

SDI Corporation 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 Shareholders
SDI Corporation

Introduction

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

Scope of Review

Except as explained in basis for qualified conclusion paragraph, we conducted our reviews in accordance with the 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 to 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.



Basis for Qualified Conclusion

As disclosed in Note 4(3) to the consolidated financial statements, the financial statements of certain non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of March 31, 2021 and 2020, assets of those non-reviewed consolidated subsidiaries amounted to \$1,034,586 thousand and \$1,111,751 thousand (all in NTD unless specified otherwise), representing 9% and 11%, respectively, of total consolidated assets, and the liabilities amounted to \$163,946 thousand and \$214,373 thousand, representing 3% and 5%, respectively, of total consolidated liabilities. Comprehensive income of those consolidated subsidiaries for the three months ended March 31, 2021 and 2020 were \$19,184 thousand, \$32,612 thousand, representing 10% and 62%, respectively, of the total consolidated comprehensive income.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the aforementioned paragraph been reviewed, 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, its financial performance for the three months ended March 31, 2021 and 2020 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" as endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Yang, Chen Yu and Lin, Ming Shou.

A handwritten signature in black ink that reads "Crowe TW CPAs".

Crowe (TW) CPAs
Taichung, Taiwan (Republic of China)

May 7, 2021

Notice to Readers

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

For the convenience of readers, the independent auditors' 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.

SDI Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	NOTES	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)		March 31, 2020 (Reviewed)	
		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
Cash and cash equivalents	6(1)	\$ 951,606	8	\$ 764,179	7	\$ 1,092,706	10
Financial assets at fair value through profit or loss - current	6(2)	57,344	1	57,302	1	59,873	1
Notes receivable, net	5、6(3)	159,929	1	146,242	1	130,337	1
Accounts receivable, net	5、6(4)	1,909,711	17	1,757,587	17	1,477,395	14
Accounts receivable, net - related parties	5、7	23,396	-	23,461	-	38,525	-
Other receivables	7	14,508	-	14,117	-	14,004	-
Inventories, net	5、6(5)	3,092,900	27	2,804,041	27	2,709,897	26
Prepayments	6(6)	77,156	1	92,955	1	68,420	1
Other financial assets - current	6(7)、7	71,590	1	45,249	-	24,911	-
Other current assets		1,100	-	616	-	1,276	-
Total current assets		6,359,240	56	5,705,749	54	5,617,344	53
NONCURRENT ASSETS							
Financial assets at fair value through other comprehensive income - noncurrent	5、6(8)	16,361	-	16,898	-	16,328	-
Property, plant and equipment	5、6(9)	4,384,275	39	4,416,029	42	4,453,090	42
Right-of-use assets	5、6(10)	222,441	2	226,979	2	221,668	2
Intangible assets	6(11)	49,461	1	53,494	1	62,633	1
Deferred income tax assets	5	123,862	1	114,660	1	151,084	1
Other noncurrent assets	6(12)	84,515	1	41,909	-	49,704	1
Total noncurrent assets		4,880,915	44	4,869,969	46	4,954,507	47
TOTAL		\$ 11,240,155	100	\$ 10,575,718	100	\$ 10,571,851	100
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
Short-term loans	6(13)、7	\$ 808,262	7	\$ 788,562	7	\$ 710,150	7
Short-term notes and bills payable	6(14)	9,996	-	9,985	-	9,998	-
Contract liabilities - current	6(25)	127,310	1	78,902	1	96,529	1
Notes payable	6(15)	173,734	2	105,124	1	43,583	-
Accounts payable		1,171,367	10	830,196	8	844,298	8
Accounts payable - related parties	7	1,668	-	-	-	-	-
Other payables	6(16)	515,605	5	508,824	5	382,723	4
Other payables - related parties	7	968	-	440	-	229	-
Current income tax liabilities		127,700	1	76,429	1	63,488	1
Lease liabilities - current	5、6(10)	10,105	-	10,214	-	6,959	-
Long term loans - current portion	6(17)	169,239	2	145,920	1	100,013	1
Other current liabilities	6(18)	10,972	-	12,802	-	8,430	-
Total current liabilities		3,126,926	28	2,567,398	24	2,266,400	22
NONCURRENT LIABILITIES							
Long term loans	6(17)	1,352,099	12	1,424,558	14	1,742,223	16
Deferred income tax liabilities	5	299,454	3	299,423	3	278,017	3
Lease liabilities - noncurrent	5、6(10)	95,634	1	98,046	1	92,472	1
Net defined benefit liability	5、6(19)	135,153	1	137,552	1	140,276	1
Other noncurrent liabilities	6(18)	35,497	-	37,387	-	28,527	-
Total noncurrent liabilities		1,917,837	17	1,996,966	19	2,281,515	21
Total liabilities		5,044,763	45	4,564,364	43	4,547,915	43
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT							
Common stocks	6(20)	1,821,403	16	1,821,403	17	1,821,403	17
Capital surplus	6(21)	485,579	4	485,403	5	485,257	5
Retained earnings	6(22)						
Legal capital reserve		865,445	8	865,445	8	815,192	8
Special capital reserve		155,570	1	155,570	1	101,183	1
Unappropriated earnings		2,671,638	24	2,486,607	24	2,622,328	25
Others	6(23)	(142,438)	(1)	(134,642)	(1)	(165,388)	(2)
Equity attributable to shareholders of the parent		5,857,197	52	5,679,786	54	5,679,975	54
NON-CONTROLLING INTERESTS							
Total equity	6(24)	338,195	3	331,568	3	343,961	3
TOTAL		\$ 11,240,155	100	\$ 10,575,718	100	\$ 10,571,851	100

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

SDI Corporation and Subsidiaries

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

	NOTES	For the Three Months Ended March 31			
		2021		2020	
		Amount	%	Amount	%
NET REVENUE	5、6(25)、7	\$ 2,452,214	100	\$ 1,939,815	100
COST OF REVENUE	5、6(26)、7	(1,970,939)	(80)	(1,685,575)	(87)
GROSS PROFIT		481,275	20	254,240	13
OPERATING EXPENSES	5、6(26)、7				
Marketing		(76,498)	(3)	(68,658)	(3)
General and administrative		(79,557)	(4)	(64,850)	(3)
Research and development		(57,910)	(2)	(52,119)	(3)
Expected credit (loss) gain		328	-	(398)	-
Total operating expenses		(213,637)	(9)	-186,025	(9)
OPERATING INCOME		267,638	11	68,215	4
NONOPERATING INCOME AND EXPENSES					
Interest income		275	-	262	-
Other income	6(27)	3,310	1	16,084	1
Other gains and losses, net	6(28)	(13,318)	(1)	2,645	-
Finance costs	6(29)	(15,260)	(1)	(14,307)	(1)
Total nonoperating income and expenses		(24,993)	(1)	4,684	-
INCOME BEFORE INCOME TAX		242,645	10	72,899	4
INCOME TAX EXPENSE	6(30)	(50,987)	(2)	(10,811)	(1)
NET INCOME		191,658	8	62,088	3
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss :	6(31)				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		(537)	-	(890)	-
Income tax benefit (expenses) related to items that will not be reclassified subsequently	6(30)	125	-	179	-
Items that may be reclassified subsequently to profit or loss :	6(31)				
Exchange differences arising on translation of foreign operations		(9,230)	-	(11,384)	-
Income tax benefit (expenses) related to items that may be reclassified subsequently	6(30)	1,846	-	2,277	-
Other comprehensive income (loss), net of income tax		(7,796)	-	(9,818)	-
TOTAL COMPREHENSIVE INCOME		\$ 183,862	8	\$ 52,270	3
NET INCOME ATTRIBUTABLE TO :					
Shareholders of the parent		\$ 185,031	8	\$ 48,580	2
Non-controlling interests		6,627	-	13,508	1
		\$ 191,658	8	\$ 62,088	3
TOTAL COMPREHENSIVE INCOME :					
Shareholders of the parent		\$ 177,235	8	\$ 38,762	2
Non-controlling interests		6,627	-	13,508	1
		\$ 183,862	8	\$ 52,270	3
EARNINGS PER SHARE (IN DOLLARS)	6(32)				
Basic earnings per share		\$ 1.02		\$ 0.27	
Diluted earnings per share		\$ 1.02		\$ 0.27	

