including treasury stocks) totaling more than 5% data. The share capital recorded in the company's individual financial report and the actual number of shares delivered without physical registration may be different due to different or different calculation bases.

Note 2: If the information on the Shanghai Development Bank is that shareholders deliver shares to the trust, it is disclosed in individual accounts by the trustee who opened the trust account by the trustee. As for shareholders' declarations of insider's equity holdings exceeding 10% in accordance with the Securities and Exchange Act, their holdings include their own shareholding plus the shares delivered to the trust and have the right to use the trust property. For information on insider's equity declarations, please refer to the Market Observatory Post System (website: <http://mops.twse.com.tw>)

# **Eris Technology Corporation**

## **Consolidated Financial Statements with Independent Auditors' Report for the Years Ended December 31, 2020 and 2019**

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For the convenience of readers and for information purposes only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English and the Chinese version or any differences in interpretation between the two versions, the original Chinese version shall prevail.

Note: The accompanying financial statements have been translated into English from the original Chinese version, and the English version is not audited by certified public accountant.

## **Representation Letter**

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

Eris Technology Corporation

Chairman: Jonathan Chang

Date: March 4, 2021

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)  
**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
Consolidated Balance Sheets  
December 31, 2020 and 2019  
(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
<b>Current assets</b>				
Cash (Notes 4 and 6)	\$ 223,810	9	\$ 239,282	9
Financial assets at amortized cost - current (Notes 4,8 and 28)	35,822	1	42,182	2
Notes receivable (Notes 4,9 and 20)	1,541	-	1,440	-
Net trade receivables (Notes 4,9 and 20)	106,454	4	125,392	5
Trade receivables from related parties (Notes 4,9 ,20 and 27)	257,149	10	249,543	9
Other receivables (Note 4 )	4,121	-	4,961	-
Inventories (Notes 4, 5 and 10)	245,656	10	252,730	10
Prepayments and other current assets	19,131	1	10,305	-
<b>Total current assets</b>	<b>893,684</b>	<b>35</b>	<b>925,835</b>	<b>35</b>
<b>Non-current assets</b>				
Financial assets at amortized cost – non-current (Notes 4,8 and 28)	10,003	-	-	-
Property, plant and equipment (Notes 4,12 and 28)	1,434,110	56	1,474,486	56
Rights-of-use assets (Notes 4 and 13)	11,232	1	12,961	1
Goodwill (Notes 4 and 14)	24,070	1	24,070	1
Other intangible assets (Note 4 and 15)	15,910	1	16,115	1
Deferred tax assets (Note 4,5 and 22)	106,739	4	115,919	4
Prepayments for equipment (Note 27 and 29 )	54,015	2	38,109	1
Refundable deposits	5,433	-	5,570	-
Other non-current assets (Note 16)	5,772	-	19,010	1
<b>Total non-current assets</b>	<b>1,667,284</b>	<b>65</b>	<b>1,706,240</b>	<b>65</b>
<b>Total assets</b>	<b>\$ 2,560,968</b>	<b>100</b>	<b>\$ 2,632,075</b>	<b>100</b>
<b>Liabilities and Equity</b>				
<b>Current Liabilities</b>				
Short-term borrowings (Note 17 and 28)	\$ 350,000	14	\$ 400,000	15
Financial liabilities at fair value through profit or loss - current (Notes 4,7 and 26)	1,277	-	26	-
Trade payables	165,446	7	206,237	8
Trade payables-related parties(Notes 27)	97	-	-	-
Other payables(Note 18)	137,822	5	122,801	5
Current tax liabilities (Note 4 and 22)	16,733	1	10,909	1
Provisions - current (Note 4 )	4,370	-	6,108	-
Lease liabilities - current (Notes 4 and 13)	8,251	-	9,533	-
Current portions of long-term borrowings (Note 17 and 28)	138,428	5	8,771	-
Other current liabilities (Note 20 )	780	-	865	-
<b>Total current liabilities</b>	<b>823,204</b>	<b>32</b>	<b>765,250</b>	<b>29</b>
<b>Non-current liabilities</b>				
Long-term borrowings (Note 17 and 28)	715,885	28	694,395	27
Deferred tax liabilities (Note 4 and 22)	6,189	-	7,817	-
Lease liabilities - non-current (Notes 4 and 13)	3,059	-	3,509	-
<b>Total non-current liabilities</b>	<b>725,133</b>	<b>28</b>	<b>705,721</b>	<b>27</b>
<b>Total liabilities</b>	<b>1,548,337</b>	<b>60</b>	<b>1,470,971</b>	<b>56</b>
<b>Equity</b>				
Equity attributable to owner of parent (Note 11,19 and 24)				
Ordinary share	444,283	17	444,283	17
Capital surplus	402,511	16	402,511	15
Retained earnings				
Legal reserve	55,098	2	44,888	2
Special reserve	2,586	-	1,484	-
Unappropriated earnings	108,553	5	145,184	5
<b>Total retained earnings</b>	<b>166,237</b>	<b>7</b>	<b>191,556</b>	<b>7</b>
Other equity	( 2,013)	-	( 2,586)	-
<b>Total equity attributable to owners of parent</b>	<b>1,011,018</b>	<b>40</b>	<b>1,035,764</b>	<b>39</b>
Non-controlling interests (Notes 11, 19 and 24)	1,613	-	125,340	5
<b>Total equity</b>	<b>1,012,631</b>	<b>40</b>	<b>1,161,104</b>	<b>44</b>
<b>Total Liabilities and Equity</b>	<b>\$ 2,560,968</b>	<b>100</b>	<b>\$ 2,632,075</b>	<b>100</b>

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

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

## ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

### Consolidated Statements of Comprehensive Income

For the year ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Operation Revenue (Note 4, 20 and 27)				
Sales	\$ 1,546,023	101	\$ 1,552,898	100
Less: Sales return and allowance	( 8,553)	( 1)	( 5,018)	-
<b>Net revenue</b>	<u>1,537,470</u>	<u>100</u>	<u>1,547,880</u>	<u>100</u>
Cost of Sales (Note 10, 21 and 27)	<u>1,129,467</u>	<u>73</u>	<u>1,240,129</u>	<u>80</u>
<b>Gross Profit</b>	<u>408,003</u>	<u>27</u>	<u>307,751</u>	<u>20</u>
<b>Operating Expenses (Note 21 )</b>				
Selling and marketing	59,576	4	32,645	2
General and administrative expenses	118,827	8	81,296	5
Research and development	95,794	6	61,810	4
Expected credit impairment loss (Notes 9)	360	-	500	-
<b>Total operating expenses</b>	<u>274,557</u>	<u>18</u>	<u>176,251</u>	<u>11</u>
<b>Operating Income</b>	<u>133,446</u>	<u>9</u>	<u>131,500</u>	<u>9</u>
<b>Non-operating income and expenses:</b>				
Interest income	412	-	848	-
Other income (Note 21)	783	-	21,361	1
Disposal of property, plant and equipment	-	-	173	-
Gain (loss) on financial debt at fair value through profit or loss (Note 7)	( 1,041)	-	648	-
Interest expense	( 12,731)	( 1)	( 10,660)	( 1)
Other expense	-	-	( 123)	-
Foreign exchange loss, net (Note 21)	( 8,287)	( 1)	( 5,264)	-
<b>Total non-operating income and expenses</b>	<u>( 20,864)</u>	<u>( 2)</u>	<u>6,983</u>	<u>-</u>
<b>Profit before Tax</b>	<u>\$112,582</u>	<u>7</u>	<u>\$138,483</u>	<u>9</u>
<b>Less: Income tax expense (Note 4, 5 and 22)</b>	<u>( 18,901)</u>	<u>( 1)</u>	<u>( 26,342)</u>	<u>( 2)</u>
<b>Net Profit</b>	<u>93,681</u>	<u>6</u>	<u>112,141</u>	<u>7</u>

(Continued)

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

## ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

### Consolidated Statements of Comprehensive Income

For the year ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Other comprehensive income /(loss)				
Components of other comprehensive income (loss) that will be reclassified to profit or loss				
Exchange differences on translating the financial statements of foreign operations	716	-	( 1,377)	-
Income tax relating to items that may be reclassified subsequently to profit or loss(Note4 and 22)	( 143)	-	275	-
Other comprehensive income/(loss) for the year, net of income tax	573	-	( 1,102)	-
<b>Total comprehensive income</b>	<u>\$ 94,254</u>	<u>6</u>	<u>\$ 111,039</u>	<u>7</u>
<b>Net profit, attributable to:</b>				
Owners of parent	\$ 93,335	6	\$ 102,097	6
Non-controlling interests (Notes 11 and 19)	346	-	10,044	1
	<u>\$ 93,681</u>	<u>6</u>	<u>\$ 112,141</u>	<u>7</u>
<b>Comprehensive income attributable to:</b>				
Owners of parent	\$ 93,908	6	\$ 100,995	6
Non-controlling interests(Notes 11 and 19)	346	-	10,044	1
	<u>\$ 94,254</u>	<u>6</u>	<u>\$ 111,039</u>	<u>7</u>
<b>Earnings per share (Note 23)</b>				
<b>Basic earnings per share</b>	<u>\$ 2.10</u>		<u>\$ 2.30</u>	
<b>Diluted earnings per share</b>	<u>\$ 2.10</u>		<u>\$ 2.29</u>	

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

(Concluded)

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

**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the year ended December 31, 2020 and 2019**

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

	Equity Attributable to Owners of parent										
	Share Capital (Notes 19)			Retained Earnings				Exchange Differences on Translating the Financial Statements of Foreign Operations (Notes 19)	Total equity attrib- utable to owners of parent	Non- controlling Interests (Notes 11 and 19)	Total Equity
	Ordinary Share (In Thousands)	Amount	Capital Surplus (Notes 19)	Legal Reserve	Special Reserve	Unappropriated Earnings (Notes 11 and 19)	Total				
Balance at January 1, 2019	44,428	\$ 444,283	\$ 402,511	\$ 33,618	\$ 940	\$ 143,758	\$ 178,316	(\$ 1,484)	\$ 1,023,626	\$ 115,296	\$ 1,138,922
Appropriation and distribution of 2018 earnings:											
Legal reserve	-	-	-	11,270	-	( 11,270)	-	-	-	-	-
Special reserve	-	-	-	-	544	( 544)	-	-	-	-	-
Cash dividends distributed of ordinary share	-	-	-	-	-	( 88,857)	( 88,857)	-	( 88,857)	-	( 88,857)
	-	-	-	11,270	544	( 100,671)	( 88,857)	-	( 88,857)	-	( 88,857)
2019 Net profit	-	-	-	-	-	102,097	102,097	-	102,097	10,044	112,141
Other comprehensive income/(loss)	-	-	-	-	-	-	-	( 1,102)	( 1,102)	-	(1,102)
Total comprehensive income/(loss) for the year ended December 31, 2019	-	-	-	-	-	102,097	102,097	( 1,102)	100,995	10,044	111,039
Balance at December 31, 2019	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 and distribution of 2019 earnings:											
Legal reserve	-	-	-	10,210	-	( 10,210)	-	-	-	-	-
Special reserve	-	-	-	-	1,102	( 1,102)	-	-	-	-	-
Cash dividends distributed of ordinary share	-	-	-	-	-	( 57,756)	( 57,756)	-	( 57,756)	-	( 57,756)
	-	-	-	10,210	1,102	( 69,068)	( 57,756)	-	( 57,756)	-	( 57,756)
Subsidiary shareholders cash dividends(Notes 24)	-	-	-	-	-	-	-	-	-	( 58)	( 58)
Acquire part of the equity of the subsidiary	-	-	-	-	-	( 60,898)	( 60,898)	-	( 60,898)	( 124,015)	( 184,913)
2020 Net profit	-	-	-	-	-	93,335	93,335	-	93,335	346	93,681
Other comprehensive income/(loss)	-	-	-	-	-	-	-	573	573	-	573
Total comprehensive income/(loss) for the year ended December 31, 2020	-	-	-	-	-	93,335	93,335	573	93,908	346	94,254
Balance at December 31, 2020	44,428	\$ 444,283	\$ 402,511	\$ 55,098	\$ 2,586	\$ 108,553	\$ 166,237	(\$ 2,013)	\$ 1,011,018	\$ 1,613	\$ 1,012,631

