



股票代碼：3675

ERIS Technology Corporation

2021 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>

The Company's Annual Report is available at: <http://www.ERIS.com.tw>

Printed in April 20, 2022

I. Spokesperson

Spokesperson: Esther Chiu / Assistant to the Chairman
Deputy Spokesperson: Stella Wu / Senior manager of Administrant center
Telephone: 886-2-2662 0011
Email: Eris.public@eris.com.tw

II. Headquarters, Branches and Plant

Headquarters

Address: 6F., No.17, Lane 155, Sec. 3, Beishen Rd., Shenkeng Dist.,
New Taipei City 22203, Taiwan

Telephone: 886-2- 2662 0011

Plant (Luzhu)

Address: 1F、2F., No.51, Neixi Rd., Luzhu Dist., Taoyuan City 338, Taiwan

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
Telephone: 886-2-2389 2999
Website: <http://www.kgieworld.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>

Contents

I. Letter to Shareholders	2
II. Company Profile	5
2.1 Date of Incorporation.....	5
2.2 Company History.....	5
III. Corporate Governance Report	7
3.1 Organization	7
3.2 Directors, Supervisors and Management Team	9
3.3 Implementation of Corporate Governance.....	18
3.4 Information Regarding the Company’s Audit Fee and Independence.....	32
3.5 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders .	34
3.6 Relationship among the Top Ten Shareholders.....	35
3.7 Ownership of Shares in Affiliated Enterprises	35
IV. Capital Overview	36
4.1 Capital and Shares	36
4.2 Bonds	39
4.3 Global Depository Receipts	39
4.4 Employee Stock Options	39
4.5 Financing Plans and Implementation.....	39
V. Operational Highlights	40
5.1 Business Activities.....	40
5.2 Market and Sales Overview	40
5.3 Human Resources	40
5.4 Environmental Protection Expenditure.....	40
5.5 Labor Relations.....	40
5.6 Important Contracts	40
VI. Financial Information	41
6.1 Five-Year Financial Summary	41
6.2 Five-Year Financial Analysis	43
6.3 Audit Committee’s Report for the Most Recent Year	44
6.4 Financial statement for the Most Recent Year	44
6.5 Consolidated Financial Statements for the Most Recent Year	44
VII. Review of Financial Conditions, Financial Performance, and Risk Management	45
7.1 Analysis of Financial Status.....	45
7.2 Analysis of Financial Performance	46
7.3 Analysis of Cash Flow	47
7.4 Major Capital Expenditure Items.....	47
7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year	47
7.6 Analysis of Risk Management	48
VIII. Special Disclosure	51
8.1 Summary of Affiliated Companies	51
8.2 Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years...	51

Letter to Shareholders

Dear Shareholders,

Time is turning to 2022. Last year, the COVID-19 continued to spread around the world, and Taiwan also entered a tight three-level alert state in mid-May. The United Nations Climate Change Conference, the new global carbon zero goal (to achieve net zero carbon dioxide emissions by 2050), Pushing up global enterprises to attach importance to sustainable development; in addition, the global demand for automotive chips has triggered a wave of chip rush, and under the continued ferment of political and economic changes in various countries, in an uneasy year, Eris Tech.(“the Company”) is tightening the clockwork. In the changing year, we would try our best to create a new situation in our operations.

At the beginning of 2021, the company carried out the consolidation project of two factories (Taipei Shengkeng factory and Taoyuan Luzhu factory). After a short period of running-in and adaptation, both production efficiency and performance have been steadily improved, and results have been gradually seen. In addition, the company feels the necessity of ESG (environmental, social corporate responsibility, corporate governance) sustainable operation and social responsibility, and has actively planned to implement ESG in daily operations.

The following is a report on the company's business overview for the year 2021, and summaries of the business plan for the year 2022, and an explanation of the company's future development strategy as follows:

I. 2021 Financial Performance

The Company's consolidated revenue for the year 2021 was NT\$2,056,717 thousand, an increase of 33.77% over the same period in 2020. Gross profit was NT\$681,526 thousand an increase of 67.04% over the same period in 2020. Operating income was NT\$339,485 thousand an increase of 154.40% over the same period in 2020. Net profit was NT\$327,284 thousand an increase of 249.36% over the same period in 2020. Net profit attributable to company owners was NT\$327,088 thousand an increase of 250.45% over the same period in 2020. Earnings per share was NT\$7.36, an increase of 250.48% over the same period in 2020. Moreover, gross margin was 33.14%, compared to 26.54% in 2020. Operating margin was 16.51%, compared with 8.68% in 2020.

As a result, the company's revenue contribution in 2021 mainly came from products such as automotive electronics, 5G, Internet of Things and industrial control, which driven the demand for diode applications of peripheral components.

2021 Financial Performance Table (Units: NTD thousand ; %)

Year Items	2019	2020	Changed YoY(%)
Revenues	2,056,717	1,537,470	33.77%
Gross Profit	681,526	408,003	67.04%
Operating Income	339,485	133,446	154.40%
After-Tax Income	327,284	93,681	249.36%
Net profit attribution Owner of the company	327,088	93,335	250.45%
Earnings per share (NTD)	7.36	2.10	250.48%

II. Financial income / expenditure and profitability analysis

Items		2021	2020	
Financial structure	Debt-to-asset ratio (%)	59.20	60.46	
	Long-term capital to fixed assets ratio (%)	145.73	121.17	
Profitability	Return on assets (%)	12.00	4.00	
	Return on shareholders' equity (%)	28.95	8.62	
	Occupancy capital ratio	Operating Income	76.41	30.04
		Pre-Tax income	73.78	25.34
	Net income rate (%)	15.91	6.09	
Earnings per share (NTD)	7.36	2.10		

III. Corporate Governance and Sustainability

Eris had published the Sustainability Report for the first time. While pursuing operation and profitable growth, the company fulfills the social responsibility of sustainable business operation, and adheres to the original intention of "taking from the society and using it for the society". For 12 years since 2009, the Company has participated in the child adoption program of the World Vision Society and the material sponsorship of many domestic orphanages, and has been supporting for more than ten years. We do thanks every colleague of the company for their enthusiastic participation.

In May, the epidemic entered the third-level alert. The Company donated a total of hundreds of liters of alcohol, tens of thousands of masks, 5,000 isolation gowns and 2,000 protective clothing and other anti-epidemic items to police stations, hospitals and public departments in need; From our sincerely hearts, we are extremely grateful to the staff on duty in the joint epidemic prevention.

The company also donated NT\$1.5 million in November to help Mackay Hospital Health Check Center improve its efficiency in various aspects such as public health management, cancer screening procedures, automated document processing, etc., so as to continuously protect medical resources through the hospital's professionalism the health of community residents.

The Company will continue to fulfill the responsibility of giving back to the society in accordance with the spirit of people's hunger and hunger; at the same time, it will also work hard to strengthen the green energy and power saving plan of the company's operation from the beginning of the year 2022, so that the company can do your part to protect the planet.

IV. 2022 Business outlook

Looking forward to the business strategy of the company in 2022, 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 expects 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 from this year, 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.

V. Our Vision

It has been 27 years since the Company was established, and it has always adhered to the belief of "focus on the corporation business, sustainable operation".

Believed, this business philosophy is the foundation for the sustainable operation of the company, the company will continue to accelerate the pace of globalization, strengthen product distribution, enhance key technologies, build quality service systems and market positioning and other business strategies, so as to maintain the company's competitive advantage, Welcome to a new future.

In terms of corporate sustainable development, upholding the original intention of "taking from the society and using it for the society", taking ESG principles as the guideline, and continuing to focus on the four sustainable dimensions of "corporate governance, environmental protection, social integration, and innovative value", drive the company towards the digital vision of "using technological innovation to improve the quality of life and the environment".

(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:
President & CEO:
Chief Financial Officer:

Jonathan Chang
Jonathan Chang
Doris Hsu

Company Profile

2.1 Date of Incorporation: 08 16, 1995

2.2 Company History

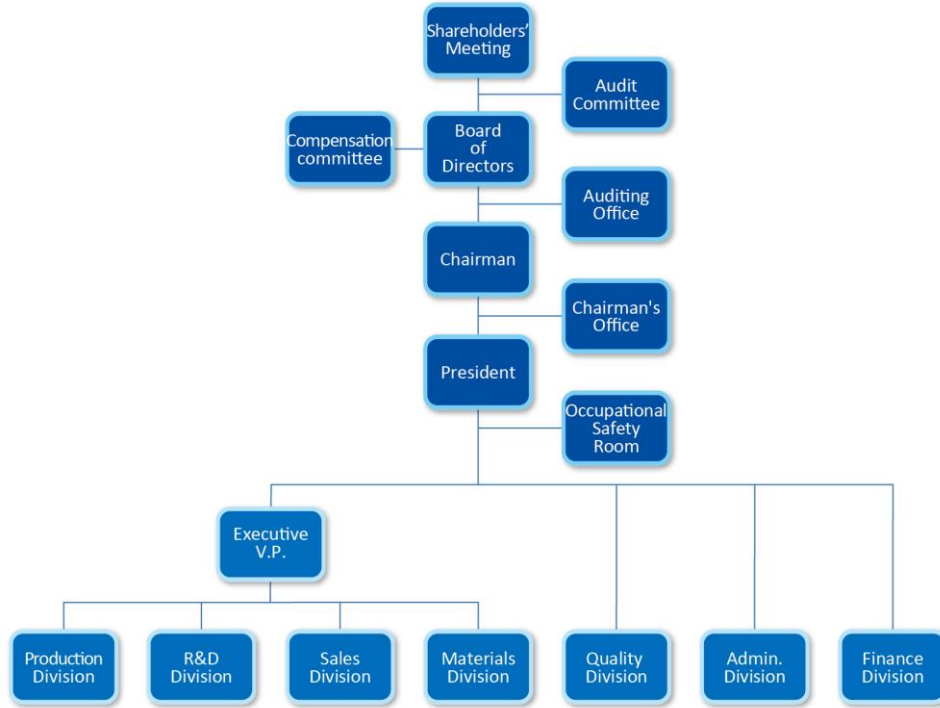
Year	Milestones
1995/08	Eris Technology was founded with paid-in capital of NT\$5 million. The company adopted “Eris” as the own brand and began entering into the strategic alliance with the German-based company SeCoS GmbH. It mainly sold the electronic upstream products, such as wafers, chips and others 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.
2010/01	Eris adopts Knowledge management platform within the production management system.
2010/05	Settle-up automation diode encapsulation line.
2010/07	Eris receives ISO 9001 : 2008 certification.
2010/07	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).
2011/07	Eris receives TS16949:2009 certification from the British Standards Institution (BSI).
2011/08	Eris receives ISO 14001:2004 certification from the BSI.
2011/09	Cash flow reaches NT\$100 million and accumulated capital reaches NT\$333.51 million (around USD 11 million).
2011/11	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)
2018/07	Eris receives TS16949:2016 certification from the British Standards Institution (BSI).
2019/01	Luzhu Plant Completed of factory construction and pass for registration permission of competent authority.
2020/03	The fab of subsidiary (Yea-Shin Tech.) completed the development of 6-inch wafers based on GPP process, which is an innovative processes for diode GPP.
2020/03	Acquired the case of subsidiary the remaining shares of Yea Shin Technology (stock) Company, and the shareholding ratio was increased to 99.5% .
2020/09	The BOD meeting approved the Kick off plan of the fully automated (first) production line through the capital expenditure of NT\$70 million.
2020/12	The board of directors approved the acquisition of a full set of production equipment for automotive electronic components packaging from Liteon Semi. (Keelung Plant).
2021/03	New product (ESD and MOSFET) were officially mass produced and shipping.
2021/04	The BOD approved expanded the automated production line through a capital expenditure of about NTD300 million.
2021/05	Acquired the case of subsidiary the remaining shares of Yea Shin Technology (stock) Company, and the shareholding ratio was increased to 100%.
2021/07	Passed the VDA 6.3 auditing by Dahl Technology (Nasdaq: DIOD), an international semiconductor manufacturer in the United States.
2021/11	New product (SiC) were officially shipping.
2021/12	Subsidiary Yea Shin Tech. wafer manufactures 4-inch turn to 5-inch wafers, which have been put into production one after another.

I. 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 BOD members

As of April 20, 2022

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%	1,621,332	3.65%	NA	NA	NA	NA	CEO, ERIS Corp. NTU EMBA	CEO, ERIS Corp. Representative of KeepHighLimited、 ForeverEagle、Jiecheng Electronic (Shanghai) Co., Ltd	NA	NA	NA	
Diodes Holdings UK.	UK	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	
Representative 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
Representative 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
Representative 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	2020/10/15	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 22, 2022

Name of Institutional Shareholders	Major Shareholders
Diodes Holdings UK	Diodes Incorporated (100%)

Major shareholders of the Company's major institutional shareholders

Name of Institutional Shareholders	Major Shareholders
Diodes Incorporated	BlackRock Inc (15.4%) 、 The Vanguard Group(11%)

Professional qualifications and independence analysis of directors and supervisors

Name	Criteria	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 HOLDINGS UK.: Gary Yu			✓			✓	✓				✓	✓	✓	✓	✓		NA
Representative of DIODES HOLDINGS UK: Maxine Lai			✓			✓	✓				✓	✓	✓	✓	✓		NA
Representative of DIODES HOLDINGS UK: 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	1,621,332	3.65%	NA	NA	NA	NA	CEO, ERIS Corp. NTU EMBA	CEO, ERIS Corp. Representative of KeepHighLimited · 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	NA	NA	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	NA	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	58,518	0.13%	10,075	0.02%	NA	NA	BS in Accounting Chung Yuan Christian University	NA	NA	NA	NA
Internal Auditor	R.O.C.	Holmes Wu	2021.07.26	NA	NA	NA	NA	NA	NA	BS in Law of Cultural University	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	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements		
		Cash	Stock	Cash	Stock																		
Chairman	Jonathan Chang																						
Director	DIODES HOLDINGS UK. Representative Gary Yu Maxine Lai Patricia Hwang	0	0	0	0	0	0	210	210	0.064%	0.064%	6,421	6,421	0	0	210	0	0	0	2.09%	2.09%	0	
Independent Director	Jackie Ding Kun Shan Lin Ed Tang	1,200	1,200	0	0	0	0	343	343	0.47%	0.47%	0	0	0	0	0	0	0	0	0.47%	0.47%	0	

Notes: 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	9,470	9,470	0	0	1,401	1,401	488	0	0	0	3.45%	3.45%	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	595	595	0.18%
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 (%)			
	2020		2021	
	Companies in the consolidated financial statements	%	Companies in the consolidated financial statements	%
Directors	1,921	2.06	1,753	0.53
presidents and vice president	11,530	12.35	11,279	3.45

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 7 (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	7	0	100	
Director	Representative of DIODES HOLDINGS UK: Gary Yu	7	0	100	
Director	Representative of DIODES HOLDINGS UK: Maxine Lai	7	0	100	
Director	Representative of DIODES HOLDINGS UK: Patricia Hwang	7	0	100	
Independent director	Jackie Ding	7	0	100	
Independent director	Kun Shan Lin	7	0	100	
Independent director	ED Tang	7	0	100	

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	2021/01/01- 2021/12/31	Performance evaluation of the overall board of directors.	Self- evaluation by individual Board members.	Overall condition is excellent

4. 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 7(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	7	0	100	
Independent director/ Committee Members	Kun Shan Lin	7	0	100	
Independent director/ Committee Members	ED Tang	7	0	100	

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 ¹			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. 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.	None
3. Composition and Responsibilities of the Board of Directors	✓			None

Evaluation Item	Implementation Status ¹		Abstract Illustration	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(1) Does the Board develop and implement a diversified policy for the composition of its members?			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.	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?			The company has set up a remuneration committee and an audit committee to strengthen corporate governance functions. To enhance the functions of the board of directors and functional committees, clearly define performance goals to improve operational efficiency. In the future, various other functional committees will be added according to the needs of the company's operation scale.	
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?			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. 1. Self-assessment of Board members 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	

Evaluation Item	Implementation Status ¹		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
(4) Does the company regularly evaluate the independence of CPAs?			<p>contains the following factors:</p> <ul style="list-style-type: none"> A. Their grasp of the Company's goals and missions; B. Their recognition of director's duties; C. Their degree of participation in the Company's operations; D. Their management of internal relationships and communications; E. Their professionalism and continuing professional education; F. Internal controls. <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:</p> <ul style="list-style-type: none"> 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>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	✓		<p>Since the company's paid-in capital is less than NT\$2 billion, according to this standard, the company has not met the need to set up a corporate governance committee. Therefore, at this stage, the chairman's office is responsible for corporate governance-related affairs in order to improve the operational efficiency of the organization.</p>

Evaluation Item	Implementation Status ¹		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
governance-related affairs (including but not limited to providing directors and supervisors with the information required for business execution, assisting 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)?			<p>The corporate governance-related matters in the preceding paragraph shall include the following:</p> <p>(1) Handle matters related to the meetings of the board of directors and the shareholders' meeting in accordance with the law.</p> <p>(2) To prepare the minutes of the board of directors and shareholders' meetings.</p> <p>(3) To assist directors in taking office and continuing their education.</p> <p>(4) Provide the information required by the directors to execute their business.</p> <p>(5) Assist directors to comply with laws and regulations.</p> <p>(6) Other matters stipulated in the articles of association or contracts of the company.</p> <p>The execution of the Company's corporate governance-related business in 2021 is as follows:</p> <p>1. Formulate the meeting agenda of the board of directors, audit committee, and compensation committee, and prepare meeting materials; if the content of the agenda is related to stakeholders, remind the counterparty to avoid interests in advance. In 2021, 7 meetings of the Board of Directors, 7 meetings of the Audit Committee, and 2 meetings of the Remuneration and Remuneration Committee were held. Please refer to the description on pages 16-25 of this annual report for details of the holding of the above meetings.</p> <p>2. Due to the COVID-19 new crown pneumonia epidemic, the shareholders' meeting was held on August 11, 2021 according to the statutory deadline, and the shareholders' meeting was assisted.</p> <p>3. Responsible for the announcement of important information of the important resolutions of the board of directors and the shareholders' meeting, and release important information according to law.</p> <p>4. Arrange all directors, company managers and other insiders to conduct a 6-hour course. The topics of the course are "Business Opportunities for Third-Generation Semiconductor Power Components Technology</p>

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			Application" and "Development Trends and Application Business Opportunities for Electric Vehicles and Battery Systems". 5. Arrange for independent directors to communicate with the internal audit supervisor and certified accountants at the quarterly audit committee meeting. 6. Handle the performance evaluation of the 2021 annual board of directors, and report the performance evaluation results to the board of directors on February 24, 2021 and upload it to the public observatory.	
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 channels (e.g. building an English	✓		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's website contains information in both Chinese and English, and the responsible unit is responsible for the collection	None

Evaluation Item	Implementation Status ¹		Abstract Illustration	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
<p>website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?</p> <p>(3) Does the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the financial report for the first, second and third quarters and the operating conditions of each month before the specified deadline?</p>			<p>and disclosure of company information. Set up spokespersons and acting spokespersons, and implement the spokesperson system. Regular and irregular corporate briefings are held and disclosed on the company's website and the exchange's audio-visual communication network</p> <p>The company is currently reporting financial reports and monthly operations in accordance with the specified date of "Occupational Listed Companies"; the company has announced and reported the annual financial report within two months after the end of the fiscal year, and announced the annual financial report before the specified deadline. quarterly financial report. Important financial figures and XBRL information will be announced on the day the board of directors approves the financial report, and the complete financial report e-book will be announced on the next day.</p>	
<p>8. Does the company have other important information that is helpful to understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, training of directors and supervisors, risk management) The implementation of policies and risk measurement standards, the implementation of customer policies, the company's purchase of liability insurance for directors and supervisors, etc.)?</p>	✓		<p>1. Employee rights and employee care: Set up an employee welfare committee, implement a pension system to protect the rights and interests of employees, and hold quarterly labor-management meetings to coordinate labor-management relations. The company also plans employee group insurance, regular health checks, and conducts various employee education and training. The company attaches great importance to the physical and mental health and learning and development of each employee.</p> <p>2. Investor Relations: The main task of the company's investor relations department is to provide global investors with the latest company information. Investors learn about the latest developments and decision-making motives of the company through the Investor Relations Department.</p>	None

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>The main purpose is to strengthen the communication between the company and investors, increase the transparency of finance and corporate governance, and build a good corporate image.</p> <p>3. Situation of directors' further education: please refer to the description on page 23 of this annual report.</p> <p>4. Implementation of risk management policies and risk measurement standards: All major proposals are submitted to the board of directors for approval, and internal audits are carried out.</p> <p>5. Implementation of consumer or customer protection policy: Implement quality policy in accordance with ISO standards. Situation and social responsibility of the company to purchase liability insurance for directors and supervisors: The directors of the company adhere to the principle of integrity management, and there is no lawsuit or illegal behavior, and have purchased liability insurance for directors and independent directors (please refer to page 23) .</p> <p>6. Code of Conduct for Directors and Managers, Code of Conduct for Employees (please refer to pages 34-35)</p> <p>7. Supplier relationship: In order to maintain the company's long-term advantages in new technology research and development, quality control and price competition, and sufficient supply, and to provide green products that meet energy conservation and environmental protection, and on the basis of integrity, audit and management of suppliers are carried out to confirm that suppliers are in compliance with various environmental protection treaties and social responsibilities, we can continue</p>	

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>to provide products that meet the company’s standards and have competitive prices. The company will continue to uphold the spirit of mutual trust and mutual benefit for suppliers, in order to grow together with Eris and create Win-win.</p> <p>8. Rights of interested parties: Depending on the situation, the company instructs the departments including investor relations, public relations, stock affairs, legal affairs and other departments to communicate with stakeholders, and there are spokespersons and contact information for relevant business departments on the company's website.</p>	
<p>9. Please explain the improvement situation in the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and propose priority enhancements and measures for those who have not yet improved.</p> <ul style="list-style-type: none"> ● In 2021, in line with business needs and laws and regulations, the company will revise the company's "Procedures of the Board of Directors", "Organization Regulations of the Audit Committee", "Organization Regulations of the Remuneration Committee", "Management Procedures for Preventing Insider Trading", etc. ● In 2021, in order to establish performance goals and strengthen the operation efficiency of the board of directors, according to the company's board of directors performance evaluation method, an internal board performance evaluation will be completed before the end of the first quarter of the next year, and it will be reported in the board of directors, and uploaded to the public observatory and annual report. ● The company will continue to strengthen efforts to improve the content of the 2021 (company self-assessment) assessment project by the competent authority, so as to meet the requirements of the competent authority on the corporate governance assessment project. ● In 2021, in order to establish performance goals to strengthen the operational efficiency of the board of directors, the actual operation of the audit committee and the annual work focus will be disclosed in the annual report, and the "communication between independent directors, internal audit supervisors, and accountants" will be disclosed in the annual report and the company's website. 				