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

SDI Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

Items	Equity Attributable to Shareholders of the Parent										
	Retained Earnings					Other Equity					
	Common Stocks	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Total Attributable to Shareholders of the Parent	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2020	\$ 1,821,403	\$ 485,257	\$ 815,192	\$ 101,183	\$ 2,573,748	\$ (168,987)	\$ 13,417	\$ (155,570)	\$ 5,641,213	\$ 330,453	\$ 5,971,666
Net income for the three months ended March 31, 2020	-	-	-	-	48,580	-	-	-	48,580	13,508	62,088
Other comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	-	(9,107)	(711)	(9,818)	(9,818)	-	(9,818)
BALANCE, MARCH 31, 2020	\$ 1,821,403	\$ 485,257	\$ 815,192	\$ 101,183	\$ 2,622,328	\$ (178,094)	\$ 12,706	\$ (165,388)	\$ 5,679,975	\$ 343,961	\$ 6,023,936
BALANCE, JANUARY 1, 2021	\$ 1,821,403	\$ 485,403	\$ 865,445	\$ 155,570	\$ 2,486,607	\$ (147,809)	\$ 13,167	\$ (134,642)	\$ 5,679,786	\$ 331,568	\$ 6,011,354
↳ Donation from shareholders	-	176	-	-	-	-	-	-	176	-	176
Net income for the three months ended March 31, 2021	-	-	-	-	185,031	-	-	-	185,031	6,627	191,658
Other comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	(7,384)	(412)	(7,796)	(7,796)	-	(7,796)
BALANCE, MARCH 31, 2021	\$ 1,821,403	\$ 485,579	\$ 865,445	\$ 155,570	\$ 2,671,638	\$ (155,193)	\$ 12,755	\$ (142,438)	\$ 5,857,197	\$ 338,195	\$ 6,195,392

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

SDI Corporation 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		
Net income before income tax	\$ 242,645	\$ 72,899
Depreciation	167,169	171,832
Amortization	5,853	6,287
Expected credit loss (or reversal)	(328)	398
Loss (gain) on financial assets at fair value through profit or loss	(42)	(22)
Interest expense	15,260	14,307
Interest income	(275)	(262)
Dividend income	(362)	(445)
Gain on disposal of property, plant and equipment	(26)	(2,472)
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	-	3,097
Notes receivable	(14,371)	(23,100)
Accounts receivable	(154,719)	77,848
Inventories	(265,094)	(110,998)
Prepayments	15,596	575
Other financial assets	2,070	37
Other current assets	(2,634)	692
Contract liabilities	50,368	25,941
Notes payable	69,661	(117)
Accounts payable	343,935	289,353
Other payables	(34,699)	(114,415)
Other current liabilities	(1,810)	(4,792)
Net defined benefit liability	(2,399)	(8,074)
Other operating liabilities	(1,292)	(4,120)
Cash provided from operations	434,506	394,449
Interest received	266	247
Dividends received	362	445
Interest paid	(16,382)	(14,306)
Income taxes paid	(7,015)	-
Net cash provided by operating activities	411,737	380,835
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(168,350)	(89,651)
Proceeds from disposal of Property, plant and equipment	94	2,556
Refundable deposits paid	319	40
Acquisition of intangible assets	(1,857)	(6,879)
Decrease (increase) in other financial assets	(26,633)	(4,863)
Net cash used in investing activities	(196,427)	(98,797)

(Continued)

SDI Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	\$ 21,977	\$ (52,580)
Proceeds from long-term debt	50,848	152,977
Repayment of long-term debt	(100,000)	(160,000)
Repayment of the principal portion of lease liabilities	(2,951)	(1,749)
Increase in other noncurrent liabilities	-	(216)
Net cash used in financing activities	(30,126)	(61,568)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	2,243	727
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	187,427	221,197
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	764,179	871,509
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	\$ 951,606	\$ 1,092,706

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

(Concluded)

SDI Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(Reviewed, Not Audited)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. ORGANIZATION AND OPERATIONS

SDI Corporation (the "Company") was incorporated on October 17, 1967. The Company manufactures mainly in stationery related products before the Company repetitively expanded to produce and manufacture lead frames and molds.

Since April 25, 1996, the Company's stocks have been listed on the Taiwan Stock Exchange ("TWSE"). The main operating activities of the Company and its subsidiaries (the "Group") are as well as aforementioned (refer to note 4.3 B for further information).

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on May 7, 2021.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 The adoption of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC):

New standards, interpretations and amendments endorsed by the FSC and effective from 2021 are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	June 25, 2020 (Effective immediately upon promulgation)
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021 (Note 1)

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"	April 1, 2021 (Note 2)

Note 1: The amendments are applicable for annual reporting periods beginning on or after January 1, 2021.

Note 2: Early adoption on January 1, 2021 is permitted by FSC.

The above standards and interpretations do not have a significant effect on the Group's consolidated financial statements.

3.2 Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company: None.

3.3 The IFRSs issued by the IASB but not yet endorsed by the FSC

A summary of the new standards and amendments issued by the IASB but not yet endorsed by the FSC is set out below:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
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
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 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 2)
Amendments to IAS 37 "Onerous Contracts-Cost of Fulfilling a Contract"	January 1, 2022 (Note 3)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 4)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 5)
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)

Note 1: The aforementioned new, revised or amended standards or interpretations are effective for annual reporting periods beginning on or after their respective effective dates, unless specified otherwise.

Note 2: The amendments should be retrospectively applied to PPE which are brought to the necessary location and condition in the manner intended by management on or after January 1, 2021.

Note 3: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 4: 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 5: 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 will be applied retrospectively for annual reporting periods beginning on or after 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.

(1) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

(2) Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"

These amendments set out that proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for them to be capable of operating in the manner intended by management shall not be recognized as a deduction of the asset. Instead, the proceeds and the costs of those items, measured in accordance with IAS 2, shall be recognized in profit or loss in accordance with applicable IFRS Standards.

The Group shall apply these amendments retrospectively, but only to items of 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 the beginning of the earliest period presented in the financial statements in which the Group first applies the amendments. The cumulative effect of initially applying the amendments shall be recognize as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented with comparative information restated.

(3) Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”

The amendments specify that when assessing whether a contract is onerous, the “cost of fulfilling a contract” includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

The Group will recognize the cumulative effect of the initial application of the aforementioned amendments in the retained earnings at the date of the initial application.

(4) Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 “Levies” to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

(5) Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 “Financial Instruments”, were amended in the annual improvements. IFRS 9 requires comparing the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10 percent. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

(6) Amendments to IAS 1 “Disclosure of Accounting Policies”

This amendment clarifies that when the scale or nature of a transaction, other event or situation is material, and relevant accounting policy information is also material to the financial report, and relevant material accounting policy information should be disclosed.

