

**Prosperity Dielectrics Co., Ltd. and
Subsidiaries**

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

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Prosperity Dielectrics Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Prosperity Dielectrics Co., Ltd. and its subsidiaries (collectively, the “Group”) as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Yi-Min Huang and Chin-Chuan Shih.

Yi Min Huang

Chin-Chuan Shih.

Deloitte and Touche
Taipei, Taiwan
Republic of China

May 3, 2021

Notice to Readers

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

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

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)		March 31, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,241,767	15	\$ 1,223,228	15	\$ 922,796	14
Financial assets at fair value through profit or loss - current (Note 7)	372,556	4	315,229	4	474,787	7
Financial assets at amortized cost - current (Note 8)	241,643	3	334,900	4	115,729	2
Notes receivable from unrelated parties (Note 9)	37,716	-	60,225	1	31,194	1
Trade receivables from unrelated parties (Note 9)	919,414	11	828,593	10	639,577	10
Trade receivables from related parties (Notes 9 and 25)	163,422	2	157,957	2	186,382	3
Other receivables from unrelated parties	46,615	1	61,757	1	19,930	-
Other receivables from related parties (Note 25)	668	-	672	-	616	-
Inventories (Note 10)	723,793	9	638,864	8	484,335	8
Other current assets	63,217	1	53,819	1	76,127	1
Total current assets	<u>3,810,811</u>	<u>46</u>	<u>3,675,244</u>	<u>46</u>	<u>2,951,473</u>	<u>46</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 12)	1,369,797	17	1,247,264	16	609,920	10
Financial assets at amortized cost - non-current (Note 8)	174,067	2	172,523	2	85,229	1
Investments accounted for using the equity method (Note 13)	666,755	8	637,274	8	607,156	10
Property, plant and equipment (Note 14)	2,056,731	25	2,000,351	25	1,861,099	29
Right-of-use assets (Note 15)	182,382	2	189,734	2	213,603	3
Computer software	1,541	-	1,804	-	1,974	-
Deferred tax assets (Note 4)	37,021	-	35,734	1	42,590	1
Other non-current assets	8,111	-	13,861	-	12,057	-
Total non-current assets	<u>4,496,405</u>	<u>54</u>	<u>4,298,545</u>	<u>54</u>	<u>3,433,628</u>	<u>54</u>
TOTAL	<u>\$ 8,307,216</u>	<u>100</u>	<u>\$ 7,973,789</u>	<u>100</u>	<u>\$ 6,385,101</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 16)	\$ -	-	\$ 20,000	-	\$ 127,000	2
Trade payables to unrelated parties	451,094	6	420,216	5	384,952	6
Trade payables to related parties (Note 25)	335,799	4	338,004	4	124,758	2
Other payables to unrelated parties (Note 17)	605,348	7	667,898	9	556,949	9
Other payables to related parties (Note 25)	24,325	-	26,729	-	40,856	1
Current tax liabilities (Note 4)	112,372	2	76,853	1	100,158	2
Lease liabilities - current (Note 15)	27,914	-	28,548	-	28,566	-
Other current liabilities	19,109	-	31,583	1	27,929	-
Total current liabilities	<u>1,575,961</u>	<u>19</u>	<u>1,609,831</u>	<u>20</u>	<u>1,391,168</u>	<u>22</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 16)	763,909	9	762,969	10	379,564	6
Lease liabilities - non-current (Note 15)	154,032	2	160,504	2	183,997	3
Deferred revenue - non-current (Note 17)	11,091	-	12,031	-	10,873	-
Net defined benefit liabilities - non-current (Note 4)	47,582	1	48,110	1	44,890	1
Guarantee deposits received	21,016	-	21,069	-	17,221	-
Deferred tax liabilities (Note 4)	117,673	1	107,096	1	19,073	-
Total non-current liabilities	<u>1,115,303</u>	<u>13</u>	<u>1,111,779</u>	<u>14</u>	<u>655,618</u>	<u>10</u>
Total liabilities	<u>2,691,264</u>	<u>32</u>	<u>2,721,610</u>	<u>34</u>	<u>2,046,786</u>	<u>32</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital (Note 19)						
Ordinary shares	1,720,000	21	1,720,000	21	1,720,000	27
Capital surplus (Note 19)	497,066	6	497,066	6	497,066	8
Retained earnings (Note 19)						
Legal reserve	430,775	5	430,775	6	353,616	5
Special reserve	69,489	1	69,489	1	69,489	1
Unappropriated earnings	2,373,143	29	2,102,322	26	1,792,684	28
Total retained earnings	<u>2,873,407</u>	<u>35</u>	<u>2,602,586</u>	<u>33</u>	<u>2,215,789</u>	<u>34</u>
Other equity (Note 19)						
Exchange differences on the translation of the financial statements of foreign operations	(168,226)	(2)	(185,087)	(2)	(182,441)	(3)
Unrealized gain on financial assets at fair value through other comprehensive income	706,416	8	577,039	7	45,250	1
Total other equity	<u>538,190</u>	<u>6</u>	<u>391,952</u>	<u>5</u>	<u>(137,191)</u>	<u>(2)</u>
Treasury shares (Note 19)	(54,371)	(1)	-	-	-	-
Total equity attributable to owners of the Company	<u>5,574,292</u>	<u>67</u>	<u>5,211,604</u>	<u>65</u>	<u>4,295,664</u>	<u>67</u>
NON-CONTROLLING INTERESTS	<u>41,660</u>	<u>1</u>	<u>40,575</u>	<u>1</u>	<u>42,651</u>	<u>1</u>
Total equity	<u>5,615,952</u>	<u>68</u>	<u>5,252,179</u>	<u>66</u>	<u>4,338,315</u>	<u>68</u>
TOTAL	<u>\$ 8,307,216</u>	<u>100</u>	<u>\$ 7,973,789</u>	<u>100</u>	<u>\$ 6,385,101</u>	<u>100</u>

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

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
NET SALES	\$ 1,460,606	100	\$ 1,080,425	100
COST OF SALES (Note 10)	<u>1,113,194</u>	<u>76</u>	<u>804,628</u>	<u>75</u>
GROSS PROFIT	<u>347,412</u>	<u>24</u>	<u>275,797</u>	<u>25</u>
OPERATING EXPENSES				
Selling and marketing expenses	41,419	3	32,195	3
General and administrative expenses	42,056	3	35,412	3
Research and development expenses	<u>18,659</u>	<u>1</u>	<u>19,632</u>	<u>2</u>
Total operating expenses	<u>102,134</u>	<u>7</u>	<u>87,239</u>	<u>8</u>
PROFIT FROM OPERATIONS	<u>245,278</u>	<u>17</u>	<u>188,558</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	3,552	-	2,563	-
Other income	4,119	-	7,769	1
Gain on disposal of property, plant and equipment	214	-	-	-
Gain on disposal of investments	9	-	-	-
Gain on valuation of financial assets at FVTPL	57,327	4	-	-
Foreign exchange profit	11,043	1	712	-
Gain on reversal of impairment profit	1,517	-	1,517	-
Miscellaneous expenses	(1,699)	-	(1,161)	-
Loss on valuation of financial assets at FVTPL	-	-	(75,385)	(7)
Interest expense	(2,360)	-	(1,371)	-
Share of profit of associates accounted for using the equity method (Note 13)	17,864	1	-	-
Share of loss of associates accounted for using the equity method (Note 13)	<u>-</u>	<u>-</u>	<u>(3,367)</u>	<u>-</u>
Total non-operating income and expenses	<u>91,586</u>	<u>6</u>	<u>(68,723)</u>	<u>(6)</u>
PROFIT BEFORE INCOME TAX	336,864	23	119,835	11
INCOME TAX EXPENSE (Notes 4 and 21)	<u>(65,316)</u>	<u>(4)</u>	<u>(27,844)</u>	<u>(2)</u>
NET PROFIT FOR THE PERIOD	<u>271,548</u>	<u>19</u>	<u>91,991</u>	<u>9</u>

(Continued)

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	<u>For the Three Months Ended March 31</u>			
	<u>2021</u>		<u>2020</u>	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 19)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ 122,533	8	\$ (233,703)	(22)
Share of the other comprehensive income (loss) of associates accounted for using the equity method	6,844	1	(20,914)	(2)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	17,293	1	(12,476)	(1)
Share of the other comprehensive loss of associates accounted for using the equity method	<u>(74)</u>	<u>-</u>	<u>(51)</u>	<u>-</u>
Other comprehensive income (loss) for the period	<u>146,596</u>	<u>10</u>	<u>(267,144)</u>	<u>(25)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 418,144</u>	<u>29</u>	<u>\$ (175,153)</u>	<u>(16)</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 270,821	19	\$ 93,010	9
Non-controlling interests	<u>727</u>	<u>-</u>	<u>(1,019)</u>	<u>-</u>
	<u>\$ 271,548</u>	<u>19</u>	<u>\$ 91,991</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 417,059	29	\$ (173,711)	(16)
Non-controlling interests	<u>1,085</u>	<u>-</u>	<u>(1,442)</u>	<u>-</u>
	<u>\$ 418,144</u>	<u>29</u>	<u>\$ (175,153)</u>	<u>(16)</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 1.57</u>		<u>\$ 0.54</u>	
Diluted	<u>\$ 1.57</u>		<u>\$ 0.54</u>	

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

(Concluded)