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																																						
	Yes	No	Abstract Illustration																																							
<ul style="list-style-type: none"> ● From the preparation of the financial report in the first quarter of 2021, the English financial report by quarterly. ● Starting from January 2021, the company will add an English version to upload announcements when major information is disclosed. ● From the first quarter of 2021, after the company's financial report is approved by the board of directors, the announcement will be uploaded immediately, and the financial report will be announced within one day after the approval. ● The company officially (for the first time) issued the "Sustainable Development (ESG) Report" in order to fulfill the social responsibility of corporate sustainability, and issued this report voluntarily. The competent authority stipulates that companies with a paid-in capital of less than 2 billion that only need to issue by voluntary offerings. The company's report has been uploaded electronically to the public observatory's issuance report, and a corporate social responsibility area has been established on the company's official website. The reporting period is once a year. 																																										
<p>10. Other important information on the operation of corporate governance:</p> <p>(1) The company purchases liability insurance for directors, supervisors and managers The insurance amount of the company in 2021 is USD 5,000,000, and the important content of insurance coverage will be reported to the board of directors.</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">2021/10/28</td> <td rowspan="4">2021/10/28</td> <td rowspan="4">Securities and Futures Institute</td> <td rowspan="4">A. Business opportunities for third-generation semiconductor power device technology applications B. Development Trends and Application Opportunities of Electric Vehicles and Battery Systems</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	2021/10/28	2021/10/28	Securities and Futures Institute	A. Business opportunities for third-generation semiconductor power device technology applications B. Development Trends and Application Opportunities of Electric Vehicles and Battery Systems	Gary Yu	Maxine Lai	Patricia Hwang	Independent directors	Jackie Ding						Kun Shan Lin						Ed Tang					
Title	Name	Training hours	Study period					Sponsoring Organization	Course																																	
			From	To																																						
Directors	Jonathan Chang	6H	2021/10/28	2021/10/28	Securities and Futures Institute	A. Business opportunities for third-generation semiconductor power device technology applications B. Development Trends and Application Opportunities of Electric Vehicles and Battery Systems																																				
	Gary Yu																																									
	Maxine Lai																																									
	Patricia Hwang																																									
Independent directors	Jackie Ding																																									
	Kun Shan Lin																																									
	Ed Tang																																									

Evaluation Item	Implementation Status ¹		Abstract Illustration	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
<p>● Operation of risk management</p> <p>The purpose of the company's risk management policy is to discover in advance the risk factors that are sufficient to adversely affect the operation, and after appropriate assessment procedures and processing procedures, the risks can be transformed, reduced, and then the occurrence of losses can be prevented; Changes in the external environment can detect and warn of risks in a timely manner, so that colleagues in various locations around the world can implement risk management in a timely manner within the scope of business. In accordance with the "Public Issuing Companies Establishing Internal Control System Handling Standards" and relevant laws and regulations, the company has established financial, business and accounting management systems, as well as the supervision and management of the subsidiary's financial and business information, as well as credit and funds for affiliated companies. For important risk matters such as loan and endorsement guarantee, acquisition and disposal of assets, relevant management policies, risk measurement standards and handling procedures are formulated for all employees to conduct risk assessment, review and management operations in accordance with their operating procedures; In the business unit, there are also full-time personnel responsible for the relevant risk management operations to control, reduce and prevent the company's various risks.</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 two regular meetings in 2021. 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 2 (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	2	0	100	
Committee Member	Jackie Ding	2	0	100	
Committee Member	Ed Tang	2	0	100	

Other mentionable items:

- 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.
- 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.
- The results of the 2021 annual discussion proposal and resolution of the Compensation and Remuneration Committee, and the company's handling of members' opinions:

Meeting Date	Discussion	Committee Resolution	Consequent
2021/01/28	"2020 Annual Managers' Year-end Bonus Payment Proposal" and "2021 Annual Managers' Compensation Payment Standards"	Approved	Approved by the BOD

110/7/26	(1) The case of managers who issued the company's 2020 employee compensation (2) 2021 Annual Salary Adjustment for Managers	Approved	Approved by the BOD
----------	--	----------	---------------------

3.3.5 Implementation of sustainable development/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 36 of the Chinese annual report.

3.3.8 Major Resolutions of Shareholders' Meeting and Board Meetings

Please refer to page 36 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	2021.01.01~2021.12.31	

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			530	530
2	NT\$2,000,001 ~ NT\$4,000,000		2,080		2,080

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	2,080	-	-	-	530	2,610	2021.01.01	
	Hsiu-Chun Huang							2021.12.31	

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 , in 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 2021.

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 40.

As of 03/18/2022

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 Holdings UK	22,687,604	51.07%	None	None	None	None	None	None	None
Jonathan Chang	1,621,332	3.65%	None	None	None	None	None	None	None
Taiwan Life insurance	950,000	2.14%	None	None	None	None	None	None	None
CAPITAL OTC FUND	800,000	1.80%	None	None	None	None	None	None	None
Cathay Dragon Fund	790,000	1.78%	None	None	None	None	None	None	None
Fuh Hwa Small Capital	790,000	1.78%	None	None	None	None	None	None	None
Capital High-Tech	640,000	1.44%	None	None	None	None	None	None	None
Cathay Greater China	560,000	1.26%	None	None	None	None	None	None	None
Fuh Hwa Taiwan Good Income Fund	536,000	1.21%	None	None	None	None	None	None	None
UPAMC Ben Teng Fund	526,000	1.18%	None	None	None	None	None	None	None

3.7 Ownership of Shares in Affiliated Enterprises

As of 03/18/2022 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 03/18/2022

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
2012.10	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 03/18/2022

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	-	4	60	4,500	30	4,594
Shareholding (shares)	-	1,280,000	8,020,163	12,038,088	23,089,999	44,428,250
Percentage	-	2.88%	18.05%	27.09%	51.98%	100.00%

4.1.3 Shareholding Distribution Status

A. Common Shares

As of 03/18/2022

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1~999	1,179	139,014	0.31%
1,000~5,000	3,051	4,843,205	10.90%
5,001~10,000	183	1,469,312	3.31%
10,001~15,000	46	582,236	1.31%
15,001~20,000	30	531,973	1.20%
20,001~30,000	33	849,795	1.91%
30,001~40,000	14	485,197	1.09%
40,001~50,000	14	653,000	1.47%
50,001~100,000	15	1,105,276	2.49%
100,001~200,000	9	1,104,655	2.49%
200,001~400,000	9	2,359,651	5.31%
400,001~600,000	4	2,026,000	4.56%
600,001~800,000	4	3,020,000	6.80%
800,001~1,000,000	1	950,000	2.14%
Above 1,000,001	2	24,308,938	54.71%
Total	4,594	44,428,250	100.00%

4.1.4 List of Major Shareholders

As of 03/18/2022

Shareholder's Name	Shareholding	
	Shares	Percentage %
Diodes Holdings UK	22,687,604	51.07%
Jonathan Chang	1,621,332	3.65%
Taiwan Life insurance	950,000	2.14%
CAPITAL OTC FUND	800,000	1.80%
Cathay Dragon Fund	790,000	1.78%
Fuh Hwa Small Capital	790,000	1.78%
Capital High-Tech	640,000	1.44%
Cathay Greater China	560,000	1.26%
Fuh Hwa Taiwan Good Income Fund	536,000	1.21%
UPAMC Ben Teng Fund	526,000	1.18%

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

Unit: NT\$

Items	2020	2021	01/01/2022-03/31/2022
Market Price per Share			
Highest Market Price	91.20	320.00	333.50
Lowest Market Price	31.05	64.50	217.50
Average Market Price	71.40	150.50	270.09
Net Worth per Share			
Before Distribution	22.79	28.1	—
After Distribution	20.79	(Note 1)	—
Earnings per Share			
Weighted Average Shares (thousand shares)	44,428	44,428	44,428
Diluted Earnings Per Share	2.10	7.36	—
Adjusted Diluted Earnings Per Share	2.10	Note 1	—
Dividends per Share			
Cash Dividends	2.0	5.0 (Note 1)	—
Stock Dividends			
• Dividends from Retained Earnings	Not applicable	Note 1	—
• Dividends from Capital Surplus	Not applicable	Note 1	—
Accumulated Undistributed Dividends	-	-	-
Return on Investment			
Price / Earnings Ratio (Note2)	34.00	20.45	—
Price / Dividend Ratio (Note 3)	35.70	Note 1	—
Cash Dividend Yield Rate (Note 4)	2.80	Note 1	—

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

Note 2: 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:

B. Proposed Distribution of Dividend

The proposal for the distribution of 2020 profits had approved by the BOD meeting in Feb. 24, 2022. The proposal for a cash dividend of NT\$ 5.0 per share would be approached to the annual shareholders' meeting.

C When it is expected that there will be major changes in the dividend policy, it should be explained: None.

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 the estimated remuneration of employees, directors and supervisors in the current period, the basis for the calculation of the number of shares for employee compensation distributed by stock, and the accounting treatment when the actual distribution amount is different from the estimated amount: no difference.

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	\$8,400
--------------------------	---------

4.2 Bonds

4.2.1 Corporate Bonds: None

4.3 Global Depository Receipts: None

4.4 Employee Stock Options: None

4.5 Financing Plans and Implementation: None

V. Operational Highlights

5.1 Business Activities

Please refer to page 51 of the Chinese annual report.

5.2 Market and Sales Overview

Unit: NT\$ thousands

Shipments & Sales Major Products	Year	2020				2021			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Diodes		1,581,490	522,720	1,445,609	809,099	3,172,584	982,302	2,218,974	972,487
wafer		745,546	195,378	110,922	6,936	1,316,957	51,253	337,427	45,172
other		280	276	653	3,061	1,030	538	1,070	4,965
Total		2,327,316	718,374	1,557,184	819,096	4,490,571	1,034,093	2,557,471	1,022,624

5.3 Human Resources

Year		2020	2021	3/31/2022
Number of Employees	Manager	6	6	6
	Sales & Marketing	202	164	168
	Operator	130	129	125
	Total	338	299	299
Average Age		34.20	34.32	34.23
Average Years of Service		4.90	4.80	4.97
Education	Ph.D.	0	0	0
	Masters	16	18	17
	Bachelor's Degree	181	155	158
	Senior High School	120	115	111
	Below Senior High School	21	11	13

5.4 Environmental Protection Expenditure

Please refer to page 52 of the Chinese annual report.

5.5 Labor Relations

Please refer to page 52 of the Chinese annual report.

5.6 IT Security Control

Please refer to page 53 of the Chinese annual report.

5.7 Important Contracts

Please refer to page 53 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				
		2017	2018	2019	2020	2021
Current assets		680,407	921,865	925,835	893,684	1,281,299
Property, Plant and Equipment		577,051	703,102	1,474,486	1,434,110	1,400,289
Intangible assets		1,659	25,817	40,185	39,980	38,382
Other assets		82,063	295,355	191,569	193,194	339,584
Total assets		1,341,180	1,946,139	2,632,075	2,560,968	3,059,554
Current liabilities	Before distribution	338,180	676,010	765,250	823,204	1,018,882
	After distribution	427,037	764,867	823,006	912,061	(Note 2)
Non-current liabilities		2,674	131,207	705,721	725,133	792,247
Total liabilities	Before distribution	340,854	807,217	1,470,971	1,548,337	1,811,129
	After distribution	429,711	896,074	1,528,727	1,637,194	(Note 2)
Equity attributable to shareholders of the parent		1,000,326	1,023,626	1,035,764	1,011,018	1,248,425
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	154,472	178,316	191,556	166,237	403,972
	After distribution	65,615	89,459	133,800	77,380	(Note 2)
Other equity interest		(940)	(1,484)	(2,586)	(2,013)	(2,341)
Treasury stock		-	-	-	-	-
Non-controlling interest		-	115,296	125,340	1,613	-
Total equity	Before distribution	1,000,326	1,138,922	1,161,104	1,012,631	1,248,425
	After distribution	911,469	1,050,065	1,103,348	923,774	(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				
		2017	2018	2019	2020	2021
Operating revenue		1,372,083	1,508,500	1,547,880	1,537,470	2,056,717
Gross profit		273,714	278,483	307,751	408,003	681,526
Income from operations		163,341	139,181	131,500	133,446	339,485
Non-operating income (expenses)		(2,860)	7,497	6,983	(20,864)	(11,692)
Income before tax		160,481	146,678	138,483	112,582	327,793
Net income (Loss)		133,344	115,315	112,141	93,681	327,284
Other comprehensive income (income after tax)		-	-	-	-	-
Total comprehensive income		133,344	115,315	112,141	93,681	327,284
Net income attributable to shareholders of the parent		(332)	(544)	(1,102)	573	(328)
Net income attributable to non-controlling interest		133,012	114,771	111,039	94,254	326,956
Comprehensive income attributable to Shareholders of the parent		133,344	112,701	102,097	93,335	327,088
Comprehensive income attributable to non-controlling interest		-	2,614	10,044	346	196
Earnings per share(NT\$)		133,012	112,157	100,995	93,908	326,760

6.1.3 Auditors' Opinions from 2017 to 2021

Year	Accounting Firm	CPA	Audit 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
2021	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		Year		Financial Analysis for the Last Five Years				
		2017	2018	2019	2020	2021		
Financial structure (%)	Debt Ratio	25.41	41.48	55.89	60.46	59.20		
	Ratio of long-term capital to property, plant and equipment	173.81	180.65	126.61	121.17	145.73		
Liquidity Analysis	Current ratio (%)	201.20	136.37	120.98	108.56	125.76		
	Quick ratio (%)	151.51	96.68	86.70	76.52	91.41		
	Interest Coverage	459.52	36.23	13.99	9.84	27.58		
Operating performance Analysis	Accounts receivable turnover (times)	5.10	4.81	4.19	4.05	4.55		
	Average collection period	72	76	87	90	80		
	Inventory turnover (times)	7.43	5.24	4.24	4.02	4.31		
	Accounts payable turnover (times)	6.95	7.28	6.53	6.08	6.46		
	Average days in sales	49	70	86	91	85		
	Property, plant and equipment turnover (times)	2.85	2.36	1.42	1.06	1.45		
	Total assets turnover (times)	1.02	0.92	0.68	0.59	0.73		
Profitability Analysis	Return on total assets (%)	10.21	7.22	5.27	4.00	12.00		
	Return on stockholders' equity (%)	13.19	10.78	9.75	8.62	28.95		
	Pre-tax income to paid-in capital (%)	36.12	33.01	31.17	25.34	73.78		
	Profit ratio (%)	9.72	7.64	7.24	6.09	15.91		
	Earnings per share (NT\$)	3.00	2.54	2.30	2.10	7.36		
Cash flow	Cash flow ratio (%)	65.95	21.33	34.79	30.23	30.90		
	Cash flow adequacy ratio (%)	152.20	147.38	67.29	58.64	59.05		
	Cash reinvestment ratio (%)	4.89	2.93	6.89	7.58	7.93		
Leverage	Operating leverage	1.75	2.09	2.15	2.09	1.38		
	Financial leverage	1.00	1.03	1.09	1.11	1.04		
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 2022, ERIS Technology Corporation

The Board of Directors had prepared and submitted to the undersigned, Audit Committee of ERIS Technology Corporation the 2021 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 1, 2022

6.4 Financial statement for the most recent fiscal year

Please refer to page 52 ~ 105 of this annual report.

6.5 Consolidated Financial Statements for the most recent fiscal year

Please refer to page 106 ~ 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	2020	2021	Difference	
			Amount	%
Current Assets	893,684	1,281,299	387,615	43.37
Non-Current Assets	1,667,284	1,778,255	110,971	6.66
Total Assets	2,560,968	3,059,554	498,586	19.47
Current Liabilities	823,204	1,018,882	195,678	23.77
Non-Current Liabilities	725,133	792,247	67,114	9.26
Total Liabilities	1,548,337	1,811,129	262,792	16.97
Ordinary Share	444,283	444,283	-	-
Capital surplus	402,511	402,511	-	-
Retained Earnings	166,237	403,972	237,735	143.01
Other Equity Interest	(400)	(2,341)	(1,941)	485.25
Total Equity	1,012,631	1,248,425	235,794	23.29

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) Current assets and current liabilities: Mainly due to the increase in revenue growth in 2021 due to the improvement of the product sales mix of automotive electronics and high-end industrial products, and the increase in both accounts receivable and accounts payable.
- (2) Retained surplus: mainly due to the improvement in the product sales mix of automotive electronics and high-end industrial products in 2021, which pushed up both revenue and gross profit margin.