Conversely, if the Company determines the scale of nature of a transaction, other event or situation is insignificant, or the relevant accounting policy information is not significant although the transaction or event is significant, it does not need to disclose non-significant accounting policy information, but the Company prepares accounting the conclusion that the policy information is insignificant does not affect the relevant disclosures required by other IFRS standards.

(7) Amendments to IAS 8 “Definition of Accounting Estimates”

These Amendments define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty and provide further explanations and examples to help entities distinguish changes in accounting policies from changes in accounting estimates.

As of the date the accompanying consolidated financial statements are authorized for issue, the Group is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2020. These policies have been consistently applied to all the periods presented, unless otherwise stated.

4.1 Statement of Compliance

- (1) The accompanying 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," endorsed and issued into effect by the FSC.
- (2) The accompanying consolidated financial statements should be read with the consolidated financial statements for the year ended December 31, 2020.

4.2 Basis of Preparation

- (1) Except for the following significant items, the accompanying consolidated financial statements have been prepared on the historical cost basis:
 - A. Financial assets and liabilities at fair value through profit or loss (including derivative financial instruments).
 - B. Financial assets and liabilities at fair value through other comprehensive income.
 - C. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- (2) The preparation of consolidated financial statements in conformity with IFRSs endorsed by the FSC requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

4.3 Basis of consolidation

(1) Basis for preparation of consolidated financial statements:

A. All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

B. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

C. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are accounted for as equity transactions. 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.

E. When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

(2) Subsidiaries included in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership		
			March 31, 2021	December 31, 2020	March 31, 2020
The Company	SHUEN DER (B.V.I.) CO. (SHUEN DER(B.V.I.))	Investing activities	100%	100%	100%

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership		
			March 31, 2021	December 31, 2020	March 31, 2020
SHUEN DER (B.V.I.)	SDI China (SDI(JIANGSU))	Office supplies (Blades, stationery, etc.) and manufacturing and processing of electronic components	100%	100%	100%
The Company	CHAO SHIN METAL INDUSTRIAL CORPORATION (Chao Shin Metal)	Smelting and rolling of metal strips	84.62%	84.62%	84.62%
The Company	TEC BRITE TECHNOLOGY CO., LTD. (TEC Brite Technology)	Manufacturing of electronic components and international trade	54.98%	54.98%	54.98%

The financial statements for the three months ended March 31, 2021 and 2020 of aforementioned subsidiaries were not reviewed by independent auditors, except for those of the significant subsidiaries, i.e. SHUEN DER (B.V.I.) and SDI (JIANGSU).

(3) Subsidiaries excluded from the consolidated financial statements: None.

(4) Subsidiaries that have non-controlling interests that are material to the Group

Name of subsidiary	Percentage of Ownership of Non-controlling Interest		
	March 31, 2021	December 31, 2020	March 31, 2020
TEC Brite Technology	45.02%	45.02%	45.02%

Please refer to Table 6 for information of principal place of business and registered countries of TEC Brite Technology.

Name of subsidiary	Profit or Loss Distribute to Non-controlling Interest			
	Three Months Ended March 31			
	2021		2020	
TEC Brite Technology	\$	5,584	\$	12,899
Others		1,043		609
Total	\$	6,627	\$	13,508

Name of subsidiary	Non-controlling Interest					
	March 31, 2021		December 31, 2020			
	March 31, 2021		March 31, 2020			
TEC Brite Technology	\$	294,137	\$	288,554	\$	299,709
Others		44,058		43,014		44,252
Total	\$	338,195	\$	331,568	\$	343,961

The summary financial information (including the intra-company transactions) of subsidiaries are as follows :

Balance sheets

	TEC Brite Technology		
	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 557,148	\$ 555,295	\$ 647,700
Non-current assets	347,904	343,946	328,949
Current liabilities	(122,122)	(126,263)	(165,991)
Non-current liabilities	(125,288)	(129,376)	(142,271)
Equity	\$ 657,642	\$ 643,602	\$ 668,387
Equity attributable to:			
Shareholder of the parent	\$ 361,572	\$ 353,852	\$ 367,479
Non-controlling Interests of TEC Brite Technology	296,070	289,750	300,908
Total	\$ 657,642	\$ 643,602	\$ 668,387

Statements of comprehensive incomes

	TEC Brite Technology	
	Three Months Ended March 31	
	2021	2020
Revenue	\$ 153,838	\$ 178,744
Net profit for the period	\$ 14,040	\$ 28,651
Other comprehensive income	-	-
Total comprehensive income for the period	\$ 14,040	\$ 28,651
Net profit attributable to:		
Shareholder of the parent	\$ 7,719	\$ 15,752
Non-controlling interests of TEC Brite Technology	6,321	12,899
Total	\$ 14,040	\$ 28,651
Total comprehensive income attributable to:		
Shareholder of the parent	\$ 7,719	\$ 15,752
Non-controlling interests of TEC Brite Technology	6,321	12,899
Total	\$ 14,040	\$ 28,651

Statements of cash flows

	TEC Brite Technology	
	For the Three Months Ended March 31	
	2021	2020
Net cash generated from operating activities	\$ 16,239	\$ 19,250
Net cash used in investing activities	(25,517)	(1,428)
Net cash used in financing activities	(3,997)	(3,933)
Increase (decrease) in cash and cash equivalents	(13,275)	13,889
Cash and cash equivalents, beginning of the period	144,579	195,144
Cash and cash equivalents, end of the period	<u>\$ 131,304</u>	<u>\$ 209,033</u>
Dividends paid to non-controlling interests	<u>\$ -</u>	<u>\$ -</u>

4.4 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.

4.5 Income Tax

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. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and this is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

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

The same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2020, which were stated in Note 5.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

6.1 CASH AND CASH EQUIVALENTS

Items	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand and petty cash	\$ 1,184	\$ 958	\$ 1,316
Checking accounts and demand deposits	950,422	763,221	1,091,390
Total	<u>\$ 951,606</u>	<u>\$ 764,179</u>	<u>\$ 1,092,706</u>

(1) Time deposits with original maturities over three months was classified as other current financial assets as of March 31, 2021, December 31, 2020 and March 31, 2020.

(2) The cash and cash equivalents of the Group are not pledged to others.

(3) Please refer to Note 12 for related credit risk management and assessment.

6.2 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Items	March 31, 2021	December 31, 2020	March 31, 2020
Mandatorily measured at FVTPL			
Non-derivative financial assets			
Funds	\$ 57,344	\$ 57,302	\$ 59,873
Total	<u>\$ 57,344</u>	<u>\$ 57,302</u>	<u>\$ 59,873</u>

(1) The Group recognized net profit or loss of FVTPL for the three months ended March 31, 2021 and 2020 is \$42 thousand and (\$3,075) thousand.

(2) Financial instruments at fair value through profit or loss of the Group are not pledged to others.

6.3 NOTES RECEIVABLE

Items	March 31, 2021	December 31, 2020	March 31, 2020
Amortized at cost			
Gross carrying amount	\$ 160,029	\$ 146,342	\$ 130,437
Less: Loss allowance	(100)	(100)	(100)
Notes receivable, net	<u>\$ 159,929</u>	<u>\$ 146,242</u>	<u>\$ 130,337</u>

(1)As of March 31, 2021, December 31, 2020 and March 31, 2020, the banker's acceptance bill of the Group was \$125,572 thousand, \$122,214 thousand and \$105,497 thousand.