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

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

## ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

### Consolidated Statements of Cash Flows

For the year ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
<b>Cash flows generated from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 112,582	\$ 138,483
<b>Adjustments:</b>		
Depreciation expenses	123,667	127,020
Amortization expenses	20,191	22,071
Expected credit impairment loss	360	500
Net (gain)/loss on fair value changes of financial assets and debts designated as at fair value through profit or loss	1,251	80
Interest expense	12,731	10,660
Interest income	( 412)	( 848)
(Gain)/loss on disposal retirement of property, plant and equipment	-	( 173)
Write-downs of inventories	981	( 4,078)
Unrealized (gain)/loss on foreign currency exchange	( 923)	4,184
<b>Changes in operating assets and liabilities</b>		
Notes receivable	( 101)	2,145
Trade receivables	19,056	( 31,003)
Trade receivables - related parties	( 6,668)	( 4,444)
Other receivables	826	( 2,803)
Inventories	6,093	11,420
Prepayments and other current assets	( 1,414)	52
Trade payables	( 40,866)	31,347
Trade payables - related parties	97	-
Other payables	21,149	5,379
Provisions	( 1,738)	( 7,564)
Other current liabilities	( 85)	71
<b>Cash generated from operations</b>	266,777	302,499
Interest received	419	850
Interest paid	( 12,705)	( 10,601)
Income tax paid	( 5,676)	( 26,489)
<b>Net cash flows generated from (used in) operating activities</b>	\$ 248,815	\$ 266,259
<b>Cash flows from (used in) investing activities:</b>		
Purchase of financial assets at amortized cost	(\$ 4,057)	(\$ 19,443)
Proceeds from sale of financial assets at amortized cost	55	8,470
Payments for property, plant and equipment	( 35,934)	( 782,060)
Proceeds from disposal of property, plant and equipment	1,341	607
Refundable deposits	137	1,585
Payments for intangible assets	( 2,118)	( 1,066)
Payments for other non-current assets	( 12,040)	( 19,074)
Increase in prepayments for equipment	( 57,329)	( 11,656)
<b>Net cash flows from (used in) investing activities</b>	(\$ 109,945)	(\$ 822,637)

(Continued)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)  
**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the year ended December 31, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2020	2019
<b>Cash flows generated from (used in) financing activities:</b>		
Proceeds from short-term borrowings	(\$ 50,000)	\$ 85,000
Proceeds from long-term borrowings	160,000	576,000
Repayments of long-term borrowings	( 8,853)	( 32,316)
Repayment of the principal portion of lease liabilities	( 13,420)	( 13,731)
	(	
Dividends paid to owners of the Company	57,756)	( 88,857)
Payment of cash dividends for non-controlling interests	( 58)	-
Acquire equity in subsidiary	( 184,913)	-
<b>Net cash generated from/(used in) financing activities</b>	<b>(\$ 155,000)</b>	<b>\$ 526,096</b>
 EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	 658	 ( 1,411)
 NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	 ( 15,472)	 ( 31,693)
 CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	 \$ 239,282	 \$ 270,975
 CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	 \$ 223,810	 \$ 239,282

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

(Concluded)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)  
**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

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**1. COMPANY HISTORY**

Eris Technology Corporation (the “Company”) was incorporated in the Republic of China (“ROC”) in August 16, 1995. The Company mainly manufactures tests and sells rectifier diode, wafer and light-emitting diode.

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

In August 2012, Diodes International BV (Diodes BV) held more than 50% of the company’s shareholding ratio and became the company’s parent company. Diodes Holding BV absorbed and merged Diodes BV in January 2019, and generally accepted all its rights and obligations. The assignment was completed in August 2019. As of December 31, 2020, 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 generally accepted all the rights and obligations of Diodes Holding B.V. The ultimate parent company of the company is Diodes Incorporated (Diodes), and the ultimate parent company and its subsidiaries are hereinafter referred to as Diodes Group.

The consolidated financial statements is presented in The Company functional currency, the New Taiwan dollar.

**2. APPROVAL DATE AND PROCEDURES OF THE FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the Company board of directors on March 4, 2021.

**3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS**

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

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the The Company’s accounting policies.

- b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IFRS 4 “Extension of Provisional Exemption for Applicable IFRS 9”	Effective from release date
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform -Phase 2”	Effective for the annual reporting period beginning

Amendments to IFRS 16 “COVID-19 Pneumonia Related Rent Concessions”	on January 1, 2021 Effective for the annual reporting period beginning on June 1, 2020 (Note )
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Note: The Company did not occur the aforementioned related rent negotiation in 2020, but if this happens in 2021 that the aforementioned regulations will be applied.

The application of the above-mentioned newly issued/amended/revised standards or interpretations will not cause major changes in the company’s accounting policies.

- c. The impact of IFRS issued by IASB but not yet endorsed by the FSC  
As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (“IASB”), but have yet to be endorsed by the FSC:

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
“Annual improvement in the 2018-2020 cycle”	January 1, 2022 (Note 2)
Amendment to IFRS 3 "Update the Index of Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or investment of assets between investors and their affiliates or joint ventures"	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IAS 1 "Classification of liabilities as current or non-current"	January 1, 2023
Amendment 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 16 "Real estate, plant and equipment: the price before reaching the intended state of use"	January 1, 2022(Note 4)
Amendment to IAS 37 "Loss Contracts-Cost of Performing Contracts"	January 1, 2022(Note 5)

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

Note 2: The amendments to IFRS 9 are applicable to the exchange or modification of terms of financial liabilities incurred during the annual reporting period beginning on January 1, 2022; the amendment to IAS 41 "Agriculture" applies to the fair value measurement of the annual reporting period beginning after January 1, 2022; the amendment to IFRS 1 "First Adoption of IFRSs" is retrospectively applied to the annual reporting period beginning after January 1, 2022.

Note 3: This amendment applies to business mergers whose acquisition date starts in the annual reporting period after January 1, 2022.

Note 4: Plants, real estate and equipment that have reached the necessary locations and conditions for the management's expected operation mode after January 1, 2021 are subject to this amendment.

Note 5: This amendment applies to contracts that have not fulfilled all obligations on January 1, 2022.

Note 6: The application of this amendment will be postponed during the annual reporting period beginning on January 1, 2023.

Note 7: This amendment applies to changes in accounting estimates and changes in accounting policies that occur during the annual reporting period beginning on January 1, 2023.

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

d. Apportion of operating costs and operating expenses

After the company acquired Yeashin Technology Co., Ltd. in July 2018, it sustained to adjust its organization and department personnel for operational demands. The management team was to more appropriately divide the attribution of expenses. Started 2020, the functional attributes of each department have reassessed and the classification criteria have been refined.

The adjustment of this expense apportion made part of the expenses by originally attributable to operating costs, re-classified under operating expenses. Because of the changes in the functional attributes of the above-mentioned departments, which are gradually adjusted in response for organizational demands.

The company believes that it is not yet possible to directly use the classification criteria after the reassessment in 2020 as the basis for classification in the same period in 2019. Therefore, the independent/individual comprehensive income statement from January 1 to December 31, 2019 has not been reclassified and adjusted.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. Statement of compliance

These individual consolidated financial statements is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, other regulations and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, biological assets excluding bearer plants which are measured at fair value less costs to sell, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

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

Current liabilities include:

- 1) It is held primarily for the purpose of trading;
- 2) It is due to be settled within 12 months after the reporting period; and
- 3) The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

The consolidated financial statements comprise the Company and its subsidiaries. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

When the merger company's changes in the ownership and equity of the subsidiary do not result in the loss of control, it is treated as an equity transaction. The carrying amount of the consolidated company and non-controlling interests has been adjusted to reflect changes in its relative equity in the subsidiary. The difference between the adjustment amount of non-controlling interests and the fair value of the consideration paid or received is directly recognized as equity and attributable to the owners of the company.

For details of subsidiaries, shareholding ratios and business items, please refer to Note 11 and Attached Tables 6 and 7.

e. Business combination

Business mergers are handled by the acquisition method. Acquisition-related costs are included as expenses in the period in which the costs are incurred and the labor services are obtained.

Goodwill is the sum of the fair value of the transfer consideration, the amount of non-controlling interests of the acquire, and the fair value of the acquirer's previously held equity at the acquisition date, which exceeds the identifiable assets and commitments acquired on the acquisition date Net debt measurement.

The acquiree has the current ownership interest and is entitled to pro rata non-controlling interest in the acquiree's net assets at the time of liquidation, which is measured by the proportion of its share of the recognized amount of the acquiree's identifiable net assets. Other non-controlling interests are measured at fair value.

As the measurement of identifiable assets acquired and liabilities assumed due to a business combination has not been completed, the balance sheet date is recognized at a provisional amount. During the measurement period, retrospective adjustments are made or additional assets or liabilities are recognized to reflect the obtained new information about the facts and circumstances that existed on the acquisition date.

f. Foreign currencies

When each entity prepares financial reports, those who trade in currencies other than the individual's functional currency (foreign currency) are converted into functional currency records at the exchange rate on the transaction day.

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

When preparing individual consolidated financial reports, the assets and liabilities of foreign operating organizations (including subsidiaries in the country where they operate or whose currency is different from that of the company) are converted into New Taiwan dollars at the exchange rate on each balance sheet date. Income and expense items are converted at the average exchange rate of the current period, and the resulting conversion difference is listed in other comprehensive income.

g. Inventories

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

h. Property, plant, and equipment

Property, plant and equipment (including assets held under finance leases and bearer plants) are stated at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction (including bearer plants before they are placed in the location and condition necessary to be capable of operating in the manner intended by management) are carried at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

On de-recognition of an item of property, plant and equipment, the difference between the net disposal price and the asset's book value is recognized in profit and loss.

i. Goodwill

The goodwill obtained from a business combination is based on the amount of goodwill recognized on the acquisition date as the cost, and subsequently measured by the cost minus the accumulated impairment loss.

For the purpose of impairment testing, goodwill is allocated to each cash-generating unit or group of cash-generating units (referred to as "cash-generating units") that the amalgamating company expects to benefit from the synergy of the merger.

Amortized goodwill cash-generating unit performs an impairment test on the unit every year (and when there are indications that the unit may have been impaired) by comparing the book value of the unit containing goodwill and its recoverable amount. If the goodwill allocated to the cash-generating unit is obtained from a business combination of the current year, the unit shall be tested for impairment before the end of the current year. If the recoverable amount of the cash-generating unit of amortized goodwill is lower than its book value, the impairment loss is to reduce the book amount of the cash-generating unit's amortized goodwill first, and then reduce the proportion of the book value of the other assets in the unit by each The carrying amount of the asset. Any impairment loss is directly recognized as the current loss. The loss of goodwill impairment shall not be reversed in the subsequent period.

When disposing of a certain operation within the amortized goodwill cash-generating unit, the amount of goodwill related to the dispositioned operation is included in the book value of the operation to determine the disposition of profits and losses.

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized on a straight-line basis during their useful life. The company reviews the estimated service life, residual value and amortization method at least at the end of each year, and defers the impact of changes in applicable accounting estimates.