- **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	2020	2021	Difference	
			Amount	%
Net Sales	1,546,023	2,063,406	517,383	33.47
Less: Sales Returns & Allowances	8,553	6,689	(1,864)	(21.79)
Net Sales	1,537,470	2,056,717	519,247	33.77
Cost of Sales	1,129,467	1,375,191	245,724	21.76
Gross Profit	408,003	681,526	273,523	67.04
Operating Expenses	274,557	342,041	67,484	24.58
Operating Income	133,446	339,485	206,039	154.40
Non-operating Income (Expense)	(20,864)	(11,692)	9,172	(43.96)
Profit Before Tax	112,582	327,793	215,211	191.16
Less: Income Tax Expense	18,901	509	(18,392)	(97.31)
Net Profit (loss)	93,681	327,284	233,603	249.36
Other comprehensive income (loss)	573	(328)	(901)	(157.24)
Total comprehensive income (loss)	94,254	326,956	232,702	246.89
<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: The main reason is that in 2021, the performance of the product sales mix of automotive electronics and high-end industrial products will improve, which will drive up both revenue and gross profit margin.</p>				

- **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	2020	2021	Variance (%)
	Cash Flow Ratio (%)		30.23	30.90
Cash Flow Adequacy Ratio (%)		58.64	59.05	0.70
Cash Reinvestment Ratio (%)		7.58	7.93	4.62
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
334,633	495,523	538,141	292,015	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	2021 Gain or Loss	Policies	Action Plan	Investment Plan for the Next 12 Months
	Yea Shin Technology Corp				
Keep High Limited		\$9,862	Holding company	—	—
Forever Eagle Incorporation		\$10,552	Holding company	—	—
Jiecheng Electronic (Shanghai) Co., Ltd		\$10,552	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 2020 and 2021 were NT\$ 12,731 thousands and NT\$ 12,331 thousands, respectively, accounting for 0.83% and 0.60% 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 currency is mainly quoted in US dollars, so it can still achieve the effect of natural hedging, and engage in foreign exchange exchange interest contract transactions to avoid exchange rate fluctuations. In 2020, foreign exchange gains (losses) and derivative financial products (losses) were NT\$ (8,287) thousand and (1,041) thousand respectively, accounting for (0.54)% and (0.07)% of the operating income in 2020; Foreign exchange (loss) and derivative financial product (loss) gains and losses were NT\$(5,123) thousand and NT\$262 thousand respectively, accounting for (0.25)% and 0.01% of the operating income in 2021, respectively. Operations have not yet had 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	2021	2022 Budget
Research & development expenses	113,042	113,000

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 2021 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 s: None

7.6.12 Litigation or Non-litigation Matters

(1)Major ongoing lawsuits, non-lawsuits or administrative lawsuit: None.

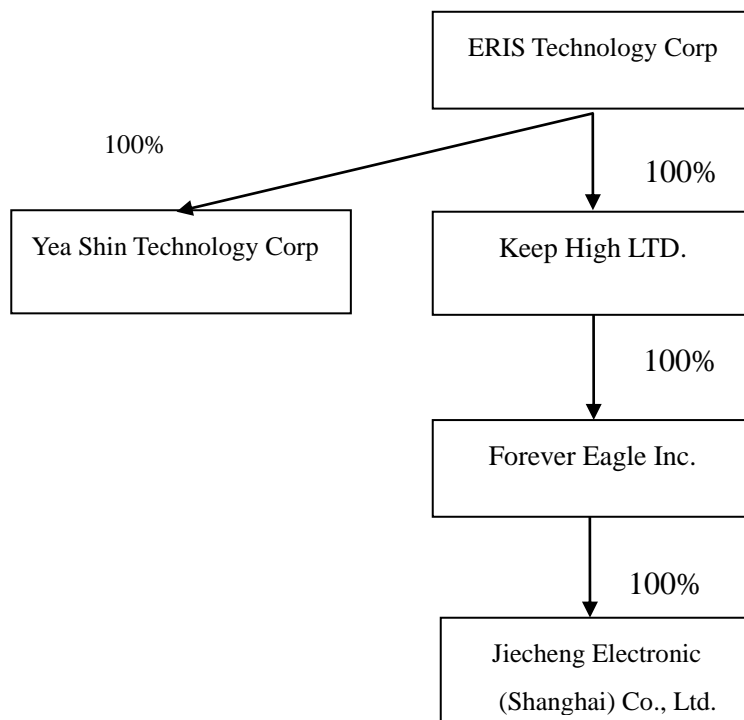
(2)Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings: None.

7.6.13 Other Major Risks: None

VIII. Special Disclosure

8.1 Summary of Affiliated Companies

Please refer to page 67~ page 69 of the Chinese annual report.



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

As of 4/20/2022

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.	2005.10.13	NTD293,422 thousands	293,422 shares	100.00

Eris Technology Corporation

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

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, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 255,139	8	\$ 158,619	6
Financial assets at amortized cost - current (Notes 4,8 and 27)	61,852	2	35,822	2
Notes receivable (Notes 4,9 and 20)	1,751	-	861	-
Net trade receivables (Notes 4,9 and 20)	46,327	2	35,391	1
Trade receivables from related parties (Notes4, 9, 20 and 26)	389,908	13	266,568	11
Other receivables (Note 4)	8,276	-	3,037	-
Other receivables from related parties (Notes4 and 26)	856	-	775	-
Inventories (Notes 4, 5 and 10)	226,023	7	186,456	7
Prepayments and other current assets	6,407	-	14,717	1
Total current assets	<u>996,539</u>	<u>32</u>	<u>702,246</u>	<u>28</u>
NON-CURRENT ASSETS				
Financial assets at amortized cost – non-current (Notes 4,8 and 27)	10,004	-	10,003	-
Investments associated for the equity method (Notes 4 and 11)	621,008	20	404,050	16
Property, plant and equipment (Notes 4, 12, 26 and 27)	1,197,396	39	1,251,986	50
Right-of-use assets - non-current (Notes4 and 13)	10,080	1	10,731	1
Investment properties (Notes 4,14 and 27)	57,032	2	58,235	2
Other intangible assets (Note 4 and 15)	14,312	1	15,910	1
Deferred tax assets (Note 4 and 22)	4,496	-	3,972	-
Prepayments for equipment (Note 26 and 28)	161,857	5	48,389	2
Refundable deposits	2,498	-	4,050	-
Other non-current assets (Note 16)	7,752	-	3,380	-
Total non-current assets	<u>2,086,435</u>	<u>68</u>	<u>1,810,706</u>	<u>72</u>
TOTAL	<u>\$ 3,082,974</u>	<u>100</u>	<u>\$ 2,512,952</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note17 and 27)	\$ 500,000	16	\$ 320,000	13
Financial liabilities at fair value through profit or loss - current (Notes 4,7 and 25)	-	-	1,277	-
Trade payables	66,097	2	85,441	3
Trade payables from related parties (Notes 26)	259,930	9	93,665	4
Other payables(Note 18)	135,062	4	112,286	4
Current tax liabilities (Note 4 and 22)	25,430	1	15,844	1
Provisions (Note 4)	3,489	-	1,588	-
Lease liabilities - current (Notes 4 and 13)	3,052	-	7,744	-
Current portions of long-term borrowings (Note17 and 27)	48,549	2	138,428	6
Other current liabilities (Note 20)	693	-	528	-
Total current liabilities	<u>1,042,302</u>	<u>34</u>	<u>776,801</u>	<u>31</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note17 and 27)	777,102	25	715,885	29
Deferred tax liabilities (Note 4 and 22)	8,090	1	6,189	-
Lease liabilities - non-current (Notes 4 and 13)	7,055	-	3,059	-
Total non-current liabilities	<u>792,247</u>	<u>26</u>	<u>725,133</u>	<u>29</u>
Total liabilities	<u>1,834,549</u>	<u>60</u>	<u>1,501,934</u>	<u>60</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 11and 19)				
Share capital	444,283	14	444,283	18
Capital surplus	402,511	13	402,511	16
Retained earnings				
Legal reserve	64,432	2	55,098	2
Special reserve	2,013	-	2,586	-
Unappropriated earnings	337,527	11	108,553	4
Total retained earnings	<u>403,972</u>	<u>13</u>	<u>166,237</u>	<u>6</u>
Other equity	(2,341)	-	(2,013)	-
Total equity	<u>1,248,425</u>	<u>40</u>	<u>1,011,018</u>	<u>40</u>
TOTAL	<u>\$ 3,082,974</u>	<u>100</u>	<u>\$ 2,512,952</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, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Note4,20 and 26)				
Sales	\$ 1,793,466	100	\$ 1,387,026	100
Less: Sales return and allowance	(6,038)	-	(6,405)	-
Net operating revenue	<u>1,787,428</u>	<u>100</u>	<u>1,380,621</u>	<u>100</u>
OPERATING COSTS (Note 10,21 and 26)	<u>1,411,495</u>	<u>79</u>	<u>1,087,612</u>	<u>79</u>
GROSS PROFIT	<u>375,933</u>	<u>21</u>	<u>293,009</u>	<u>21</u>
OPERATING EXPENSES (Note 21)				
Selling and marketing expenses	70,868	4	50,569	3
General and administrative expenses	107,362	6	85,701	6
Research and development expenses	87,856	5	80,750	6
Expected credit impairment loss	-	-	360	-
Total operating expenses	<u>266,086</u>	<u>15</u>	<u>217,380</u>	<u>15</u>
PROFIT/(LOSS) FROM OPERATIONS	<u>109,847</u>	<u>6</u>	<u>75,629</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of subsidiaries, associates and joint ventures (Note4 and 11)	247,865	14	41,176	3
Interest income	226	-	349	-
Other income	3,478	-	3,751	-
(Gain)/Loss on disposal or retirement of property, plant and equipment	4,869	-	-	-
Gain (loss) on financial debt at fair value through profit or loss(Note 7)	262	-	(1,041)	-
Interest expense	(11,916)	(1)	(12,416)	(1)
Foreign exchange loss, net(Note21)	(5,084)	-	(5,228)	-
Total non-operating income and expenses	<u>239,700</u>	<u>13</u>	<u>26,591</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	349,547	19	102,220	8
INCOME TAX EXPENSE(Note4 and 22)	(22,459)	(1)	(8,885)	(1)
NET PROFIT FOR THE YEAR	<u>327,088</u>	<u>18</u>	<u>93,335</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME/(LOSS)				

(Continued)

ERIS TECHNOLOGY CORPORATION

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

	2021		2020	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(410)	-	716	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 4 and 22)	82	-	(143)	-
Other comprehensive income/(loss) for the year, net of income tax	(328)	-	573	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 326,760</u>	<u>18</u>	<u>\$ 93,908</u>	<u>7</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 7.36</u>		<u>\$ 2.10</u>	
Diluted	<u>\$ 7.36</u>		<u>\$ 2.10</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Share Capital(Note 19)		Retained Earnings				Other Equity Exchange Differences on Translating the Financial Statements of Foreign Operations (Note 19)	Total Equity	
	Share (In Thousands)	Amount	Capital Surplus (Note 19)	Legal Reserve	Special Reserve	Unappropriated Earnings (Note 11 and 19)			Total
BALANCE AT JANUARY 1, 2020	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)
	-	-	-	10,210	1,102	(69,068)	(57,756)	-	(57,756)
Gain part of the equity of the subsidiary (Note 11)	-	-	-	-	-	(60,898)	(60,898)	-	(60,898)
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
Appropriation of 2020 earnings									
Legal reserve	-	-	-	9,334	-	(9,334)	-	-	-
Special reserve	-	-	-	-	(573)	573	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(88,857)	(88,857)	-	(88,857)
	-	-	-	9,334	(573)	(97,618)	(88,857)	-	(88,857)
Obtain or deal with the equity price of the subsidiary company Difference from book value	-	-	-	-	-	(496)	(496)	-	(496)
2021 Net profit	-	-	-	-	-	327,088	327,088	-	327,088
Other comprehensive income/(loss)	-	-	-	-	-	-	-	(328)	(328)
Total comprehensive income/(loss) for the year ended December 31, 2021	-	-	-	-	-	327,088	327,088	(328)	326,760
BALANCE AT DECEMBER 31, 2021	44,428	\$ 444,283	\$ 402,511	\$ 64,432	\$ 2,013	\$ 337,527	\$ 403,972	(\$ 2,341)	\$ 1,248,425

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

ERIS TECHNOLOGY CORPORATION

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 349,547	\$ 102,220
Adjustments for:		
Depreciation expenses	102,605	111,470
Amortization expenses	10,160	19,615
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	(1,277)	1,251
Interest expense	11,916	12,416
Interest income	(226)	(349)
Share of (profit)/loss of subsidiaries, associates and joint ventures	(247,865)	(41,176)
(Gain)/loss on disposal or retirement of property, plant and equipment	(4,869)	-
Unrealized gain on transactions with associates and joint ventures	30	(344)
Write-downs of inventories	-	1,600
Unrealized (gain)/loss on foreign currency exchange	(2,248)	(1,115)
Changes in operating assets and liabilities		
Notes receivable	(890)	(146)
Trade receivables	(11,027)	25,152
Trade receivables from related parties	(123,086)	(3,908)
Other receivables	(5,239)	1,012
Other receivables from related parties	(81)	495
Inventories	(39,567)	(8,308)
Prepayments and other current assets	1,719	(2,489)
Trade payables	(18,639)	(60,794)
Trade payables from related parties	167,904	44,978
Other payables	22,829	16,358
Provisions	1,901	(1,824)
Other current liabilities	165	62
Cash generated from operations	213,762	216,536
Interest received	219	356
Received dividends from subsidiaries	32,276	11,942
Interest paid	(11,717)	(12,361)
Income tax paid	(11,414)	(5,504)
Net cash generated from operating activities	<u>223,126</u>	<u>210,969</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(26,283)	(4,000)
Obtaining net cash outflow from subsidiaries	(2,305)	(184,913)
Payments for property, plant and equipment	(74,488)	(25,145)
Proceeds from disposal of property, plant and equipment	70,416	1,403
Refundable deposits	1,552	192
Payments for intangible assets	(697)	(2,118)
Payments for other non-current assets	(5,646)	(10,173)
Increase in prepayments for equipment	(145,480)	(46,465)
Net cash generated from/(used in) investing activities	<u>(182,931)</u>	<u>(271,219)</u>

(Continued)

ERIS TECHNOLOGY CORPORATION

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

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings increases (decreases)	180,000	(50,000)
Proceeds from long-term borrowings	250,000	160,000
Repayments of long-term borrowings	(278,662)	(8,853)
Repayment of the principal portion of lease liabilities	(6,156)	(11,622)
Dividends paid to owners of the Company	(88,857)	(57,756)
Net cash generated from/(used in) financing activities	<u>56,325</u>	<u>31,769</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	96,520	(28,481)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>158,619</u>	<u>187,100</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 255,139</u>	<u>\$ 158,619</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, 2021 AND 2020

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

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 B.V. (Diodes B.V.) became the parent company of the Company with a shareholding ratio of more than 50%. Diodes Holding B.V. has merged and assumed all the rights and obligations of Diodes B.V. in January 2019, and the relevant operation was completed in August 2019.

Diodes Holding B.V. was acquired by Diodes Holdings UK Limited in January 2021 and it assumed all the rights and obligations. Ended of September 30, 2021, Diodes Holdings UK Limited held 51.07% of the Company's shares. The ultimate parent of the Company is Diodes Incorporated (Diodes), and the ultimate parent and its subsidiaries are hereinafter referred to as the Diodes Group, respectively.

The 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 February 24, 2022.

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

- a. For the first time, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC) and Interpretations (SIC) recognized and issued by the Financial Supervisory Commission (hereinafter referred to as the "FSC") (hereinafter referred to as "IFRSs")

The application of the revised IFRSs approved and issued by the FSC will not result in a material change in the Company's accounting policies.

- b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2022

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
IFRSs Annual Improvements in 2018-2020	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to Conceptual Frameworks"	January 1, 2022 (Note 2)
Amendment to IAS 16 "Real estate, plant and equipment: the price before reaching the intended state of use"	January 1, 2022 (Note 3)
Amendment to IAS 37 "Loss Contracts-Cost of Performing Contracts"	January 1, 2022 (Note 4)

Note 1: 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 2: This amendment applies to business mergers whose acquisition date starts in the annual reporting period after January 1, 2022.

Note 3: 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 4: This amendment applies to contracts that have not fulfilled all obligations on January 1, 2022.

As of the date of approval of this individual financial report, the company's view of other standards and interpretations revision 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:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	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 2)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023(Note 3)
Amendment to IAS 12 "Deferred income tax relating to assets and liabilities arising from a single transaction"	January 1, 2023(Note 4)

Note 1: Unless otherwise stated, the above newly issued/amended/revised standards or interpretations are effective for each annual reporting period beginning after that date.

Note 2: The application of this amendment will be postponed during the annual reporting period beginning on January 1, 2023.

Note 3: 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.

Note 4: The amendment applies to transactions occurring after January 1, 2022, except for the recognition of deferred tax on temporary differences in lease and decommissioning obligations at January 1, 2022.

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.

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

Except for financial instruments measured at fair value, the parent company of the financial statements have been prepared on the historical cost basis.

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.

When the parent company prepares the individual financial report, it adopts the equity method for investment subsidiaries. In order to make the current year's profit and loss, other comprehensive profit and loss and equity in this individual financial report the same as the current year's profit and loss, other comprehensive profit and loss and equity attributable to the owners of the company in the company's consolidated financial report, certain differences in accounting treatment between the individual basis and the consolidated basis are adjusted that "Investments using the equity method", "Share of profit and loss of subsidiaries using the equity method", "Share of other comprehensive profits and losses of subsidiaries using the equity method" and related equity items.

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.

Foreign currency monetary items are translated at the closing rates on each balance sheet date. Exchange differences arising from the delivery of monetary items or the translation of monetary items are recognized in profit or loss in the period in which they occur.

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 on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on 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, which is not retranslated.

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 include raw materials, finished goods, and work in progress, which are measured at the lower of cost and net realizable value. Comparing cost and net realizable value is based on individual

items except for the same type of inventory. Net realizable value refers to the balance of the estimated selling price under normal circumstances minus the estimated cost required to complete the completion and the estimated cost required to complete the sale. The cost of inventory is calculated using the weighted average method.

f. Investments in subsidiaries

The Company invests the subsidiaries with the equity method.

A subsidiary refers to an individual that controlled by the Company.

Under the equity method, the investment is initially recognized at cost, and the carrying amount after the acquisition increases or decreases with the Company's share of the subsidiary's profit and loss and other comprehensive profit and loss and profit distribution. In addition, changes in other equities that the Company can enjoy in subsidiaries are recognized in proportion to shareholding.

When the change of the company's ownership interest in the subsidiary does not lead to the loss of control, it is treated as an equity transaction. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly as equity.

When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term interests that are substantially part of the Company's net investment in the subsidiary), continue to recognize losses in proportion to shareholding.

The amount of the acquisition cost exceeding the company's share of the net fair value of the identifiable assets and liabilities of the subsidiary that constitutes the business on the acquisition date is classified as goodwill, which is included in the carrying amount of the investment and shall not be amortized. Moreover, the excess of the share of the net fair value of the identifiable assets and liabilities of the subsidiary that constitutes the business on the date of acquisition over the cost of acquisition is recorded as current income.

In assessing impairment, the Company considers the cash-generating unit as a whole in its financial report and compares its recoverable amount with its carrying amount. If the recoverable amount of the asset increases subsequently, the reversal of the impairment loss shall be recognized as a benefit, but the carrying amount of the asset after the reversal of the impairment loss shall not exceed the amount of the asset in the case of an unrecognized impairment loss, the deduction shall be accrued. The carrying amount

after amortization. Impairment losses attributable to goodwill cannot be reversed in subsequent periods.

If happened, it loses control over a subsidiary, the company measures its remaining investment in the former subsidiary at the fair value on the date of loss of control. The difference between the fair value of the remaining investment and any disposal price and the book value of the investment on the date of loss of control is included in the Current profit and loss. In addition, the accounting treatment of all amounts related to the subsidiary recognized in other comprehensive profit or loss is the same as that which must be followed by the Company to directly dispose of the relevant assets or liabilities.

Unrealized gains and losses from downstream transactions between the Company and its subsidiaries are eliminated from individual financial reports. Profits and losses arising from counter-current and side-stream transactions between the Company and its subsidiaries are recognized in the individual financial report only to the extent not related to the Company's interests in subsidiaries.

g. Property, plant, and equipment

Property, plant and equipment are stated at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment in the course of construction 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.

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, investment property, intangible assets and contract costs

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets, investment property and intangible assets may be 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, and writ on the balance sheet.

In the original recognition of financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, that is measured at fair value plus transaction costs directly attributable to acquiring or issuing financial assets or financial liabilities. Transaction costs that are directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss 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 business model for the purpose of holding financial assets to receive contractual cash flows;
- B. The terms of the contract generate cash flows on specific dates, and that are solely payments of principal and interest on the principal amount outstanding.

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 credit-impaired financial assets purchased or established, interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.

- B. For financial assets that are not credit-impaired purchased or initiated but subsequently become credit-impaired, interest income shall be calculated by multiplying the effective interest rate by the amortized cost of the financial asset from the next reporting period after the credit 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 impairment losses on financial assets (including accounts receivable) measured at amortized cost on the basis of 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 are weighted average credit losses weighted by the risk of default. The 12-month expected credit losses represent the expected credit losses arising from possible default events of the financial instrument within 12 months after the reporting date, and the lifetime expected credit losses represent the expected credit losses arising from all possible default events of the financial instrument during the expected duration.