(2)The Group pledged bankers' acceptance bill as collaterals to banks, please refer to Note 8.

(3)Please refer to Note 6.4 for information on loss allowance for notes receivable.

6.4 ACCOUNTS RECEIVABLE

Items	March 31, 2021	December 31, 2020	March 31, 2020
Amortized at cost			
Gross carrying amount	\$ 1,923,470	\$ 1,771,701	\$ 1,499,822
Less: Loss allowance	(13,759)	(14,114)	(22,427)
Accounts receivable, net	<u>\$ 1,909,711</u>	<u>\$ 1,757,587</u>	<u>\$ 1,477,395</u>

(1)The accounts receivable was following the Group's credit policy determined by reference to the industrial characteristics, operating scale and profitability of the counterparties. The average credit term is due on monthly aggregate sales plus 30 to 150 days.

(2)The Group applies the simplified approach to providing expected credit losses prescribed under IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses are estimated using an allowance matrix with reference to past default experiences of the debtor, an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. The allowance matrix of different customer segments, the provision for loss allowance is based on the number of past due days.

(3)The following table detailed the loss allowance of notes and accounts receivable based on the Group's provision matrix (include overdues and related parties).

March 31, 2021

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 2,021,848	\$ (7,537)	\$ 2,014,311
Past due but not impaired			
Past due within 30 days	58,832	(1,535)	57,297
Past due 31-90 days	23,500	(2,626)	20,874
Past due 91-180 days	1,214	(660)	554

March 31, 2021

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Past due 181-365 days	\$ 717	\$ (717)	\$ -
Past due over 365 days	8,944	(8,944)	-
Total	\$ 2,115,055	\$ (22,019)	\$ 2,093,036

December 31, 2020

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 1,863,311	\$ (6,521)	\$ 1,856,790
Past due but not impaired			
Past due within 30 days	46,847	(2,256)	44,591
Past due 31-90 days	26,238	(2,851)	23,387
Past due 91-180 days	3,518	(996)	2,522
Past due 181-365 days	278	(278)	-
Past due over 365 days	9,484	(9,484)	-
Total	\$ 1,949,676	\$ (22,386)	\$ 1,927,290

March 31, 2020

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 1,561,657	\$ (6,344)	\$ 1,555,313
Past due but not impaired			
Past due within 30 days	55,873	(2,593)	53,280
Past due 31-90 days	42,788	(6,808)	35,980
Past due 91-180 days	3,363	(1,679)	1,684
Past due 181-365 days	333	(333)	-
Past due over 365 days	12,890	(12,890)	-
Total	\$ 1,676,904	\$ (30,647)	\$ 1,646,257

(4) Movements of the loss allowance for notes and accounts receivable (include overdues and related parties).

Items	Three Months Ended March 31	
	2021	2020
Balance, January 1	\$ 22,386	\$ 30,349
Add: Provision for impairment	-	398
Less: Reversal of impairment	(328)	-
Effect of exchange rate changes	(39)	(100)
Balance, March 31	<u>\$ 22,019</u>	<u>\$ 30,647</u>

(5)The Group has not held any collateral or other credit enhancement for accounts receivable as stated above.

(6)Please refer to Note 12 for information on the Group's management and measurement policies of credit risk.

6.5 INVENTORIES AND COST OF SALES

Items	March 31, 2021	December 31, 2020	March 31, 2020
Raw materials	\$ 1,137,237	\$ 977,419	\$ 1,022,900
Work-in-process	1,089,125	918,704	979,219
Finished goods	758,465	777,533	661,493
Goods	83,150	42,205	32,602
Inventory in transit	24,923	88,180	13,683
Total	<u>\$ 3,092,900</u>	<u>\$ 2,804,041</u>	<u>\$ 2,709,897</u>

(1)The cost of inventories recognized as expenses for the period :

Items	Three Months Ended March 31	
	2021	2020
Provision for loss on inventories	\$ 37,101	\$ 26,472
Unallocated fixed FOH	404	4,407
Loss on scrapped inventory	14,051	16,223
Total	<u>\$ 51,556</u>	<u>\$ 47,102</u>

(2)The inventories are not pledged by the Group.

6.6 PREPAYMENTS

Items	March 31, 2021	December 31, 2020	March 31, 2020
Prepaid expenses	\$ 27,233	\$ 28,432	\$ 30,249
Overpaid VAT	9,982	9,712	9,337
Input tax	14,166	10,280	8,996
Prepayment for purchases	9,647	32,814	6,392
Others	16,128	11,717	13,446
Total	<u>\$ 77,156</u>	<u>\$ 92,955</u>	<u>\$ 68,420</u>

6.7 OTHER FINANCAIL ASSETS-CURRENT

Items	March 31, 2021	December 31, 2020	March 31, 2020
Pledged time deposits	\$ 36,846	\$ 20,917	\$ 10,338
Restricted deposits	34,744	24,332	14,573
Total	<u>\$ 71,590</u>	<u>\$ 45,249</u>	<u>\$ 24,911</u>

Please refer to Note 8 for information on the amounts of pledged and restricted bank deposits.

6.8 FINANCAIL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME -NON-CURRENT

Items	March 31, 2021	December 31, 2020	March 31, 2020
Equity instrument			
Unlisted stock	\$ 2,203	\$ 2,203	\$ 2,203
Valuation Adjustments	14,158	14,695	14,125
Total	<u>\$ 16,361</u>	<u>\$ 16,898</u>	<u>\$ 16,328</u>

(1) The Group invests in unlisted stocks for medium and long-term strategic purposes and expects profit from long-term investments. Management of the Company decided to account the aforementioned investments in FVTOCI, due to recognizing short term gain or loss with FVTPL would against the medium and long-term investments.

(2) Financial assets at fair value through other comprehensive income of the Group are not pledged to others.

6.9 PROPERTY, PLANT AND EQUIPMENT

Items	March 31, 2021	December 31, 2020	March 31, 2020
Land	\$ 254,419	\$ 254,419	\$ 254,419
Buildings	2,341,370	2,355,346	2,326,574
Machinery	5,974,658	5,923,393	5,932,182
Molds	1,998,731	1,964,851	1,873,788
Other equipment	1,286,848	1,268,010	1,213,664
Equipment to be inspected and construction in progress	544,349	544,387	411,386
Total cost	12,400,375	12,310,406	12,012,013
Less: Accumulated depreciation and impairment	(8,016,100)	(7,894,377)	(7,558,923)
Total	\$ 4,384,275	\$ 4,416,029	\$ 4,453,090

	Land	Buildings	Machinery	Molds	Other equipment	Equipment under installation and construction in progress	Total
Cost							
Balance, January 1, 2021	\$ 254,419	\$ 2,355,346	\$ 5,923,393	\$ 1,964,851	\$ 1,268,010	\$ 544,387	\$ 12,310,406
Additions	-	597	9,267	1,648	9,518	148,702	169,732
Disposals	-	(10,032)	(13,692)	(3,144)	(3,493)	-	(30,361)
Reclassification	-	-	63,797	39,626	14,355	(148,402)	(30,624)
Effect of exchange rate difference	-	(4,541)	(8,107)	(4,250)	(1,542)	(338)	(18,778)
Balance, March 31, 2021	\$ 254,419	\$ 2,341,370	\$ 5,974,658	\$ 1,998,731	\$ 1,286,848	\$ 544,349	\$ 12,400,375
Accumulated depreciation and impairment							
Balance, January 1, 2021	\$ -	\$ (927,659)	\$ (4,443,855)	\$ (1,632,248)	\$ (890,615)	\$ -	\$ (7,894,377)
Depreciation expense	-	(17,263)	(76,965)	(47,208)	(21,580)	-	(163,016)
Disposals	-	10,032	13,666	3,144	3,451	-	30,293
Reclassification	-	-	(2,612)	-	2,612	-	-
Effect of exchange rate difference	-	1,378	5,544	2,976	1,102	-	11,000
Balance, March 31, 2021	\$ -	\$ (933,512)	\$ (4,504,222)	\$ (1,673,336)	\$ (905,030)	\$ -	\$ (8,016,100)