On de-recognition of an intangible asset, the difference between the net disposal price and the asset's book value is recognized in profit and loss.

k. Impairment of assets related to real property, plant and equipment, right-of-use assets, intangible assets (except goodwill) and contract costs

The company assesses on each balance sheet date whether there are any signs that real property, plant and equipment, right-of-use assets and intangible assets (except goodwill) may have been impaired. If there are any signs of impairment, estimate the recoverable amount of the asset. If the recoverable amount of an individual asset cannot be estimated, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value less the cost of sale and its use value. If the recoverable amount of an individual asset or cash-generating unit is lower than its book value, the book value of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit and loss.

The inventory, real property, plant and equipment and intangible assets recognized in the customer contract are first recognized as impairment in accordance with the inventory impairment regulations and the above regulations, and the book value of the relevant assets is based on the contract cost. The amount after deducting the directly related costs is recognized as an impairment loss, and the book value of the contract cost-related assets is continuously included in the cash-generating unit to perform the impairment assessment of the cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit or contract cost-related asset is adjusted to the revised recoverable amount, but the increased carrying amount does not exceed the asset, cash-generating unit or contract cost. If the relevant asset is not in the previous year, the book value determined when the impairment loss is recognized (less amortization or depreciation) The reversal of the impairment loss is recognized in the profit and loss.

## 1. Financial instruments

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

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

### 1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

#### a) Measurement categories

The types of financial assets held by the company are financial assets measured at amortized cost.

#### Financial assets measured at amortized cost.

If the company's investment financial assets meet the following two conditions at the same time, they are classified as financial assets measured at amortized cost:

- A. It is held under a certain business model, the purpose of which is to hold financial assets to collect contractual cash flows; and
- B. The terms of the contract generate cash flows on a specific date, and these cash flows are all interest on the payment of the principal and the amount of principal in circulation.

Financial assets measured at amortized cost (including cash, notes receivable at amortized

cost, accounts receivable (including related parties) and other receivables (including related parties)) are initially recognized, It is measured by the total book amount determined by the effective interest method minus the amortized cost of any impairment loss, and any foreign currency exchange gains and losses are recognized in profit and loss.

Except for the following two cases, interest income is calculated by multiplying the effective interest rate by the total book value of financial assets:

- A. For purchased or created credit-impaired financial assets, interest income is calculated by multiplying the effective interest rate after credit adjustment by the amortized cost of the financial asset.
- B. For financial assets that are not purchased or original credit impairment, but subsequently become credit impairment, it should use the effective interest rate multiplied by the amortized cost of the financial asset to calculate the interest income from the next reporting period after the impairment.

Credit-impaired financial assets refer to the issuer or debtor who has experienced major financial difficulties, defaulted, the debtor is likely to apply for bankruptcy or other financial reorganization, or the active market for financial assets disappears due to financial difficulties.

b) Impairment of financial assets and contract assets

The company assesses the impairment losses of financial assets (including accounts receivable) measured at amortized cost based on expected credit losses on each balance sheet date.

For accounts receivable are recognized as allowance losses based on expected credit losses during the duration. For other financial assets, first assess whether there is a significant increase in credit risk since the initial recognition. If there is no significant increase, the allowance loss is recognized based on the 12-month expected credit loss; if it has increased significantly, it is recognized based on the duration of the expected credit loss Allowance for losses.

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

For the purpose of internal Credit Risk Management(CRM), the company determines that there is internal or external information indicating that the debtor is unable to pay off the debt

without considering the collateral held, which represents that the financial asset has defaulted.

The impairment loss of all financial assets is reduced by the allowance account to reduce its carrying amount, but the allowance loss of debt instrument investment measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce its carrying amount.

c) Derecognition of financial assets

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

Recording, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing. Moreover, get back the company's own equity instruments is recognized and deducted under equity. The purchase, sale, issuance or cancellation of the company's own equity instruments are not recognized in profit or loss.

3) Financial liabilities

a) Subsequent measurement

Except for derivatives, all financial liabilities of the company are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross-currency swaps.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

m. Provisions

The amount recognized as a liability reserve is based on the risk and uncertainty of the obligation, and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. The liability provision is the estimated liability for sales returns and discounts. The liability provision is the estimated product returns and a discount that may occur based on the judgment of management and other known reasons, and is recognized as a deduction of operating income in the period when the relevant product is sold Subtract items.

n. Revenue recognition

The company identifies contract with the customers; it allocates the transaction price to each performance obligation, and recognizes revenue when each performance obligation is met.

Revenue from the sale of goods

The company manufactures and sells electronic products to international brand customers. Since the product arrives at the customer's designated location, the customer has the right to set the price and use of the product and has the main responsibility for resale, and bears the risk of obsolescence and obsolescence, the company recognizes revenue and receivables at that point in time Accounts.

When the material is removed for processing, the control of the ownership of the processed product has not been transferred, so revenue is not recognized when the material is removed.

When processing with supplied materials, the company processes and manufactures diodes according to the raw materials provided by the customer and the agreed specifications. Since the customer has control over the diodes when they are strengthened, the company will gradually recognize income over time.

o. Leasing

At the inception of a contract, The Company's assesses whether the contract is, or contains, a lease.

The Company's as lessee

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

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

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

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

Afterward, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is The Company's remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the independent balance sheets.

p. Retirement benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the

undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

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

q. Taxation

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

1) Current tax

The merging company determines the current income (loss) in accordance with the laws and regulations established by each income tax reporting jurisdiction, and calculates the payable (recoverable) income tax based on it.

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

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

2) Deferred tax

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

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are likely to have taxable income to deduct temporary differences, loss deductions, or purchases of machinery and equipment. The resulting income tax deduction is recognized when it is used.

Taxable temporary differences related to investment in subsidiaries are recognized as deferred income tax liabilities, but if the company can control the timing of the reversion of the temporary difference, and the temporary difference is likely to not revert in the foreseeable future except. The deductible temporary differences related to this type of investment will be recognized as deferred income tax only if it is likely to have sufficient taxable income to realize the temporary difference, and within the range expected to return in the foreseeable future assets.

The carrying amount of deferred income tax assets is reviewed on each balance sheet date, and the carrying amount is reduced for those that are no longer likely to have sufficient taxable income to recover all or part of their assets. For those that have not been recognized as deferred income tax

assets, they are also reviewed on each balance sheet date, and if they are likely to generate taxable income in the future for recovering all or part of their assets, the book amount will be increased.

Deferred income tax assets and liabilities are measured by the tax rate for the period in which the expected liability is settled or the asset is realized. The tax rate is based on the tax rate and tax law that has been legislated or substantively legislated on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences arising from the way the company expects to recover or settle the carrying amount of its assets and liabilities on the balance sheet date.

3) Current and deferred taxes for the year

Current and deferred income taxes are recognized in profit or loss, but current and deferred incomes taxes related to items recognized in other comprehensive profit or loss or directly included in equity are respectively recognized in other comprehensive profit or loss or directly included in equity.

**5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

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

The company incorporates the economic impact caused by the COVID-19 novel coronavirus pneumonia into the consideration of major accounting estimates, and the management will continue to review the estimates and basic assumptions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Assumption and major sources of estimation uncertainty:

1. Write-down of inventories

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

2. Income Tax

The realisability of deferred income tax assets mainly depends on whether there are sufficient profits in the future or taxable temporary differences. If the actual profits generated in the

future are less than expected, a major reversal of deferred income tax assets may occur. Such reversals are recognized as profit or loss during the period of occurrence. On the balance sheet date, please refer to Note 22 for the amount that has not been recognized as deferred income tax assets.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Foreign currency demand deposit	\$ 110,947	\$ 148,097
Demand deposits	112,151	90,313
Cash on hand	699	859
Check deposits	<u>13</u>	<u>13</u>
	<u>\$ 223,810</u>	<u>\$ 239,282</u>

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Bank balance	0.2%-0.3%	0.001%-0.38%

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

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Financial liabilities-current, held for trading		
Cross-currency swap contracts	<u>\$ 1,277</u>	<u>\$ 26</u>

At the end of the reporting period, outstanding cross-currency swap contracts not under hedge accounting were as follows:

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Range of Interest Rates Paid</b>	<b>Range of Interest Rates Received</b>
<u>December 31, 2020</u>			
US\$2,000	January 2021 ~ May 2021	-	0.08%~1.25%
<u>December 31, 2019</u>			
US\$1,000	January 2020 ~ February 2020	-	1.55%~2.75%

As of December 31, 2020 and 2019, the company engaged in financial instruments measured at fair

value through profit and loss, resulting in a net loss of \$1,041 thousand and a net gain of \$648 thousand, respectively.

## 8. FINANCIAL ASSETS AT AMORTIZED COST

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Current		
<u>Unpledged time deposits</u>		
Time deposits with original maturities of more than 3 months	\$ -	\$ 8,994
<u>Pledged time deposits</u>		
Time deposits with original maturities of more than 3 months	13,809	5,178
Restricted demand deposit	<u>22,013</u>	<u>28,010</u>
	<u>\$ 35,822</u>	<u>\$ 42,182</u>
Non-current		
<u>Pledged time deposits</u>		
Restricted demand deposit	<u>\$ 10,003</u>	<u>\$ -</u>

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	<b><u>December 31, 2020</u></b>	<b><u>December 31, 2019</u></b>
Time deposits with original maturities of more than 3 months	0.46%-2.13%	2.35%-2.49%
Restricted demand deposit	0.01%-0.04%	0.01%-0.08%

Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.

## 9. NOTES RECEIVABLE AND TRADE RECEIVABLES AND OTHER RECEIVABLES

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
<u>Notes receivable</u>		
Notes receivable from operating activities	<u>\$ 1,541</u>	<u>\$ 1,440</u>
<u>Trade receivables</u>		
Accounts receivables – measured at amortized cost	\$ 114,792	\$ 134,130
Less: Allowance for impairment loss	<u>( 8,338)</u>	<u>( 8,738)</u>
	<u>\$ 106,454</u>	<u>\$ 125,392</u>
<u>Trade receivables from related parties</u>		
Notes and accounts receivable – related parties	<u>\$ 257,149</u>	<u>\$ 249,543</u>

The average credit period of sales of goods was 30-120 days. No interest was charged on trade receivables for the period.

In order to mitigate credit risks, the management of the company assigns a dedicated team to be responsible for the determination of credit dates, credit approvals and other monitoring procedures to ensure that appropriate actions have been taken for the collection of overdue accounts receivable. In addition, the company will review the recoverable amount of accounts receivable on the balance sheet date to ensure that accounts receivable that cannot be recovered have been properly deducted.

Accordingly, the management of the company believes that the company's credit risk has been significantly reduced.

The company recognizes the allowance loss of accounts receivable based on the expected credit loss during the duration. The expected credit loss during the existence period takes into account the past default records of customers and the current financial situation and industrial economic situation.