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.

When a financial asset measured at amortized cost is deducted as a whole, the difference between its carrying amount and the consideration received is recognized in profit or loss. When investments in debt instruments at fair value through other comprehensive profit or loss are deducted as a whole, the difference between their carrying amount and the sum of the consideration received plus any cumulative gain or loss recognized in other comprehensive profit or loss is recognized in profit or loss. When equity instrument investments at fair value through other comprehensive profit or loss are deducted as a whole, the accumulated profit or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as financial liabilities or equity according to the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized at the amount obtained after deducting direct issuance costs.

The recovery of the company's own equity instruments is recognized and deducted under equity. The purchase, sale, issue or cancellation of the Company's own equity instruments is not recognised 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 when a derivative contract is entered into, and subsequently re-measured at fair value on the balance sheet date, and the gain or loss arising from subsequent measurement is directly included in profit or loss. When the fair value of a derivative is positive, it is classified as a financial asset; when the fair value is negative, it is classified 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

Revenue from the sale of goods is derived from the sale of electronic component products. When the product arrives at the place designated by the customer, the customer has the right to set the price and the use of the product and bears the main responsibility for resale, and bears the risk of the product becoming obsolete. The company recognizes revenue and receivables at this point in time and 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.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, lease benefits paid before the lease commencement less lease incentives received, original direct costs and estimated cost of restoring the underlying asset) and subsequently at cost less accumulated depreciation and The amount after the accumulated impairment loss is measured and adjusted for the re-measurement of the lease liability. The right-of-use asset is presented separately on the individual balance sheet.

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.

The lease liability was originally measured at the present value of the lease payments (included both fixed and in-substance fixed payments). If the interest rate implied by the lease is easily determined, the lease payment is discounted using that rate. If this rate is not readily determinable, the lessee incremental borrowing rate is used.

Subsequently, the lease liability is measured on an amortized cost basis using the effective interest method, and the interest expense is apportioned over the lease term. If there is a change in the lease term, the Company re-measures the lease liability and adjusts the right-of-use asset relatively, but if the carrying amount of the right-of-use asset has been reduced to zero, the remaining re-measured amount is recognized in profit or loss. Lease liabilities are presented separately on the

individual balance sheet.

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

Retirement benefits for defined contributions to retirement plans are recognized as expenses during the period of service provided by employees.

p. Taxation

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

1) Current tax

Income tax on undistributed surplus calculated in accordance with the income tax law of the Republic of China shall be recognized in the annual resolution of the shareholders' meeting.

Adjustments to income tax payable in previous years are included in current income tax.

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.

Management will continue to review estimates and underlying assumptions. If the revision to the estimate affects only the current period, it is recognized in the current period of the revision; if the revision to the accounting estimate affects both the current period and future periods, it is recognized in the current period of the revision and future periods.

Write-down of inventories

The net realizable value of inventories is the estimated selling price in the normal course of business less the estimated cost to be invested in completion and the estimated cost to complete the sale. These estimates are 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

	December 31, 2021	December 31, 2020
Foreign currency demand deposit	\$ 140,579	\$ 67,053
Demand deposits	113,661	90,978
Cash in hand	886	575
Check deposits	<u>13</u>	<u>13</u>
	<u>\$ 255,139</u>	<u>\$ 158,619</u>

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

	December 31, 2021	December 31, 2020
Demand deposits	0.001%~0.100%	0.001%-0.300%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2021	December 31, 2020
Financial liabilities-current, held for trading		
Cross-currency swap contracts	<u>\$ -</u>	<u>\$ 1,277</u>

At the end of the reporting period, outstanding cross-currency swap contracts not under hedge accounting were as follows: (December 31, 2021: None)

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

As of December 31, 2021 and 2020, the company engaged in financial instruments measured at fair value through profit and loss, resulting in a net gain of \$262 thousand and a net loss of \$1,041 thousand, respectively.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31, 2021	December 31, 2020
<u>Current</u>		
Unpledged time deposits		
Time deposits with original maturities of more than 3 months	\$ 8,304	\$ -
Pledged time deposits		
Time deposits with original maturities of more than 3 months	13,529	13,809
Restricted demand deposit	<u>40,019</u>	<u>22,013</u>
	<u>\$ 61,852</u>	<u>\$ 35,822</u>
<u>Non-current</u>		
Pledged time deposits		
Restricted demand deposit	<u>\$ 10,004</u>	<u>\$ 10,003</u>

The market interest rate range of the above assets on the balance sheet date was as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Time deposits with original maturities of more than 3 months	0.21%~2.15%	0.46%-2.13%
Restricted demand deposit	0.01%~0.05%	0.01%-0.04%

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

	December 31, 2021	December 31, 2020
<u>Notes receivable</u>		
Total book value at amortized cost	<u>\$ 1,751</u>	<u>\$ 861</u>
<u>Trade receivables</u>		
Total book value at amortized cost	\$ 47,727	\$ 36,791
Less: Allowance for impairment loss	<u>(1,400)</u>	<u>(1,400)</u>
	<u>\$ 46,327</u>	<u>\$ 35,391</u>
<u>Trade receivables from related parties</u>		
Total book value at amortized cost	<u>\$ 389,908</u>	<u>\$ 266,568</u>

The company's credit period for sales of goods was about 30 days to 120 days , and no interest will be charged due to the short credit 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 allowance losses for the Company's accounts receivable (including receivables from related parties) are as follows:

December 31, 2021

	<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	\$ 15,090	\$399,531	\$ 23,014	\$ -	\$437,635
Loss allowance (Lifetime ECLs)	(755)	(530)	(115)	-	(1,400)
Amortized cost	<u>\$ 14,335</u>	<u>\$399,001</u>	<u>\$ 22,899</u>	<u>\$ -</u>	<u>\$436,235</u>

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>

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

	<u>2021</u>	<u>2020</u>
AT THE BEGINNING OF THE YEAR	\$ 1,400	\$ 1,040
Add: The impairment loss is listed for the current year	-	360
AT THE END OF THE YEAR	<u>\$ 1,400</u>	<u>\$ 1,040</u>

The aging of receivables was as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Not past due	\$ 436,850	\$ 291,059
1-60 days	<u>785</u>	<u>12,300</u>
	<u>\$ 437,635</u>	<u>\$ 303,359</u>

10. INVENTORIES

	December 31, 2021	December 31, 2020
Raw materials	\$ 110,614	\$ 93,611
Work in progress	67,601	63,651
Finished goods	<u>47,808</u>	<u>29,194</u>
	<u>\$ 226,023</u>	<u>\$ 186,456</u>

The cost of goods sold for the years ended December 31, 2020 included reversals of inventory write-downs of \$1,600 thousand. (December 31, 2021: None).

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investee	December 31,		December 31,	
	2021	%	2020	%
Keep High Ltd. (“Keep High”)	\$ 58,199	100	\$ 48,746	100
Yea Shin Technology Co., Ltd. (“Yea Shin”)	<u>562,809</u>	100	<u>355,304</u>	99.52
	<u>\$ 621,008</u>		<u>\$ 404,050</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, 2021, 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.

Due to the Group's development strategic needs, the company's acquired 11,558,000 shares, 5,000 shares and 142,000 shares of Yea Shin Technology in March, April 2020 and April 2021 at a total price of NT\$184,842 thousand, NT\$ 71 thousand and NT\$ 2,305 thousand. As a result, the shareholding ratio increased from 60.11% to 100%, and the retained earnings were reduced by NT\$ 60,876 thousand, NT\$ 22 thousand and NT\$ 496thousand, respectively.

For the details of the investment subsidiaries indirectly held by the company, please refer to Note 30 and Attached Tables 4 and 5.

The share of profits and losses and other comprehensive profits and losses of the subsidiaries that adopted the equity method in 2021 and 2020 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

<u>Carrying amount of each category</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Land	\$ 574,129	\$ 612,895
Buildings	327,005	348,787
Machinery Equipment	282,888	274,011
Transportation Equipment	5,503	6,522
Leasehold Improvements	1,750	5,519
Other Equipment	<u>6,121</u>	<u>4,252</u>
	<u>\$ 1,197,396</u>	<u>\$ 1,251,986</u>

	<u>2021</u>				<u>Balance at December 31, 2021</u>
	<u>Balance at January 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	
<u>Cost</u>					
Land	\$ 612,895	\$ -	\$ 38,766	\$ -	\$ 574,129
Buildings	394,151	12,569	22,617	1,894	385,997
Machinery Equipment	830,285	56,927	60,260	30,118	857,070
Transportation Equipment	13,869	1,122	1,405	-	13,586
Leasehold Improvements	16,991	-	5,298	-	11,693
Other Equipment	<u>13,096</u>	<u>3,618</u>	<u>1,960</u>	<u>-</u>	<u>14,754</u>
Total	<u>1,881,287</u>	<u>\$ 74,236</u>	<u>\$ 130,306</u>	<u>\$ 32,012</u>	<u>1,857,229</u>
<u>Accumulated depreciation</u>					
Buildings	45,364	\$ 21,290	\$ 7,662	\$ -	58,992
Machinery Equipment	556,274	66,400	48,492	-	574,182
Transportation Equipment	7,347	2,083	1,347	-	8,083
Leasehold Improvements	11,472	3,769	5,298	-	9,943
Other Equipment	<u>8,844</u>	<u>1,749</u>	<u>1,960</u>	<u>-</u>	<u>8,633</u>
Total	<u>629,301</u>	<u>\$ 95,291</u>	<u>\$ 64,759</u>	<u>\$ -</u>	<u>659,833</u>
Net amount	<u>\$ 1,251,986</u>				<u>\$ 1,197,396</u>

	2020				
	Balance at January 1, 2020	Additions	Disposals	Reclassification s	Balance at December 31, 2020
<u>Cost</u>					
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>
Total	<u>1,876,576</u>	<u>\$ 23,739</u>	<u>\$ 36,762</u>	<u>\$ 17,734</u>	<u>1,881,287</u>
<u>Accumulated depreciation</u>					
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>
Total	<u>566,018</u>	<u>\$ 98,642</u>	<u>\$ 35,359</u>	<u>\$ -</u>	<u>629,301</u>
Net amount	<u>\$ 1,310,558</u>				<u>\$ 1,251,986</u>

As there was no sign of impairment in 2021 and 2020, 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	3-15 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 27.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of right-of-use assets		
Buildings	<u>\$ 10,080</u>	<u>\$ 10,731</u>

	<u>2021</u>	<u>2020</u>
Additions to right-of-use assets	<u>\$ 10,642</u>	<u>\$ 12,094</u>
Depreciation charge for right-of-use assets		
Buildings	<u>\$ 6,111</u>	<u>\$ 11,626</u>
b. Lease liabilities		
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amounts		
Current	<u>\$ 3,052</u>	<u>\$ 7,744</u>
Non-current	<u>\$ 7,055</u>	<u>\$ 3,059</u>
Range of discount rate for lease liabilities was as follows:		
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Buildings	1%~1.25%	1%~1.25%
c. Other lease information		
	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	<u>\$ 6,232</u>	<u>\$ 11,721</u>

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, 2021	\$ 1,904
Depreciation expense	<u>1,203</u>
Balance at December 31, 2021	<u>\$ 3,107</u>
Balance at December 31, 2021	<u>\$ 57,032</u>
	<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
Depreciation expense	<u>1,202</u>
Balance at December 31, 2020	<u>\$ 1,904</u>
Balance at December 31, 2020	<u>\$ 58,235</u>

The lease term for investment properties is 2 years. The lessee does not have the preferential acquisition right of investment real estate at the end of the lease period.

The future minimum lease payments of non-cancellable operating lease commitments as of December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
1 year	\$ 3,600	\$ 2,100
2 year	<u>\$ 2,100</u>	<u>\$ -</u>
	<u>\$ 5,700</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

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

	Patents	Computer software	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 617	\$ 19,625	\$ 20,242
Obtained separately	-	697	697
Disposals	<u>-</u>	<u>(1,414)</u>	<u>(1,414)</u>
Balance at December 31, 2021	<u>\$ 617</u>	<u>\$ 18,908</u>	<u>\$ 19,525</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2021	\$ 435	\$ 3,897	\$ 4,332
Amortization expenses	62	2,233	2,295
Disposals	<u>-</u>	<u>(1,414)</u>	<u>(1,414)</u>
Balance at December 31, 2021	<u>\$ 497</u>	<u>\$ 4,716</u>	<u>\$ 5,213</u>
Carrying amount at December 31, 2021	<u>\$ 120</u>	<u>\$ 14,192</u>	<u>\$ 14,312</u>

	<u>Patents</u>	<u>Computer software</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2020	\$ 617	\$ 17,902	\$ 18,519
Obtained separately	-	2,118	2,118
Disposals	<u>-</u>	(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	<u>-</u>	(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>

Amortization expenses are accrued on a straight-line basis over the following years of service:

Patents	10 years
Computer software	2-15 years

16. OTHER ASSETS

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
<u>Non-current</u>		
Unamortized expense	<u>\$ 7,752</u>	<u>\$ 3,380</u>

17. BORROWINGS

a. Short-term borrowings

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
<u>Secured borrowings</u>		
Bank loans	\$ 400,000	\$ 320,000
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>100,000</u>	<u>-</u>
	<u>\$ 500,000</u>	<u>\$ 320,000</u>

The range of weighted average effective interest rates on bank loans was 0.97%~1.02% and 0.97%~0.99% per annum as of December 31, 2021 and 2020, respectively.

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

b. Long-term borrowings

	December 31, 2021	December 31, 2020
<u>Secured borrowings</u>		
Bank loans (1)	\$ 68,954	\$ 118,313
Bank loans (2)	447,440	476,000
Bank loans (3)	-	100,000
Bank loans (4)	-	100,000
Bank loans (5)	10,257	11,000
Bank loans (6)	49,000	49,000
Bank loans (7)	50,000	-
Bank loans (8)	100,000	-
Bank loans (9)	<u>100,000</u>	<u>-</u>
	825,651	854,313
Less: Current portions	<u>(48,549)</u>	<u>(138,428)</u>
Long-term borrowings	<u>\$ 777,102</u>	<u>\$ 715,885</u>

- 1) The bank loan of NT\$140,000 thousand was obtained by the Company at the end of June 2018, which are pledged by the land and buildings owned by the Company as collateral, with an interest rate of the loan calculated by the floating interest rate of time savings deposit plus 0.115% to be repaid in annual installments over 15 years. The maturity date of the loan was June 28, 2033. The effective interest rates were all 0.9154% as of December 31, 2021 and 2020, respectively.
- 2) The bank loan of NT\$476,000 thousand was obtained by the Company at the end of May 2019, which are pledged by the land and buildings owned by the Company as collateral, with an interest rate of the loan calculated by TAIBOR 3M plus 0.5% and a grace period of two years to be repaid after the period in one installment of 2% of the principal for every three months and to be repaid in a one-time payment at maturity for the rest of the principal. The maturity date of the loan was May 27, 2024. The effective interest rates were 0.9806% and 0.9797% as of December 31, 2021 and 2020, respectively.
- 3) The Company obtained a bank loan of NT\$100,000 thousand at the end of December 2019. The bank loan was secured by the Company own land and buildings. The loan interest rate was calculated according to TAIBOR 3M plus 0.5%. Interest is paid monthly. One-time payment. The maturity date of the loan was December 30, 2021, and that was fully paid off in December 2021. The effective annual interest rate as at 31 December 2020 was 0.9797%.
- 4) The Company obtained a bank loan of NT\$100,000 thousand at the end of December 2020, that bank loan was guaranteed by the Company current deposit, and the amount is 10% of the mobile balance. The loan interest rate is calculated based on the fixed savings deposit mobile interest rate plus 0.08%. The interest is calculated according to Monthly payment, and the principal will be repaid once due. The maturity date of the loan was December 30, 2022, and it was repaid in full in December, 2021. The effective annual interest rate as at 31 December 2020 was 0.88%.
- 5) The bank loan of NT\$11,000 thousand was obtained by the Company on July 1, 2020, which are pledged by the land and buildings owned by the Company as collateral, with an interest rate of the loan calculated by the floating interest rate of time savings deposit plus 0.08%, which should not be lower than 0.98%, and a grace period of one year to be averagely repaid after the period for the principal and the interests. The maturity date of the loan was June 30, 2027. The effective interest

rates were all 0.98% as of December 31 2021 and 2020, respectively.

- 6) The bank loan of NT\$49,000 thousand was obtained by the Company on July 1, 2020, which are pledged by the land and buildings owned by the Company as collateral, with an interest rate of the loan calculated by the floating interest rate of one-month time savings deposit plus 0.08%, which should not be lower than 0.90%, and a grace period of two year to be averagely repaid after the period for the principal and the interests. The maturity date of the loan was June 30, 2030. The effective interest rates were all 0.90% as of December 31 2021 and 2020, respectively.
- 7) The bank loan of NT\$50,000 thousand was obtained by the Company on September 28, 2021. The bank loan was secured by the Company own land and buildings as a mortgage guarantee. The loan interest rate is based on the two-year fixed deposit mobile interest rate plus 0.082% mobile interest calculation. However, it shall not be less than 0.98%, and the principal shall be paid off once upon maturity. The maturity date of the loan is September 28, 2023. The effective annual interest rate on December 31, 2021 was 0.98%.
- 8) The Company obtained a bank loan of NT\$100,000 thousand at the end of 30 December, 2021. The bank loan was secured by the Company own land and buildings. The loan interest rate was calculated according to TAIBOR 3M plus 0.5%. Interest is paid monthly. One-time payment. The maturity date of the loan was December 30, 2023. The effective annual interest rate as at 31 December 2021 was 0.9802%.
- 9) The Company obtained a bank loan of NT\$100,000 thousand at the end of 20 December, 2021 , that bank loan was guaranteed by the Company current deposit, and the amount is 10% of the mobile balance. The loan interest rate is calculated based on the fixed savings deposit mobile interest rate plus 0.08%. The interest is calculated according to Monthly payment, and the principal will be repaid once due. The maturity date of the loan was December 20, 2022. The effective annual interest rate as at 31 December 2021 was 0.93%.

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

18. OTHER LIABILITIES

	December 31, 2021	December 31, 2020
Other payables		
Payables for salaries or bonuses	\$ 72,840	\$ 48,842
Payables for processing fees	16,247	13,170
Others	<u>45,985</u>	<u>50,274</u>
	<u>\$ 135,062</u>	<u>\$ 112,286</u>

19. EQUITY

a. Share capital

Ordinary shares

	December 31, 2021	December 31, 2020
Number of shares authorized (in thousands)	<u>70,000</u>	<u>70,000</u>
Shares authorized	<u>\$ 700,000</u>	<u>\$ 700,000</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.

On October 15, 2020, the company's extraordinary shareholders' meeting approved a resolution to amend the company's articles of association, increasing the rated capital from NT\$500,000 thousand to NT\$700,000 thousand, divided into 70,000,000 shares.

b. Capital surplus

	December 31, 2021	December 31, 2020
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

According to the provisions of the earnings distribution policy of the company's articles of association, if there is a surplus in the annual final accounts, taxes shall be paid in accordance with the law, and after making up the accumulated losses, another 10% shall be set aside as the statutory surplus reserve, and the rest shall be set aside or transferred to the special surplus reserve according to laws and regulations; If there is still a balance and the accumulated undistributed surplus, the Board of Directors will formulate a surplus distribution proposal and submit a resolution to the shareholders' meeting to distribute dividends to shareholders. Please refer to employee benefits expense in Note 21-4.

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.