	Land	Buildings	Machinery	Molds	Other equipment	Equipment under installation and construction in progress	Total
Cost							
Balance, January 1, 2020	\$ 254,419	\$ 2,338,428	\$ 5,947,531	\$ 1,847,451	\$ 1,216,019	\$ 411,547	\$ 12,015,395
Additions	-	1,467	3,049	817	2,695	56,893	64,921
Disposals	-	(7,243)	(31,697)	-	(4,666)	-	(43,606)
Reclassification	-	-	24,251	30,792	1,625	(56,668)	-
Effect of exchange rate difference	-	(6,078)	(10,952)	(5,272)	(2,009)	(386)	(24,697)
Balance, March 31, 2020	<u>\$ 254,419</u>	<u>\$ 2,326,574</u>	<u>\$ 5,932,182</u>	<u>\$ 1,873,788</u>	<u>\$ 1,213,664</u>	<u>\$ 411,386</u>	<u>\$ 12,012,013</u>
Accumulated depreciation and impairment							
Balance, January 1, 2020	\$ -	\$ (859,443)	\$ (4,285,117)	\$ (1,480,403)	\$ (823,667)	\$ -	\$ (7,448,630)
Depreciation expense	-	(17,503)	(79,979)	(49,046)	(21,138)	-	(167,666)
Disposals	-	7,243	31,614	-	4,665	-	43,522
Effect of exchange rate difference	-	1,721	6,850	3,866	1,414	-	13,851
Balance, March 31, 2020	<u>\$ -</u>	<u>\$ (867,982)</u>	<u>\$ (4,326,632)</u>	<u>\$ (1,525,583)</u>	<u>\$ (838,726)</u>	<u>\$ -</u>	<u>\$ (7,558,923)</u>

(1) Please refer to Note 6.29 for information on the Group's capitalized interest.

(2) The property, plants, and equipment of the Group are not pledged to others.

6.10 LEASE ARRANGEMENT

(1) Right-of-use assets

Items	March 31, 2021	December 31, 2020	March 31, 2020
Land	\$ 92,822	\$ 92,822	\$ 87,390
Use right of land	77,422	77,836	76,086
Buildings	81,274	81,279	75,280
Total cost	251,518	251,937	238,756
Less: Accumulated depreciation and impairment	(29,077)	(24,958)	(17,088)
Total	<u>\$ 222,441</u>	<u>\$ 226,979</u>	<u>\$ 221,668</u>

	Land	Use right of land	Buildings	Total
Cost				
Balance, January 1, 2021	\$ 92,822	\$ 77,836	\$ 81,279	\$ 251,937
Effect of exchange rate difference	-	(414)	(5)	(419)

	Land	Use right of land	Buildings	Total
Balance, March 31, 2021	\$ 92,822	\$ 77,422	\$ 81,274	\$ 251,518
<u>Accumulated depreciation and impairment</u>				
Balance, January 1, 2021	\$ (12,340)	\$ (5,131)	\$ (7,487)	\$ (24,958)
Depreciation expense	(1,981)	(643)	(1,529)	(4,153)
Effect of exchange rate difference	-	33	1	34
Balance, March 31, 2021	\$ (14,321)	\$ (5,741)	\$ (9,015)	\$ (29,077)

	Land	Use right of land	Buildings	Total
<u>Cost</u>				
Balance, January 1, 2020	\$ 86,223	\$ 76,636	\$ 75,283	\$ 238,142
Additions	2,657	-	-	2,657
Derecognition	(1,490)	-	-	(1,490)
Effect of exchange rate difference	-	(550)	(3)	(553)
Balance, March 31, 2020	\$ 87,390	\$ 76,086	\$ 75,280	\$ 238,756
<u>Accumulated depreciation and impairment</u>				
Balance, January 1, 2020	\$ (7,975)	\$ (2,526)	\$ (3,940)	\$ (14,441)
Depreciation expense	(1,993)	(634)	(1,539)	(4,166)
Derecognition	1,490	-	-	1,490
Effect of exchange rate difference	-	26	3	29
Balance, March 31, 2020	\$ (8,478)	\$ (3,134)	\$ (5,476)	\$ (17,088)

(2) Lease liabilities

Items	March 31, 2021	December 31, 2020	March 31, 2020
Current	\$ 10,105	\$ 10,214	\$ 6,959
Non-current	\$ 95,634	\$ 98,046	\$ 92,472

Range of discounts rate for lease liabilities is as follow :

	March 31, 2021	December 31, 2020	March 31, 2020
Land	1.20%	1.20%	1.20%
Buildings	1.20%~4.13%	1.20%~4.13%	1.20%~4.26%

Please refer to Note 12 for information about the maturity analysis for lease liabilities.

(3) Material lease-in activities and terms

A. Land and Buildings

The Group leases land and plants with lease terms between 2015 and 2037, and paid \$4,123 thousand for guaranteed deposit for the lease. The Group and the lessor agreed that a plant may be built on the leased land by the Group. However, title deed of the plant should be registered by the lessor. The Group has the right to use the plant within the lease terms. The construction of the plant was completed in the third quarter of 2019.

B. Use right of land

SDI (JIANGSU) acquired land use rights at Jiangsu, mainland China which would be matured in November, 2047, November, 2067 and November, 2051, respectively, within granted useful terms in 50 years、70 years and 34 years, respectively.

During the terms of the land use right, SDI (JIANGSU) has the right to use, to receive the benefit from, to transfer the title of the land use right and to lease the land use right, and should undertake taxes and duties for using the land. The land use right was used to build plants, office buildings and employee dormitories.

(4) Other lease information

Items	Three Months Ended March 31	
	2021	2020
Expenses relating to short-term leases	\$ 855	\$ 760
Total cash outflow for leases	<u>\$ 4,128</u>	<u>\$ 2,804</u>

The Group elected to apply the recognition exemption for short-term leases and low-value asset leases and, did not recognize right-of-use assets and leases liabilities for these leases.