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company						Other Equity (Note 21)		Treasury Shares	Total	Non-controlling Interests	Total Equity
	Number of Shares (In Thousands)	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
				Legal Reserve	Special Reserve							
BALANCE AT JANUARY 1, 2020	172,000	\$ 1,720,000	\$ 497,066	\$ 353,616	\$ 69,489	\$ 1,698,220	\$ (170,337)	\$ 301,321	\$ -	\$ 4,469,375	\$ 44,093	\$ 4,513,468
Net profit for the three months ended March 31, 2020	-	-	-	-	-	93,010	-	-	-	93,010	(1,019)	91,991
Other comprehensive income for the three months ended March 31, 2020	-	-	-	-	-	-	(12,104)	(254,617)	-	(266,721)	(423)	(267,144)
Total comprehensive income for the three months ended March 31, 2020	-	-	-	-	-	93,010	(12,104)	(254,617)	-	(173,711)	(1,442)	(175,153)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates accounted for using the equity method (Note 19)	-	-	-	-	-	1,454	-	(1,454)	-	-	-	-
BALANCE AT MARCH 31, 2020	<u>172,000</u>	<u>\$ 1,720,000</u>	<u>\$ 497,066</u>	<u>\$ 353,616</u>	<u>\$ 69,489</u>	<u>\$ 1,792,684</u>	<u>\$ (182,441)</u>	<u>\$ 45,250</u>	<u>\$ -</u>	<u>\$ 4,295,664</u>	<u>\$ 42,651</u>	<u>\$ 4,338,315</u>
BALANCE AT JANUARY 1, 2021	172,000	\$ 1,720,000	\$ 497,066	\$ 430,775	\$ 69,489	\$ 2,102,322	\$ (185,087)	\$ 577,039	\$ -	\$ 5,211,604	\$ 40,575	\$ 5,252,179
Net profit for the three months ended March 31, 2021	-	-	-	-	-	270,821	-	-	-	270,821	727	271,548
Other comprehensive income for the three months ended March 31, 2021	-	-	-	-	-	-	16,861	129,377	-	146,238	358	146,596
Total comprehensive income for the three months ended March 31, 2021	-	-	-	-	-	270,821	16,861	129,377	-	417,059	1,085	418,144
Buy-back of ordinary shares (Note 19)	-	-	-	-	-	-	-	-	(54,371)	(54,371)	-	(54,371)
BALANCE AT MARCH 31, 2021	<u>172,000</u>	<u>\$ 1,720,000</u>	<u>\$ 497,066</u>	<u>\$ 430,775</u>	<u>\$ 69,489</u>	<u>\$ 2,373,143</u>	<u>\$ (168,226)</u>	<u>\$ 706,416</u>	<u>\$ (54,371)</u>	<u>\$ 5,574,292</u>	<u>\$ 41,660</u>	<u>\$ 5,615,952</u>

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

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 336,864	\$ 119,835
Adjustments for:		
Depreciation expense	97,812	84,150
Amortization expense	1,073	1,283
Net (gain) loss on valuation of financial assets at FVTPL	(57,327)	75,385
Interest expense	2,360	1,371
Interest income	(3,552)	(2,563)
Share of (gain) loss of associates accounted for using the equity method	(17,864)	3,367
Gain on disposal of property, plant and equipment	(214)	-
Gain on disposal of investments	(9)	-
(Reversal of impairment loss) impairment loss of non-financial assets	(2,548)	4,205
Net gain on foreign currency exchange	(11,043)	(712)
Changes in operating assets and liabilities		
Decrease in financial assets mandatorily classified as at fair value through profit or loss	9	41,826
Decrease (increase) in notes receivable from unrelated parties	22,509	(2,156)
Increase in trade receivables from unrelated parties	(79,778)	(29,895)
(Increase) decrease in trade receivables from related parties	(5,465)	591
Decrease in other receivables from unrelated parties	5,544	1,318
Decrease in other receivables from related parties	690	1,332
Increase in inventories	(83,898)	(32,012)
Increase in other current assets	(9,398)	(12,574)
Increase in other non-current assets	-	(458)
Increase in trade payables to unrelated parties	30,878	60,884
(Decrease) increase in trade payables to related parties	(2,205)	17,601
Decrease in other payables to unrelated parties	(10,390)	(63,200)
Decrease in other payables to related parties	(7,624)	(4,556)
(Decrease) increase in other current liabilities	(12,474)	3,072
(Decrease) increase in net defined benefit liabilities	(528)	92
Cash generated from operations	193,422	268,186
Interest received	3,883	2,743
Interest paid	(2,366)	(1,319)
Income tax paid	(11,240)	(12,602)
Net cash generated from operating activities	<u>183,699</u>	<u>257,008</u>

(Continued)

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (12,301)
Purchase of financial assets at amortized cost	(1,544)	(170,458)
Disposal of financial assets at amortized cost	93,257	-
Payments for property, plant and equipment	(190,053)	(74,101)
Acquisition of intangible assets	-	(341)
Proceeds from disposal of property, plant and equipment	214	-
Decrease in refundable deposits	<u>4,744</u>	<u>36</u>
Net cash used in investing activities	<u>(93,382)</u>	<u>(257,165)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of) proceeds from short-term borrowings	(20,000)	50,000
Proceeds from long-term borrowings	-	94,031
(Repayments of) proceeds from guaranteed deposits received	(53)	6,576
Repayment of the principal portion of lease liabilities	(7,148)	(7,134)
Decrease in other non-current liabilities	-	(3,594)
Payments for buy-back of ordinary shares	<u>(54,371)</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(81,572)</u>	<u>139,879</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>9,794</u>	<u>(3,945)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,539	135,777
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,223,228</u>	<u>787,019</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,241,767</u>	<u>\$ 922,796</u>

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

(Concluded)

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Prosperity Dielectrics Co., Ltd. (PDC or the “Company”) was incorporated on May 21, 1990. The Company mainly manufactures, processes and sells multilayer ceramic capacitors (MLCC), chip resistors, semiconductor tiles, ceramic dielectric powders and magnetic elements.

The Company’s shares have been listed on the mainboard of the Taipei Exchange (TPEX) since April 19, 2002. The parent company, Walsin Technology Corporation, held 43.13% of the common shares of the Company as of March 31, 2021 and 2020.

The consolidated financial statements of the Company and its subsidiaries (collectively known as the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 3, 2021.

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

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

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

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

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendment to IFRS 16 “Covid-19 - Related Rent Concessions beyond June 30, 2021”	April 1, 2021 (Note 8)

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

(Concluded)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 8: A lessee should apply the amendment for annual reporting periods beginning on or after April 1, 2021, recognizing the cumulative effect of initial application at the beginning of the annual reporting period.

Amendment to IFRS 16 “Covid-19 - Related Rent Concessions beyond 30 June 2021”

The amendment extends the availability of the practical expedient stipulated in the Amendment to IFRS 16 “Covid-19 - Related Rent Concessions” issued in May 2020, so that the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022, instead of due on or before June 30, 2021.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) 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 the 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 the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11, Tables 5 and 6 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2020.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

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

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

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

6. CASH AND CASH EQUIVALENTS

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand	\$ 593	\$ 563	\$ 489
Checking accounts and demand deposits	610,271	491,765	386,148
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	164,138	100,667	441,665
Repurchase agreements collateralized by bonds	<u>466,765</u>	<u>630,233</u>	<u>94,494</u>
	<u>\$ 1,241,767</u>	<u>\$ 1,223,228</u>	<u>\$ 922,796</u>

The market rate intervals of cash equivalents were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Time deposits with original maturities of 3 months or less	1.755%-2.4%	1.755%-2.3%	0.9%-2.55%
Repurchase agreements collateralized by bonds	0.22%-0.35%	0.22%-2.4%	0.45%-2%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2021	December 31, 2020	March 31, 2020
Financial assets mandatorily classified as at <u>FVTPL - current</u>			
Non-derivative financial assets			
Domestic listed shares	\$ 372,556	\$ 315,229	\$ 157,980
Mutual funds	<u>-</u>	<u>-</u>	<u>316,807</u>
	<u>\$ 372,556</u>	<u>\$ 315,229</u>	<u>\$ 474,787</u>

8. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Current</u>			
Time deposits with original maturities of more than 3 months (a)	\$ 182,809	\$ 181,457	\$ 115,729
Restricted deposits (b)	<u>58,834</u>	<u>153,443</u>	<u>-</u>
	<u>\$ 241,643</u>	<u>\$ 334,900</u>	<u>\$ 115,729</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 1 year (a)	<u>\$ 174,067</u>	<u>\$ 172,523</u>	<u>\$ 85,229</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months and 1 year were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Time deposits with original maturities of more than 3 months	0.8%-2.25%	0.8%-2.25%	0.8%-2.25%
Time deposits with original maturities of more than 1 year	3.15%-4.125%	3.15%-4.125%	3.15%

- b. These foreign currency deposits are repatriated and held in a special account in accordance with the regulations stipulated in “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act”.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Notes receivable from unrelated parties</u>			
At amortized cost			
Gross carrying amount	\$ 37,716	\$ 60,225	\$ 31,194
Less: Allowance for impairment loss	<u> -</u>	<u> -</u>	<u> -</u>
	<u>\$ 37,716</u>	<u>\$ 60,225</u>	<u>\$ 31,194</u>
<u>Trade receivables from unrelated parties</u>			
At amortized cost			
Gross carrying amount	\$ 943,843	\$ 853,003	\$ 663,999
Less: Allowance for impairment loss	<u>(24,429)</u>	<u>(24,410)</u>	<u>(24,422)</u>
	<u>\$ 919,414</u>	<u>\$ 828,593</u>	<u>\$ 639,577</u>
<u>Trade receivables from related parties (Note 25)</u>			
At amortized cost			
Gross carrying amount	\$ 163,422	\$ 157,957	\$ 186,382
Less: Allowance for impairment loss	<u> -</u>	<u> -</u>	<u> -</u>
	<u>\$ 163,422</u>	<u>\$ 157,957</u>	<u>\$ 186,382</u>

The average credit period of sales of goods is 0 to 120 days. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for notes receivable and trade receivables at an amount equal to lifetime ECLs. The expected credit losses on notes receivable and trade receivables are estimated by reference to the past default experience of the customers and the customers' current financial positions. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the Group determines the expected credit loss rate only by reference to the past due days of notes receivable and accounts receivable.

The Group writes off a note receivable or trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable and trade receivables based on past default experience with the customers and the customers' current financial positions.