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

December 31, 2020

	<u>Not Past Due</u>	<u>Less than 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Others</u>	<u>Total</u>
		\$				
Gross carrying amount	\$ 13,259	285,362	\$ 65,769	\$ 1,731	\$ 5,820	\$ 371,941
Loss allowance (Lifetime ECLs)	( 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>

December 31, 2019

	<u>Not Past Due</u>	<u>Less than 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Others</u>	<u>Total</u>
		\$				
Gross carrying amount	\$ 9,500	277,168	\$ 89,427	\$ 805	\$ 6,773	\$383,673
Loss allowance (Lifetime ECLs)	( 475)	( 1,101)	( 389)	-	( 6,773)	( 8,738)
		\$				\$
Amortized cost	<u>\$ 9,025</u>	<u>\$ 276,067</u>	<u>\$ 89,038</u>	<u>\$ 805</u>	<u>\$ -</u>	<u>374,935</u>

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

	<u>2020</u>	<u>2019</u>
AT THE BEGINNING OF THE YEAR	\$ 8,738	\$ 8,272
Add: The impairment loss is listed for the current year	360	500

Less: The impairment losses written off for the period	( 845)	-
Foreign exchange translation gains and losses	85	( 34)
<b>AT THE END OF THE YEAR</b>	<u>\$ 8,338</u>	<u>\$ 8,738</u>

The aging of receivables analysis was as follows:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Not past due	\$ 344,952	\$ 362,769
1-60 days	15,321	13,843
61-90 days	374	291
91-120 days	86	119
More than 120 days	<u>11,208</u>	<u>6,651</u>
	<u>\$ 371,941</u>	<u>\$ 383,671</u>

## 10. INVENTORIES

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Raw materials	\$ 103,418	\$ 100,789
Work in progress	108,124	111,503
Finished goods	<u>34,114</u>	<u>40,438</u>
	<u>\$ 245,656</u>	<u>\$ 252,730</u>

The cost of goods sold in 2020 includes the provision of inventory depreciation and idle losses of NT\$981 thousands. The cost of goods sold for the year 2019 included the decline in the price of revolving inventory and sluggish losses of NT\$4,078 thousands. The price drop of revolving inventory and sluggish losses were caused by the re-allocation of sluggish inventory.

## 11. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

Investor	Name of Subsidiary	Nature of Activities	Proportion of Ownership (%)	
			December 31, 2020	December 31, 2019
Eris Technology Co. ("Eris")	Keep High Ltd. ("Keep High")	Holding company	100.00	100.00
Eris Technology Co. ("Eris")	Yea Shin Technology Co., Ltd. ("Yea Shin")	Manufacturing of electronic parts and wholesaling of electronic components	99.52	60.11

Keep High	Forever Eagle Incorporation ("Forever")	Holding company	100.00	100.00
Forever	Jie Cheng Electronic (Shanghai) Co., Ltd. ("Jie Cheng")	Wholesaling of electronic components and international trading business	100.00	100.00

On April 3, 2008, Eris set up as of Jie Cheng with the investment in Mainland China companies through a company invested and established in a third region approved by the Investment Commission, Ministry of Economic Affairs. Jie Cheng mainly manufacturing of electronic parts and wholesaling of electronic components. December 31, 2020, the capital of Jie Cheng was US\$650 thousand.

For upside integration and the expansion of The Company's activities, Eris acquired a 60.11% equity interest in Yea Shin, consisting of 26,259 thousand common shares, at NT\$193,860 in July 2018.

In response to the development strategy of the group, the company acquired 11,558 thousand and 50 thousand common shares of Yea Shin Technology at a total price of NT\$ 184,842 thousand and NT\$ 71 thousand in March and April of 2020, resulting in a 60.11% shareholding ratio increased to 99.52%, and reduced retained earnings by NT\$60,898 thousand. (For the details of the investment subsidiaries indirectly held by the company, please refer to Note 24).

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of equity and voting rights held by non-controlling interests	
	December 31, 2020	December 31, 2019
Yea Shin	0.48%	39.89%

See Table 6 for the information on places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Yea Shin	\$ 346	\$ 10,044	\$ 1,613	\$ 125,340

Summarized financial information in respect of Yea Shin that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

	December 31, 2020	December 31, 2019
Current assets	\$ 243,326	\$ 185,901
Non-current assets	235,552	237,435
Current liabilities	( 135,936)	( 104,171)
Non-Current liabilities	-	( 38)
Equity	\$ 342,942	\$ 319,127

Equity attributable to:		
Owners of Company Yea Shin	\$ 341,296	\$ 191,822
Non-controlling interests of Company Yea Shin	<u>1,646</u>	<u>127,305</u>
	<u>\$ 342,942</u>	<u>\$ 319,127</u>
	<b>2020</b>	<b>2019</b>
Revenue	<u>\$ 384,396</u>	<u>\$ 254,112</u>
Profit for the year	<u>\$ 35,815</u>	<u>\$ 25,705</u>
Profit attributable to:		
Owners of Company Yea Shin	\$ 35,643	\$ 15,451
Non-controlling interests of Company Yea Shin	<u>172</u>	<u>10,254</u>
	<u>\$ 35,815</u>	<u>\$ 25,705</u>
Net cash inflow from:		
Operating activities	\$ 33,721	\$ 16,765
Investing activities	( 16,990)	( 27,804)
Financing activities	( <u>12,000</u> )	( <u>38,009</u> )
Net cash inflow/(outflow)	<u>\$ 4,731</u>	( <u>49,048</u> )

## 12. PROPERTY, PLANT AND EQUIPMENT

<u>Book amount of each category</u>	<u>December 31,</u> <b>2020</b>	<u>December 31,</u> <b>2019</b>
Land	\$ 612,895	\$ 612,895
Buildings	437,827	455,111
Machinery Equipment	366,875	382,366
Transportation Equipment	6,613	8,700
Leasehold Improvements	5,519	9,964
Other Equipment	<u>4,381</u>	<u>5,450</u>
	<u>\$ 1,434,110</u>	<u>\$ 1,474,486</u>

	<b>2020</b>					<b>Balance at</b> <b>December 31,</b> <b>2020</b>
	<b>Balance at</b> <b>January 1,</b> <b>2020</b>	<b>Additions</b>	<b>Disposal</b>	<b>Reclassifications</b>	<b>Effect of</b> <b>movements in</b> <b>exchange rates</b>	
<u>Cost</u>						
Land	\$ 612,895	\$ -	\$ -	\$ -	\$ -	\$ 612,895
Buildings	524,237	7,013	335	-	-	530,915

Machinery Equipment	991,486	25,319	27,778	36,545	-	1,025,572
Transportation Equipment	16,485	1,400	1,939	-	30	15,976
Leasehold Improvements	19,381	100	2,490	-	-	16,991
Other Equipment	<u>17,466</u>	<u>826</u>	<u>4,220</u>	<u>-</u>	<u>23</u>	<u>14,095</u>
<b>Total</b>	<u>2,181,950</u>	<u>\$ 34,658</u>	<u>\$ 36,762</u>	<u>\$ 36,545</u>	<u>\$ 53</u>	<u>2,216,444</u>

### 2020

	<b>Balance at January 1, 2020</b>	<b>Additions</b>	<b>Disposal</b>	<b>Reclassifications</b>	<b>Effect of movements in exchange rates</b>	<b>Balance at December 31, 2020</b>
<b>Accumulated depreciation</b>						
Buildings	69,126	\$ 24,297	\$ 335	\$ -	\$ -	93,088
Machinery Equipment	609,120	77,355	27,778	-	-	658,697
Transportation Equipment	7,785	2,148	598	-	28	9,363
Leasehold Improvements	9,417	4,545	2,490	-	-	11,472
Other Equipment	<u>12,016</u>	<u>1,904</u>	<u>4,220</u>	<u>-</u>	<u>14</u>	<u>9,714</u>
<b>Total</b>	<u>707,464</u>	<u>\$ 110,249</u>	<u>\$ 35,421</u>	<u>\$ -</u>	<u>\$ 42</u>	<u>782,334</u>
Carrying amount at December 31, 2020	<u>\$ 1,474,486</u>					<u>\$ 1,434,110</u>

### 2019

	<b>Balance at January 1, 2019</b>	<b>Additions</b>	<b>Disposal</b>	<b>Reclassifications</b>	<b>Effect of movements in exchange rates</b>	<b>Balance at December 31, 2019</b>
<b>Cost</b>						
Land	\$ 147,295	\$ 419,040	\$ -	\$ 46,560	\$ -	\$ 612,895
Buildings	86,568	295,351	786	143,104	-	524,237
Machinery Equipment	929,128	59,998	11,794	14,154	-	991,486
Transportation Equipment	12,337	4,839	624	-	( 67 )	16,485
Leasehold Improvements	122,506	1,282	4,015	( 100,392 )	-	19,381
Other Equipment	<u>19,884</u>	<u>1,343</u>	<u>3,727</u>	<u>-</u>	<u>( 34 )</u>	<u>17,466</u>
<b>Total</b>	<u>1,317,718</u>	<u>\$ 781,853</u>	<u>\$ 20,946</u>	<u>\$ 103,426</u>	<u>( \$ 101 )</u>	<u>2,181,950</u>
<b>Accumulated depreciation</b>						
Buildings	10,633	\$ 16,324	\$ 786	\$ 42,955	\$ -	69,126
Machinery Equipment	535,603	85,311	11,794	-	-	609,120
Transportation Equipment	6,097	1,941	190	-	( 63 )	7,785
Leasehold Improvements	48,615	7,772	4,015	( 42,955 )	-	9,417
Other Equipment	<u>13,668</u>	<u>2,104</u>	<u>3,727</u>	<u>-</u>	<u>( 29 )</u>	<u>12,016</u>

<b>Total</b>	<u>614,616</u>	<u>\$ 113,452</u>	<u>\$ 20,512</u>	<u>\$ -</u>	<u>(\$ 92)</u>	<u>707,464</u>
Carrying amount at December 31, 2019	<u>\$ 703,102</u>					<u>\$ 1,474,486</u>

As there was no sign of impairment in 2020 and 2019, the company did not conduct impairment assessment.

For the below items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Office's main buildings	35-50 years
Building improvement	5-15 years
Machinery equipment	2-15 years
Transportation equipment	5 years
Leasehold Improvements	5 years
Other equipment	3-5 years

Property, plant and equipment used by the Company and pledged as collateral for bank borrowings are set out in Note 28.

### 13. LEASE ARRANGEMENTS

#### a. Right-of-use assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Book amount of right-of-use asset	<u>\$ 11,232</u>	<u>\$ 12,961</u>
	<u>2020</u>	<u>2019</u>
Additions to right-of-use assets	<u>\$ 12,391</u>	<u>\$ 1,278</u>
Depreciation charge for right-of-use assets		
Buildings	<u>\$ 13,418</u>	<u>\$ 13,568</u>

#### b. Lease liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amounts		
Current	<u>\$ 8,251</u>	<u>\$ 9,533</u>
Non-current	<u>\$ 3,059</u>	<u>\$ 3,509</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Buildings	1%~1.25%	1.25%

#### c. Other lease information

	<u>2020</u>	<u>2019</u>
Expenses relating to short-term leases	<u>\$ -</u>	<u>\$ 5,284</u>
Total cash outflow for leases	<u>\$ 13,420</u>	<u>\$ 19,015</u>

The company chooses to apply the recognition exemption for land and building leases that qualify for short-term leases, and does not recognize related right-of-use assets and lease liabilities for such

leases.

#### 14. GOODWILL

	<u>2020</u>	<u>2019</u>
Cost	\$ <u>24,070</u>	\$ <u>24,070</u>

The company had acquired Yea-sin Technology in July 2018, which generated a related goodwill of NT\$24,070 thousand, which was mainly due to the expected future economic benefits of the subsidiary.