6.11 INTANGIBLE ASSETS

Items	March 31, 2021	December 31, 2020	March 31, 2020
Trademarks	\$ 2,576	\$ 2,674	\$ 2,469
Patent	48,222	62,226	66,308
Computer software	29,338	40,119	34,610
Total	80,136	105,019	103,387
Less: Accumulated amortization	(30,675)	(51,525)	(40,754)
Intangible assets, net	\$ 49,461	\$ 53,494	\$ 62,633

Three Months Ended March 31, 2021

	Trademarks	Patent	Computer software	Total
<u>Cost</u>				
Balance, January 1	\$ 2,674	\$ 62,226	\$ 40,119	\$ 105,019
Additions	140	1,223	467	1,830
Disposals	(238)	(15,227)	(11,213)	(26,678)
Effect of exchange rate difference	-	-	(35)	(35)
Balance, March 31	\$ 2,576	\$ 48,222	\$ 29,338	\$ 80,136

<u>Accumulated amortization</u>				
Balance, January 1	\$ (1,700)	\$ (24,394)	\$ (25,431)	\$ (51,525)
Amortization expense	(80)	(3,301)	(2,472)	(5,853)
Disposals	238	15,227	11,213	26,678
Effect of exchange rate difference	-	-	25	25
Balance, March 31	\$ (1,542)	\$ (12,468)	\$ (16,665)	\$ (30,675)

Three Months Ended March 31, 2020

	Trademarks	Patent	Computer software	Total
<u>Cost</u>				
Balance, January 1	\$ 2,501	\$ 69,193	\$ 40,873	\$ 112,567
Additions	-	717	6,162	6,879
Disposals	(32)	(3,602)	(14,322)	(17,956)

	Three Months Ended March 31, 2020			
	Trademarks	Patent	Computer software	Total
Reclassified	\$ -	\$ -	\$ 1,940	\$ 1,940
Effect of exchange rate difference	-	-	(43)	(43)
Balance, March 31	<u>\$ 2,469</u>	<u>\$ 66,308</u>	<u>\$ 34,610</u>	<u>\$ 103,387</u>
Accumulated amortization				
Balance, January 1	\$ 1,518	\$ 25,045	\$ 25,873	\$ 52,436
Amortization expense	86	3,639	2,562	6,287
Disposals	(32)	(3,602)	(14,322)	(17,956)
Effect of exchange rate difference	-	-	(13)	(13)
Balance, March 31	<u>\$ 1,572</u>	<u>\$ 25,082</u>	<u>\$ 14,100</u>	<u>\$ 40,754</u>

The intangible assets of the Group are not pledged to others.

6.12 OTHER NON-CURRENT ASSETS

Items	March 31, 2021	December 31, 2020	March 31, 2020
Prepayments for equipment	\$ 56,068	\$ 13,210	\$ 37,122
Refundable deposits	12,726	13,056	11,981
Overdue receivables	8,160	8,172	8,120
Less: loss allowance	(8,160)	(8,172)	(8,120)
Prepayments for software	15,618	15,591	-
Others	103	52	601
Total	<u>\$ 84,515</u>	<u>\$ 41,909</u>	<u>\$ 49,704</u>

Please refer to Note 8 for the information on the refundable deposits that were pledged to others.

6.13 SHORT-TERM LOANS

Type of loans	March 31, 2021	December 31, 2020	March 31, 2020
Secured loans	\$ -	\$ 9,690	\$ -
Unsecured loans	808,262	778,872	710,150
Total	\$ 808,262	\$ 788,562	\$ 710,150
Interest rate range	1.75%~4.75%	1.80%~4.84%	1.20%~4.35%

Please refer to Note 8 for the information of pledging the banker's acceptance bill received from China counterparties for secured loans.

6.14 SHORT-TERM NOTES AND BILLS PAYABLES

Items	March 31, 2021	December 31, 2020	March 31, 2020
China Bills Finance Corporation	\$ 10,000	\$ 10,000	\$ 10,000
Less: Unamortized discounts	(4)	(15)	(2)
Total	\$ 9,996	\$ 9,985	\$ 9,998
Interest rate range	1.06%	1.06%	1.16%

6.15 NOTES PAYABLE

Items	March 31, 2021	December 31, 2020	March 31, 2020
Notes payable-operating activities	\$ 173,734	\$ 105,124	\$ 43,583
Total	\$ 173,734	\$ 105,124	\$ 43,583

6.16 OTHER PAYABLES

Items	March 31, 2021	December 31, 2020	March 31, 2020
Accrued salaries and bonuses	\$ 186,053	\$ 236,818	\$ 140,100
Payable for equipment and construction	88,198	43,958	29,378
Accrued supplies expense	48,794	47,786	33,712
Compensation payable of employees, directors and supervisors	18,154	11,766	18,502

Items	March 31, 2021	December 31, 2020	March 31, 2020
Accrued repairs and maintenance	\$ 19,603	\$ 24,136	\$ 23,978
Accrued utilities expense	24,369	24,026	23,163
Accrued insurance expense	18,012	16,592	16,118
Others	112,422	103,742	97,772
Total	\$ 515,605	\$ 508,824	\$ 382,723

6.17 LONG-TERM LOANS AND ITS CURRENT PORTION

Items	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured loans	\$ 1,527,889	\$ 1,577,608	\$ 1,842,236
Less: Current portion	(169,239)	(145,920)	(100,013)
Discounted government grants (Note 6.18)	(6,551)	(7,130)	-
Total	\$ 1,352,099	\$ 1,424,558	\$ 1,742,223
Interest rate range	0.45%~5.21%	0.45%~5.15%	0.70%~4.98%
Year to maturity	2021~2027	2021~2027	2020~2026

- (1)The loans from Bank of Taiwan, Mega Bank, E.SUN Bank, Chang Hwa Bank and The Shanghai Commercial & Savings Bank are repaid in installments, the rest of the loans will be repaid in full on the maturity date.
- (2)Under the Group's loan agreement with certain banks in the fourth quarter of 2019, the Group should meet several financial ratios and criteria. The Group had no violation of the aforementioned financial ratio regulations as of March 31, 2021, December 31, 2020 and March 31, 2020.

6.18 GOVERNMENT GRANTS

- (1)The Company has obtained a \$795,000 thousand preferential interest rate loan from a government under the "Action Plan Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" for capital expenditure and operating turnover. The difference between transaction price and fair value is regarded as the government grants. As of March 31, 2021, the fair value of loan is estimated to be \$788,449 thousand. The difference \$6,551 between transaction price and fair value is recognized as deferred income (under other non-current liabilities). The deferred revenue is recognized as other income during the loan period. The Company has recognized \$579 thousand in

other income, \$1,675 thousand in interest expense for the loan, and paid \$1,096 thousand interests to the bank.

- (2)The National Development Fund would cease providing the Company related interest subsidies if the Company violated requirements of the project loan due to not be able to build plants and relevant facilities, purchase equipment or use as mid-term working capital.

6.19 RETIREMENT BENEFIT PLANS

(1)Defined contribution plans

- A.The plan under Labor Pension Act (the “Act”) of the R.O.C. is deemed a defined contribution plan. Pursuant to the Act, the Company, Chao Shin Metal Industrial Corporation and TEC Brite Technology CO., LTD. have made monthly contributions equal to 6% of each employee’s monthly salary to employees’ pension accounts.
- B. The foreign subsidiaries also make contribution in accordance with the rate specified in the plans in the local regulations, which is a defined contribution plan.
- C. The Group’s recognized expenses in the consolidated statement of comprehensive income were \$14,506 thousand, \$12,801 thousand under the contributions rates specified in the plans for the three months ended March 31, 2021 and 2020, respectively.

(2)Defined benefit plans

- A. The Company, Chao Shin Metal Industrial Corporation and TEC Brite Technology CO., LTD. have defined benefit plans in accordance with Labor Standards Law of the R.O.C. Pension benefits are based on the number of units accrued and average monthly salaries and wages of the last 6 months prior to retirement. The Company, Chao Shin Metal Industrial Corporation and TEC Brite Technology CO., LTD make monthly contributions of 6%, 6% and 2% respectively of each individual employee’s salary to employees’ pension accounts, which submit to the Labor Retirement Reserve Supervisory Committee to the retirement fund deposited in Bank of Taiwan under the name of the committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of each year. If the amount of the balance in the pension fund is not enough to pay the pension to the labors expected to be qualified for retirement in the following year, the Company will make contribution for the deficit by next March. The Fund is managed by the Government's designated authorities and the Company have no right to influence their investment strategies.
- B. Due to no major downsize, discharges, significant one-time matters and major changes of market happened after the last fiscal year ended, the Group evaluated the periodic pension cost considered the actuarial report of 2020 and 2019 and disclosed the midterm cost.