The appropriations of earnings for 2020 and 2019 approved in the shareholders' meetings on Aug. 11, 2021 and May 28, 2020, respectively, were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Legal reserve	\$ 9,334	\$ 10,210
Special reserve	(\$ 573)	\$ 1,102
Cash dividends	\$ 88,857	\$ 57,756
Cash dividends of per share NT\$	<u>\$ 2.0</u>	<u>\$ 1.3</u>

On February 24, 2022, the BOD proposed the 2021-year surplus distribution proposal as follows:

	<u>Dividends Per Share (NT\$)</u> <u>For the Year Ended</u> <u>December 31 2021</u>
Legal reserve	\$ 32,709
Special reserve	\$ 328
Cash dividends	\$ 222,141
Cash dividends of per share NT\$	<u>\$ 5.00</u>

The resolution of the 2021 annual general meeting of shareholders is expected to be held on May 27, 2022.

d. Other equity items

Exchange differences on translating the financial statements of foreign operations

	<u>2021</u>	<u>2020</u>
Balance at January 1	(\$ 2,013)	(\$ 2,586)
Exchange differences on translating the financial statements of foreign operations	(410)	716
Related income tax	<u>82</u>	(<u>143</u>)
Balance at December 31	<u>(\$ 2,341)</u>	<u>(\$ 2,013)</u>

20. REVENUE

	<u>2021</u>	<u>2020</u>	
Revenue from contracts with customers			
Revenue from the sale of goods	<u>\$1,787,428</u>	<u>\$1,380,621</u>	
Contract balances			
	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>January 1,</u> <u>2020</u>
Trade receivables and Notes (Note 9)	<u>\$ 437,986</u>	<u>\$ 302,820</u>	<u>\$ 322,913</u>
Contract liabilities			
Sale of goods	<u>\$ 17</u>	<u>\$ 17</u>	<u>\$ 40</u>

Changes in contract liabilities are mainly attributable to the difference between the time when performance obligations are satisfied and when the customer pays.

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>2021</u>	<u>2020</u>
From contract liabilities at the start of the year		
Sale of goods	\$ <u>17</u>	\$ <u>40</u>

21. NET PROFIT

Additional information on net profit for the year includes the following items:

a. Net profit

1) Depreciation and amortization

	<u>2021</u>	<u>2020</u>
Property, plant and equipment	\$ 95,291	\$ 98,642
Right-of-use assets	6,111	11,626
Investment properties	1,203	1,202
Long-term prepayments	7,865	17,292
Intangible assets	<u>2,295</u>	<u>2,323</u>
Total	<u>\$ 112,765</u>	<u>\$ 131,085</u>

An analysis of depreciation by function

Operating costs	\$ 59,968	\$ 82,438
Operating expenses	<u>42,637</u>	<u>29,032</u>
	<u>\$ 102,605</u>	<u>\$ 111,470</u>

An analysis of amortization by function

Operating costs	\$ 6,644	\$ 15,778
Operating expenses	<u>3,516</u>	<u>3,837</u>
	<u>\$ 10,160</u>	<u>\$ 19,615</u>

2) Gains or losses on foreign currency exchange

	<u>2021</u>	<u>2020</u>
Foreign exchange gains	\$ 9,120	\$ 10,296
Foreign exchange losses	(14,204)	(15,524)
	<u>(\$ 5,084)</u>	<u>(\$ 5,228)</u>

3) Employee benefits expense

	<u>2021</u>	<u>2020</u>
Post-employment benefits		
Defined benefit plans	\$ 7,640	\$ 8,550
Salaries and bonus	<u>270,068</u>	<u>259,800</u>
Total employee benefits expense	<u>\$ 277,708</u>	<u>\$ 268,350</u>

An analysis of employee benefits expense by function

Operating costs	\$ 150,121	\$ 168,694
Operating expenses	<u>127,587</u>	<u>99,656</u>
	<u>\$ 277,708</u>	<u>\$ 268,350</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, 2021 and 2020, which have been approved by The Company BOD on February 24, 2022 and March 4, 2021, respectively, were estimated as follows:

Estimated rate

	<u>2021</u>	<u>2020</u>
Employees' compensation	2.35%	3.2%

Amount

	<u>2021</u>	<u>2020</u>
Employees' compensation	\$ 8,400	\$ 3,400

If there is a change in the amount after the annual independent financial statements is passed, it will be treated according to the change in accounting estimates, and adjusted and recorded in the following year.

There is no difference between the actual amounts of employees' compensation paid and the amounts recognized in the independent financial statements for the years ended December 31, 2020 and 2019.

Information on the employees' compensation by The Company Board of Directors resolution that was 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>2021</u>	<u>2020</u>
Current tax		
In respect of the current year	\$ 19,168	\$ 12,241
Adjustments for prior years	<u>1,832</u>	<u>(1,712)</u>
	<u>21,000</u>	<u>10,529</u>
Deferred tax		
In respect of the current year	1,459	2,157
Adjustments for prior years	<u>-</u>	<u>(3,801)</u>
	<u>1,459</u>	<u>(1,644)</u>
Income tax expense recognized in profit or loss	<u>\$ 22,459</u>	<u>\$ 8,885</u>

A reconciliation of is as follows:

	2021	2020
Profit before tax from continuing operations	<u>\$ 349,547</u>	<u>\$ 102,220</u>
Income tax expense on net profit before tax calculated at statutory tax rate	\$ 69,909	\$ 20,444
The equity method recognizes domestic investment interests	(47,601)	(6,082)
Non-deductible expenses	119	36
Unrecognized deductible temporary differences	(1,800)	-
Adjustments for prior years' tax	<u>1,832</u>	<u>(5,513)</u>
Income tax expense recognized in profit or loss	<u>\$ 22,459</u>	<u>\$ 8,885</u>

b. Income tax recognized in other comprehensive income

	2021	2020
<u>Deferred tax</u>		
Effect of change in tax rate		
In respect of the current period:		
Translations of foreign operations	<u>\$ 82</u>	<u>(\$ 143)</u>
Total income tax recognized in other comprehensive income	<u>\$ 82</u>	<u>(\$ 143)</u>

c. Income tax assessments

	December 31, 2021	December 31, 2020
Current tax liabilities	<u>\$ 25,430</u>	<u>\$ 15,844</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, 2021

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Closing Balance</u>
Deferred Tax Assets				
Reversals of inventory write-downs	\$ 1,840	\$ -	\$ -	\$ 1,840
Payables for annual leave	1,013	200	-	1,213
Provisions	318	380	-	698
Translations of foreign operations	503	-	82	585
Unrealized Foreign exchange loss	-	14	-	14
FVTPL financial assets	255	(255)	-	-
Others	<u>43</u>	<u>103</u>	<u>-</u>	<u>146</u>
	<u>\$ 3,972</u>	<u>\$ 442</u>	<u>\$ 82</u>	<u>\$ 4,496</u>
Deferred tax liabilities				
Investments accounted for using the equity method	\$ 6,117	\$ 1,973	\$ -	\$ 8,090
Unrealized Foreign exchange income	<u>72</u>	<u>(72)</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,189</u>	<u>\$ 1,901</u>	<u>\$ -</u>	<u>\$ 8,090</u>

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>
Deferred Tax Assets				
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>
	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Closing Balance</u>
Deferred tax liabilities				
Investments accounted for using the equity method	\$ 7,779	(\$ 1,662)	\$ -	\$ 6,117
Unrealized Foreign exchange income	-	72	-	72
	<u>\$ 7,779</u>	<u>(\$ 1,590)</u>	<u>\$ -</u>	<u>\$ 6,189</u>

e. Income tax verification situation

The company's profitable business income tax declarations as of the year before 2019 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>
2021			
Basic earnings per share			
Net profit of the year	\$ 327,088	44,428	<u>\$ 7.36</u>
Potential impact of common stock with dilution:			
Remuneration to employees	-	37	
Diluted earnings per share			
Profit for the period attributable to owners of the Company	<u>\$ 327,088</u>	<u>44,465</u>	<u>\$ 7.36</u>
2020			
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>

If the company can choose to pay employee compensation in stock or cash, when calculating diluted earnings per share, it is assumed that employee compensation will be issued in shares, and when the potential common stock has a dilutive effect, it will be included in the weighted average number of outstanding shares to calculate Diluted earnings per share. When calculating the diluted earnings per share before deciding on the number of shares for employee compensation in the following year, the dilutive effect of these potential ordinary shares will also be considered.

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, 2021: None)

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

During 2021 and 2020, 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	The fair value of the exchange rate contract is measured based on the forward exchange rate quotation and the corresponding discount rate curve derived from it.

b. Categories of financial instruments

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 768,338	\$ 512,403
<u>Financial liabilities</u>		
Amortized cost (2)	1,786,740	1,465,705
Fair value through profit or loss (FVTPL)		
Held for trading	-	1,277

- 1) The balances include financial assets at amortized cost, which comprise cash, debt instrument investments, notes receivable, trade receivables, other receivables (excluding tax refunds receivable) and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, trade payables, other payables, and long-term borrowings.

c. Financial risk management objectives and policies

The Company's major financial instruments include notes receivable, accounts receivable, other receivables, accounts payable, borrowings and lease liabilities. The Company's financial risk management objective is to manage market risk, credit risk and liquidity risk associated with its operating activities. In order to reduce related risks, the management of the company is committed to identifying, evaluating and avoiding market uncertainty, so as to reduce the potential adverse impact of market changes on the company's financial performance.

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, and also contracts, borrowing foreign currency loans, etc ., to avoid relevant exchange rate risks. Therefore, company's internal auditor will 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 sensitivity analysis on foreign currency exchange rate risk is mainly for the calculation of foreign currency monetary items (mainly US dollar items) and derivative instruments on the end date of the financial reporting period. When the functional currency of the independent appreciates/depreciates by 1% against the US dollar, the company's net profit after tax in 2021 will decrease/increase by NT\$1,017 thousand; the net profit after tax in 2020 will decrease/increase by NT\$98 thousand.

Since the aforementioned sensitivity analysis is based on the foreign currency exposure amount on the balance sheet date, the management believes that the sensitivity cannot reflect the mid-year exposure.

b) Interest rate risk

Interest rate risk refers to the risk of changes in the fair value of financial instruments or

changes in cash flows due to fluctuations in market interest rates. Because the company holds financial assets and liabilities with fixed interest rates, it has fair value exposure to changes in interest rates; because it holds financial assets and liabilities with floating interest rates, it has cash flow exposures to changes in interest rates. The management of the company regularly monitors changes in market interest rates, and adjusts the position of financial assets and liabilities with floating interest rates to make the interest rates of the company approach market interest rates to respond to the risks arising from changes in market interest rates.

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:

	December 31, 2021	December 31, 2020
Fair value interest rate risk		
Financial assets	\$ 21,833	\$ 13,809
Financial liabilities	10,107	10,803
Cash flow interest rate risk		
Financial assets	304,263	190,047
Financial liabilities	1,325,651	1,174,313

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 2021 will decrease/increase by NT\$2,043 thousand; the net profit after tax in 2020 will decrease/increase by NT\$1,969 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, 2021 and 2020, the ratio of total accounts receivable from the aforementioned customers was 87% and 85% 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, 2021

	<u>Rate</u>	<u>On Demand or Less than 3 Month</u>	<u>3 Months to 1 Year</u>	<u>1-2 Years</u>	<u>2-5 Years</u>	<u>5+ Years</u>
<u>Non-derivative financial liabilities</u>						
Non-interest bearing		\$461,089	\$ -	\$ -	\$ -	\$ -
Fixable interest rate instruments	1.01%	1,043	2,090	2,348	4,825	-
Variable interest rate instruments	0.97%	<u>514,001</u>	<u>42,962</u>	<u>308,803</u>	<u>416,446</u>	<u>64,405</u>
		<u>\$976,133</u>	<u>\$45,052</u>	<u>\$311,151</u>	<u>\$421,271</u>	<u>\$64,405</u>

December 31, 2020

	<u>Rate</u>	<u>On Demand or Less than 3 Month</u>	<u>3 Months to 1 Year</u>	<u>1-2 Years</u>	<u>2-5 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>

b) Financing facilities

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Secured bank overdraft facilities:		
Amount used	\$ 1,325,651	\$ 1,174,313
Amount unused	<u>207,680</u>	<u>268,480</u>
	<u>\$ 1,533,331</u>	<u>\$ 1,442,793</u>

26. TRANSACTIONS WITH RELATED PARTIES

a. Related party name and category

Related Party	Nature of Relationship
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. (“Jiecheng Electronic”)	Subsidiary
Yea Shin Technology Corp. (“Yea Shin”)	Subsidiary
BCD Semiconductor Manufacturing Limited (“BCD”)	Subsidiary of Diodes Inc.
LITE-ON Semiconductor Corp. (“Lite-on”)	Subsidiary of Diodes Inc.

b. Sales of goods

Line Item	Related Party Category/Name	2021	2020
Sales	Subsidiary of Diodes Inc.		
	Diodes (HK)	\$ 945,509	\$ 644,983
	Diodes (TW)	560,173	510,259
	Subsidiary	<u>38,319</u>	<u>22,378</u>
		<u>\$ 1,544,001</u>	<u>\$ 1,177,620</u>

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

c. Purchases of goods

Related Party Category/Name	2021	2020
Subsidiary		
Yea Shin	\$ 749,193	\$ 266,263
Jiecheng Electronic	46,696	11,171
Subsidiary of Diodes Inc.	<u>3,219</u>	<u>98</u>
	<u>\$ 799,108</u>	<u>\$ 277,532</u>

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

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

Line Item	Related Party Category/Name	December 31, 2021	December 31, 2020
Trade receivables from related parties	Subsidiary of Diodes Inc.		
	Diodes (TW)	\$ 167,334	\$ 141,693
	Diodes (HK)	212,385	115,456
	Subsidiary	<u>10,189</u>	<u>9,419</u>
		<u>\$ 389,908</u>	<u>\$ 266,568</u>
Other receivables from related parties	Fellow subsidiary		
	Yea Shin	<u>\$ 856</u>	<u>\$ 775</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment loss was recognized for trade receivables from related parties.

e. Payables to related parties

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Trade payables from related parties	Subsidiary		
	Yea Shin Technology Corp	\$ 259,669	\$ 93,568
	Others	261	-
	Subsidiary of Diodes Inc.	<u>-</u>	<u>97</u>
		<u>\$ 259,930</u>	<u>\$ 93,665</u>

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

f. Prepayments

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Related parties	Subsidiary of Diodes Inc.		
	Lite-on	<u>\$ -</u>	<u>\$ 5,365</u>

g. Purchase of Property, plant and equipment

<u>Related Party Category/Name</u>	<u>Proceeds received</u>	
	<u>2021</u>	<u>2020</u>
Subsidiary		
Yea Shin	\$ -	\$ 1,247
Subsidiary of Diodes Inc.		
Lite-on	<u>\$ 33,488</u>	<u>\$ -</u>
	<u>\$ 33,488</u>	<u>\$ 1,247</u>

h. Lease agreement

Operating lease rental

The company leases the right to use the building to its subsidiary "Yea shin Technology" for a period of 2 year. As of December 31, 2021 and 2020, the total lease payments that will be received in the future are NT\$ 5,700 thousand and NT\$ 2,100 thousand. The lease income recognized in both 2021 and 2020 was NT\$ 3,429 thousand.

i. Others

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>2021</u>	<u>2020</u>
Processing fee (Listed on the cost of goods sold)	Subsidiary	<u>\$ 13,454</u>	<u>\$ 15,256</u>
Other manufacturing fees (Listed on the cost of goods sold)	Subsidiary	<u>\$ -</u>	<u>\$ 271</u>

j. Compensation of major management personnel

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 12,594	\$ 13,266
Post-employment benefits	<u>108</u>	<u>126</u>
	<u>\$ 12,702</u>	<u>\$ 13,392</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:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>Nature</u>
Bank time deposits (classified as financial assets at amortized cost)	\$ 13,529	\$ 13,809	endorsements/guarantees and short-term borrowings
Bank demand deposits (classified as financial assets at amortized cost)	50,023	32,016	Short-term and long-term borrowings
Property and plant	844,008	903,886	Short-term and long-term borrowings
Investment properties	<u>57,032</u>	<u>58,235</u>	Short-term and long-term borrowings
	<u>\$ 964,592</u>	<u>\$1,007,946</u>	

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT 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:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Amount of Contract Commitments	<u>\$ 322,322</u>	<u>\$ 110,222</u>
Amount Paid (classified as prepayments for equipment)	<u>\$ 161,857</u>	<u>\$ 48,389</u>

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information is aggregated and expressed in foreign currencies other than the Company's functional currency, and the exchange rates disclosed refer to the exchange rates at which these foreign currencies are converted to the functional currency. Significant foreign currency assets and liabilities are as follows:

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

December 31, 2021				
	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 13,992	27.68 (USD:NTD)	\$ 387,299	\$ 387,299
RMB	1,390	4.344 (RMB:NTD)	6,038	6,038
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
USD	2,103	27.68 (USD:NTD)	58,199	58,199
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	9,401	27.68 (USD:NTD)	260,220	260,220
December 31, 2020				
	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 7,147	28.48 (USD:NTD)	\$ 203,547	\$ 203,547
RMB	1,401	4.377 (RMB:NTD)	6,132	6,132
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
USD	1,712	28.48 (USD:NTD)	48,746	48,746
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	4,718	28.48 (USD:NTD)	134,369	134,369
<u>Non-monetary items</u>				
Derivatives				
USD	2,000	28.48 (USD:NTD)	56,960	56,960

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

Foreign Currencies	2021		2020	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	28.08 (USD:NTD)	(\$ 3,825)	29.23 (USD:NTD)	(\$ 5,461)
EUR	31.32 (EUR:NTD)	(1,098)	35.02 (EUR: NTD)	192
Others		(161)		41
		<u>(\$ 5,084)</u>		<u>(\$ 5,228)</u>

30. Note Disclosure Items

- a. Information about significant transactions and investees:
 - 1) Financing provided to others: None.
 - 2) Endorsements/guarantees provided to others: Please refer to Attached Table 1.
 - 3) Marketable securities held at end of period (excluding investments in subsidiaries): None.
 - 4) Marketable securities acquired and disposed of amounting to NT\$300 million or 20% of the paid-in capital or more: None.
 - 5) Acquisition of property amounting to NT\$300 million or 20% of paid-in capital or more: None.
 - 6) Disposal of property amounting to NT\$300 million or 20% of paid-in capital or more: None.
 - 7) Purchases or sales with related parties amounting to NT\$100 million or 20% of paid-in capital or more: Please refer to Attached Table 2.
 - 8) Receivables from related parties amounting to NT\$100 million or 20% of paid-in capital or more: Please refer to Attached Table 3.
 - 9) Trading in derivative instruments: Please refer to Note 7.
- b. Intercompany relationships and significant intercompany transactions: Please refer to Attached Table 4.
- 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 5.
 - 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 6.
 - b) 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 6.
 - 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 the period balance, the interest rate intervals, and total current period interest with respect to the financing of funds: None.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None.
- d. Information on major shareholders: names of shareholders with a shareholding ratio of 5% or more as well as number and proportion of shares held: Please refer to Attached Table 7.

ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2021

(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	\$ 124,842	\$ 30,000 (US\$1,000 thousand)	\$ 30,000 (US\$1,000 thousand)	\$ -	\$ 8,304 (US\$ 300 thousand)	2.40%	\$ 374,527	Y	N	Y	
0	Eris Technology Corporation	Yea Shin Technology Corp.	b	\$ 124,842	\$ 30,000	\$ -	\$ -	\$ -	-	\$ 374,527	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.
- Escrow with joint and several guarantees between companies in the same industry for performance guarantees of pre-construction homes under the Consumer Protection Act.

Note 2: The total amount of the company's external endorsement guarantee and the limit of the single company's endorsement guarantee shall not exceed 30% and 10% of the company's net worth, respectively. The maximum limit of this endorsement guarantee is calculated based on the company's net value on December 31, 2021.

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, 2021

(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 Hong Kong Ltd.	Same as the Company's ultimate parent company	Sale	(\$ 945,509)	52.72%	60 days	None	None	\$ 212,385	48.34%	-
Eris Technology Corporation	Diodes Taiwan S.A R.L., Taiwan Branch	Same as the Company's ultimate parent company	Sale	(560,173)	31.23%	60 days	None	None	167,334	38.08%	-
Eris Technology Corporation	Yea Shin Technology Corp.	Subsidiary	Purchase	749,193	64.81%	60 days	None	None	(259,669)	79.65%	

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, 2021

(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	\$ 167,334	3.63	\$ -	—	\$ 100,567	\$ -
Eris Technology Corporation	Diodes Hong Kong Ltd.	Same as the Company's ultimate parent company	212,385	5.77	-	—	178,720	-
Yea-Shin Technology Co.,Ltd.	Eris Technology Corporation	Parent Company	259,669	4.24	-	—	169,992	-

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, 2021

(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, 2021			Net Income (Loss) of the Investee (Note 2 and 3)	Share of Profits (Loss) (Note 2 and 3)	Note
				December 31, 2021	December 31, 2020	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	\$ 58,199	\$10,552 (US\$ 376/ thousand)	\$ 9,862 (Note 4)	Subsidiaries
	Yea Shin Technology Corp.	Taiwan	Manufacturing of electronic parts and wholesaling of electronic components	381,078	378,773	29,342	100.00	562,809	237,893	238,003 (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	59,084 (US\$ 2,135 /thousand)	10,552 (US\$ 376/ thousand)	10,552 (US\$ 376/ thousand)	Sub-sub-sidiaries

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

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

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

Note 4: Including adjustments for unrealized gross profit.