#### 15. OTHERS INTANGIBLE ASSETS

<u>Cost</u>	<u>Patents</u>	<u>Computer software</u>	<u>Total</u>
Balance at January 1, 2020	\$ 617	\$ 17,902	\$ 18,519
Additions	-	2,118	2,118
Disposals	<u>-</u>	<u>( 395)</u>	<u>( 395)</u>
Balance at December 31, 2020	<u>\$ 617</u>	<u>\$ 19,625</u>	<u>\$ 20,242</u>

##### Accumulated amortization

Balance at January 1, 2020	\$ 373	\$ 2,031	\$ 2,404
Amortization expenses	62	2,261	2,323
Disposals	<u>-</u>	<u>( 395)</u>	<u>( 395)</u>
Balance at December 31, 2020	<u>\$ 435</u>	<u>\$ 3,897</u>	<u>\$ 4,332</u>
Carrying amount at December 31, 2020	<u>\$ 182</u>	<u>\$ 15,728</u>	<u>\$ 15,910</u>

##### Cost

Balance at January 1, 2019	\$ 617	\$ 2,237	\$ 2,854
Additions	-	1,066	1,066
Disposals	-	( 262)	( 262)
Additions from internal	<u>-</u>	<u>14,861</u>	<u>14,861</u>
Balance at December 31, 2019	<u>\$ 617</u>	<u>\$ 17,902</u>	<u>\$ 18,519</u>

##### Accumulated amortization

Balance at January 1, 2019	\$ 311	\$ 796	\$ 1,107
Amortization expenses	62	1,497	1,559
Disposals	<u>-</u>	<u>( 262)</u>	<u>( 262)</u>

Balance at December 31, 2019	<u>\$ 373</u>	<u>\$ 2,031</u>	<u>\$ 2,404</u>
Carrying amount at December 31, 2019	<u>\$ 244</u>	<u>\$ 15,871</u>	<u>\$ 16,115</u>

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Patents	10 years
Computer software	2-15 years

## 16. OTHER NON-CURRENT ASSETS

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unamortized expense	<u>\$ 5,772</u>	<u>\$ 19,010</u>

## 17. BORROWINGS

### a. Short-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured borrowings</u>		
Bank loans	\$ 320,000	\$ 300,000
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>30,000</u>	<u>100,000</u>
	<u>\$ 350,000</u>	<u>\$ 400,000</u>

The range of weighted average effective interest rates on bank loans was 0.97%~1.2% and 1.14%~1.45% per annum as of December 31, 2020 and 2019, respectively.

Refer to Note 28 for information relating to borrowings pledged as security.

### b. Long-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured borrowings</u>		
Bank loans (1)	\$ 118,313	\$ 127,166
Bank loans (2)	476,000	476,000
Bank loans (3)	100,000	100,000
Bank loans (4)	100,000	-
Bank loans (5)	11,000	-
Bank loans (6)	<u>49,000</u>	<u>-</u>
	854,313	703,166
Less: Current portions	<u>(138,428)</u>	<u>(8,771)</u>
Long-term borrowings	<u>\$ 715,885</u>	<u>\$ 694,395</u>

1) As of December 31, 2020 and 2019, the range of weighted average effective interest rates of the

bank borrowings secured by the Company's land and buildings, was 0.92% and 1.20% per annum, respectively.

- 2) As of December 31, 2020 and 2019, the range of weighted average effective interest rates of the bank borrowings secured by the Company's land and buildings, was 0.9797% and 1.1681% per annum, respectively.
- 3) As of December 31, 2020 and 2019, the range of weighted average effective interest rates of the bank borrowings secured by the Company's land and buildings, was 0.9797 and 1.1681% per annum, respectively.
- 4) As of December 31, 2020, the range of weighted average effective interest rates of the bank borrowings secured by the Company's demand deposit guarantee was 0.88% per annum, respectively.
- 5) As of December 31, 2020, the range of weighted average effective interest rates of the bank borrowings secured by the Company's land and buildings was 0.98% per annum, respectively.
- 6) As of December 31, 2020, the range of weighted average effective interest rates of the bank borrowings secured by the Company's land and buildings, was 0.90% per annum, respectively.

Refer to Note 28 for information relating to borrowings pledged as security.

## 18. OTHER LIABILITIES

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Other payables		
Payables for salaries or bonuses	\$ 59,010	\$ 51,959
Payables for processing fees	13,170	15,592
Payables for labor and health insurance	5,825	5,301
Payables for water, electricity and gas charges	4,879	1,210
Payables for purchases of equipment	4,643	5,919
Payables for professional service fees	3,083	2,141
Payables for pension	1,829	1,776
Others	<u>45,383</u>	<u>38,903</u>
	<u>\$ 137,822</u>	<u>\$ 122,801</u>

## 19. EQUITY

### a. Share capital

#### Ordinary shares

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Number of shares authorized (in thousands)	<u>50,000</u>	<u>50,000</u>
Shares authorized	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Number of shares issued and fully paid (in thousands)	<u>44,428</u>	<u>44,428</u>
Shares issued	<u>\$ 444,283</u>	<u>\$ 444,283</u>

Fully paid common shares, which have a par value of NT\$10, carry one vote per share and a right to dividends.

### b. Capital surplus

<b>December 31,</b>	<b>December 31,</b>
---------------------	---------------------

	<u>2020</u>	<u>2019</u>
Issuance of ordinary shares	\$ 401,662	\$ 401,662
Others	<u>849</u>	<u>849</u>
	<u>\$ 402,511</u>	<u>\$ 402,511</u>

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, 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 board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employee benefits expense in Note 21-5.

The Company Articles also stipulate a dividends policy whereby the issuance of stock dividends takes precedence over the payment of cash dividends. In principle, cash dividends are limited to 10% of the total dividends distributed.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals The Company 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 paid-in capital, the excess may be transferred to capital or distributed in cash.

As follows by FSC No. 1010012865 and the "Questions and Answers Concerning the Application of Special Surplus Reserves after the adoption of International Financial Reporting Standards (IFRSs)", the company has listed and converted special surplus reserves.

The appropriations of earnings for 2019 and 2018 approved in the shareholders' meetings on May 28, 2020 and May 31, 2019, respectively, were as follows:

	<u>2019</u>	<u>2018</u>
Legal reserve	<u>\$ 10,210</u>	<u>\$ 11,270</u>
Special reserve	<u>\$ 1,102</u>	<u>\$ 544</u>
Cash dividends	<u>\$ 57,756</u>	<u>\$ 88,857</u>
Cash dividends of per share NT\$	<u>\$ 1.30</u>	<u>\$ 2.00</u>

On March 4, 2021, the BOD proposed the 2021-year surplus distribution proposal as follows:

	<u>2020</u>
Legal reserve	<u>\$ 9,334</u>
Special reserve	<u>(\$ 573)</u>
Cash dividends	<u>\$ 88,857</u>
Cash dividends of per share NT\$	<u>\$ 2.00</u>

d. Other equity items

Exchange differences on translating the financial statements of foreign operations

	<u>2020</u>	<u>2019</u>
Balance at January 1	(\$ 2,586)	(\$ 1,484)
Exchange differences on translating the financial statements of foreign operations	716	( 1,377)
Related income tax	<u>( 143)</u>	<u>275</u>
d. Balance at December 31 on-controlling interests	<u>(\$ 2,013)</u>	<u>(\$ 2,586)</u>

	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ 125,340	\$ 115,296
Acquisition of non-controlling interests in Yea Shin(Notes 24)	(124,015)	-
Share of profit for the year	346	10,044
Payment of cash dividends for non-controlling interests	<u>( 58)</u>	<u>-</u>
Balance at December 31	<u>\$ 1,613</u>	<u>\$ 125,340</u>

## 20. REVENUE

	<u>2020</u>	<u>2019</u>
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$1,537,470</u>	<u>\$1,547,880</u>

### a. Contract balances

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>January 1, 2019</u>
Trade receivables and Notes (Note 9)	<u>\$ 365,144</u>	<u>\$ 376,375</u>	<u>\$ 346,011</u>
Contract liabilities (included other current Liabilities)			
Sale of goods	<u>\$ 17</u>	<u>\$ 40</u>	<u>\$ 66</u>

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods is as follows:

	<u>2020</u>	<u>2019</u>
From contract liabilities at the start of the year		
Sale of goods	<u>\$ 40</u>	<u>\$ 66</u>

## 21. NET PROFIT

The additional information on net profit for this year includes the following items:

### 1) Depreciation and amortization

	<u>2020</u>	<u>2019</u>
Property, plant and equipment	\$ 110,249	\$ 113,452

Right-of-use assets	13,418	13,568
Long-term prepayments	17,868	20,512
Intangible assets	<u>2,323</u>	<u>1,559</u>
<b>Total</b>	<b><u>\$ 143,858</u></b>	<b><u>\$ 149,091</u></b>

	<u>2020</u>	<u>2019</u>
An analysis of depreciation by function		
Operation cost	\$ 90,245	\$ 116,835
Operating expenses	<u>33,422</u>	<u>10,185</u>
	<u>\$ 123,667</u>	<u>\$ 127,020</u>

An analysis of amortization by function		
Operation cost	\$ 16,192	\$ 17,384
Operating expenses	<u>3,999</u>	<u>4,687</u>
	<u>\$ 20,191</u>	<u>\$ 22,071</u>

2) Gains or losses on foreign currency exchange

	<u>2020</u>	<u>2019</u>
Foreign exchange gains	\$ 13,066	\$ 8,324
Foreign exchange losses	<u>( 21,353 )</u>	<u>( 13,588 )</u>
	<u>( \$ 8,287 )</u>	<u>( \$ 5,264 )</u>

3) Employee benefits expense

	<u>2020</u>	<u>2019</u>
Post-employment benefits		
Defined benefit plans	\$ 10,657	\$ 11,346
Salaries and bonus	<u>319,887</u>	<u>306,100</u>
Total employee benefits expense	<u>\$ 330,544</u>	<u>\$ 317,446</u>

An analysis of employee benefits expense by function

Operating costs	\$ 201,388	\$ 224,590
Operating expenses	<u>129,156</u>	<u>92,856</u>
	<u>\$ 330,544</u>	<u>\$ 317,446</u>

4) Other Income

	<u>2020</u>	<u>2019</u>
Compensation income	\$ -	\$ 19,820
Other	<u>783</u>	<u>1,541</u>
	<u>\$ 783</u>	<u>\$ 21,361</u>

5) Employees' compensation

The Company accrued employees' compensation at rates of no less than 1% and no higher than 5%. The employees' compensation for the years ended December 31, 2020 and 2019, which have been approved by The Company board of directors on March 4, 2020 and February 21, 2019, respectively, were estimated as follows:

Estimated rate

	<u>2020</u>	<u>2019</u>
Employees' compensation	3.2%	2.2%
<u>Amount</u>		

	<u>2020</u>	<u>2019</u>
Employees' compensation	\$ 3,400	\$ 2,800

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 the next year.

There is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation by The Company board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

### a. Major components of tax expense recognized in profit or loss

	<u>2020</u>	<u>2019</u>
Current tax		
In respect of the current year	\$ 13,204	\$ 21,509
Adjustments for prior years	( <u>1,712</u> )	( <u>2,060</u> )
	<u>11,492</u>	<u>19,449</u>
Deferred tax		
In respect of the current year	11,131	6,994
Adjustments for prior years	( <u>3,722</u> )	( <u>101</u> )
	<u>7,409</u>	<u>6,893</u>
Income tax expense recognized in profit or loss	<u>\$ 18,901</u>	<u>\$ 26,342</u>

The adjustment of accounting income and income tax expenses is as follows:

	<u>2020</u>	<u>2019</u>
Profit before tax from continuing operations	<u>\$ 112,582</u>	<u>\$ 138,483</u>
Income tax expense calculated at the statutory rate	\$ 30,238	\$ 28,202
The equity method recognizes domestic investment interests	( 6,082 )	-
Nondeductible expenses in determining taxable income	179	301
Adjustments for prior years' tax	( <u>5,435</u> )	( <u>2,161</u> )
Income tax expense recognized in profit or loss	<u>\$ 18,901</u>	<u>\$ 26,342</u>

In July of 2019, the President of my country announced the amendment to the Industrial Innovation Regulations, which clearly stipulated that the construction or purchase of specific assets or technologies with undistributed surpluses from 2018 onwards may be included as deductions for

calculating undistributed surpluses. Consolidated companies calculated undistributed surpluses in 2020. In the case of surplus tax, only the amount of capital expenditure that has been made and is expected to be reinvested is deducted.