C. The Group's recognized expenses in the consolidated statement of comprehensive income were \$733 thousand and \$754 thousand under the defined benefit plans for the three months ended March 31, 2021 and 2020, respectively.

6.20 COMMON STOCKS

(1) Movements in the number of the Group's common shares outstanding were as follows:

	Three Months Ended March 31			
	2021		2020	
	Shares (in Thousands)	Capital	Shares (in Thousands)	Capital
Beginning Balance	182,140	\$ 1,821,403	182,140	\$ 1,821,403
Ending Balance	182,140	\$ 1,821,403	182,140	\$ 1,821,403

The par value of common stock is \$10 per share, carrying one vote per share and carry a right to dividends.

(2) The Company's authorized capital was \$2,700,000 thousand, consisting of 270,000 thousand shares as of March 31, 2021.

6.21 CAPITAL SURPLUS

Items	March 31, 2021	December 31, 2020	March 31, 2020
Additional paid-in capital	\$ 451,220	\$ 451,220	\$ 451,220
Long-term investments at equity	3,546	3,546	3,546
Treasury stock transactions	30,359	30,359	30,359
Others	454	278	132
Total	\$ 485,579	\$ 485,403	\$ 485,257

(1) Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock and from donations can be used to offset deficit or may be distributed as stock dividends or cash dividends. Under the regulations of the Security Exchange Law, the maximum amount transferred from the foregoing capital surplus to the Company's capital per year shall not be over 10% of the Company's capital surplus. Capital surplus can't be used to offset deficit unless legal reserve is insufficient.

- (2) The capital surplus from long-term investments and stock warrants may not be used for any purpose.

6.22 RETAINED EARNINGS

- (1) According to the Company's Article of Incorporation, the current year's earnings, if any, shall first pay taxes, offset its losses, set aside a legal capital reserve at 10% of the remaining earnings until the accumulated legal capital reserve equals the Company's paid-in capital then reversal or set aside a special capital reserve in accordance with relevant laws. Any balance left over shall be allocated with unappropriated earnings submitted by the Board of Directors to be approved at a shareholders' meeting according to the Company's Articles of Incorporation 32 para 1 ad finem.

The Company's dividend policy was established by the Board of Directors according to operating plans, investment plans, capital budgets, internal and external changes. Due to the Company's steady growth, distribution of earnings will first consider to be allocated by cash dividend before stock dividend. Stock dividends distributed shall not be higher than 50% of the gross amount of total dividends.

- (2) Legal reserve may only be used to offset a deficit or to distribute as dividend in cash or in stock for the portion in excess of 25% of the Company's paid-in capital.

- (3) Special reserve

Items	March 31, 2021	December 31, 2020	March 31, 2020
Special reserve	\$ 155,570	\$ 155,570	\$ 101,183

A. In accordance with the regulation, the Company shall set aside special reserve from the debit balance on other equity item at the end of the year before distributing earnings. When debit balance on other equity is reversed subsequently, the reversed amount could be included in the distributable earnings.

B. On initial application of IFRSs, the unrealized revaluation increments and cumulative translation adjustment should be reclassified into retained earnings, and was set aside as special reserve \$53,205 in accordance with rule No.1010012865 issue by the FSC. When the relevant assets are used, disposal of or reclassified subsequently, the special reserve set aside previously shall be reversed to distributable earnings proportionately.

- (4) The appropriations of 2020 and 2019 earnings have been approved by shareholders' meetings held on March 9, 2021 and June 23, 2020, respectively. The appropriations of earnings and dividends per share were as follows:

Items	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Year 2020	For Year 2019	For Year 2020	For Year 2019
Legal reserve	\$ 34,535	\$ 50,253		
Special reserve	(20,928)	54,387		
Cash dividends to shareholders	327,852	327,852	\$ 1.80	\$ 1.80

The appropriations of earnings for 2020 are to be presented for approval in the shareholders' meeting to be held on June, 2021.

- (5) Information on the resolution regarding the appropriation of earnings of the Board of Directors' and shareholders' meetings is available from the Market Observation Post System on the website of the TSE.

6.23 OTHER EQUITY

Items	Exchange differences on translation of foreign financial statements	Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance, January 1, 2021	\$ (147,809)	\$ 13,167	\$ (134,642)
Exchange differences on translation of foreign financial statements	(7,384)	-	(7,384)
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	-	(412)	(412)
Balance, March 31, 2021	\$ (155,193)	\$ 12,755	\$ (142,438)

Items	Exchange differences on translation of foreign financial statements	Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance, January 1, 2020	\$ (168,987)	\$ 13,417	\$ (155,570)
Exchange differences on translation of foreign financial statements	(9,107)	-	(9,107)
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	-	(711)	(711)

Items	Exchange differences on translation of foreign financial statements	Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance, March 31, 2020	\$ (178,094)	\$ 12,706	\$ (165,388)

6.24 NON-CONTROLLING INTEREST

Items	Three Months Ended March 31	
	2021	2020
Balance, January 1	\$ 331,568	\$ 330,453
Attributable to non-controlling interests:		
Net income	6,627	13,508
Balance, March 31	\$ 338,195	\$ 343,961

6.25 OPERATING REVENUE

Items	For the Three Months Ended March 31	
	2021	2020
Revenue from contracts with customers		
Sale of goods	\$ 2,440,811	\$ 1,931,000
Service revenue	5,907	4,257
Subtotal	2,446,718	1,935,257
Other operating revenues	5,496	4,558
Total	\$ 2,452,214	\$ 1,939,815

(1) Description of customer contract

The Group is mainly engaged in the sale of lead frames and stationery. The main target customers of the Company are downstream vendors and agents, etc., and the Company sells at price stipulated in contracts. The consideration is classified as short-term receivables, and is therefore measured at invoice price.

(2) Disaggregation of revenue from contracts with customers

Major products /Service line	Three Months Ended March 31, 2021					
	China	Taiwan	Japan	Malaysia	Others	Total
Electronic	\$ 1,024,434	\$ 230,302	\$ 248,262	\$ 183,494	\$ 350,686	\$ 2,037,178
Stationery	42,373	126,042	46,257	596	181,259	396,527
Others	3,373	40	-	4,190	5,410	13,013
Total	<u>\$ 1,070,180</u>	<u>\$ 356,384</u>	<u>\$ 294,519</u>	<u>\$ 188,280</u>	<u>\$ 537,355</u>	<u>\$ 2,446,718</u>
Timing of revenue recognition						
Performance obligation satisfied at a point in time	<u>\$ 1,070,180</u>	<u>\$ 356,384</u>	<u>\$ 294,519</u>	<u>\$ 188,280</u>	<u>\$ 537,355</u>	<u>\$ 2,446,718</u>