March 31, 2021

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Total
Expected credit loss rate	1%-4%	5%	10%	20%	50%	100%	
Gross carrying amount	\$ 974,513	\$ 934	\$ 5,647	\$ 57	\$ -	\$ 408	\$ 981,559
Loss allowance (Lifetime ECLs)	<u>(23,398)</u>	<u>(47)</u>	<u>(565)</u>	<u>(11)</u>	<u>-</u>	<u>(408)</u>	<u>(24,429)</u>
Amortized cost	<u>\$ 951,115</u>	<u>\$ 887</u>	<u>\$ 5,082</u>	<u>\$ 46</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 957,130</u>

December 31, 2020

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Total
Expected credit loss rate	1%-4%	5%	10%	20%	50%	100%	
Gross carrying amount	\$ 893,002	\$ 9,143	\$ 10,445	\$ -	\$ 638	\$ -	\$ 913,228
Loss allowance (Lifetime ECLs)	<u>(22,589)</u>	<u>(457)</u>	<u>(1,045)</u>	<u>-</u>	<u>(319)</u>	<u>-</u>	<u>(24,410)</u>
Amortized cost	<u>\$ 870,413</u>	<u>\$ 8,686</u>	<u>\$ 9,400</u>	<u>\$ -</u>	<u>\$ 319</u>	<u>\$ -</u>	<u>\$ 888,818</u>

March 31, 2020

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Total
Expected credit loss rate	1%-4%	5%	10%	20%	50%	100%	
Gross carrying amount	\$ 679,013	\$ 10,512	\$ 5,668	\$ -	\$ -	\$ -	\$ 695,193
Loss allowance (Lifetime ECLs)	<u>(23,329)</u>	<u>(526)</u>	<u>(567)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,422)</u>
Amortized cost	<u>\$ 655,684</u>	<u>\$ 9,986</u>	<u>\$ 5,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 670,771</u>

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

	For the Three Months Ended March 31	
	2021	2020
Balance at January 1	\$ 24,410	\$ 24,431
Foreign exchange differences	<u>19</u>	<u>(9)</u>
Balance at March 31	<u>\$ 24,429</u>	<u>\$ 24,422</u>

10. INVENTORIES

	March 31, 2021	December 31, 2020	March 31, 2020
Finished goods	\$ 191,613	\$ 217,248	\$ 128,407
Semi-finished goods	65,427	72,693	56,222
Work in progress	154,766	136,823	138,620
Raw materials	297,603	209,123	153,625
Inventory in transit	<u>14,384</u>	<u>2,977</u>	<u>7,461</u>
	<u>\$ 723,793</u>	<u>\$ 638,864</u>	<u>\$ 484,335</u>

The nature of the cost of goods sold is as follows:

	For the Three Months Ended March 31	
	2021	2020
Cost of inventories sold	\$ 1,114,225	\$ 798,906
Inventory (reversed) write-downs	<u>(1,031)</u>	<u>5,722</u>
	<u>\$ 1,113,194</u>	<u>\$ 804,628</u>

The reversal of inventory write-downs is due to the removal of the inventory that was previously recognized as inventory write-downs.

11. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		
			March 31, 2021	December 31, 2020	March 31, 2020
Prosperity Dielectrics Co., Ltd.	PDC Prime Holdings Limited	Investment holding	100	100	100
Prosperity Dielectrics Co., Ltd.	Frontec International Corporation	Overseas investment	100	100	100
PDC Prime Holdings Limited	PDC Success Investments Ltd.	Investment holding	100	100	100
PDC Prime Holdings Limited	Frontier Components Co., Limited	International trade	100	100	100
PDC Prime Holdings Limited	Prosperity International Development (HK) Co., Limited	Investment holding	100	100	100
PDC Success Investments Ltd.	PDC Electronics (Suzhou) Co., Ltd.	Manufacturing of electronic components and ceramic materials	100	100	100
Frontec International Corporation	Hunan Frontier Electronics Co., Ltd.	Manufacturing and selling transformers, coils and magnetic elements	100 (Note)	100	100
Frontec International Corporation	Prosperity Frontier Electronics (Shenzhen) Co., Ltd.	Manufacturing and selling chip components, power electronic devices and new electronic components	70	70	70
Frontier Components Co., Limited	Dongguan Frontier Electronics Co., Ltd.	Selling transformer, coils and rectifier diode	100	100	100

Note: In order to focus on its core technologies and strengthen its competitiveness, the Company planned to sell 100% of its share capital in Hunan Frontier Electronics Co., Ltd. to INPAQ Technology (Suzhou) Co., Ltd. INPAQ Technology (Suzhou) Co., Ltd. is the 100%-owned second-tier subsidiary of the Company's sister company, INPAQ Technology Co., Ltd. The transaction was closed at the price of RMB94,800 thousand and has been approved in the Company's board of directors' meeting on January 27, 2021. The settlement of the sale of the shares is dependent on the progress of approval of the local authorities, and settlement is expected to take place and all the relevant procedures are expected to be completed by the end of June 2021.

The above-mentioned subsidiaries included in the consolidated financial statements have been reviewed for the three months ended March 31, 2021 and 2020 and have been audited for the year ended December 31, 2020.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Non-current</u>			
Domestic investments - listed shares	\$ 1,222,569	\$ 1,109,357	\$ 547,200
Domestic investments - unlisted shares	128,231	118,910	55,799
Foreign investments - unlisted shares	<u>18,997</u>	<u>18,997</u>	<u>6,921</u>
	<u>\$ 1,369,797</u>	<u>\$ 1,247,264</u>	<u>\$ 609,920</u>

Investments in Equity Instruments at FVTOCI

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Non-current</u>			
Domestic investments - listed shares			
Walton Advanced Engineering Inc.	\$ 448,413	\$ 440,434	\$ 251,814
Walsin Lihwa Corporation	133,000	135,100	77,000
HannStar Board Corporation	279,732	245,722	83,304
Singatron Enterprise Co., Ltd.	311,615	246,717	124,131
APAQ Technology Co., Ltd.	49,809	41,384	10,951
Domestic investments - unlisted shares			
Chin-Xin Investment Co., Ltd.	128,231	118,910	55,799
Foreign investments - unlisted shares			
Union Technology Corp.	<u>18,997</u>	<u>18,997</u>	<u>6,921</u>
	<u>\$ 1,369,797</u>	<u>\$ 1,247,264</u>	<u>\$ 609,920</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in Associates

	March 31, 2021	December 31, 2020	March 31, 2020
Chongqing Shuohong Investment Co., Ltd.	\$ 444,722	\$ 442,124	\$ 440,495
Chongqing Xincheng Electronics Co., Ltd.	44,083	25,641	26,316
GHPW Enterprise Corporation (HK) Limited	57,946	57,339	57,353
Walsin Color Corporation	120,004	112,170	80,472
INPAQ Technology Co., Ltd.	<u>-</u>	<u>-</u>	<u>2,520</u>
	<u>\$ 666,755</u>	<u>\$ 637,274</u>	<u>\$ 607,156</u>

Share of (loss) profit of associates for the three months ended March 31, 2021 and 2020 was summarized as follows:

	For the Three Months Ended March 31	
	2021	2020
Chongqing Shuohong Investment Co., Ltd.	\$ (1,356)	\$ (2,001)
Chongqing Xincheng Electronics Co., Ltd.	18,316	(280)
GHPW Enterprise Corporation (HK) Limited	(159)	(143)
Walsin Color Corporation	1,063	(964)
INPAQ Technology Co., Ltd.	<u>-</u>	<u>21</u>
	<u>\$ 17,864</u>	<u>\$ (3,367)</u>

At the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group was as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Chongqing Shuohong Investment Co., Ltd.	20.43%	20.43%	20.43%
Chongqing Xincheng Electronics Co., Ltd.	13.04%	13.04%	13.04%
GHPW Enterprise Corporation (HK) Limited	10.00%	10.00%	10.00%
Walsin Color Corporation	3.36%	3.36%	3.36%
INPAQ Technology Co., Ltd.	-	-	0.05%

Even though PDC holds less than 20% of the voting rights each in Chongqing Xincheng Electronics Co., Ltd., GHPW Enterprise Corporation (HK) Limited, Walsin Color Corporation and INPAQ Technology Co Ltd., its parent company, Walsin Technology Corporation, exercises significant influence over those companies; therefore, they are accounted for using the equity method.

In July 2020, the Group sold 0.05% of its interest in INPAQ Technology Co., Ltd. to a third party for proceeds of \$2,616 thousand. This transaction resulted in the recognition of a loss of \$58 thousand.

Refer to Table 5 “Information on Investments” and Table 6 “Information on Investments in Mainland China” for the nature of activities, principal places of business and countries of incorporation of the associates.

The share of profit or loss and other comprehensive income of the investments in associates accounted for using the equity method for the three months ended March 31, 2021 and 2020 was recognized based on the associates' reviewed financial statements for the same periods.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Office Equipment	Other Equipment	Property under Construction and Prepayments for Equipment	Total
Cost							
Balance at January 1, 2020	\$ 302,220	\$ 1,005,711	\$ 2,185,254	\$ 37,612	\$ 192,849	\$ 56,293	\$ 3,779,939
Additions	-	-	1,369	-	30	163,505	164,904
Disposals	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	-	(3,814)	(5,097)	(98)	(522)	(28)	(9,559)
Reclassifications	-	13,746	57,021	21	12,569	(82,089)	1,268
Balance at March 31, 2020	<u>\$ 302,220</u>	<u>\$ 1,015,643</u>	<u>\$ 2,238,547</u>	<u>\$ 37,535</u>	<u>\$ 204,926</u>	<u>\$ 137,681</u>	<u>\$ 3,936,552</u>
Accumulated depreciation and impairment							
Balance at January 1, 2020	\$ -	\$ 591,775	\$ 1,233,854	\$ 23,904	\$ 155,399	\$ -	\$ 2,004,932
Depreciation expenses	-	16,937	54,686	1,224	3,825	-	76,672
Disposals	-	-	-	-	-	-	-
Reversals of impairment losses	-	(1,502)	(15)	-	-	-	(1,517)
Effects of foreign currency exchange differences	-	(2,066)	(3,796)	(87)	(456)	-	(6,405)
Reclassifications	-	1,503	-	-	268	-	1,771
Balance at March 31, 2020	<u>\$ -</u>	<u>\$ 606,647</u>	<u>\$ 1,284,729</u>	<u>\$ 25,041</u>	<u>\$ 159,036</u>	<u>\$ -</u>	<u>\$ 2,075,453</u>
Carrying amount at March 31, 2020	<u>\$ 302,220</u>	<u>\$ 408,996</u>	<u>\$ 953,818</u>	<u>\$ 12,494</u>	<u>\$ 45,890</u>	<u>\$ 137,681</u>	<u>\$ 1,861,099</u>
Cost							
Balance at January 1, 2021	\$ 302,220	\$ 1,112,664	\$ 2,520,276	\$ 48,992	\$ 221,077	\$ 82,493	\$ 4,287,722
Additions	-	12	342	-	33	142,732	143,119
Disposals	-	(3,076)	(30,917)	-	(91)	-	(34,084)
Effect of foreign currency exchange differences	-	3,455	4,699	112	479	26	8,771
Reclassifications	-	30,247	82,218	2,203	3,244	(112,039)	5,873
Balance at March 31, 2021	<u>\$ 302,220</u>	<u>\$ 1,143,302</u>	<u>\$ 2,576,618</u>	<u>\$ 51,307</u>	<u>\$ 224,742</u>	<u>\$ 113,212</u>	<u>\$ 4,411,401</u>
Accumulated depreciation and impairment							
Balance at January 1, 2021	\$ -	\$ 657,748	\$ 1,432,022	\$ 28,848	\$ 168,753	\$ -	\$ 2,287,371
Depreciation expenses	-	21,016	63,656	1,670	4,055	-	90,397
Disposals	-	(3,076)	(30,917)	-	(91)	-	(34,084)
Reversals of impairment losses	-	(1,502)	(15)	-	-	-	(1,517)
Effects of foreign currency exchange differences	-	1,936	3,569	81	431	-	6,017
Reclassifications	-	6,010	-	-	476	-	6,486
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ 682,132</u>	<u>\$ 1,468,315</u>	<u>\$ 30,599</u>	<u>\$ 173,624</u>	<u>\$ -</u>	<u>\$ 2,354,670</u>
Carrying amount at March 31, 2021	<u>\$ 302,220</u>	<u>\$ 461,170</u>	<u>\$ 1,108,303</u>	<u>\$ 20,708</u>	<u>\$ 51,118</u>	<u>\$ 113,212</u>	<u>\$ 2,056,731</u>