Subsidiaries Keep High Company and Forever Company are established in the tax-free zone, and only need to pay the annual fee each year, so there are no income tax expenses and deferred income tax assets and liabilities. In addition, in accordance with the "Enterprise Income Tax Law of the People's Republic of China", the applicable tax rate of Shanghai Jie-cheng in 2019 was 25%. In 2020 and 2019, due to the local income tax preferential conditions, the preferential tax rate was 5%, but it did not generate Significant deferred income tax assets and liabilities.

b. Income tax recognized in other comprehensive income

<u>Deferred tax</u>	<u>2020</u>	<u>2019</u>
<b>In respect of the current period:</b>		
Translations of foreign operations	(\$ 143)	\$ 275
Total income tax recognized in other comprehensive income	(\$ 143)	\$ 275

c. Income tax assessments

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Current tax liabilities	\$ 16,733	\$ 10,909

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Closing Balance</u>
<b>Deferred Tax Assets</b>				
Temporary difference				
Reversals of inventory write-downs	\$ 6,799	(\$ 1,080)	\$ -	\$ 5,719
Payables for annual leave	903	110	-	1,013
Provisions	1,222	( 348 )	-	874
Translations of foreign operations	646	-	( 143 )	503
Unrealized Foreign exchange loss	178	( 22 )	-	156
FVTPL financial assets	1,189	( 278 )	-	911
Others	248	179	-	427
	<u>11,185</u>	<u>( 1,439 )</u>	<u>( 143 )</u>	<u>9,603</u>
loss carryforwards	<u>104,734</u>	<u>( 7,598 )</u>	<u>-</u>	<u>97,136</u>
	<u>\$ 115,919</u>	<u>( \$ 9,037 )</u>	<u>( \$ 143 )</u>	<u>\$ 106,739</u>
<b>Deferred tax liabilities</b>				
Temporary difference				
Investments accounted for using the equity method	\$ 7,779	(\$ 1,662)	\$ -	\$ 6,117
Unrealized Foreign exchange income	38	34	-	72

\$ 7,817      (\$ 1,628)      \$ -      \$ 6,189

For the year ended December 31, 2019

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Closing Balance</u>
<b>Deferred Tax Assets</b>				
Temporary difference				
Reversals of inventory write-downs	\$ 7,615	(\$ 816)	\$ -	\$ 6,799
Payables for annual leave	847	56	-	903
Provisions	2,734	( 1,512)	-	1,222
Translations of foreign operations	371	-	275	646
Unrealized Foreign exchange loss	-	178	-	178
FVTPL financial assets	1,116	73	-	1,189
Others	<u>229</u>	<u>19</u>	<u>-</u>	<u>248</u>
	<u>12,912</u>	<u>( 2,002 )</u>	<u>275</u>	<u>11,185</u>
loss carryforwards	<u>105,815</u>	<u>( 1,081 )</u>	<u>-</u>	<u>104,734</u>
	<u>\$ 118,727</u>	<u>( \$ 3,083 )</u>	<u>\$ 275</u>	<u>\$ 115,919</u>
<b>Deferred tax liabilities</b>				
Temporary difference				
Investments accounted for using the equity method	\$ 3,958	\$ 3,821	\$ -	\$ 7,779
Unrealized Foreign exchange income	38	-	-	38
FVTPL financial assets	<u>11</u>	<u>( 11 )</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,007</u>	<u>\$ 3,810</u>	<u>\$ -</u>	<u>\$ 7,817</u>

- e. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Loss carryforwards		
Expiry in 2023	\$ 53,938	\$ 53,994
Expiry in 2024	215,174	215,174
Expiry in 2025	245,709	245,709
Expiry in 2026	285,521	285,521
Expiry in 2027	573,007	573,008

Expiry in 2028	<u>263,942</u>	<u>263,942</u>
	<u>\$ 1,637,291</u>	<u>\$ 1,637,348</u>

f. Information about unused loss deduction

As of December 31,2020, the relevant information about loss deduction is as follows:

<u>Un-deduction balance</u>	<u>Last year of deduction</u>
\$ 32,664	2022
157,244	2023
271,369	2024
308,966	2025
354,191	2026
650,614	2027
<u>347,927</u>	2028
<u>\$ 2,122,975</u>	

g. Income tax verification situation

The company and its subsidiary Yea-sin Technology's income tax declaration cases for profitable businesses as of 2018 years have been approved by the tax collection agency.

### 23. EARNINGS PER SHARE

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

	<u>Net income</u>	<u>Shares, Unit: thousand shares</u>	<u>The weighted average number of common shares to be used to calculate diluted earnings per share (EPS)</u>
<b>2020</b>			
Basic earnings per share			
Net profit of the year	\$ 93,335	44,428	<u>\$ 2.10</u>
Potential impact of common stock with dilution:			
Remuneration to employees	-	53	
Diluted earnings per share			
Profit for the period attributable to owners of the Company	<u>\$ 93,335</u>	<u>44,481</u>	<u>\$ 2.10</u>
<b>2019</b>			
Basic earnings per share			

Net profit of the year	\$ 102,097	44,428	<u>\$ 2.30</u>
Potential impact of common stock with dilution:			
Remuneration to employees	-	73	
Diluted earnings per share			
Profit for the period attributable to owners of the Company	<u>\$ 102,097</u>	<u>44,501</u>	<u>\$ 2.29</u>

If The Company offered to settle compensation or bonuses paid to employees in cash or shares, The Company assumed the entire amount of the compensation or bonuses 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 shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 24. Equity transactions with non-controlling interests

The consolidated company acquired 39.39% and 0.02% of the shares of Yea-sin Technology on March 31 and April 24, 2020, resulting in an increase in the shareholding ratio from 60.11% to 99.52%.

Since the above transactions did not change the control of the consolidated company over these subsidiaries, the consolidated company was treated as an equity transaction.

	<u>Yea-sin Technology</u>
Price paid	(\$ 184,913)
The carrying amount of the subsidiary's net assets is calculated based on the relative equity changes to be transferred out of the non-controlling equity	<u>124,015</u>
Equity transaction balance	( <u>\$ 60,898</u> )
<u>Equity transaction balance adjustment account</u>	
Undistributed surplus	( <u>\$ 60,898</u> )

## 25. CAPITAL MANAGEMENT

The company 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 of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy  
December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				

Derivative financial assets	\$ _____ -	\$ _____ 1,277	\$ _____ -	\$ _____ 1,277
<u>December 31, 2019</u>				

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Derivative financial assets	\$ _____ -	\$ _____ 26	\$ _____ -	\$ _____ 26

During 2020 and 2019, there were no transfers between Levels 1 and 2 in the current and prior periods.

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - cross currency swap	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

b. Categories of financial instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 635,093	\$ 659,228
Fair value through profit or loss (FVTPL)		
Held for trading	-	-
<u>Financial liabilities</u>		
Amortized cost (2)	1,440,472	1,373,168
Fair value through profit or loss (FVTPL)		
Held for trading	1,277	26

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments and accounts receivable (including related parties) and other receivables.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, accounts payable (including related parties) and other payables.

c. Financial risk management objectives and policies

The Company's major financial instruments include note receivables, trade receivables, trade payables, and borrowings. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of The Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The Company sought to minimize the effects of these risks

## 1) Market risk

The company's operating activities make the company's main market risks bear the risk of changes in foreign currency exchange rates and changes in interest rates.

### a) Exchange rate risk

The (consolidated ) company is engaged in foreign currency-denominated sales and purchase transactions, thus causing the (consolidated ) company to risk exposure to exchange rate fluctuations.

In order to avoid the decrease in the value of foreign currency assets and the fluctuation of future cash flow due to exchange rate changes, the consolidated company analyzes the foreign currency assets and foreign currency liabilities receipts and payments amount, maturity period and other factors, and considers the risk of foreign currency net positions, and then uses foreign currency exchange for profit. Contracts, borrowing foreign currency loans, etc., to avoid relevant exchange rate risks.

Internal auditors continue to review compliance with policies and the risk limit. The use of the foreign exchange and profit exchange contract of the amalgamating company is regulated by the policy adopted by the board of directors, and the company does not conduct the transaction of the foreign exchange and profit exchange contract for speculative purposes.

The carrying amount of monetary assets and monetary liabilities denominated in non-functional currencies of the consolidated company at the balance sheet date (including monetary items denominated in non-functional currencies that have been written off in the consolidated financial statements), please refer to Note 30.

The sensitivity analysis of foreign currency exchange rate risk is mainly based on the calculation of foreign currency monetary items (mainly U.S. dollar items) and derivatives at the end of the financial reporting period. When the functional currency of the merged entity appreciates/depreciates by 1% against the US dollar, the net profit after tax of the company in 2020 will increase/decrease by NTD175thousand; the net profit after tax in 2019 will decrease/increase by NTD1,191thousand.

As a above mention, that the aforementioned sensitivity analysis is calculated based on the foreign currency risk exposure amount on the balance sheet date, the management believes that the sensitivity cannot reflect the mid-year risk exposure situation.

### b) Interest rate risk

Interest rate risk refers to the risk of changes in the fair value of financial instruments or changes in cash flow due to fluctuations in market interest rates. Because the consolidated company holds financial assets and liabilities with fixed interest rates, there is a risk of fair value changes in interest rates; because it holds financial assets and liabilities with floating interest rates, there is a risk of cash flow risks due to changes in interest rates.

The management of the company regularly monitors the changes in market interest rates, and adjusts the positions of floating-rate financial assets and liabilities to make the interest rates of the company approach the market interest rate in response to risks arising from changes in

market interest rates.

The book amounts of financial assets and financial liabilities of the consolidated company exposed to interest rate exposure on the balance sheet date are as follows:

	<b>December 31,</b>	<b>December 31,</b>
	<b>2020</b>	<b>2019</b>
Fair value interest rate risk		
Financial assets	\$ 13,809	\$ 14,172
Financial liabilities	11,310	13,042
Cash flow interest rate risk		
Financial assets	255,114	266,420
Financial liabilities	1,204,313	1,103,166

The fixed-rate financial assets/liabilities held by the company are measured at amortized cost, so they are not included in the analysis; the floating-rate financial asset/liability analysis method assumes that the amount of assets/liabilities in circulation on the balance sheet date is reported. During the period, they are all in circulation. The company uses an increase/decrease of 0.25% in market interest rates as a reasonable risk assessment for reporting interest rate changes to the management. Under the circumstance that all other variables remain unchanged, if the market interest rate rises/decreases by 0.25%, the company's net profit after tax in 2020 will decrease/increase by NT\$1,887 thousand; the net profit after tax in 2019 will decrease/increase by NT\$1,666 thousand.

## 2) Credit risk

Credit risk refers to the risk that the counterparty of the transaction defaults on contractual obligations and causes consolidated financial losses. The policy adopted by the consolidated company is to only conduct transactions with creditworthy objects in order to reduce the risk of financial loss, and to continuously monitor the credit risk insurance and the credit status of the trading objects. On the balance sheet date, the maximum credit risk amount of the consolidated company is equivalent to the book value of the financial assets on the account.

The credit risk of the consolidated company's accounts receivable is mainly concentrated in the Diodes Group, the parent company of the consolidated company's largest customer. As of December 31, 2020 and 2019, the ratio of total accounts receivable from the aforementioned customers was 69%

and 65%, respectively. . However, since it is an affiliated enterprise transaction, there should be no credit risk.