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

ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2021

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

Investee in Mainland China	Principal Business Activities	Paid-in Capital (Note 1)	Method of Investments	Accumulated Amount of Investments Remitted Outward from Taiwan at Beginning of Period (Note 1)	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted Outward from Taiwan at End of Period (Note 1)	Income (Loss) of the Investee for the Period	Shareholding Ratio of The Company's Direct or Indirect Investment	Investment Gain (Loss) Recognized for the Period (Note 2 and 5)	Carrying Amount of Investments at End of Period	Accumulated Repatriation of Investment Income at End of Period	Investee in Mainland China
					Remitted	Repatriated							
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)	\$ 10,552 (RMB 2,420/ thousand)	100%	\$ 10,552 (RMB 2,420/ thousand)	\$ 59,084	\$ -	

Accumulated Amount of Investments in Mainland China Remitted Outward from Taiwan at End of Period (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on the Amount of Investment in Mainland China Stipulated by Investment Commission, MOEA (Note 4)
\$20,170 (US\$650/thousand)	\$17,992 (US\$650/thousand)	\$749,005

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

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

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

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

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

TABLE 6**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, 2021

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

Counterparty	Transaction Details			Details and Reasons for Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
	Purchases (Sales)	AMOUNT	Ratio of Total Purchases (Sales) (%)	Unit price	Credit Period	Balance	Ratio of Notes/Accounts Receivable (Payable) (%)	
Jiecheng Electronic (Shanghai) Co., Ltd.	Sales	(\$ 3,587)	0.20%	None	None	\$ 1,690	0.39%	-
Jiecheng Electronic (Shanghai) Co., Ltd.	Purchases	46,696	4.05%	None	None	(261)	0.08%	-

ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

Major Shareholder's information

FOR THE YEAR ENDED DECEMBER 31, 2021

(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 Holdings UK Limited 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 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, 2021 and 2020

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, 2021 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: Feb. 24, 2022

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Assets				
Current assets				
Cash (Notes 4 and 6)	\$ 334,633	11	\$ 223,810	9
Financial assets at amortized cost - current (Notes 4,8 and 28)	61,852	2	35,822	1
Notes receivable (Notes 4,9 and 20)	3,112	-	1,541	-
Net trade receivables (Notes 4,9 and 20)	140,416	5	106,454	4
Trade receivables from related parties (Notes 4,9 ,20 and 27)	379,719	13	257,149	10
Other receivables (Note 4)	10,908	-	4,121	-
Inventories (Notes 4, 5 and 10)	340,470	11	245 ,656	10
Prepayments and other current assets	10,189	-	19,131	1
Total current assets	<u>1,281,299</u>	<u>42</u>	<u>893,684</u>	<u>35</u>
Non-current assets				
Financial assets at amortized cost – non-current (Notes 4,8 and 28)	10,004	-	10,003	-
Property, plant and equipment (Notes 4,12, 27and 28)	1,400,289	46	1,434,110	56
Rights-of-use assets (Notes 4 and 13)	10,585	-	11,232	1
Goodwill (Notes 4 and 14)	24,070	1	24,070	1
Other intangible assets (Note 4 and 15)	14,312	1	15,910	1
Deferred tax assets (Note 4,5 and 22)	130,022	4	106,739	4
Prepayments for equipment (Note 27 and 29)	173,139	6	54,015	2
Refundable deposits	3,778	-	5,433	-
Other non-current assets (Note 16)	12,056	-	5,772	-
Total non-current assets	<u>1,778,255</u>	<u>58</u>	<u>1,667,284</u>	<u>65</u>
Total assets	<u>\$ 3,059,554</u>	<u>100</u>	<u>\$ 2,560,968</u>	<u>100</u>
Liabilities and Equity				
Current Liabilities				
Short-term borrowings (Note 17 and 28)	\$ 500,000	16	\$ 350,000	14
Financial liabilities at fair value through profit or loss - current (Notes 4,7 and 26)	-	-	1,277	-
Trade payables	260,267	8	165,446	7
Trade payables-related parties(Notes 27)	-	-	97	-
Other payables(Note 18)	173,079	6	137,822	5
Current tax liabilities (Note 4 and 22)	25,745	1	16,733	1
Provisions - current (Note 4)	6,700	-	4,370	-
Lease liabilities - current (Notes 4 and 13)	3,558	-	8,251	-
Current portions of long-term borrowings (Note 17 and 28)	48,549	2	138,428	5
Other current liabilities (Note 20)	984	-	780	-
Total current liabilities	<u>1,018,882</u>	<u>33</u>	<u>823,204</u>	<u>32</u>
Non-current liabilities				
Long-term borrowings (Note 17 and 28)	777,102	26	715,885	28
Deferred tax liabilities (Note 4 and 22)	8,090	-	6,189	-
Lease liabilities - non-current (Notes 4 and 13)	7,055	-	3,059	-
Total non-current liabilities	<u>792,247</u>	<u>26</u>	<u>725,133</u>	<u>28</u>
Total liabilities	<u>1,811,129</u>	<u>59</u>	<u>1,548,337</u>	<u>60</u>
Equity				
Equity attributable to owner of parent (Note 11,19 and 24)				
Ordinary share	444,283	15	444,283	17
Capital surplus	402,511	13	402,511	16
Retained earnings				
Legal reserve	64,432	2	55,098	2
Special reserve	2,013	-	2,586	-
Unappropriated earnings	337,527	11	108,553	5
Total retained earnings	<u>403,972</u>	<u>13</u>	<u>166,237</u>	<u>7</u>
Other equity	(2,341)	-	(2,013)	-
Total equity attributable to owners of parent	<u>1,248,425</u>	<u>41</u>	<u>1,011,018</u>	<u>40</u>
Non-controlling interests (Notes 11, 19 and 24)	-	-	1,613	-
Total equity	<u>1,248,425</u>	<u>41</u>	<u>1,012,631</u>	<u>40</u>
Total Liabilities and Equity	<u>\$ 3,059,554</u>	<u>100</u>	<u>\$ 2,560,968</u>	<u>100</u>

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, 2021 and 2020

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

	2021		2020	
	Amount	%	Amount	%
Operation Revenue (Note 4, 20 and 27)				
Sales	\$ 2,063,406	100	\$ 1,546,023	101
Less: Sales return and allowance	(6,689)	-	(8,553)	(1)
Net revenue	<u>2,056,717</u>	<u>100</u>	<u>1,537,470</u>	<u>100</u>
Cost of Sales (Note 10, 21 and 27)	<u>1,375,191</u>	<u>67</u>	<u>1,129,467</u>	<u>73</u>
Gross Profit	<u>681,526</u>	<u>33</u>	<u>408,003</u>	<u>27</u>
Operating Expenses (Note 21)				
Selling and marketing	79,446	4	59,576	4
General and administrative expenses	149,299	7	118,827	8
Research and development	113,042	5	95,794	6
Expected credit impairment loss (Notes 9)	254	-	360	-
Total operating expenses	<u>342,041</u>	<u>16</u>	<u>274,557</u>	<u>18</u>
Operating Income	<u>339,485</u>	<u>17</u>	<u>133,446</u>	<u>9</u>
Non-operating income and expenses:				
Interest income	307	-	412	-
Other income	324	-	783	-
Disposal of property, plant and equipment	4,869	-	-	-
Gain (loss) on financial debt at fair value through profit or loss (Note 7)	262	-	(1,041)	-
Interest expense	(12,331)	(1)	(12,731)	(1)
Foreign exchange loss, net (Note 21)	(5,123)	-	(8,287)	(1)
Total non-operating income and expenses	<u>(11,692)</u>	<u>(1)</u>	<u>(20,864)</u>	<u>(2)</u>
Profit before Tax	\$ 327,793	16	\$ 112,582	7
Less: Income tax expense (Note 4, 5 and 22)	<u>(509)</u>	<u>-</u>	<u>(18,901)</u>	<u>(1)</u>
Net Profit	<u>327,284</u>	<u>16</u>	<u>93,681</u>	<u>6</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, 2021 and 2020

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

	2021		2020	
	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	(410)	-	716	-
Income tax relating to items that may be reclassified subsequently to profit or loss(Note4 and 22)	82	-	(143)	-
Other comprehensive income/(loss) for the year, net of income tax	(328)	-	573	-
Total comprehensive income	<u>\$ 326,956</u>	<u>16</u>	<u>\$ 94,254</u>	<u>6</u>
Net profit, attributable to:				
Owners of parent	\$ 327,088	16	\$ 93,335	6
Non-controlling interests (Notes 11 and 19)	196	-	346	-
	<u>\$ 327,284</u>	<u>16</u>	<u>\$ 93,681</u>	<u>6</u>
Comprehensive income attributable to:				
Owners of parent	\$ 326,760	16	\$ 93,908	6
Non-controlling interests(Notes 11 and 19)	196	-	346	-
	<u>\$ 326,956</u>	<u>16</u>	<u>\$ 94,254</u>	<u>6</u>
Earnings per share (Note 23)				
Basic earnings per share	<u>\$ 7.36</u>		<u>\$ 2.10</u>	
Diluted earnings per share	<u>\$ 7.36</u>		<u>\$ 2.10</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, 2021 and 2020

(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 attributable 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, 2020	44,428	\$ 444,283	\$ 402,511	\$ 44,888	\$ 1,484	\$ 145,184	\$ 191,556	(\$ 2,586)	\$ 1,035,764	\$ 125,340	\$ 1,161,104
Appropriation 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	-	-	-	-	-	-	-	-	-	(58)	(58)
Acquire part of the equity of the subsidiary (Note 24)	-	-	-	-	-	(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
Appropriation and distribution of 2020 earnings:											
Legal reserve	-	-	-	9,334	-	(9,334)	-	-	-	-	-
Special reserve	-	-	-	-	(573)	573	-	-	-	-	-
Cash dividends distributed of ordinary share	-	-	-	-	-	(88,857)	(88,857)	-	(88,857)	-	(88,857)
	-	-	-	9,334	(573)	(97,618)	(88,857)	-	(88,857)	-	(88,857)
Acquire part of the equity of the subsidiary(Notes 24)	-	-	-	-	-	(496)	(496)	-	(496)	(1,809)	(2,305)
2021 Net profit	-	-	-	-	-	327,088	327,088	-	327,088	196	327,284
Other comprehensive income/(loss)	-	-	-	-	-	-	-	(328)	(328)	-	(328)
Total comprehensive income/(loss) for the year ended December 31, 2021	-	-	-	-	-	327,088	327,088	(328)	326,760	196	326,956
Balance at December 31, 2021	44,428	\$ 444,283	\$ 402,511	\$ 64,432	\$ 2,013	\$ 337,527	\$ 403,972	(\$ 2,341)	\$ 1,248,425	\$ -	\$ 1,248,425

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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows generated from (used in) operating activities:		
Profit before tax	\$ 327,793	\$ 112,582
Adjustments:		
Depreciation expenses	118,337	123,667
Amortization expenses	11,846	20,191
Expected credit impairment loss	254	360
Net (gain)/loss on fair value changes of financial assets and debts designated as at fair value through profit or loss	(1,277)	1,251
Interest expense	12,331	12,731
Interest income	(307)	(412)
(Gain)/loss on disposal retirement of property, plant and equipment	(4,869)	-
Write-downs of inventories	-	981
Unrealized (gain)/loss on foreign currency exchange	(1,265)	(923)
Changes in operating assets and liabilities		
Notes receivable	(1,571)	(101)
Trade receivables	(34,114)	19,056
Trade receivables - related parties	(122,926)	(6,668)
Other receivables	(6,787)	826
Inventories	(94,814)	6,093
Prepayments and other current assets	2,459	(1,414)
Trade payables	96,608	(40,866)
Trade payables - related parties	(97)	97
Other payables	35,310	21,149
Provisions	2,330	(1,738)
Other current liabilities	204	(85)
Cash generated from operations	339,445	266,777
Interest received	300	419
Interest paid	(12,132)	(12,705)
Income tax paid	(12,793)	(5,676)
Net cash flows generated from (used in) operating activities	<u>314,820</u>	<u>248,815</u>
Cash flows from (used in) investing activities:		
Purchase of financial assets at amortized cost	(32,284)	(4,057)
Proceeds from sale of financial assets at amortized cost	6,001	55
Payments for property, plant and equipment	(85,200)	(35,934)
Proceeds from disposal of property, plant and equipment	70,416	1,341
Refundable deposits	1,655	137
Payments for intangible assets	(697)	(2,118)
Payments for other non-current assets	(9,353)	(12,040)
Increase in prepayments for equipment	(176,203)	(57,329)
Net cash flows from (used in) investing activities	<u>(225,665)</u>	<u>(109,945)</u>

(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)

	<u>2021</u>	<u>2020</u>
Cash flows generated from (used in) financing activities:		
Proceeds from short-term borrowings	\$ 150,000	(\$ 50,000)
Proceeds from long-term borrowings	250,000	160,000
Repayments of long-term borrowings	(278,662)	(8,853)
Repayment of the principal portion of lease liabilities	(8,076)	(13,420)
Dividends paid to owners of the Company	(88,857)	(57,756)
Payment of cash dividends for non-controlling interests	-	(58)
Acquire equity in subsidiary	(<u>2,305</u>)	(<u>184,913</u>)
Net cash generated from/(used in) financing activities	<u>22,100</u>	<u>(155,000)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(432)</u>	<u>658</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	110,823	(15,472)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>223,810</u>	<u>239,282</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 334,633</u>	<u>\$ 223,810</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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

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 B.V. (Diodes B.V.) became the parent company of the Company with a shareholding ratio of more than 50%. Diodes Holding B.V. has merged and assumed all the rights and obligations of Diodes B.V. in January 2019, and the relevant operation was completed in August 2019.

Diodes Holding B.V. was acquired by Diodes Holdings UK Limited in January 2021 and it assumed all the rights and obligations. Ended of September 30, 2021, Diodes Holdings UK Limited held 51.07% of the Company’s shares. The ultimate parent of the Company is Diodes Incorporated (Diodes), and the ultimate parent and its subsidiaries are hereinafter referred to as the Diodes Group, respectively.

The 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 February 24, 2022.

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

- a. For the first time, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC) and Interpretations (SIC) recognized and issued by the Financial Supervisory Commission (hereinafter referred to as the "FSC") (hereinafter referred to as "IFRSs")

The application of the revised IFRSs approved and issued by the FSC will not result in a material change in the Company's accounting policies.

- b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2022

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
IFRSs Annual Improvements in 2018-2020	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to Conceptual Frameworks"	January 1, 2022 (Note 2)
Amendment to IAS 16 "Real estate, plant and equipment: the price before reaching the intended state of use"	January 1, 2022 (Note 3)
Amendment to IAS 37 "Loss Contracts-Cost of Performing Contracts"	January 1, 2022 (Note 4)
Note 1: 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 2: This amendment applies to business mergers whose acquisition date starts in the annual reporting period after January 1, 2022.	
Note 3: 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 4: This amendment applies to contracts that have not fulfilled all obligations on January 1, 2022.	

As of the date of approval of this individual financial report, the company's view of other standards and interpretations revision 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:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	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 2)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendment to IAS 12 "Deferred income tax relating to assets and liabilities arising from a single transaction"	January 1, 2023 (Note 4)

Note 1: Unless otherwise stated, the above newly issued/amended/revised standards or interpretations are effective for each annual reporting period beginning after that date.

Note 2: The application of this amendment will be postponed during the annual reporting period beginning on January 1, 2023.

Note 3: 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.

Note 4: The amendment applies to transactions occurring after January 1, 2022, except for the recognition of deferred tax on temporary differences in lease and decommissioning obligations at January 1, 2022.

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.

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

Except for financial instruments measured at fair value, the parent company of the financial statements have been prepared on the historical cost basis.

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. P&L applicable to the non-controlling interests in a subsidiary are attributable to the owners of parent and 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 5 and 6.

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 acquiree, 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 include raw materials, finished goods and work-in-progress. Inventories are measured at the lower of cost and net realizable value. When comparing cost and net realizable value, it is based on individual items except for inventories of the same category. Net realizable value represents the estimated selling price under normal circumstances less the estimated cost of completion and the estimated cost of completion of the sale. The cost of inventories is calculated using the weighted average method.

h. Property, plant, and equipment

Property, plant and equipment are stated at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment under construction are stated at cost less accumulated impairment losses. Costs include professional service fees and borrowing costs eligible for capitalization. When these assets are completed and ready for their intended use, they are classified to the appropriate category of property, plant and equipment and depreciation begins.

Property, plant and equipment are depreciated separately for each significant component on a straight-line basis over their useful lives. The combining company reviews the estimated useful life, residual value and depreciation method at least at the end of each year, and defers the impact of changes in applicable accounting estimates.

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 accounted 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) is used. 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 are weighted average credit losses weighted by the risk of default. The 12-month expected credit losses represent the expected credit losses arising from possible default events of the financial instrument within 12 months after the reporting date, and the lifetime expected credit losses represent the expected credit losses arising from all possible default events of the financial instrument during the expected duration.

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 consolidate 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 Consolidated Company are classified as financial liabilities or equity according to 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. Debt 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

Revenue from the sale of goods is derived from the sale of electronic component products. When the product arrives at the place designated by the customer, the customer has the right to set the price and the use of the product and bears the main responsibility for resale, and bears the risk of the product becoming obsolete. The company recognizes the revenue and receivables at that 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

The company assesses whether the contract is (or contains) a lease on the contract inception date.

The Company's as lessee

Right-of-use assets and lease liabilities are recognized on a lease inception date for all other

leases, except for leases of low-value underlying assets and short-term leases where lease payments are recognized as an expense on a straight-line basis over the lease term.

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 were originally measured at the present value of the lease payments (Included both fixed and in-substance fixed payments). If the interest rate implied by the lease is easily determined, the lease payment is discounted using that rate. If this rate is not readily determinable, the lessee incremental borrowing rate is used.

Afterward, lease liabilities are measured on an amortized cost basis using the effective interest method, and the interest expense is apportioned over the lease term. If there is a change in the lease term, the consolidating company remeasures the lease liability and adjusts the right-of-use asset relatively, except if the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasured amount is recognized in profit or loss. Lease liabilities are presented separately on the consolidated balance sheet.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors for the information that is not easy to obtain from other sources. Actual results may differ from estimates.

Management will continue to review estimates and underlying assumptions. If the revision to the estimate affects only the current period, it is recognized in the current period of the revision; if the revision to the accounting estimate affects both the current period and future periods, it is recognized in the current period of the revision 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 normal course of business less the estimated cost to be invested in completion and the estimated cost to complete the sale. These estimates are based on current market conditions and historical sales of similar products. Based on experience, changes in market conditions may materially affect the results of these estimates.

2. Income Tax

The realizability of deferred tax assets depends primarily on the availability of sufficient future profits or taxable temporary differences. If the actual profits generated in the future are less than expected, there may be a reversal of significant deferred tax assets, and these reversals are recognized as profit or loss in the period in which they occur. As at the balance sheet date, please refer to Note 22 for the amount not recognized as deferred tax assets.

6. CASH AND CASH EQUIVALENTS

	December 31, 2021	December 31, 2020
Foreign currency demand deposit	\$ 178,618	\$ 110,947
Demand deposits	155,016	112,151
Cash on hand	986	699
Check deposits	<u>13</u>	<u>13</u>
	<u>\$ 334,633</u>	<u>\$ 223,810</u>

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

	December 31, 2021	December 31, 2020
Bank balance	0.001%-0.100%	0.001%-0.300%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2021	December 31, 2020
Financial liabilities-current, held for trading		
Cross-currency swap contracts	<u>\$ -</u>	<u>\$ 1,277</u>

At the end of the reporting period, outstanding cross-currency swap contracts not under hedge accounting were as follows (December 31, 2021 : None) :

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

As of December 31, 2021 and 2020, the company engaged in financial instruments measured at fair value through profit and loss, resulting in a net gain of \$262 thousand and a net loss of \$1,041 thousand, respectively.