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

Buildings	
Main buildings	15-41 years
Electrical mechanical and power equipment	2-21 years
Engineering system	2-25 years
Others	2-35 years
Machinery and equipment	2-12 years
Office equipment	3-5 years
Other equipment	2-10 years

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Carrying amount</u>			
Land	\$ 171,970	\$ 176,865	\$ 194,181
Buildings	9,574	11,855	18,704
Transportation equipment	<u>838</u>	<u>1,014</u>	<u>718</u>
	<u>\$ 182,382</u>	<u>\$ 189,734</u>	<u>\$ 213,603</u>
		For the Three Months Ended March 31	
		2021	2020
Depreciation charge for right-of-use assets			
Land		\$ 4,989	\$ 5,055
Buildings		2,323	2,311
Transportation equipment		<u>103</u>	<u>112</u>
		<u>\$ 7,415</u>	<u>\$ 7,478</u>

Except for the recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets for the three months ended March 31, 2021 and 2020.

b. Lease liabilities

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Carrying amount</u>			
Current	<u>\$ 27,914</u>	<u>\$ 28,548</u>	<u>\$ 28,566</u>
Non-current	<u>\$ 154,032</u>	<u>\$ 160,504</u>	<u>\$ 183,997</u>

The discount rates of lease liabilities were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Land	1%	1%	1%
Buildings	1%	1%	1%
Transportation equipment	1%	1%	1%

16. BORROWINGS

a. Short-term borrowings

	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured borrowings			
Line of credit borrowings	\$ <u> -</u>	\$ <u> 20,000</u>	\$ <u> 127,000</u>
Interest rate	-	0.9%	0.95%-0.98%

b. Long-term borrowings

	March 31, 2021	December 31, 2020	March 31, 2020
E.SUN Commercial Bank			
Line of credit borrowings: The loan limit is NT\$600,000 thousand. Repayment of the principal will be made in 24 equal monthly payments starting 2 years before the maturity date.			
Loan period			
2019.12.26-2024.12.15	\$ 197,248	\$ 197,005	\$ 192,545
2020.04.09-2024.12.15	98,624	98,502	-
2020.07.09-2025.06.15	78,705	78,608	-
2020.08.07-2025.06.15	98,381	98,260	-
Taishin International Bank			
Line of credit borrowings: The loan limit is NT\$600,000 thousand. Repayment of the principal will be made in 24 equal monthly payments starting 2 years before the maturity date.			
Loan period			
2019.12.10-2024.12.10	98,667	98,546	95,703
2020.04.29-2024.12.10	98,667	98,546	-

(Continued)

	March 31, 2021	December 31, 2020	March 31, 2020
First Commercial Bank			
Line of credit borrowings: The loan limit is NT\$900,000 thousand. Repayment of the principal will be made in 24 equal monthly payments starting 2 years before the maturity date.			
Loan period			
2020.03.02-2025.03.02	\$ 93,617	\$ 93,502	\$ 91,316
Less: Current portion	<u> -</u>	<u> -</u>	<u> -</u>
Long-term borrowings	<u>\$ 763,909</u>	<u>\$ 762,969</u>	<u>\$ 379,564</u>
Interest rate	0.45%-0.6%	0.45%-0.6%	0.45%-0.6% (Concluded)

17. OTHER LIABILITIES

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Current</u>			
Payables expense	\$ 407,901	\$ 405,559	\$ 341,164
Payables for purchases of equipment	165,449	217,603	191,824
Payables for annual leave	9,996	9,555	9,537
Payables for remuneration of directors and supervisors and employee bonuses	21,502	34,681	13,924
Payables for dividends	<u> 500</u>	<u> 500</u>	<u> 500</u>
	<u>\$ 605,348</u>	<u>\$ 667,898</u>	<u>\$ 556,949</u>
<u>Non-current</u>			
Deferred revenue			
Arising from government grants	<u>\$ 11,091</u>	<u>\$ 12,031</u>	<u>\$ 10,873</u>

18. PROVISIONS

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Current</u>			
Employee benefits (presented in other payables)	<u>\$ 9,996</u>	<u>\$ 9,555</u>	<u>\$ 9,537</u>

The provision for employee benefits represents the accrual of employees' vested service leave entitlement.

19. EQUITY

a. Share capital

Common shares

	March 31, 2021	December 31, 2020	March 31, 2020
Authorized shares (in thousands of shares)	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>
Authorized capital	<u>\$ 2,200,000</u>	<u>\$ 2,200,000</u>	<u>\$ 2,200,000</u>
Issued and paid shares (in thousands of shares)	<u>172,000</u>	<u>172,000</u>	<u>172,000</u>
Issued capital	<u>\$ 1,720,000</u>	<u>\$ 1,720,000</u>	<u>\$ 1,720,000</u>

Shares issued with par value of \$10 carry one vote per share and the right to dividends.

b. Capital surplus

	March 31, 2021	December 31, 2020	March 31, 2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
Issuance of common shares	\$ 402,192	\$ 402,192	\$ 402,192
Conversion of bonds	55,484	55,484	55,484
Treasury share transactions	28,889	28,889	28,889
<u>May only be used to offset a deficit</u>			
Share of changes in capital surplus of associates accounted for using the equity method	<u>10,501</u>	<u>10,501</u>	<u>10,501</u>
	<u>\$ 497,066</u>	<u>\$ 497,066</u>	<u>\$ 497,066</u>

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

c. Retained earnings and dividend policy

Under the dividend policy as set forth in PDC's articles of incorporation (the "Articles"), where PDC made a profit in a fiscal year, the profit shall be first used to offset losses of previous years, setting aside as legal reserve 10% of the remaining profit until the legal reserve equals PDC's paid-in capital. After setting aside or reversing a special reserve in accordance with the law and regulations, additional appropriations may be made to the special reserve depending on business needs. Any remaining profit together with any undistributed retained earnings shall be used by PDC's board of directors as the basis of proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of the compensation of employees and remuneration of directors and supervisors, refer to compensation of employees and remuneration of directors and supervisors in Note 20-b.

In addition to the distribution of dividends in accordance with the Articles, cash dividends are limited to 50% of the total dividends distributed. The remaining retained earnings shall be distributed in the form of share dividends. However, should the Company obtain sufficient funds to meet its capital requirements during the current year, the cash distribution ratio can be raised to 100%. The Group should decide on the most appropriate dividend distribution policy and the form of payment based on the current year's actual operating condition, taking into consideration the following year's capital budget plans.

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

Items referred to under Rule No. 1010012865 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by PDC.

The appropriations of earnings for the years ended December 31, 2020 and 2019 which were proposed by the board of directors on May 3, 2021 and approved in the shareholders' meetings on June 17, 2020, respectively, were as follows:

	For the Year Ended December 31	
	2020	2019
Legal reserve	\$ 79,086	\$ 77,159
Cash dividends	344,000	309,600
Cash dividends per share (NT\$)	2	1.8

The appropriation of earnings for 2020 will be resolved by the shareholders in their meeting to be held on June 17, 2021.

d. Other equity items

	For the Three Months Ended March 31, 2021		
	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at FVTOCI	Total
Balance at January 1	\$ (185,087)	\$ 577,039	\$ 391,952
Exchange differences on the translation of the net assets of foreign operations	16,935	-	16,935
Unrealized gain on investments in equity instruments at FVTOCI	-	122,533	122,533
Share from associates accounted for using the equity method	<u>(74)</u>	<u>6,844</u>	<u>6,770</u>
Balance at March 31	<u>\$ (168,226)</u>	<u>\$ 706,416</u>	<u>\$ 538,190</u>

	For the Three Months Ended March 31, 2020		
	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at FVTOCI	Total
Balance at January 1	\$ (170,337)	\$ 301,321	\$ 130,984
Exchange differences on the translation of the net assets of foreign operations	(12,053)	-	(12,053)
Unrealized gain on investments in equity instruments at FVTOCI	-	(233,703)	(233,703)
Share from associates accounted for using the equity method	(51)	(20,914)	(20,965)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	-	(1,454)	(1,454)
Balance at March 31	<u>\$ (182,441)</u>	<u>\$ 45,250</u>	<u>\$ (137,191)</u>

e. Treasury shares

- 1) Movements of the treasury shares for the three months ended March 31, 2021 and 2020 were as follows:

Unit: In Thousands of Shares

	For the Three Months Ended March 31, 2021			
Purpose of Buy-back	Number of Shares at January 1, 2021	Increase During the Period	Decrease During the Period	Number of Shares at March 31, 2021
Shares transferred to employees	-	800	-	800

	For the Three Months Ended March 31, 2020			
Purpose of Buy-back	Number of Shares at January 1, 2020	Increase During the Period	Decrease During the Period	Number of Shares at March 31, 2020
-	-	-	-	-

- 2) As of March 31, 2021, the amount of PDC's treasury shares was \$54,371 thousand.
- 3) The buy-back shares shall be transferred to employees at one time or in installments within 5 years from the date of purchase. All employees of the Company and employees of the Company's subsidiaries in which the Company directly or indirectly holds more than 50% of the voting shares on the subscription date are eligible to subscribe.