### 3) Liquidity risk

The management of the company maintains sufficient cash and bank financing lines to support working capital and reduce liquidity risks.

#### a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following table details the analysis of the remaining contractual maturity of non-derivative financial liabilities during the agreed repayment period of the company. It is based on the earliest possible repayment date of the company and is compiled based on the undiscounted cash flow of financial liabilities, which includes interest And principal cash flow.

December 31, 2020

	<u>Rate</u>	<u>On Demand or Less than 1 Month</u>	<u>1-3 Months</u>	<u>3 Months to 1 Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>
<u>Non-derivative financial liabilities</u>						
Non-interest bearing		\$ 303,365	\$ -	\$ -	\$ -	\$ -
Fixable interest rate instruments	1.20%	2,694	5,633	2,512	560	-
Variable interest rate instruments	0.96%	<u>344,915</u>	<u>152,167</u>	<u>58,546</u>	<u>569,647</u>	<u>106,355</u>
		<u>\$ 650,974</u>	<u>\$ 157,800</u>	<u>\$ 61,058</u>	<u>\$ 570,207</u>	<u>\$ 106,355</u>

December 31, 2019

	<u>Rate</u>	<u>On Demand or Less than 1 Month</u>	<u>1-3 Months</u>	<u>3 Months to 1 Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>
<u>Non-derivative financial liabilities</u>						
Non-interest bearing		\$ 329,038	\$ -	\$ -	\$ -	\$ -
Fixable interest rate instruments	1.25%	3,357	6,268	3,525	-	-
Variable interest rate instruments	1.17%	<u>405,310</u>	<u>12,733</u>	<u>145,426</u>	<u>489,568</u>	<u>86,521</u>
		<u>\$ 737,705</u>	<u>\$ 19,001</u>	<u>\$ 148,951</u>	<u>\$ 489,568</u>	<u>\$ 86,521</u>

#### b) Financing facilities

The utilization of the bank financing quota of the consolidated company on the balance sheet date is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Secured bank overdraft facilities:		
Amount used	\$ 1,204,313	\$ 1,103,166
Amount unused	<u>290,167</u>	<u>232,834</u>

\$ 1,494,480      \$ 1,336,000

## 27. TRANSACTIONS WITH RELATED PARTIES

The transactions, account balances, income and expenses between the company and its subsidiaries are all eliminated at the time of the merger, so they are not disclosed in this note. Except as disclosed in other notes, the major transactions between the combined company and other related parties are as follows:

a. Related party name and category

<b>Related Party</b>	<b>Nature of Relationship</b>
Diodes Incorporated (“Diodes Inc.”)	Parent company
Diodes Taiwan S.A R.L., Taiwan Branch (“Diodes (TW)”)	Subsidiary of Diodes Inc.
Diodes Hong Kong Limited (“Diodes (HK)”)	Subsidiary of Diodes Inc.
BCD Semiconductor Manufacturing Limited (“BCD”)	Subsidiary of Diodes Inc.
LITE-ON Semiconductor Corp.	Subsidiary of Diodes Inc.

b. Sales of goods

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>2020</b>	<b>2019</b>
Sales	Subsidiary of Diodes Inc.		
	Diodes (TW)	\$ 644,983	\$ 648,266
	Diodes (HK)	510,259	524,465
		<u>\$ 1,155,242</u>	<u>\$ 1,172,731</u>

There is no significant difference between the transaction conditions of the above-mentioned related parties and ordinary transactions.

c. Purchases of goods

<b>Related Party Category/Name</b>	<b>2020</b>	<b>2019</b>
Subsidiary of Diodes Inc.		
BCD	<u>\$ 98</u>	<u>\$ -</u>

There is no significant difference between the transaction conditions of the above-mentioned related parties and ordinary transactions.

d. Receivables from related parties

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
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Trade receivables from related parties	Subsidiary of Diodes Inc. Diodes (HK) Diodes (TW)	\$ 141,693 <u>115,456</u> <u>\$ 257,149</u>	\$ 127,015 <u>122,528</u> <u>\$ 249,543</u>
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The outstanding trade receivables from related parties are unsecured. At the end of 2020 and 2019, no allowance for losses was provided for the accounts receivable from related parties.

e. Payables to related parties

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Trade payables from related parties	Subsidiary of Diodes Inc. BCD	<u>\$ 97</u>	<u>\$ -</u>

The balance of the outstanding amount due to related parties is not guaranteed.

f. Prepayments

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Related parties	Subsidiary of Diodes Inc. LITE ON Semi.	<u>\$ 5,365</u>	<u>\$ -</u>

g. Compensation of major management personnel

	<b>2020</b>	<b>2019</b>
Short-term employee benefits	\$ 13,266	\$ 10,861
Post-employment benefits	<u>126</u>	<u>108</u>
	<u>\$ 13,392</u>	<u>\$ 10,969</u>

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

**28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY**

The following assets were provided as collateral for bank borrowings:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Pledge time deposits (classified as financial assets at amortized cost)	\$ 13,809	\$ 5,178
Pledge deposits (classified as financial assets at amortized cost)	32,016	28,010
Properties and plant	<u>903,886</u>	<u>875,676</u>
	<u>\$1,007,946</u>	<u>\$ 968,301</u>

## 29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Due to the company has demand for replace production line equipment and business expansion that the company has promised to invest/bought properties, land and plant, order machinery and equipment, and system software...etc. The payment amount is listed below:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Commitments	<u>\$ 122,854</u>	<u>\$ 61,323</u>
Paid (classified as prepayments for the equipment )	<u>\$ 54,015</u>	<u>\$ 38,109</u>

## 30. Significantly influencing foreign currency assets and liabilities information

The following information is summarized and expressed in foreign currencies other than the functional currencies of the consolidated companies. The disclosed exchange rates refer to the exchange rates of these foreign currencies into functional currencies. The foreign currency assets and liabilities with significant impact are as follows:

### December 31, 2020

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 8,742	28.48 (USD:NTD)	\$ 248,972
USD	174	6.5067 (USD:RMB)	1,132
RMB	1,401	4.377 (RMB:NTD)	6,132
Non-monetary items			
Investments accounted for using the equity method			
USD	1,712	28.48 (USD:NTD)	48,748
RMB	11,181	0.1537 (RMB:USD)	1,718
<u>Financial liabilities</u>			
Monetary items			
USD	6,179	28.48 (USD:NTD)	175,978
Non-monetary items			
Derivatives			
USD	2,000	28.48 (USD:NTD)	56,960

### December 31, 2019

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 9,758	29.98 (USD:NTD)	\$ 292,545
USD	92	6.964 (USD:BMB)	641
RMB	1,400	4.305 (RMB:NTD)	6,027
Non-monetary items			
Investments accounted for using the equity method			

USD	1,239	29.98 (USD:NTD)	37,150
RMB	8,689	0.144 (RMB:USD)	37,406
<u>Financial liabilities</u>			
Monetary items			
USD	3,901	29.98 (USD:NTD)	116,952
Non-monetary items			
Derivatives			
USD	1,000	29.98 (USD:NTD)	29,980

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

Foreign Currencies	2020		2019	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	29.230 (USD:NTD)	(\$ 8,899)	30.350 (USD:NTD)	(\$ 4,817)
USD	6.735 (USD:RMB)	380	6.917 (USD:RMB)	(\$ 238)
Others		<u>232</u>		<u>(\$ 209)</u>
		<u>(\$ 8,287)</u>		<u>(\$ 5,264)</u>

### 31. Note Disclosure Items

a. Information about significant transactions and investees:

- 1) Financing provided to others: None
- 2) Endorsements/guarantees provided: please refer to Attached Table 1
- 3) Marketable securities held (excluding investments in subsidiaries): None
- 4) The cumulative amount of buying or selling the same securities total to NT\$300 million, or above of 20% the paid-in capital: please refer to Attached Table 2
- 5) Acquisition of individual real estate at costs of at least NT\$300 million, or above of 20% the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million, or above of 20% the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting reach NT\$100 million, or above of 20% the paid-in capital: please refer to Attached Table 3
- 8) Receivables from related parties amounting reach NT\$100 million, or 20% of the paid-in capital: please refer to Attached Table 4
- 9) Trading in derivative instruments: please refer to Note 7

- 10) Others: Business relations and important transactions and amounts between parent and subsidiary companies and between subsidiaries: please refer to Attached Table 5
- b. Intercompany relationships and significant intercompany transactions: please refer to Attached Table 6
- 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 7
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: please refer to Attached Table 8
    - b) 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 8
    - c) The amount of property transactions and the amount of the resultant gains or losses: None
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes please refer to Attached Table 1
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None
    - f) 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. Major shareholders information : Names of shareholders with a shareholding percentage of more than 5%, amount of shares holdings and ratio. please refer to Attached Table 9.

### 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 - The company mainly manufactures and sales diodes.

YEA SHIN - The company mainly manufactures and wafers.

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments.

2020			
ERIS & Jie Cheng	YEA SHIN	Adjustment and Write-off	Total

Revenue from external customers	<u>\$ 1,438,113</u>	<u>\$ 99,357</u>	<u>\$ -</u>	<u>\$ 1,537,470</u>
Inter-segment revenue	<u>20,358</u>	<u>285,039</u>	<u>( 305,397)</u>	<u>-</u>
Segment revenue	<u>\$ 1,458,471</u>	<u>\$ 384,396</u>	<u>( \$ 305,397)</u>	<u>\$ 1,537,470</u>
Segment income	<u>\$ 104,151</u>	<u>\$ 35,815</u>	<u>( \$ 46,285)</u>	<u>\$ 93,681</u>
Segment assets	<u>\$ 2,594,150</u>	<u>\$ 478,878</u>	<u>( \$ 512,060)</u>	<u>\$ 2,560,968</u>
Segment liabilities	<u>\$ 1,534,191</u>	<u>\$ 135,936</u>	<u>( \$ 121,790)</u>	<u>\$ 1,548,337</u>

**2019**

	<b>ERIS &amp; Jie Cheng</b>	<b>YEA SHIN</b>	<b>Adjustment and Write-off</b>	<b>Total</b>
Revenue from external customers	<u>\$ 1,471,979</u>	<u>\$ 75,901</u>	<u>\$ -</u>	<u>\$ 1,547,880</u>
Inter-segment revenue	<u>16,354</u>	<u>178,211</u>	<u>( 194,565)</u>	<u>-</u>
Segment revenue	<u>\$ 1,488,333</u>	<u>\$ 254,112</u>	<u>( \$ 194,565)</u>	<u>\$ 1,547,880</u>
Segment income	<u>\$ 105,998</u>	<u>\$ 25,705</u>	<u>( \$ 19,562)</u>	<u>\$ 112,141</u>
Segment assets	<u>\$ 2,510,805</u>	<u>\$ 423,336</u>	<u>( \$ 302,066)</u>	<u>\$ 2,632,075</u>
Segment liabilities	<u>\$ 1,437,634</u>	<u>\$ 104,209</u>	<u>( \$ 70,872)</u>	<u>\$ 1,470,971</u>

b. Product category of business revenues

	<u>2020</u>	<u>2019</u>
Diodes & Transistor	\$ 1,331,819	\$ 1,511,243
Wafer	202,314	33,255
Others	<u>3,337</u>	<u>3,382</u>
	<u>\$ 1,537,470</u>	<u>\$ 1,547,880</u>

c. Geographical information:

The company's and its subsidiaries' income that is from continuing operations from external customers based on the location of customers' operations, and non-current assets based on the location of assets are listed below:

	<u>Revenue from external customers</u>		<u>Non-current Assets</u>	
	2020	2019	December 31, 2020	December 31, 2019
Taiwan	\$ 718,374	\$ 859,642	\$ 1,535,469	\$ 1,563,660
Asia	779,677	651,948	1,006	2,591

Europe	38,507	36,200	-	-
North USA	652	90	-	-
Australia	<u>260</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,537,470</u>	<u>\$ 1,547,880</u>	<u>\$ 1,536,475</u>	<u>\$ 1,566,251</u>

Non-current assets exclude assets classified as financial instruments, goodwill and deferred income tax assets.

d. Important customers' information:

	<u>2020</u>	<u>2019</u>
A Group	\$ 1,155,242	\$ 1,172,731
B Customer	<u>84,135</u>	<u>73,452</u>
	<u>\$ 1,239,377</u>	<u>\$ 1,246,183</u>

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

**ENDORSEMENTS/GUARANTEES PROVIDED**  
**For the Year end December 31, 2020**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 1)											
0	Eris Technology Corporation	Jiecheng Electronic (Shanghai) Co., Ltd.	b	\$ 101,102	\$ 30,000 (US\$1,000 thousand)	\$ 30,000 (US\$1,000 thousand)	\$ -	\$ -	2.97%	\$ 303,305	Y	N	Y	
0	Eris Technology Corporation	Yea Shin Technology Corp.	b	\$ 101,102	\$ 60,000	\$ 30,000	\$ 30,000	\$ -	2.97%	303,305	Y	N	N	

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

- A company with which it does business.
- A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
- A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
- A company in which the public company holds, directly or indirectly, 90 percent or more of the voting shares.
- A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- A company that all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- The same industry in performance-home sales contracts to ensure that the joint guarantee in accordance with consumer protection laws norms.