8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
<u>Current</u>		
Unpledged time deposits		
Time deposits with original maturities of more than 3 months	\$ 8,304	\$ -
Pledged time deposits		
Time deposits with original maturities of more than 3 months	13,529	13,809
Restricted demand deposit	<u>40,019</u>	<u>22,013</u>
	<u>\$ 61,852</u>	<u>\$ 35,822</u>
<u>Non-current</u>		
Pledged time deposits		
Restricted demand deposit	<u>\$ 10,004</u>	<u>\$ 10,003</u>

The market interest rate range of the above assets on the balance sheet date is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Time deposits with original maturities of more than 3 months	0.21%-2.15%	0.46%-2.13%
Restricted demand deposit	0.01%-0.05%	0.01%-0.04%

Please refer to Note 28 for information on pledges of financial assets measured at amortized cost.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
<u>Notes receivable</u>		
Measured at amortized cost		
total book value	<u>\$ 3,112</u>	<u>\$ 1,541</u>
<u>Trade receivables</u>		
Measured at amortized cost		
total book value	\$148,442	\$ 114,792
Less: Allowance for loss	(<u>8,026</u>)	(<u>8,338</u>)
Net Accounts Receivable	<u>\$140,416</u>	<u>\$ 106,454</u>
<u>Trade receivables from related parties</u>		
Measured at amortized cost		
total book value	<u>\$ 379,719</u>	<u>\$ 257,149</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, 2021

	Less than 30 Days	Less than 60 Days	61 to 90 Days	91 to 120 Days	Others	Total
Gross carrying amount	\$ 25,867	\$440,610	\$ 54,851	\$ 1,257	\$ 5,576	\$528,161
Loss allowance (Lifetime ECLs)	(1,293)	(933)	(224)	-	(5,576)	(8,026)
Amortized cost	<u>\$ 24,574</u>	<u>\$439,677</u>	<u>\$ 54,627</u>	<u>\$ 1,257</u>	<u>\$ -</u>	<u>\$520,135</u>

December 31, 2020

	Less than 30 Days	Less than 60 Days	61 to 90 Days	91 to 120 Days	Others	Total
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>

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

	<u>2021</u>	<u>2020</u>
AT THE BEGINNING OF THE YEAR	\$ 8,338	\$ 8,738
Add: The impairment loss is listed for the current year	254	360
Less: The impairment losses written off for the period	(557)	(845)
Foreign exchange translation gains and losses	(9)	85
AT THE END OF THE YEAR	<u>\$ 8,026</u>	<u>\$ 8,338</u>

The aging of receivables analysis was as follows:

	December 31, 2021	December 31, 2020
Not past due	\$ 434,111	\$ 344,952
Less than 60 days	83,735	15,321
61-90 days	122	374
91-120 days	147	86
More than 120 days	<u>10,046</u>	<u>11,208</u>
	<u>\$ 528,161</u>	<u>\$ 371,941</u>

10. INVENTORIES

	December 31, 2021	December 31, 2020
Raw materials	\$ 127,144	\$ 103,418
Work in progress	135,218	108,124
Finished goods	<u>78,108</u>	<u>34,114</u>
	<u>\$ 340,470</u>	<u>\$ 245,656</u>

The cost of goods sold in 2020 included depreciation of inventories and sluggish losses of NT\$981 thousands (2021: None).

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

The main bodies of this consolidated financial statements are as follows:

Investor	Name of Subsidiary	Nature of Activities	Proportion of Ownership (%)	
			December 31, 2021	December 31, 2020
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	100.00	99.52
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, 2021, 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.

For the Group's development strategy, the company acquired 11,558 thousand shares, 5 thousand shares and 142 thousand shares of Yea Shin Technology in March, April 2020 and April 2021 at a total price of NT\$184,842 thousand, NT\$71 thousand and NT\$2,305 thousand. As a result, the shareholding ratio increased from 60.11% to 100%, and the retained earnings were reduced by NT\$60,876 thousand, NT\$22 thousand and NT\$496 thousand respectively. (Please refer to Note 24 for explanation).

12. PROPERTY, PLANT AND EQUIPMENT

<u>Book amount of each category</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Land	\$ 574,129	\$ 612,895
Buildings	412,871	437,827
Machinery Equipment	399,558	366,875
Transportation Equipment	5,593	6,613
Leasehold Improvements	1,750	5,519
Other Equipment	<u>6,388</u>	<u>4,381</u>
	<u>\$ 1,400,289</u>	<u>\$ 1,434,110</u>

2021						
	<u>Balance at January 1, 2021</u>	<u>Additions</u>	<u>Disposal</u>	<u>Reclassifications</u>	<u>Effect of movements in exchange rates</u>	<u>Balance at December 31, 2021</u>
<u>Cost</u>						
Land	\$ 612,895	\$ -	\$ 38,766	\$ -	\$ -	\$ 574,129
Buildings	530,915	12,569	22,617	3,509	-	524,376
Machinery Equipment	1,025,572	67,464	71,547	45,030	-	1,066,519
Transportation Equipment	15,976	1,122	1,405	(294)	(14)	15,385
Leasehold Improvements	16,991	-	5,298	-	-	11,693
Other Equipment	<u>14,095</u>	<u>3,793</u>	<u>1,960</u>	<u>-</u>	<u>4</u>	<u>15,932</u>
Total	<u>2,216,444</u>	<u>\$ 84,948</u>	<u>\$ 141,593</u>	<u>\$ 48,245</u>	<u>(\$ 10)</u>	<u>2,208,034</u>
Accumulated depreciation						
Buildings	93,088	\$ 26,079	\$ 7,662	\$ -	\$ -	111,505
Machinery Equipment	658,697	76,583	59,779	(8,540)	-	666,961
Transportation Equipment	9,363	2,083	1,347	(294)	(13)	9,792
Leasehold Improvements	11,472	3,769	5,298	-	-	9,943
Other Equipment	<u>9,714</u>	<u>1,796</u>	<u>1,960</u>	<u>-</u>	<u>(6)</u>	<u>9,544</u>
Total	<u>782,334</u>	<u>\$ 110,310</u>	<u>\$ 76,046</u>	<u>(\$ 8,834)</u>	<u>(\$ 19)</u>	<u>807,745</u>
Carrying amount at December 31, 2021						
		<u>\$ 1,434,110</u>				<u>\$ 1,400,289</u>

2020

	Balance at January 1, 2020	Additions	Disposal	Reclassifications	Effect of movements in exchange rates	Balance at December 31, 2020
Cost						
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>
Total	<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>
Accumulated depreciation						
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>
Total	<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>

As there was no sign of impairment in 2021 and 2020, 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	3-15 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, 2021</u>	<u>December 31, 2020</u>
Book amount of right-of-use asset	\$ <u>10,585</u>	\$ <u>11,232</u>
	<u>2021</u>	<u>2020</u>
Additions to right-of-use assets	\$ <u>12,665</u>	\$ <u>12,391</u>
Depreciation charge for right-of-use assets		
Buildings	\$ <u>8,027</u>	\$ <u>13,418</u>

b. Lease liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amounts		
Current	\$ 3,558	\$ 8,251
Non-current	\$ 7,055	\$ 3,059

Range of discount rate for lease liabilities was as follows:

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

c. Other lease information

	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	\$ 8,076	\$ 13,420

14. GOODWILL

	<u>2021</u>	<u>2020</u>
Cost	\$ 24,070	\$ 24,070

The company had acquired Yea-sin Technology in July 2018, which generated a related goodwill of NT\$24,070 thousand, that was mainly due to the expected future 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, 2021	\$ 617	\$ 19,625	\$ 20,242
Additions	-	697	697
Disposals	-	(1,414)	(1,414)
Balance at December 31, 2021	<u>\$ 617</u>	<u>\$ 18,908</u>	<u>\$ 19,525</u>

Accumulated amortization and Loss

Balance at January 1, 2021	\$ 435	\$ 3,897	\$ 4,332
Amortization expenses	62	2,233	2,295
Disposals	-	(1,414)	(1,414)
Balance at December 31, 2021	<u>\$ 497</u>	<u>\$ 4,716</u>	<u>\$ 5,213</u>
Carrying amount at December 31, 2021	<u>\$ 120</u>	<u>\$ 14,192</u>	<u>\$ 14,312</u>

Cost

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 and Loss</u>	<u>Patents</u>	<u>Computer software</u>	<u>Total</u>
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>

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, 2021</u>	<u>December 31, 2020</u>
Unamortized expense	<u>\$ 12,056</u>	<u>\$ 5,772</u>

17. BORROWINGS

a. Short-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Secured borrowings</u>		
Bank loans	\$ 400,000	\$ 320,000
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>100,000</u>	<u>30,000</u>
	<u>\$ 500,000</u>	<u>\$ 350,000</u>

The range of weighted average effective interest rates on bank loans was 0.97%~1.02% and 0.97%~1.2% per annum as of December 31, 2021 and 2020, respectively.

Please refer to Note 28 for details of the pledged assets of the secured loan.

b. Long-term borrowings

	December 31, 2021	December 31, 2020
<u>Secured borrowings</u>		
Bank loans (1)	\$ 68,954	\$ 118,313
Bank loans (2)	447,440	476,000
Bank loans (3)	-	100,000
Bank loans (4)	-	100,000
Bank loans (5)	10,257	11,000
Bank loans (6)	49,000	49,000
Bank loans (7)	50,000	-
Bank loans (8)	100,000	-
Bank loans (9)	<u>100,000</u>	<u>-</u>
	825,651	854,313
Less: Current portions	<u>(48,549)</u>	<u>(138,428)</u>
Long-term borrowings	<u>\$ 777,102</u>	<u>\$ 715,885</u>

- 1) The bank loan of NT\$140,000 thousand was obtained by the Group at the end of June 2018, which are pledged by the land and buildings owned by the Company as collateral, with an interest rate of the loan calculated by the floating interest rate of time savings deposit plus 0.115% to be repaid in annual installments over 15 years. The maturity date of the loan was June 28, 2033. The effective interest rates were all 0.9154% as of December 31, 2021 and 2020, respectively.
- 2) The bank loan of NT\$476,000 thousand was obtained by the Group at the end of May 2019, which are pledged by the land and buildings owned by the Group as collateral, with an interest rate of the loan calculated by TAIBOR 3M plus 0.5% and a grace period of two years to be repaid after the period in one installment of 2% of the principal for every three months and to be repaid in a one-time payment at maturity for the rest of the principal. The maturity date of the loan was May 27, 2024. The effective interest rates were 0.9806% and 0.9797% as of December 31, 2021 and 2020, respectively.
- 3) The bank loan of NT\$100,000 thousand was obtained by the Group at the end of December 2019, which are pledged by the land and buildings owned by the Group as collateral, with an interest rate of the loan calculated by TAIBOR 3M plus 0.5% to be paid monthly for the interests and repaid in a one-time payment at maturity for the principal. The maturity date of the loan was December 30, 2021, and that was fully paid off in December 2021. The effective annual interest rate as at 31 December 2020 was 0.9797%.
- 4) The bank loan of \$100,000 thousand was obtained by the Group at the end of December 2020, which are pledged by the demand deposits owned by the Group as collateral amounted to 10% of the drawdown balance, with an interest rate of the loan calculated by the floating interest rate of time savings deposit plus 0.08% to be paid monthly for the interests and repaid in a one-time payment at maturity for the principal. The maturity date of the loan was December 30, 2022. The loan was paid in full by early settlement in December 2021. The effective annual interest rate as at 31 December 2020 was 0.88%.
- 5) The bank loan of NT\$11,000 thousand was obtained by the Group on July 1, 2020, which are pledged by the land and buildings owned by the Group as collateral, with an interest rate of the loan calculated by the floating interest rate of time savings deposit plus 0.08%, which should not be lower than 0.98%, and a grace period of one year to be averagely repaid after the period for the principal and the interests.

The maturity date of the loan was June 30, 2027. The effective interest rates were all 0.98% as of December 31 2021 and 2020, respectively.

- 6) The bank loan of NT\$49,000 thousand was obtained by the Group on July 1, 2020, which are pledged by the land and buildings owned by the Group as collateral, with an interest rate of the loan calculated by the floating interest rate of one-month time savings deposit plus 0.08%, which should not be lower than 0.90%, and a grace period of two year to be averagely repaid after the period for the principal and the interests. The maturity date of the loan was June 30, 2030. The effective interest rates were all 0.90% as of December 31 2021 and 2020, respectively.
- 7) The bank loan of NT\$50,000 thousand was obtained by the Group on September 28, 2021. The bank loan was secured by the Group own land and buildings as a mortgage guarantee. The loan interest rate is based on the two-year fixed deposit mobile interest rate plus 0.082% mobile interest calculation. However, it shall not be less than 0.98%, and the principal shall be paid off once upon maturity. The maturity date of the loan is September 28, 2023. The effective annual interest rate on December 31, 2021 was 0.98%.
- 8) The Group obtained a bank loan of NT\$100,000 thousand at the end of 30 December, 2021. The bank loan was secured by the Group own land and buildings. The loan interest rate was calculated according to TAIBOR 3M plus 0.5%. Interest is paid monthly. One-time payment. The maturity date of the loan was December 30, 2023. The effective annual interest rate as at 31 December 2021 was 0.9802%.
- 9) The Group obtained a bank loan of NT\$100,000 thousand at the end of 20 December, 2021 , that bank loan was guaranteed by the Group current deposit, and the amount is 10% of the mobile balance. The loan interest rate is calculated based on the fixed savings deposit mobile interest rate plus 0.08%. The interest is calculated according to Monthly payment, and the principal will be repaid once due. The maturity date of the loan was December 20, 2023. The effective annual interest rate as at 31 December 2021 was 0.93%.

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

18. OTHER LIABILITIES

	December 31, 2021	December 31, 2020
Other payables		
Payables for salaries or bonuses	\$ 90,033	\$ 59,010
Payables for processing fees	16,237	13,170
Others	<u>66,809</u>	<u>65,642</u>
	<u>\$ 173,079</u>	<u>\$ 137,822</u>

19. EQUITY

a. Share capital

Ordinary shares

	December 31, 2021	December 31, 2020
Number of shares authorized (in thousands)	<u>70,000</u>	<u>70,000</u>
Shares authorized	<u>\$ 700,000</u>	<u>\$ 700,000</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.

On October 15, 2020, the company's extraordinary shareholders' meeting approved a resolution to amend the company's articles of association, increasing the rated capital from NT\$500,000 thousand to NT\$700,000 thousand, divided into 70,000,000 shares.

b. Capital surplus

	December 31, 2021	December 31, 2020
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

According to the provisions of the earnings distribution policy of the company's articles of association, if there is a surplus in the annual final accounts, taxes shall be paid in accordance with the law, and after making up the accumulated losses, another 10% shall be set aside as the statutory surplus reserve, and the rest shall be set aside or transferred to the special surplus reserve according to laws and regulations; If there is still a balance and the accumulated undistributed surplus, the Board of Directors will formulate a surplus distribution proposal and submit a resolution to the shareholders' meeting to distribute dividends to shareholders. Please refer to employee benefits expense in Note 21-4.

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.

The appropriations of earnings for 2020 and 2019 approved in the shareholders' meetings on Aug. 11, 2021 and May 28, 2020, respectively, were as follows:

	2020	2019
Legal reserve	<u>\$ 9,334</u>	<u>\$ 10,210</u>
Special reserve	<u>(\$ 573)</u>	<u>\$ 1,102</u>
Cash dividends	<u>\$ 88,857</u>	<u>\$ 57,756</u>
Cash dividends of per share NT\$	<u>\$ 2.0</u>	<u>\$ 1.3</u>

On February 24, 2022, the BOD proposed the 2021-year surplus distribution proposal as follows:

	2021
Legal reserve	<u>\$ 32,709</u>
Special reserve	<u>\$ 328</u>
Cash dividends	<u>\$ 222,141</u>
Cash dividends of per share NT\$	<u>\$ 5.00</u>

The resolution of the 2021 annual general meeting of shareholders is expected to be held on May 27, 2022.

d. Other equity items

Exchange differences on translating the financial statements of foreign operations

	<u>2021</u>	<u>2020</u>
Balance at January 1	(\$ 2,013)	(\$ 2,586)
Exchange differences on translating the financial statements of foreign operations	(410)	716
Related income tax	<u>82</u>	<u>(143)</u>
Balance at December 31	<u>(\$ 2,341)</u>	<u>(\$ 2,013)</u>

e. Non-controlling equity

	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 1,613	\$ 125,340
Acquisition of non-controlling interests in Yea Shin(Notes 24)	(1,809)	(124,015)
Share of profit for the year	196	346
Payment of cash dividends for non-controlling interests	<u>-</u>	<u>(58)</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 1,613</u>

20. REVENUE

	<u>2021</u>	<u>2020</u>
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$2,056,717</u>	<u>\$1,537,470</u>

a. Contract balances

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Trade receivables and Notes (Note 9)	<u>\$ 523,247</u>	<u>\$ 365,144</u>	<u>\$ 376,375</u>
Contract liabilities (included other current Liabilities)			
Sale of goods	<u>\$ 38</u>	<u>\$ 17</u>	<u>\$ 40</u>

Changes in contract liabilities are mainly attributable to the difference between the time when performance obligations are satisfied and when the customer pays.

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>2021</u>	<u>2020</u>
From contract liabilities at the start of the year		
Sale of goods	<u>\$ 17</u>	<u>\$ 40</u>

21. NET PROFIT

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

1) Depreciation and amortization

	<u>2021</u>	<u>2020</u>
Property, plant and equipment	\$ 110,310	\$ 110,249
Right-of-use assets	8,027	13,418
Long-term prepayments	9,551	17,868
Intangible assets	<u>2,295</u>	<u>2,323</u>
Total	<u>\$ 130,183</u>	<u>\$ 143,858</u>

An analysis of depreciation by function

Operation cost	\$ 67,375	\$ 90,245
Operating expenses	<u>50,962</u>	<u>33,422</u>
	<u>\$ 118,337</u>	<u>\$ 123,667</u>

An analysis of amortization by function

Operation cost	\$ 8,252	\$ 16,192
Operating expenses	<u>3,594</u>	<u>3,999</u>
	<u>\$ 11,846</u>	<u>\$ 20,191</u>

2) Gains or losses on foreign currency exchange

	<u>2021</u>	<u>2020</u>
Foreign exchange gains	\$ 19,412	\$ 13,066
Foreign exchange losses	(24,535)	(21,353)
Net profit	<u>(\$ 5,123)</u>	<u>(\$ 8,287)</u>

3) Employee benefits expense

	<u>2021</u>	<u>2020</u>
Post-employment benefits		
Defined benefit plans	\$ 9,950	\$ 10,657
Salaries and bonus	<u>330,867</u>	<u>319,887</u>
Total employee benefits expense	<u>\$ 340,817</u>	<u>\$ 330,544</u>

An analysis of employee benefits expense by function

Operating costs	\$ 182,207	\$ 201,388
Operating expenses	<u>158,610</u>	<u>129,156</u>
	<u>\$ 340,817</u>	<u>\$ 330,544</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, 2021 and 2020, which have been approved by The Company board of directors on Feb. 24, 2022 and March 4, 2021, respectively, were estimated as follows:

Estimated rate

	<u>2021</u>	<u>2020</u>
Employees' compensation	2.35%	3.2%

Amount

	<u>2021</u>	<u>2020</u>
Employees' compensation	\$ 8,400	\$ 3,400

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, 2020 and 2019.