- 4) The Securities and Exchange Act stipulates that the proportion of the number of shares that a company can buy back must not exceed 10% of the company's total issued shares. The total amount of shares purchased must not exceed retained earnings plus the amount of issued share premium and realized capital surplus. For the three months ended March 31, 2021, the Company held a maximum of 800 thousand shares as treasury shares, and the total amount of shares purchased was \$54,371 thousand, which complies with the provisions of the Securities and Exchange Act.
- 5) Treasury shares held by PDC shall not be pledged in accordance with the provisions of the Securities and Exchange Act, and shall not enjoy shareholder rights.

20. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION

- a. The employee benefits expense, depreciation and amortization incurred in the current period are summarized according to their functions as follows:

	For the Three Months Ended March 31					
	2021			2020		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Short-term employee benefits						
Salaries and wages	\$ 120,098	\$ 37,033	\$ 157,131	\$ 92,764	\$ 28,444	\$ 121,208
Labor/health insurance	13,391	3,474	16,865	10,379	3,033	13,412
Pension	3,381	1,092	4,473	3,368	1,091	4,459
Other employee benefits	7,746	1,595	9,341	6,759	1,633	8,392
Depreciation	90,248	7,564	97,812	77,772	6,378	84,150
Amortization	803	270	1,073	768	515	1,283

The number of employees of the Group as of March 31, 2021 and 2020 was 1,245 and 1,202, respectively.

- b. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, PDC accrues compensation of employees and remuneration of directors and supervisors at rates of 2%-10% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The estimated compensation of employees and remuneration of directors and supervisors for the three months ended March 31, 2021 and 2020 are as follows:

	For the Three Months Ended March 31	
	2021	2020
<u>Accrual rate</u>		
Compensation of employees	2.5%	2.5%
Remuneration of directors and supervisors	1%	1%
<u>Amount</u>		
Compensation of employees	\$ 8,281	\$ 2,962
Remuneration of directors and supervisors	\$ 3,312	\$ 1,183

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 accounting estimate.

The compensation of employees and remuneration of directors and supervisors for the years ended December 31, 2020 and 2019, which were approved by the Company's board of directors and paid on February 25, 2021 and February 26, 2020, respectively, are as follows. The differences were adjusted to profit and loss for the years ended December 31, 2021 and 2020.

	For the Year Ended December 31			
	2020		2019	
	Cash	Shares	Cash	Shares
Compensation of employees				
Amounts approved in the board of directors meeting	\$ 24,772	\$ -	\$ 24,396	\$ -
Actual amounts paid	24,743	-	24,376	-
Remuneration of directors and supervisors				
Amounts approved in the board of directors' meeting	9,909	-	9,759	-
Actual amounts paid	9,909	-	9,759	-

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

21. INCOME TAXES

- a. Major components of income tax expense recognized in profit or loss are as follows:

	For the Three Months Ended March 31	
	2021	2020
Current tax		
In respect of the current year	<u>\$ 65,316</u>	<u>\$ 27,844</u>
Income tax expense recognized in profit or loss	<u>\$ 65,316</u>	<u>\$ 27,844</u>

In July 2019, the president of the ROC announced "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act", which allowed the decrease in tax rate from 20% to 8%-10% for enterprises that applied and repatriated funds from August 15, 2019 to August 14, 2021. The repatriated funds shall be deposited in restricted foreign currency deposit accounts, and the tax will be deducted from the receiving bank once the funds are deposited.

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

- b. PDC's income tax returns through 2018 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

Earnings per share for the three months ended March 31, 2021 and 2020 are as follows:

	<u>For the Three Months Ended March 31, 2021</u>		
	<u>Amount (In Thousands)</u>	<u>Number of Shares</u>	<u>Earnings Per Share (In Dollars)</u>
	<u>After Income Tax</u>		<u>After Income Tax</u>
Basic earnings per share			
Amount after income tax attributable to owners of the Company	\$ 270,821	172,000,000	<u>\$ 1.57</u>
Effect of potentially dilutive common shares - employee share options	<u>-</u>	<u>367,886</u>	
Diluted earnings per share			
Amount after income tax attributable to owners of the Company and effect of potentially dilutive common shares	<u>\$ 270,821</u>	<u>172,367,886</u>	<u>\$ 1.57</u>
	<u>For the Three Months Ended March 31, 2020</u>		
	<u>Amount (In Thousands)</u>	<u>Number of Shares</u>	<u>Earnings Per Share (In Dollars)</u>
	<u>After Income Tax</u>		<u>After Income Tax</u>
Basic earnings per share	\$ 93,010	172,000,000	<u>\$ 0.54</u>
Amount after income tax attributable to owners of the Company			
Effect of potentially dilutive common shares - employee share options	<u>-</u>	<u>70,733</u>	
Diluted earnings per share			
Amount after income tax attributable to owners of the Company and effect of potentially dilutive common shares	<u>\$ 93,010</u>	<u>172,070,733</u>	<u>\$ 0.54</u>

Since the Group offered to settle the compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonus 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.

23. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group have the essential financial resources and operating plans to meet the needs of working capital, capital expenditures, research and development expenses, debt repayment and dividend expenditures in the next 12 months.

24. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments that are not measured at fair value

The management considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements as approximate fair values. There were no major differences between the carrying amounts and fair values as of March 31, 2021, December 31, 2020 and March 31, 2020.

2) Fair value of financial instruments that are measured at fair value on a recurring basis

March 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 372,556	\$ -	\$ -	\$ 372,556
Financial assets at FVTOCI				
Domestic listed shares	\$ 1,222,569	\$ -	\$ -	\$ 1,222,569
Domestic unlisted shares	-	-	128,231	128,231
Foreign unlisted shares	-	-	18,997	18,997
	<u>\$ 1,222,569</u>	<u>\$ -</u>	<u>\$ 147,228</u>	<u>\$ 1,369,797</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 315,229	\$ -	\$ -	\$ 315,229
Financial assets at FVTOCI				
Domestic listed shares	\$ 1,109,357	\$ -	\$ -	\$ 1,109,357
Domestic unlisted shares	-	-	118,910	118,910
Foreign unlisted shares	-	-	18,997	18,997
	<u>\$ 1,109,357</u>	<u>\$ -</u>	<u>\$ 137,907</u>	<u>\$ 1,247,264</u>

March 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 157,980	\$ -	\$ -	\$ 157,980
Mutual funds	<u>316,807</u>	<u>-</u>	<u>-</u>	<u>316,807</u>
	<u>\$ 474,787</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 474,787</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 547,200	\$ -	\$ -	\$ 547,200
Domestic unlisted shares	-	-	55,799	55,799
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>6,921</u>	<u>6,921</u>
	<u>\$ 547,200</u>	<u>\$ -</u>	<u>\$ 62,720</u>	<u>\$ 609,920</u>

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

b. Categories of financial instruments

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 372,556	\$ 315,229	\$ 474,787
Financial assets at amortized cost (1)	2,654,639	2,675,470	2,004,765
Financial assets at FVTOCI			
Equity instruments	1,369,797	1,247,264	609,920
<u>Financial liabilities</u>			
Amortized cost (2)	2,201,491	2,256,885	1,631,300

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, trade payables, other payables, long-term borrowings and guarantee deposits received.

c. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, borrowings, trade receivables and trade payables. The Group'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 Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The Group utilizes derivatives based on the procedures for the handling of derivative financial instrument transactions, which had been approved by the board of directors, to hedge against foreign currency risk. The internal auditor reviews compliance with policies and risk limits on an ongoing basis.

1) Market risk

The Group is exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

The Group's exposure to market risk in financial instruments and its management and measurement of such exposure has not changed since the last period.

a) Foreign currency risk

The Group manages the risk of exchange rate fluctuations arising from foreign currency transactions by using forward exchange contracts to the extent permitted by the regulations governing the procedures for the handling of derivative financial instrument transactions.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the period are set out in Note 28.

	USD Impact		RMB Impact	
	For the Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2021	2020	2021	2020
Profit or loss	\$ 20,114	\$ 27,666	\$ 22,871	\$ 22,527
Equity	1,738	1,721	14,664	14,004

The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusted their translation at the end of the period for a 3% change in foreign currency rates. A positive number indicates an increase in post-tax profit and equity associated with the New Taiwan dollar strengthening 3% against the relevant currency. For a 3% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit and equity.

b) Interest rate risk

The Group was exposed to interest rate risk arising from both fixed and floating interest rate deposits, and repurchase agreements collateralized by bonds and borrowings.

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

	March 31, 2021	December 31, 2020	March 31, 2020
Cash flow interest rate risk			
Financial assets	\$ 987,779	\$ 1,084,880	\$ 737,117
Financial liabilities	763,909	782,969	506,564

The Group's sensitivity analysis of interest rate risk mainly focuses on changes in the fair value of the financial assets and liabilities at fixed interest rate at the end of the reporting period. If interest rates were lower by 1% and all other variables were held constant, the Group's variable-rate financial assets for the three months ended March 31, 2021 and 2020 would have resulted in cash outflows by \$2,239 thousand and \$2,306 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Group.