Note 2: The total amount of the guarantee provided by ERIS to any individual entity shall not exceed 30% of ERIS's net worth, and limits on endorsement/guarantee given on behalf of each party shall not exceed 10% of The Group net worth. The aggregate endorsement/guarantee limit is calculated as The Group net worth at December 31, 2020

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

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL

For the Year end December 31, 2020

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

Buyer	Type and name of securities (Note 1)	Items	Trading sellers (Note 2)	Relationship (Note 2)	Beginning of period		Buy (Note 3)		Sell (Note 3)				End of period	
					Shares (Thousand)	NT\$ (Thousand)	Shares (Thousand)	NT\$ (Thousand)	Shares (Thousand)	NT\$ (Thousand)	Book of cost	Disposal of gains and losses	Shares (Thousand)	NT\$ (Thousand)
ERIS Technology Corporation	Equity Stock Yea-Shin Technology	Investment by the equity method	Tony Development Co., Ltd. Cailuo Investment Co., Ltd. Yixin Investment Co., Ltd. Zhan Teng Investment Co., Ltd. Shangyi Investment Co., Ltd. Zhaoquan Investment Co., Ltd. Jin xun enterprise co., ltd. Subsidiary shareholders and specific persons	Non-related Non-related Non-related Non-related Non-related Non-related Non-related	17,637	\$ 212,591	11,563	\$ 184,913	-	\$ -	\$ -	\$ -	29,200	\$ 355,304

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items.

Note 2: Investors who use the equity method in their securities accounts must fill in these two columns, the rest are not required.

Note 3: The accumulated purchase and sale amount is calculated separately according to the market price whether it reaches NT\$300 million or 20% of the paid-in capital.

Note 4: It includes the investment share recognized by the equity method, which has been fully written off when preparing the combined write-off.

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

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

For the Year end December 31, 2020

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Eris Technology Corporation	Diodes Taiwan S.A.R.L., Taiwan Branch	Same as The Group ultimate parent company	Sale	\$ 510,259	36.79%	60 days	None	None	\$ 141,693	46.58%	-
Eris Technology Corporation	Diodes Hong Kong Ltd.	Same as The Group ultimate parent company	Sale	644,983	46.50%	60 days	None	None	115,456	37.95%	-
Eris Technology Corporation	Yea Shin Technology Corp.	Subsidiary	Purchase	266,263	37.23%	60 days	None	None	( 93,568)	52.24%	<b>Note 1</b>

Note 1: Related transactions have been written off in the consolidated financial statements.

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

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

For the Year end December 31, 2020

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

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Eris Technology Corporation	Diodes Taiwan S.A R.L., Taiwan Branch	Same as The Group ultimate parent company	\$ 141,693	3.80	\$ -	-	\$ 91,555	\$ -
Eris Technology Corporation	Diodes Hong Kong Ltd.	Same as The Group ultimate parent company	115,456	5.42	-	-	114,084	-
Yea-Shin Technology Co.,Ltd	Eris Technology Corporation	Parent Company	93,568	3.77	-	-	57,392	-

Note 1: The amount recovered as of the date of the accountant's audit report

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

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**

For the Year end December 31, 2020

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

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			% of Total Revenues or Total Assets (Note 3)
				Financial Statement Accounts	Amount (Note 4)	Payment Terms	
0	Eris Technology Corporation	Jiecheng Electronic (Shanghai) Co., Ltd.	a	Accounts receivable	\$ 296	—	0.01%
0	Eris Technology Corporation	Jiecheng Electronic (Shanghai) Co., Ltd.	a	Sales revenue	2,020	No significant difference compared with general customers	0.13%
0	Eris Technology Corporation	Jiecheng Electronic (Shanghai) Co., Ltd.	a	Purchase	11,171	No significant difference compared with general customers	0.73%
0	Eris Technology Corporation	Jiecheng Electronic (Shanghai) Co., Ltd.	a	Other manufacturing expenses	271	—	0.02%
0	Eris Technology Corporation	Yea Shin Technology Corp.	a	Accounts receivable	9,123	—	0.36%
0	Eris Technology Corporation	Yea Shin Technology Corp.	a	Accounts payable	93,568	No significant difference compared with general customers	3.65%
0	Eris Technology Corporation	Yea Shin Technology Corp.	a	Sales revenue	20,358	No significant difference compared with general customers	1.32%
0	Eris Technology Corporation	Yea Shin Technology Corp.	a	Purchase	266,263	No significant difference compared with general customers	17.32%
0	Eris Technology Corporation	Yea Shin Technology Corp.	a	Outsourced	15,256	—	0.99%
0	Eris Technology Corporation	Yea Shin Technology Corp.	a	Other Accounts receivable	775	No significant difference compared with general customers	0.03%
0	Eris Technology Corporation	Yea Shin Technology Corp.	a	Rent	3,429	—	0.22%
0	Eris Technology Corporation	Yea Shin Technology Corp.	a	equipment	1,247	—	0.05%
1	Yea Shin Technology Corp.	Jiecheng Electronic (Shanghai) Co., Ltd.	c	Accounts receivable	2,382	No significant difference compared with general customers	0.09%
1	Yea Shin Technology Corp.	Jiecheng Electronic (Shanghai) Co., Ltd.	c	Sales revenue	3,520	—	0.23%
1	Yea Shin Technology Corp.	Jiecheng Electronic (Shanghai) Co., Ltd.	c	Accounts payable	1,641	No significant difference compared with general customers	0.06%
1	Yea Shin Technology Corp.	Jiecheng Electronic (Shanghai) Co., Ltd.	c	Purchase	1,672	—	0.11%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- Parent company is '0'.
- The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

- Parent company to subsidiary.
- Subsidiary to parent company.
- Subsidiary to subsidiary.

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

Note 4: The related transactions have been written off in the consolidated financial statements.

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

**INFORMATION ON INVESTEEES**

For the Year end December 31, 2020

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 1)		At the end of December 31, 2020			Net Income (Loss) of the Investee (Note 2, 3 and 5)	Share of Profits (Loss) (Note 2, 3 and 5)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount (Note 3)			
Eris Technology Corporation	Keep High Limited	Seychelles	Holding company	\$ 20,776 (US\$670/thousand)	\$ 20,776 (US\$670/thousand)	Inapplicable	100.00	\$ 48,746	\$10,816 (US\$ 370/ thousand)	\$ 10,763 (Note 4)	Subsidiaries
	Yea Shin Technology Corp.	Taiwan	Manufacturing of electronic parts and wholesaling of electronic components	378,773	193,860	29,200	99.52	355,304	35,815	30,413 (Note 4)	Subsidiaries
Keep High Limited	Forever Eagle Incorporation	Mauritius	Holding company	20,473 (US\$660/thousand)	20,473 (US\$660/thousand)	Inapplicable	100.00	48,941 (US\$ 1,718 /thousand)	10,816 (US\$ 370/ thousand)	10,816 (US\$ 370/ thousand)	Sub-sub-sidiaries

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

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

Note 3: The balance were eliminated upon consolidation.

Note 4: The information was including unrealized gross profit.

Note 5: The calculation is based on the financial statements checked by the Taiwanese parent company's certified accountant during the same period.

Note 6: Please refer to Attached Table 7 for relevant information of the mainland investee company.

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**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA**

For the Year end December 31, 2020

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

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020 (Note 1)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2, 5 and 6)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outflow	Inflow							
Jiecheng Electronic (Shanghai) Co., Ltd.	Wholesaling of electronic components and international trading business	\$ 20,170 (US\$650/thousand )	Indirectly investment in Mainland China through companies registered in a third region	\$ 20,170 (US\$650/thousand )	\$ -	\$ -	\$ 20,170 (US\$650/thousand )	\$ 10,816 (RMB2,492/thousand )	100%	\$ 10,816 (RMB2,492/thousand)	\$ 48,941	\$ -	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
\$20,170(US\$650thousand )	\$18,512 ((US\$650thousand ) )	\$606,611

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

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

Note 3: Translation was based on the closing exchange rate at December 31, 2020

Note 4: The information was calculated as 60% of ERIS's net worth at December 31, 2020

Note 5: The calculation was based on the financial statements checked by the Taiwanese parent company's certified accountant during the same period.

Note 6: The relevant balance has been written off in the consolidated financial statements.

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**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**

The following major transactions with Mainland China investee companies directly or indirectly via a third region,  
and their prices, payment terms, unrealized gains and losses, and other relevant information

For the Year end December 31, 2020

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

Transaction Type	Purchase/Sale		Transaction Details		Notes/Accounts Receivable (Payable)		Note	
	Amount	%	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Jiecheng Electronic (Shanghai) Co., Ltd.	Sale	\$5,540	0.36	-	-	\$ 2,678	0.72	Note 1
Jiecheng Electronic (Shanghai) Co., Ltd.	Purchase	12,843	1.14	-	-	( 1,641)	-	Note 1

Note 1: Related transactions have been written off in the consolidated financial statements.

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**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Major shareholders information**

**For the Year end December 31, 2020**

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

Name of Major shareholders	Shares Holding	
	Number of Shares Held	Shareholding ratio (%)
Yuanta Commercial Bank is entrusted with Diodes Tech. Holding B.V. Investment Account	22,687,604	51.07

Note 1: The information of major shareholders in this table is based on the last business day of the quarter-end of the current quarter, calculated by the shareholders of the company's common stocks and special shares that have completed unregistered delivery (including treasury stocks) totaling more than 5% data. The share capital recorded in the company's consolidated financial report and the actual number of shares delivered without physical registration may be different due to different or different calculation bases.

Note 2: If the information on the Shanghai Development Bank is that shareholders deliver shares to the trust, it is disclosed in individual accounts by the trustee who opened the trust account by the trustee. As for shareholders' declarations of insider's equity holdings exceeding 10% in accordance with the Securities and Exchange Act, their holdings include their own shareholding plus the shares delivered to the trust and have the right to use the trust property. For information on insider's equity declarations, please refer to the Market Observatory Post System (website: <http://mops.twse.com.tw>)

# *Eris Tech.*

Professional Discrete Semiconductor Manufacturer  
Stock Code: 3675