Information on the employees' compensation by The Company board of directors, which 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>2021</u>	<u>2020</u>
Current tax		
In respect of the current year	\$ 19,977	\$ 13,204
Adjustments for prior years	<u>1,832</u>	<u>(1,712)</u>
	<u>21,809</u>	<u>11,492</u>
Deferred tax		
In respect of the current year	(21,394)	11,131
Adjustments for prior years	<u>94</u>	<u>(3,722)</u>
	<u>(21,300)</u>	<u>7,409</u>
Income tax expense recognized in profit or loss	<u>\$ 509</u>	<u>\$ 18,901</u>

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

	<u>2021</u>	<u>2020</u>
Profit before tax from continuing operations	<u>\$ 327,793</u>	<u>\$ 112,582</u>
	\$ 47,865	\$ 30,238
Income tax expense calculated at the statutory rate	(47,601)	(6,082)
The equity method recognizes domestic investment interests	119	179
Nondeductible expenses in determining taxable income	(1,800)	-
Adjustments for prior years' tax	<u>1,926</u>	<u>(5,434)</u>
Income tax expense recognized in profit or loss	<u>\$ 509</u>	<u>\$ 18,901</u>

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 2021 and 2020, that due to the local

income tax preferential conditions, the preferential tax rate was 5%, and it did not generate Significant deferred income tax assets and liabilities.

b. Income tax recognized in other comprehensive income

<u>Deferred tax</u>	<u>2021</u>	<u>2020</u>
<u>In respect of the current period:</u>		
Translations of foreign operations	\$ <u>82</u>	(\$ <u>143</u>)
Total income tax recognized in other comprehensive income	\$ <u>82</u>	(\$ <u>143</u>)

c. Income tax assessments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current tax liabilities	\$ <u>25,745</u>	\$ <u>16,733</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, 2021

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Closing Balance</u>
Deferred Tax Assets				
Temporary difference				
Reversals of inventory write-downs	\$ 5,719	(\$ 1,040)	\$ -	\$ 4,679
Payables for annual leave	1,013	200	-	1,213
Provisions	874	466	-	1,340
Translations of foreign operations	503	-	82	585
Unrealized Foreign exchange loss	156	(90)	-	66
FVTPL financial assets	911	(354)	-	557
Others	427	(196)	-	231
	<u>9,603</u>	<u>(1,014)</u>	<u>82</u>	<u>8,671</u>
loss carryforwards	<u>97,136</u>	<u>24,215</u>	<u>-</u>	<u>121,351</u>
	<u>\$ 106,739</u>	<u>\$ 23,201</u>	<u>\$ 82</u>	<u>\$ 130,022</u>
Deferred tax liabilities				
Temporary difference				
Investments accounted for using the equity method	\$ 6,117	\$ 1,973	\$ -	\$ 8,090
Unrealized Foreign exchange income	<u>72</u>	<u>(72)</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,189</u>	<u>\$ 1,901</u>	<u>\$ -</u>	<u>\$ 8,090</u>

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>
Deferred Tax Assets				
Temporary difference				
Reversals of inventory write-downs	\$ 6,799	(\$ 1,080)	\$ -	\$ 5,719
ayables 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	<u>248</u>	<u>179</u>	<u>-</u>	<u>427</u>
	<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>
Deferred tax liabilities				
Temporary difference				
Investments accounted for using the equity method	\$ 7,779	(\$ 1,662)	\$ -	\$ 6,117
Unrealized Foreign exchange income	<u>38</u>	<u>34</u>	<u>-</u>	<u>72</u>
	<u>\$ 7,817</u>	<u>(\$ 1,628)</u>	<u>\$ -</u>	<u>\$ 6,189</u>

e. Unused loss deduction for deferred tax assets not recognized in the consolidated balance sheet.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Loss carryforwards		
Expiry in 2023	\$ -	\$ 53,938
Expiry in 2024	-	215,174
Expiry in 2025	185,894	245,709
Expiry in 2026	285,521	285,521
Expiry in 2027	573,007	573,007
Expiry in 2028	<u>263,942</u>	<u>263,942</u>
	<u>\$ 1,308,364</u>	<u>\$ 1,637,291</u>

f. Information about unused loss deduction

As of December 31,2021, the relevant information about loss deduction is as follows:

Un-deduction balance	Last year of deduction
\$ 253,423	2024
308,966	2025
354,191	2026
650,614	2027
<u>347,927</u>	2028
<u>\$ 1,915,121</u>	

g. Income tax verification situation

The company and its subsidiary Yea-sin Technology's income tax declaration cases for profitable businesses as of 2019 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:

	Net income	Shares, Unit: thousand shares	The weighted average number of common shares to be used to calculate diluted earnings per share (EPS)
2021			
Basic earnings per share			
Net profit of the year	\$ 327,088	44,428	\$ <u>7.36</u>
Potential impact of common stock with dilution:			
Remuneration to employees	<u>-</u>	<u>37</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Company	<u>\$ 327,088</u>	<u>44,465</u>	<u>\$ 7.36</u>
2020			
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	<u>-</u>	<u>53</u>	
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>

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%, 0.02% and 0.48% of the shares of Yea-sin Technology on March 31, April 24 2020, and April 30, 2021 resulting in an increase in the shareholding ratio from 60.11% to 100%.

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>2021</u>	<u>2020</u>
Price paid	(\$ 2,305)	(\$ 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>1,809</u>	<u>124,015</u>
Equity transaction balance	(\$ <u>496</u>)	(\$ <u>60,898</u>)
<u>Equity transaction balance adjustment account</u>		
Undistributed surplus	(\$ <u>496</u>)	(\$ <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, 2021: None)

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	\$ <u>-</u>	\$ <u>1,277</u>	\$ <u>-</u>	\$ <u>1,277</u>

During 2021 and 2020, 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	The fair value of the exchange rate contract is measured based on the forward exchange rate quotation and the corresponding discount rate curve derived from it.

b. Categories of financial instruments

	December 31, 2021	December 31, 2020
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 933,518	\$ 635,093
<u>Financial liabilities</u>		
Amortized cost (2)	1,660,924	1,440,472
Fair value through profit or loss (FVTPL)		
Held for trading	-	1,277

- 1) The balances include financial assets at amortized cost, which comprise cash, debt instrument investments, notes receivable, trade receivables, other receivables (excluding tax refunds receivable) and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, trade payables, other payables, and long-term borrowings.

c. Financial risk management objectives and policies

The 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 2021 will increase/decrease by NTD479 thousand; the net profit after tax in 2020 will decrease/increase by NTD175 thousand.

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:

	December 31, 2021	December 31, 2020
Fair value interest rate risk		
Financial assets	\$ 21,883	\$ 13,809
Financial liabilities	10,613	11,310
Cash flow interest rate risk		
Financial assets	383,657	255,114
Financial liabilities	1,325,651	1,204,313

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 2021 will

decrease/increase by NT\$1,875 thousand; the net profit after tax in 2020 will decrease/increase by NT\$1,887 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, 2021 and 2020, the ratio of total accounts receivable from the aforementioned customers was 72% and 69%, 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, 2021

	<u>Rate</u>	<u>On Demand or Less than 1 Month</u>	<u>3 Months to 1 Year</u>	<u>1-2 Years</u>	<u>2-5 Years</u>	<u>5+ Years</u>
<u>Non-derivative financial liabilities</u>						
Non-interest bearing		\$433,346	\$ -	\$ -	\$ -	\$ -
Fixable interest rate instruments	1.01%	1,550	2,090	2,348	4,825	-
Variable interest rate instruments	0.97%	<u>514,001</u>	<u>42,962</u>	<u>308,803</u>	<u>416,446</u>	<u>64,405</u>
		<u>\$948,897</u>	<u>\$45,052</u>	<u>\$311,151</u>	<u>\$421,271</u>	<u>\$64,405</u>

December 31, 2020

	<u>Rate</u>	<u>On Demand or Less than 1 Month</u>	<u>3 Months to 1 Year</u>	<u>1-2 Years</u>	<u>2-5 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>

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, 2021</u>	<u>December 31, 2020</u>
Secured bank overdraft facilities:		
Amount used	\$ 1,325,651	\$ 1,204,313
Amount unused	<u>257,680</u>	<u>288,480</u>
	<u>\$ 1,583,331</u>	<u>\$ 1,492,793</u>

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

<u>Related Party</u>	<u>Nature of Relationship</u>
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. (“Lite-on”)	Subsidiary of Diodes Inc.

b. Sales of goods

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>2021</u>	<u>2020</u>
Sales	Subsidiary of Diodes Inc.		
	Diodes (HK)	\$ 945,509	\$ 644,983
	Diodes (TW)	<u>560,173</u>	<u>510,259</u>
		<u>\$ 1,505,682</u>	<u>\$ 1,155,242</u>

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

c. Purchases of goods

Related Party Category/Name	2021	2020
Subsidiary of Diodes Inc.	<u>\$ 3,219</u>	<u>\$ 98</u>

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

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31, 2021	December 31, 2020
Trade receivables from related parties	Subsidiary of Diodes Inc.		
	Diodes (TW)	\$ 167,334	\$ 141,693
	Diodes (HK)	<u>212,385</u>	<u>115,456</u>
		<u>\$ 379,719</u>	<u>\$ 257,149</u>

The outstanding trade receivables from related parties are unsecured. At the end of 2021 and 2020, no allowance for losses was provided for the accounts receivable from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31, 2021	December 31, 2020
Trade payables from related parties	Subsidiary of Diodes Inc.		
	BCD	<u>\$ -</u>	<u>\$ 97</u>

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

f. Prepayments

Line Item	Related Party Category/Name	December 31, 2021	December 31, 2020
Related parties	Subsidiary of Diodes Inc.		
	Lite-on	<u>\$ -</u>	<u>\$ 5,365</u>

g. Purchase of Property, plant and equipment

Related Party Category/Name	Proceeds received	
	2021	2020
Subsidiary of Diodes Inc.		
Lite-on	<u>\$ 33,488</u>	<u>\$ -</u>

h. Compensation of major management personnel

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 12,594	\$ 13,266
Post-employment benefits	<u>108</u>	<u>126</u>
	<u>\$ 12,702</u>	<u>\$ 13,392</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:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	Nature
Pledge time deposits (classified as financial assets at amortized cost)	\$ 13,529	\$ 13,809	endorsements/guarantees and short-term borrowings
Pledge deposits (classified as financial assets at amortized cost)	50,023	32,016	Short-term and long-term borrowings
Properties and plant	<u>901,040</u>	<u>903,886</u>	Short-term and long-term borrowings
	<u>\$ 964,592</u>	<u>\$1,007,946</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:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commitments	<u>\$ 340,523</u>	<u>\$ 122,854</u>
Paid (classified as prepayments for the equipment)	<u>\$ 173,139</u>	<u>\$ 54,015</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:

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

December 31, 2021				
	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 15,691	27.68 (USD:NTD)	\$ 434,327	\$ 434,327
USD	177	6.3720 (USD:RMB)	1,128	4,899
RMB	1,390	4.344 (RMB:NTD)	6,038	6,038
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
USD	2,103	27.68 (USD:NTD)	58,199	58,199
RMB	13,601	0.1569(RMB:USD)	2,135	59,084
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	13,738	27.68 (USD:NTD)	380,268	380,268
December 31, 2020				
	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 8,742	28.48 (USD:NTD)	\$ 248,972	\$ 248,972
USD	174	6.5067 (USD:RMB)	1,132	4,956
RMB	1,401	4.377 (RMB:NTD)	6,132	6,132
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
USD	1,712	28.48 (USD:NTD)	48,748	48,748
RMB	11,181	0.1537(RMB:USD)	1,718	48,941
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	6,179	28.48 (USD:NTD)	175,978	175,978
<u>Non-monetary items</u>				
Derivatives				
USD	2,000	28.48 (USD:NTD)	56,960	56,960

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

Foreign Currencies	2021		2020	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	27.68 (USD:NTD)	(\$ 3,943)	29.23 (USD:NTD)	(\$ 8,899)
USD	6.439 (USD:RMB)	102	6.735 (USD:RMB)	380
EUR	31.32 (EUR:NTD)	(1,098)	35.02 (EUR: NTD)	192
Others		(184)		40
		<u>(\$ 5,123)</u>		<u>(\$ 8,287)</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: None
- 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 2
- 8) Receivables from related parties amounting reach NT\$100 million, or 20% of the paid-in capital: please refer to Attached Table3
- 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 Table4

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

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: please refer to Attached Table 6
- 2) Any of the following significant transactions with investee companies in mainland China, either

directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

- 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 7
- 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 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 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 Table8.

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 diodes businesses.

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.

	2021			
	ERIS & Jie Cheng	YEA SHIN	Adjustment and Write-off	Total
Revenue from external customers	\$ 1,897,123	\$ 159,594	\$ -	\$ 2,056,717
Inter-segment revenue	<u>42,918</u>	<u>764,114</u>	(<u>807,032</u>)	<u>-</u>
Segment revenue	<u>\$ 1,940,041</u>	<u>\$ 923,708</u>	(<u>\$ 807,032</u>)	<u>\$ 2,056,717</u>
Segment income	<u>\$ 337,640</u>	<u>\$ 237,893</u>	(<u>\$ 248,249</u>)	<u>\$ 327,284</u>
Segment assets	<u>\$ 3,181,146</u>	<u>\$ 759,368</u>	(<u>\$ 880,960</u>)	<u>\$ 3,059,554</u>
Segment liabilities	<u>\$ 1,873,638</u>	<u>\$ 210,810</u>	(<u>\$ 273,319</u>)	<u>\$ 1,811,129</u>

	2020			
	ERIS & Jie Cheng	YEA SHIN	Adjustment and Write-off	Total
Revenue from external customers	\$ 1,438,113	\$ 99,357	\$ -	\$ 1,537,470
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>

b. Product category of business revenues

	<u>2021</u>	<u>2020</u>
Diodes & Transistor	\$ 1,954,789	\$ 1,331,819
Wafer	96,425	202,314
Others	<u>5,503</u>	<u>3,337</u>
	<u>\$ 2,056,717</u>	<u>\$ 1,537,470</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>	
			December 31,	December 31,
	2021	2020	2021	2020
Taiwan	\$ 1,034,093	\$ 718,374	\$ 1,623,232	\$ 1,535,469
Asia	966,811	779,677	931	1,006
Europe	47,725	38,507	-	-
North USA	8,088	652	-	-
Australia	<u>-</u>	<u>260</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,056,717</u>	<u>\$ 1,537,470</u>	<u>\$ 1,624,163</u>	<u>\$ 1,536,475</u>

Non-current assets exclude assets classified as financial instruments, goodwill and deferred income tax assets.

d. Important customers' information:

	<u>2021</u>	<u>2020</u>
A Group	\$ 1,505,682	\$ 1,155,242
B Customer	<u>91,131</u>	<u>84,135</u>
	<u>\$ 1,596,813</u>	<u>\$ 1,239,377</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, 2021
(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
		Name	Relationship (Note 1)										
0	Eris Technology Corporation	Jiecheng Electronic (Shanghai) Co., Ltd.	b	\$ 124,842	\$ 30,000 (US\$1,000 thousand)	\$ 30,000 (US\$1,000 thousand)	\$ -	\$ 8,304 (US\$300 thousand)	2.40%	\$ 374,527	Y	N	Y
0	Eris Technology Corporation	Yea Shin Technology Corp.	b	124,842	30,000	-	-	-	-	374,527	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.
- Escrow with joint and several guarantees between companies in the same industry for performance guarantees of pre-construction homes under the Consumer Protection Act.

Note 2: The total amount of the company's external endorsement guarantee and the limit of the single company's endorsement guarantee shall not exceed 30% and 10% of the company's net worth, respectively. The maximum limit of this endorsement guarantee is calculated based on the company's net value on December 31, 2021.

(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, 2021

(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 Hong Kong Ltd.	Same as The Group ultimate parent company	Sale	(\$ 945,509)	52.72%	60 days	None	None	\$ 212,385	48.34%	-
Eris Technology Corporation	Diodes Taiwan S.A R.L., Taiwan Branch	Same as The Group ultimate parent company	Sale	(560,173)	31.23%	60 days	None	None	167,334	38.08%	-
Eris Technology Corporation	Yea Shin Technology Corp.	Subsidiary	Purchase	749,193	65.04%	60 days	None	None	(259,669)	79.65%	Note 1

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, 2021

(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	\$ 167,334	3.63	\$ -	—	\$ 100,567	\$ -
Eris Technology Corporation	Diodes Hong Kong Ltd.	Same as The Group ultimate parent company	212,385	5.77	-	—	178,720	-
Yea-Shin Technology Co.,Ltd	Eris Technology Corporation	Parent Company	259,669	4.24	-	—	169,922	-

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, 2021

(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	\$ 1,690	—	0.06%
0	Eris Technology Corporation	Jiecheng Electronic (Shanghai) Co., Ltd.	a	Accounts payable	261	—	0.01%
0	Eris Technology Corporation	Jiecheng Electronic (Shanghai) Co., Ltd.	a	Sales revenue	3,587	No significant difference compared with general customers	0.17%
0	Eris Technology Corporation	Jiecheng Electronic (Shanghai) Co., Ltd.	a	Purchase	46,696	No significant difference compared with general customers	2.26%
0	Eris Technology Corporation	Jiecheng Electronic (Shanghai) Co., Ltd.	a	Other manufacturing expenses	539	No significant difference compared with general customers	0.03%
0	Eris Technology Corporation	Yea Shin Technology Corp.	a	Accounts receivable	8,499	—	0.28%
0	Eris Technology Corporation	Yea Shin Technology Corp.	a	Accounts payable	259,669	—	8.49%
0	Eris Technology Corporation	Yea Shin Technology Corp.	a	Other Accounts receivable	856	—	0.03%
0	Eris Technology Corporation	Yea Shin Technology Corp.	a	Sales revenue	34,732	No significant difference compared with general customers	1.68%
0	Eris Technology Corporation	Yea Shin Technology Corp.	a	Purchase	749,193	No significant difference compared with general customers	36.31%
0	Eris Technology Corporation	Yea Shin Technology Corp.	a	Outsourced	13,454	No significant difference compared with general customers	0.65%
0	Eris Technology Corporation	Yea Shin Technology Corp.	a	Rent	3,429	No significant difference compared with general customers	0.17%
1	Yea Shin Technology Corp.	Jiecheng Electronic (Shanghai) Co., Ltd.	c	Accounts receivable	174	—	0.01%
1	Yea Shin Technology Corp.	Jiecheng Electronic (Shanghai) Co., Ltd.	c	Other Accounts receivable	1,386	—	0.05%
1	Yea Shin Technology Corp.	Jiecheng Electronic (Shanghai) Co., Ltd.	c	Sales revenue	1,467	No significant difference compared with general customers	0.07%
1	Yea Shin Technology Corp.	Jiecheng Electronic (Shanghai) Co., Ltd.	c	Another income	6,721	No significant difference compared with general customers	0.33%
1	Yea Shin Technology Corp.	Jiecheng Electronic (Shanghai) Co., Ltd.	c	Purchase	8,186	No significant difference compared with general customers	0.40%

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, 2021

(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	\$ 58,199	\$10,552 (US\$ 376/ thousand)	\$ 9,862 (Note 4)	Subsidiaries
	Yea Shin Technology Corp.	Taiwan	Manufacturing of electronic parts and wholesaling of electronic components	381,078	378,773	29,342	100.00	562,809	237,893	238,003 (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	59,084 (US\$ 2,135 /thousand)	10,552 (US\$ 370/ thousand)	10,552 (US\$ 376/ 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 6 for relevant information of the mainland investee company.

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

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

For the Year end December 31, 2021

(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
					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)	\$ 10,552 (RMB2,420/thousand)	100%	\$ 10,552 (RMB2,420/thousand)	\$ 59,084	\$ -

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)	\$17,992 ((US\$650thousand))	\$749,055

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, 2021

Note 4: The information was calculated as 60% of ERIS's net worth at December 31, 2021

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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
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, 2021

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

Counterparty	Transaction Details			Transaction Details		Notes/Accounts Receivable (Payable)		Note
	Purchases (Sales)	AMOUNT	Ratio of Total Purchases (Sales) (%)	Unit price	Credit Period	Balance	Ratio of Notes/Accounts Receivable (Payable) (%)	
Jiecheng Electronic (Shanghai) Co., Ltd.	Sales	(\$ 5,054)	0.24%	None	None	\$ 1,864	0.35%	Note 1
Jiecheng Electronic (Shanghai) Co., Ltd.	Purchases	54,882	3.08%	None	None	(261)	0.10%	Note 1
Jiecheng Electronic (Shanghai) Co., Ltd.	Other income	(6,721)	-	None	None	1,386	12.71%	Note 1

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

Major shareholders information

For the Year end December 31, 2021

(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 Holdings UK Limited 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 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>)