The management of the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade receivable at the end of the reporting period to ensure that adequate allowance is made for irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

3) Liquidity risk

The Group's working capital is sufficient to meet its obligations; therefore, there is no liquidity risk arising from the inability to raise funds to meet its contractual obligations.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods:

March 31, 2021

	Less than 1 Year	2-3 Years	3+ Years	Total
Non-interest bearing	\$ 1,437,582	\$ -	\$ -	\$ 1,437,582
Variable interest rate liabilities	-	429,541	334,368	763,909
Lease liabilities	<u>27,914</u>	<u>40,793</u>	<u>113,239</u>	<u>181,946</u>
	<u>\$ 1,465,496</u>	<u>\$ 470,334</u>	<u>\$ 447,607</u>	<u>\$ 2,383,437</u>

December 31, 2020

	Less than 1 Year	2-3 Years	3+ Years	Total
Non-interest bearing	\$ 1,473,916	\$ -	\$ -	\$ 1,473,916
Variable interest rate liabilities	20,000	332,223	430,746	782,969
Lease liabilities	<u>28,548</u>	<u>42,246</u>	<u>118,258</u>	<u>189,052</u>
	<u>\$ 1,522,464</u>	<u>\$ 374,469</u>	<u>\$ 549,004</u>	<u>\$ 2,445,937</u>

March 31, 2020

	Less than 1 Year	2-3 Years	3+ Years	Total
Non-interest bearing	\$ 1,124,736	\$ -	\$ -	\$ 1,124,736
Variable interest rate liabilities	127,000	-	379,564	506,564
Lease liabilities	<u>28,566</u>	<u>49,806</u>	<u>134,191</u>	<u>212,563</u>
	<u>\$ 1,280,302</u>	<u>\$ 49,806</u>	<u>\$ 513,755</u>	<u>\$ 1,843,863</u>

25. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation, refer to Table 4. Details of transactions between the Group and other related parties are disclosed as follows.

Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Walsin Technology Corporation	Parent company
Dongguan Walsin Technology Electronics Co., Ltd.	Sister company
Dongguan Huafai Trading Co., Ltd.	Sister company
Pan Overseas (Guangzhou) Electronic Co., Ltd.	Sister company
Walsin Technology Corporation (HK) Limited	Sister company
INPAQ Technology Co., Ltd.	Sister company (associate before July 2020)
INPAQ Technology (Suzhou) Co., Ltd.	Sister company (associate before July 2020)
Taiwan INPAQ Electronics Co., Ltd.	Sister company (associate before July 2020)
INPAQ Technology (China) Co., Ltd.	Sister company (associate before July 2020)
Walsin Lihwa Corporation	Other related party
Falcon Automation Equipment Corporation	Other related party
Info-Tek Corp.	Other related party
VVG Inc.	Other related party
Global Brands Manufacture Ltd.	Other related party
Winbond Electronics Corp.	Other related party
PSA Charitable Foundation	Other related party
PSA VVG Culture and Arts Foundation	Other related party
Walsin Color Corporation	Associate

Transactions

Transactions between the Group and other related parties for the three months ended March 31, 2021 and 2020 are disclosed as follows.

Related Party Category/Name	Sales of Goods	
	For the Three Months Ended	
	March 31	
	2021	2020
Parent company	\$ 173,074	\$ 130,650
Sister companies	135,710	109,570
Associates	-	29,457
Other related parties	<u>232</u>	<u>77</u>
	<u>\$ 309,016</u>	<u>\$ 269,754</u>

Related Party Category/Name	Purchases of Goods	
	For the Three Months Ended	
	March 31	
	2021	2020
Parent company	\$ 180,873	\$ 113,628
Sister companies		
Dongguan Walsin Technology Electronics Co., Ltd.	193,763	79,555
Others	<u>3,520</u>	<u>705</u>
	197,283	80,260
Associates	<u>-</u>	<u>2,139</u>
	<u>\$ 378,156</u>	<u>\$ 196,027</u>

The selling prices between the Group and related parties were not significantly different from that of general transactions. The collection terms of general transactions are within 0 to 120 days. The collection terms of related parties were not significantly different from that of general customers. Among them, trade receivable (payable) of Walsin Technology Corporation are directly offset by its respective counterparty's trade receivable (payable), and the remaining receivables are collected (paid) under the usual collection (payment) terms.

The prices of the purchase transactions between the Group and related parties were not significantly different from that of general transactions, and the payment terms of general transactions are within 30 to 120 days. The payment terms of related parties were not significantly different from that of general suppliers.

Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Price	
	For the Three Months Ended	
	March 31	
	2021	2020
Falcon Automation Equipment Corporation	<u>\$ 36,959</u>	<u>\$ 1,130</u>

Lease arrangement as lessee

Item	Related Party Category	March 31, 2021	December 31, 2020	March 31, 2020
Lease liabilities	Parent company	<u>\$ 6,604</u>	<u>\$ 8,109</u>	<u>\$ 12,214</u>

Item	Related Party Category	For the Three Months Ended	
		2021	2020
Interest expense	Parent company	<u>\$ 18</u>	<u>\$ 32</u>
Rental expense	Parent company	\$ 13	\$ -
	Sister companies	<u>52</u>	<u>-</u>
		<u>\$ 65</u>	<u>\$ -</u>

Lease agreement as lessor

Lease income was summarized as follows:

Related Party Category	For the Three Months Ended March 31	
	2021	2020
Parent company	\$ 718	\$ 718
Sister companies	42	-
Associates	12	54
Other related parties	<u>620</u>	<u>607</u>
	<u>\$ 1,392</u>	<u>\$ 1,379</u>

For the three months ended March 31, 2021 and 2020, the remaining balances were as follows:

Related Party Category/Name	Trade Receivables			Trade Payables		
	March 31, 2021	December 31, 2020	March 31, 2020	March 31, 2021	December 31, 2020	March 31, 2020
Parent company	\$ -	\$ -	\$ 30,708	\$ 30,736	\$ 53,233	\$ -
Sister companies						
Dongguan Walsin Technology Electronics Co., Ltd.	90,834	97,496	101,764	295,542	274,264	120,241
Others	<u>72,344</u>	<u>60,458</u>	<u>16,111</u>	<u>9,521</u>	<u>10,507</u>	<u>705</u>
	163,178	157,954	117,875	305,063	284,771	120,946
Associates	244	-	37,706	-	-	3,812
Other related parties	<u>-</u>	<u>3</u>	<u>93</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 163,422</u>	<u>\$ 157,957</u>	<u>\$ 186,382</u>	<u>\$ 335,799</u>	<u>\$ 338,004</u>	<u>\$ 124,758</u>

Related Party Category/Name	Other Receivables			Other Payables		
	March 31, 2021	December 31, 2020	March 31, 2020	March 31, 2021	December 31, 2020	March 31, 2020
Parent company	\$ -	\$ -	\$ -	\$ 10,802	\$ 25,289	28,868
Sister companies	77	1	-	293	276	293
Associates	12	12	43	-	-	-
Other related parties	<u>579</u>	<u>659</u>	<u>573</u>	<u>13,230</u>	<u>1,164</u>	<u>11,695</u>
	<u>\$ 668</u>	<u>\$ 672</u>	<u>\$ 616</u>	<u>\$ 24,325</u>	<u>\$ 26,729</u>	<u>\$ 40,856</u>

Other receivables are the uncollected amounts from the Group's lease income, selling of raw materials, purchasing of spare parts as an agent and the collections on behalf of others.

Other payables are the payments that have not been made for the acquisition of equipment and payments on behalf of others.

The remaining trade payables - related parties were not guaranteed and would be paid off by cash; trade receivables - related parties were also not guaranteed. There was no bad debt expense for trade receivables - related parties as of March 31, 2021, December 31, 2020 and March 31, 2020.

Remuneration of key management personnel

Remuneration of the board of directors and other key management personnel for the three months ended March 31, 2021 and 2020 were as follows:

	For the Three Months Ended March 31	
	2021	2020
Short-term employee benefits	\$ 18,285	\$ 12,198
Post-employment benefits	<u>27</u>	<u>16</u>
	<u>\$ 18,312</u>	<u>\$ 12,214</u>

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group as of March 31, 2021, December 31, 2020 and March 31, 2020 were as follows:

a. Significant unrecognized commitments

Unrecognized commitments were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Acquisition of property, plant and equipment	<u>\$ 397,989</u>	<u>\$ 253,370</u>	<u>\$ 284,140</u>

b. Contingencies

As of March 31, 2021, outstanding letters of credit of the Group were summarized as follows:

	Unit: Dollars		
Currency	Carrying Value	Deposits Paid	
USD	USD 73,200	USD	-

As of December 31, 2020, outstanding letters of credit of the Group were summarized as follows:

	Unit: Dollars		
Currency	Carrying Value	Deposits Paid	
JPY	JPY 116,840,000	JPY	-

As of March 31, 2020, outstanding letters of credit of the Group were summarized as follows:

	Unit: Dollars		
Currency	Carrying Value	Deposits Paid	
JPY	JPY 147,460,000	JPY	-
EUR	EUR 236,400	EUR	-

27. OTHER ITEMS

In 2020, due to the impact of the COVID-19 pandemic, some of the operations of the subsidiaries located in China were temporarily suspended because of the lockdown and shut-down control measures imposed by the local government. However, the Group resumed work quickly, which made the Group's revenue barely affected by this pandemic; instead, revenue grew under this tough environment due to strong market demand. Currently, all of the subsidiaries have resumed operations.

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between the foreign currencies and their respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	March 31, 2021			December 31, 2020			March 31, 2020		
	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>									
Monetary items									
USD	\$ 39,053	28.535	\$ 1,114,377	\$ 40,105	28.1	\$ 1,126,951	\$ 37,781	30.225	\$ 1,141,931
RMB	196,259	4.3516	854,041	170,790	4.3131	736,634	194,274	4.2614	827,879
Non-monetary items									
Investments accounted for using the equity method									
USD	2,031	28.535	57,946	2,041	28.1	57,339	1,898	30.225	57,353
RMB	112,328	4.3516	488,805	108,452	4.3131	467,765	109,544	4.2614	466,811
<u>Financial liabilities</u>									
Monetary items									
USD	15,557	28.535	443,919	13,131	28.1	368,981	7,270	30.225	219,736
RMB	21,069	4.3516	91,684	22,805	4.3131	98,360	18,064	4.2614	76,978

For the three months ended March 31, 2021 and 2020, net realized and unrealized foreign exchange gains were \$11,043 thousand and \$712 thousand, respectively. It is impractical to disclose net foreign exchange (losses) gains by each significant foreign currency due to the variety of the foreign currency transactions.

29. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 1)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)

- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 2)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
 - 9) Trading in derivative instruments (None)
 - 10) Intercompany relationships and significant intercompany transactions (Table 4)
- b. Information about reinvestment
- Information on investees (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 year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 6):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

30. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the geographical segments as its operating segments. The Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

- Taiwan segment - Prosperity Dielectrics Co., Ltd.
 - PDC Prime Holdings Limited
 - Frontec International Corporation
 - PDC Success Investments Ltd.
- China segment - PDC Electronics (Suzhou) Co., Ltd.
 - Dongguan Frontier Electronics Co., Ltd.
 - Hunan Frontier Electronics Co., Ltd.
 - Frontier Components Co., Limited
 - Prosperity International Development (HK) Co., Limited
 - Prosperity Frontier Electronics (Shenzhen) Co., Ltd.

a. Segment revenue and results

The following tables detail the Group's segment revenue and results by reportable segments for the three months ended March 31, 2021 and 2020.

	For the Three Months Ended March 31, 2021			
	Taiwan Segment	China Segment	Adjustments and Eliminations	Total
Net sales	\$ 1,168,441	\$ 1,014,315	\$ (722,150)	\$ 1,460,606
Cost of sales	(894,403)	(949,879)	731,088	(1,113,194)
Unrealized gain on inter-affiliate accounts	<u>929</u>	<u>-</u>	<u>(929)</u>	<u>-</u>
Gross profit	274,967	64,436	8,009	347,412
Operating expenses	<u>(82,516)</u>	<u>(11,618)</u>	<u>(8,000)</u>	<u>(102,134)</u>
Profit from operations	192,451	52,818	9	245,278
Non-operating income and expenses	<u>128,812</u>	<u>19,561</u>	<u>(56,787)</u>	<u>91,586</u>
Profit before income tax	<u>\$ 321,263</u>	<u>\$ 72,379</u>	<u>\$ (56,778)</u>	<u>\$ 336,864</u>
	For the Three Months Ended March 31, 2020			
	Taiwan Segment	China Segment	Adjustments and Eliminations	Total
Net sales	\$ 877,027	\$ 719,502	\$ (516,104)	\$ 1,080,425
Cost of sales	(671,839)	(657,468)	524,679	(804,628)
Unrealized gain on inter-affiliate accounts	<u>237</u>	<u>-</u>	<u>(237)</u>	<u>-</u>
Gross profit	205,425	62,034	8,338	275,797
Operating expenses	<u>(69,624)</u>	<u>(9,615)</u>	<u>(8,000)</u>	<u>(87,239)</u>
Profit from operations	135,801	52,419	338	188,558
Non-operating income and expenses	<u>(19,179)</u>	<u>(714)</u>	<u>(48,830)</u>	<u>(68,723)</u>
Profit before income tax	<u>\$ 116,622</u>	<u>\$ 51,705</u>	<u>\$ (48,492)</u>	<u>\$ 119,835</u>

b. Segment assets and liabilities

Segment assets

	March 31, 2021			
	Taiwan Segment	China Segment	Adjustments and Eliminations	Total
Cash and cash equivalents	\$ 640,056	\$ 601,711	\$ -	\$ 1,241,767
Notes and trade receivables	804,096	969,907	(653,451)	1,120,552
Inventories	633,536	101,829	(11,572)	723,793
Other current assets	<u>553,464</u>	<u>173,221</u>	<u>(1,986)</u>	<u>724,699</u>
Total current assets	<u>2,631,152</u>	<u>1,846,668</u>	<u>(667,009)</u>	<u>3,810,811</u>
Financial assets at FVTOCI - non-current	1,369,797	-	-	1,369,797
Investments accounted for using the equity method	1,963,076	546,751	(1,843,072)	666,755
Property, plant and equipment	1,761,284	295,447	-	2,056,731
Other non-current assets	<u>207,997</u>	<u>195,125</u>	<u>-</u>	<u>403,122</u>
Total assets	<u>\$ 7,933,306</u>	<u>\$ 2,883,991</u>	<u>\$ (2,510,081)</u>	<u>\$ 8,307,216</u>
	December 31, 2020			
	Taiwan Segment	China Segment	Adjustments and Eliminations	Total
Cash and cash equivalents	\$ 759,917	\$ 463,311	\$ -	\$ 1,223,228
Notes and trade receivables	653,083	882,511	(488,819)	1,046,775
Inventories	548,801	102,563	(12,500)	638,864
Other current assets	<u>585,213</u>	<u>183,332</u>	<u>(2,168)</u>	<u>766,377</u>
Total current assets	<u>2,547,014</u>	<u>1,631,717</u>	<u>(503,487)</u>	<u>3,675,244</u>
Financial assets at FVTOCI - non-current	1,247,264	-	-	1,247,264
Investments accounted for using the equity method	1,880,603	525,104	(1,768,433)	637,274
Property, plant and equipment	1,698,010	302,341	-	2,000,351
Other non-current assets	<u>213,970</u>	<u>199,686</u>	<u>-</u>	<u>413,656</u>
Total assets	<u>\$ 7,586,861</u>	<u>\$ 2,658,848</u>	<u>\$ (2,271,920)</u>	<u>\$ 7,973,789</u>

March 31, 2020				
	Taiwan Segment	China Segment	Adjustments and Eliminations	Total
Cash and cash equivalents	\$ 264,725	\$ 658,071	\$ -	\$ 922,796
Notes and trade receivables	848,069	602,998	(593,914)	857,153
Inventories	370,081	132,942	(18,688)	484,335
Other current assets	<u>264,160</u>	<u>469,205</u>	<u>(46,176)</u>	<u>687,189</u>
Total current assets	<u>1,747,035</u>	<u>1,863,216</u>	<u>(658,778)</u>	<u>2,951,473</u>
Financial assets at FVTOCI - non-current	609,920	-	-	609,920
Investments accounted for using the equity method	1,987,325	524,165	(1,904,334)	607,156
Property, plant and equipment	1,541,725	319,391	(17)	1,861,099
Other non-current assets	<u>242,637</u>	<u>112,816</u>	<u>-</u>	<u>355,453</u>
Total assets	<u>\$ 6,128,642</u>	<u>\$ 2,819,588</u>	<u>\$ (2,563,129)</u>	<u>\$ 6,385,101</u>

Segment liabilities

March 31, 2021				
	Taiwan Segment	China Segment	Adjustments and Eliminations	Total
Total current liabilities	\$ 1,241,429	\$ 989,969	\$ (655,437)	\$ 1,575,961
Guarantee deposits received	16,946	4,070	-	21,016
Deferred income tax liabilities	117,673	-	-	117,673
Other non-current liabilities	<u>976,614</u>	<u>-</u>	<u>-</u>	<u>976,614</u>
Total liabilities	<u>\$ 2,352,662</u>	<u>\$ 994,039</u>	<u>\$ (655,437)</u>	<u>\$ 2,691,264</u>

December 31, 2020				
	Taiwan Segment	China Segment	Adjustments and Eliminations	Total
Total current liabilities	\$ 1,261,660	\$ 839,159	\$ (490,988)	\$ 1,609,831
Guarantee deposits received	16,946	4,123	-	21,069
Deferred income tax liabilities	107,096	-	-	107,096
Other non-current liabilities	<u>983,300</u>	<u>314</u>	<u>-</u>	<u>983,614</u>
Total liabilities	<u>\$ 2,369,002</u>	<u>\$ 843,596</u>	<u>\$ (490,988)</u>	<u>\$ 2,721,610</u>

	March 31, 2020			
	Taiwan Segment	China Segment	Adjustments and Eliminations	Total
Total current liabilities	\$ 1,184,571	\$ 846,687	\$ (640,090)	\$ 1,391,168
Guarantee deposits received	6,378	10,843	-	17,221
Deferred income tax liabilities	19,073	-	-	19,073
Other non-current liabilities	<u>616,236</u>	<u>3,088</u>	<u>-</u>	<u>619,324</u>
Total liabilities	<u>\$ 1,826,258</u>	<u>\$ 860,618</u>	<u>\$ (640,090)</u>	<u>\$ 2,046,786</u>

All intercompany transactions had been eliminated upon consolidation.

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2021

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Prosperity Dielectrics Co., Ltd.	<u>Listed shares</u>							
	Walton Advanced Engineering Inc.	The chairman of the securities issuer is the same as the Company's	Financial assets at fair value through other comprehensive income - non-current	31,915,536	\$ 448,413	6.30	\$ 448,413	
	Walsin Lihwa Corporation	The chairman of the securities issuer is the second degree of kinship of the Company	"	7,000,000	133,000	0.20	133,000	
	HannStar Board Corporation	The chairman of the securities issuer is the same as the Company's	"	5,668,332	279,732	1.07	279,732	
	Singatron Enterprise Co., Ltd.	None	"	10,301,314	311,615	8.12	311,615	
	APAQ Technology Co., Ltd.	"	"	739,000	49,809	0.87	49,809	
	APAQ Technology Co., Ltd.	"	Financial assets at fair value through profit or loss - current	4,541,000	306,063	5.37	306,063	
	Singatron Enterprise Co., Ltd.	"	"	723,717	21,893	0.57	21,893	
	Chunghwa Telecom Co., Ltd.	"	"	400,000	44,600	0.01	44,600	
	<u>Shares</u>							
Chin-Xin Investment Co., Ltd.	The chairman of the securities issuer is the second degree of kinship of the Company	Financial assets at fair value through other comprehensive income - non-current	3,500,000	128,231	0.72	128,231		
Union Technology Corp.	None	"	71,409	18,997	10.32	18,997		

PROSPERITY DIELECTRICS CO., LTD. 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 THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/ Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Prosperity Dielectrics Co., Ltd.	Frontier Components Co., Limited	Indirectly owned second-tier subsidiary	Sales	\$ (267,699)	(23)	No significant difference with third parties	-	-	Trade receivables \$ 181,587	23	
	Walsin Technology Corporation	Owens 43.13% of the Company's shares	Sales	(173,074)	(15)	"	-	-	Trade receivables -	-	
	Walsin Technology Corporation	Owens 43.13% of the Company's shares	Purchases	180,873	26	"	-	-	Trade payables (30,736)	(6)	
Frontier Components Co., Limited	Prosperity Dielectrics Co., Ltd.	Parent company	Purchases	267,699	57	"	-	-	Trade payables (181,587)	(35)	
	Dongguan Walsin Technology Electronics Co., Ltd.	PDC's parent company indirectly owned second-tier subsidiary	Purchases	163,924	35	"	-	-	Trade payables (295,543)	(57)	
	Dongguan Frontier Electronics Co., Ltd.	100% owned subsidiary	Sales	(331,948)	(67)	"	-	-	Trade receivables 296,199	61	
Dongguan Frontier Electronics Co., Ltd.	Frontier Components Co., Limited	Parent company	Purchases	331,948	98	"	-	-	Trade payables (296,199)	(98)	

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Prosperity Dielectrics Co., Ltd.	Frontier Components Co., Limited	Indirectly owned second-tier subsidiary	Trade receivables \$ 181,587	7.96	\$ -	-	\$ -	\$ -
Frontier Components Co., Limited	Dongguan Frontier Electronics Co., Ltd.	100% owned subsidiary	Trade receivables 296,199	4.87	-	-	103,298	-
Hunan Frontier Electronics Co., Ltd.	Prosperity Dielectrics Co., Ltd.	Parent company	Trade receivables 101,070	2.69	-	-	17,010	-

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(Amounts in Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	Prosperity Dielectrics Co., Ltd.	Frontier Components Co., Limited	Parent company to subsidiary	Sales	\$ 267,699	No significant difference with third parties	18
				Trade receivables	181,587		2
				Trade payables	27,626		-
		Hunan Frontier Electronics Co., Ltd.	Parent company to subsidiary	Purchases	62,370	4	
				Trade payables	101,070	1	
				Purchases	15,258	1	
Prosperity Frontier Electronics (Shenzhen) Co., Ltd.	Parent company to subsidiary	Trade payables	15,561	-			
1	Frontier Components Co., Limited	Dongguan Frontier Electronics Co., Ltd.	Subsidiary to subsidiary	Sales	331,948	23	
				Trade receivables	296,199	4	
		Hunan Frontier Electronics Co., Ltd.	Subsidiary to subsidiary	Purchases	20,043	1	
				Trade payables	20,172	-	

Note 1: The investee company is represented in the number column as follows:

- The parent company is numbered "0".
- The subsidiaries are numbered consecutively from "1" in the order presented in the table above.

Note 2: There are three natures of relationships regarding the flow of transactions (in the case of the same transaction between the parent company and its subsidiary or between subsidiaries, there is no need to repeat disclosure. For example: If the parent company has disclosed the transaction between the parent company and the subsidiary, the subsidiary does not need to be disclosed. If a subsidiary has disclosed the transaction between the other subsidiary and itself, the other subsidiary does not need to be disclosed).

- From the parent company to its subsidiary.
- From a subsidiary to its parent company.
- Between subsidiaries.

Note 3: The transaction amount as a percentage of the consolidated total revenue or total assets is calculated as follows: For balance sheet items, each item's period-end balance is shown as a percentage of consolidated total assets as of March 31, 2021. For profit or loss items, cumulative amounts are shown as a percentage of consolidated total operating revenue for the three months ended March 31, 2021.

Note 4: The decision whether or not to disclose the significant intercompany transactions was made based on the principle of materiality.

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE THREE MONTHS ENDED MARCH 31, 2021

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2021	March 31, 2020	Number of Shares	%	Carrying Amount			
Prosperity Dielectrics Co., Ltd.	PDC Prime Holdings Limited	Samoa	Investment holding	\$ 728,456	\$ 728,456	23,464,538	100.00	\$ 1,394,298	\$ 60,053	\$ 60,053	
	Frontec International Corporation	British Virgin Islands	Overseas investment	695,113	695,113	21,679,182	100.00	460,347	(3,275)	(3,275)	
	Walsin Color Corporation	Taiwan	Investment holding	51,928	51,928	4,934,995	3.36	120,004	31,602	1,063	
PDC Prime Holdings Limited	PDC Success Investments Ltd.	Republic of Mauritius	Investment holding	387,932	387,932	12,009,000	100.00	682,257	5,872	5,872	
	Frontier Components Co., Limited	Hong Kong	International trade	256,844 (Note 2)	256,844 (Note 2)	70,036,752	100.00	648,135	54,250	54,250	
	Prosperity International Development (HK) Co., Ltd.	Hong Kong	Investment holding	68,513 (Note 2)	68,513 (Note 2)	2,401,000	100.00	57,969	(159)	(159)	
Prosperity International Development (HK) Co., Ltd.	GHPW Enterprise Corporation (HK) Limited	Hong Kong	Investment holding	68,484 (Note 2)	68,484 (Note 2)	2,400,000	10.00	57,946	(1,594)	(159)	

Note 1: For the information on investees in mainland China, refer to Table 7.

Note 2: The closing exchange rate as of March 31, 2021 was used to convert the foreign currencies into New Taiwan dollars. The closing exchange rate as of March 31, 2021 was US\$ to NT\$ = 1:28.535

PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA OF PROSPERITY DIELECTRICS CO., LTD.
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1.

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2021	Accumulated Repatriation of Investment Income as of March 31, 2021
					Outward	Inward						
PDC Electronics (Suzhou) Co., Ltd.	Manufacturing of electronic parts and ceramic components	\$ 342,420 (US\$ 12,000,000)	Note 1	\$ 342,420 (US\$ 12,000,000)	\$ -	\$ -	\$ 342,420 (US\$ 12,000,000)	\$ 5,868	100.00	\$ 5,868	\$ 691,998	\$ 72,397 (US\$ 2,537,141)
Dongguan Frontier Electronics Co., Ltd.	Selling of transformer, coils and rectifier diode	174,064 (US\$ 6,100,000)	Note 1	174,064 (US\$ 6,100,000)	-	-	174,064 (US\$ 6,100,000)	39,233	100.00	39,233	352,085	93,572 (US\$ 3,279,186)
Hunan Frontier Electronics Co., Ltd.	Manufacturing and selling of transformer, coils and magnetic component	456,560 (US\$ 16,000,000)	Note 1	456,560 (US\$ 16,000,000)	-	-	456,560 (US\$ 16,000,000)	(4,975)	100.00	(4,975)	362,983	-
Chongqing Shuohong Investment Co., Ltd.	Investment management, investment consultation services	2,306,348 (RMB 530,000,000) (Note 4)	Note 1	-	-	-	-	(6,639)	20.43	(1,356)	444,722	-
Chongqing Xincheng Electronic Co., Ltd.	Selling of electronic components, real estate investment and leasing	235,517 (RMB 54,122,000) (Note 5)	Note 1	-	-	-	-	140,506	13.04	18,316	44,083	-
GHPW Enterprise Corporation (Chongqing) Limited	Business consultations, business management, consultation services and property management	684,840 (US\$ 24,000,000)	Note 1	68,484 (US\$ 2,400,000)	-	-	68,484 (US\$ 2,400,000)	(1,594)	10.00	(159)	57,856	-
Prosperity Frontier Electronics (Shenzhen) Co., Ltd.	Manufacturing and selling of chip components, power electronic devices and new electronic components	171,210 (US\$ 6,000,000)	Note 1	119,847 (US\$ 4,200,000)	-	-	119,847 (US\$ 4,200,000)	2,424	70.00	1,697	97,207	-

Note 1: Investment in mainland China companies through an existing company established in a third region.

Note 2: Based on the financial statements of the investee companies audited by the attesting CPA of the parent company in Taiwan.

Note 3: The average exchange rate as of March 31, 2021 is used to convert the foreign currencies into New Taiwan dollars except for the investment gains and losses of the current period (converted at the average exchange rate of the three months ended March 31, 2021) if the relevant figures in this table involve foreign currencies.

Note 4: Investment amount of RMB 108,290,000 was made using PDC Electronics (Suzhou) Co., Ltd.'s own capital.

Note 5: Investment amount of RMB 7,055,500 was made using Frontier Electronic (Chong Qing) Co., Ltd.'s own capital, which has been transferred to Dongguan Frontier Electronics Co., Ltd. in December 2017.

2. Investment quota for mainland China:

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 1,297,696 (US\$ 45,477,329)	\$ 1,354,766 (US\$ 47,477,329)	(Note 2)

Note 1: The average exchange rates as of March 31, 2021 are as follows:

US\$ to NT\$ = 1:28.535
RMB to NT\$ = 1:4.3516

The average exchange rates for the three months ended March 31, 2021 are as follows:

US\$ to NT\$ = 1:28.366
RMB to NT\$ = 1:4.3766

(Continued)

Note 2: In accordance with Article 3 of the “Regulations Governing the Examination of Investment or Technical Cooperation in mainland China” on August 29, 2008, enterprises within the scope of operations of the operational headquarters approved by the Industrial Development Bureau of the Ministry of Economic Affairs are exempt. The company is an enterprise that has been recognized as the operational headquarters of the said Regulations. The validity period is from July 17, 2018 to July 16, 2021, so there is no upper limit on the amount of mainland China Investments.

3. 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:

Investee Company	Relationship	Transaction Type	Amount	Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss
				Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Hunan Frontier Electronics Co., Ltd.	Subsidiary	Purchases	\$ 62,370	No significant difference with normal transactions	T/T	No significant difference	\$ (101,070)	(18)	\$ -
Prosperity Frontier Electronics (Shenzhen) Co., Ltd.	Subsidiary	Purchases	15,258	"	"	"	(15,561)	(3)	-

4. Circumstances in which investee mainland China companies in provide endorsements, guarantees or collaterals directly or indirectly through third-region enterprises: None.

5. Circumstances of financing provided with investee mainland China companies directly or indirectly through a third region: None.

6. Other transactions that have a material effect on the current profit and loss or financial status: None.

(Concluded)

TABLE 7**PROSPERITY DIELECTRICS CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Walsin Technology Corporation	74,186,468	43.13