Major products /Service line	Three Months Ended March 31, 2020					
	China	Taiwan	Japan	Malaysia	Others	Total
Electronic	\$ 717,204	\$ 119,119	\$ 231,806	\$ 178,325	\$ 353,999	\$ 1,600,453
Stationery	34,285	94,988	55,160	188	144,899	329,520
Others	-	5,267	-	17	-	5,284
Total	<u>\$ 751,489</u>	<u>\$ 219,374</u>	<u>\$ 286,966</u>	<u>\$ 178,530</u>	<u>\$ 498,898</u>	<u>\$ 1,935,257</u>
Timing of revenue recognition						
Performance obligation satisfied at a point in time	<u>\$ 751,489</u>	<u>\$ 219,374</u>	<u>\$ 286,966</u>	<u>\$ 178,530</u>	<u>\$ 498,898</u>	<u>\$ 1,935,257</u>

(3) The recognized contract liabilities arising from contracts with customers are as follows:

Items	March 31, 2021	December 31, 2020	March 31, 2020
Contract liabilities			
-current	<u>\$ 127,310</u>	<u>\$ 78,902</u>	<u>\$ 96,529</u>

6.26 PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

By nature	Three Months Ended March 31, 2021			Three Months Ended March 31, 2020		
	Cost of sales	Operating expense (include non-operating)	Total	Cost of sales	Operating expense (include non-operating)	Total
Personnel						
Salary	\$ 279,618	\$ 98,092	\$ 377,710	\$ 231,701	\$ 73,582	\$ 305,283
Labor insurance	21,984	7,152	29,136	20,184	6,425	26,609
Pension	11,256	3,983	15,239	10,456	3,099	13,555
Other	25,438	9,094	34,532	21,961	8,684	30,645
Depreciation	154,673	12,496	167,169	158,715	13,117	171,832
Amortization	626	5,227	5,853	361	5,926	6,287
Total	\$ 493,595	\$ 136,044	\$ 629,639	\$ 443,378	\$ 110,833	\$ 554,211

(1) In accordance with the Company's Article of incorporation, the Company is stipulated to distribute compensation of employees at the rate of 1.5% of profit before tax, and directors' and supervisors' remuneration at the rate not higher than 1.5% of profit before tax. For the three months ended March 31, 2021 and 2020, the employees' compensation was accrued at \$3,549 thousand and \$932 thousand, directors' and supervisors' remuneration were accrued at \$2,839 thousand and \$745 thousand. The Company accrued employees' compensation and remuneration of directors and supervisors at the rates 1.5% and 1.2%, respectively, of net profit before income tax. If there is a change in the proposed amount after the annual financial statement are authorized for issue, the difference will be recorded as a change in accounting estimate and adjusted in the next fiscal year.

(2) The appropriations of employees' compensation and directors' and supervisors' remuneration for 2020 and 2019 have been approved by the board of directors held on March 9, 2021, and March 6, 2020, respectively. The amount of approved and recognized in financial statement is shown as follows:

	For Year 2020		For Year 2019	
	Employees' compensation	Directors' and supervisors' remuneration	Employees' compensation	Directors' and supervisors' remuneration
Amounts approved in meeting	\$ 6,537	\$ 5,229	\$ 9,347	\$ 7,478
Amounts recognized in respective financial statement	6,537	5,229	9,347	7,478
Difference	\$ -	\$ -	\$ -	\$ -

The employee compensation of 2020 and 2019 are paid in cash.

(3) Information regarding employees' compensation and directors' and supervisors' remuneration is available from the Market Observation Post System at the website of the TWSE.

6.27 OTHER INCOME

Items	Three Months Ended March 31	
	2021	2020
Rental income	\$ 106	\$ 87
Government subsidies	587	14,155
Dividend income	362	445
Others	2,255	1,397
Total	<u>\$ 3,310</u>	<u>\$ 16,084</u>

6.28 OTHER GAINS AND LOSSES

Items	Three Months Ended March 31	
	2021	2020
Net gains (losses) on financial assets and liabilities at FVTPL	\$ 42	\$ (3,075)
Gain on disposal of property, plant and equipment	26	2,472
Foreign exchange gain (losses), net	(12,558)	3,508
Others	(828)	(260)
Total	<u>\$ (13,318)</u>	<u>\$ 2,645</u>

6.29 FINANCIAL COSTS

Items	Three Months Ended March 31	
	2021	2020
Interest expense		
Bank loans	\$ 15,374	\$ 14,326
Interest on lease liabilities	322	295
Less: capitalized amount for qualified assets	(436)	(314)

Items	Three Months Ended March 31	
	2021	2020
Financial costs	\$ 15,260	\$ 14,307
Interest capitalization rates	0.71%~4.32%	1.44%~4.32%

6.30 INCOME TAX

(1) Components of income tax expense:

Items	Three Months Ended March 31	
	2021	2020
<u>Current income tax expense</u>		
Current tax expense (benefit) recognized in the current year	\$ 57,032	\$ 24,931
Income tax adjustments on prior years	1,274	3,114
Current tax	58,306	28,045
<u>Deferred income tax expense</u>		
The origination and reversal of temporary differences	(7,319)	(17,234)
Deferred tax	(7,319)	(17,234)
Income tax expense recognized in profit or loss	\$ 50,987	\$ 10,811

The Group used each subsidiary as filed subjects for income tax. Income tax rate of the Company, Chao Shin Metal and TEC Brite Technology is 20%, and the tax rate for retained earnings is 5%. Tax rates used by other jurisdiction shall be based on related local tax laws.

(2) Income tax benefits (expenses) recognized in other comprehensive income were as follows:

Items	Three Months Ended March 31	
	2021	2020
Exchange differences arising on translation of foreign operations	\$ (1,846)	\$ (2,277)
Financial assets at fair value through other comprehensive income	(125)	(179)
Total	\$ (1,971)	\$ (2,456)

(3)The income tax returns of the Company through 2018 and the income tax returns of Chao Shin Metal Industrial Corporation and TEC Brite Technology CO., LTD. through 2019 have examined by tax authority.

6.31 OTHER COMPREHENSIVE INCOME

Items	Three Months Ended March 31, 2021		
	Before tax	Income tax (expense) benefit	After tax
Items that will not be reclassified subsequently to profit or loss:			
Unrealized gains (losses) on debt investments at fair value through other comprehensive income	\$ (537)	\$ 125	\$ (412)
Subtotal	(537)	125	(412)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	(9,230)	1,846	(7,384)
Subtotal	(9,230)	1,846	(7,384)
Total	\$ (9,767)	\$ 1,971	\$ (7,796)

Items	Three Months Ended March 31, 2020		
	Before tax	Income tax (expense) benefit	After tax
Items that will not be reclassified subsequently to profit or loss:			
Unrealized gains (losses) on debt investments at fair value through other comprehensive income	\$ (890)	\$ 179	\$ (711)
Subtotal	(890)	179	(711)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	(11,384)	2,277	(9,107)
Subtotal	(11,384)	2,277	(9,107)
Total	\$ (12,274)	\$ 2,456	\$ (9,818)

6.32 EARNINGS PER SHARE

The earnings for earnings per share calculated and weighted average number of ordinary shares are as follows :

Items	Three Months Ended March 31	
	2021	2020
Basic earnings per share		
Net income attributable to ordinary shareholders of the Company	\$ 185,031	\$ 48,580
Net income for calculating basic earnings per share	\$ 185,031	\$ 48,580
Weighted average shares outstanding (thousand shares)	182,140	182,140
Basic earnings per share (after tax) (in dollars)	\$ 1.02	\$ 0.27
Diluted earnings per share		
Net income attributable to ordinary shareholders of the Company	\$ 185,031	\$ 48,580
Net income for calculating diluted earnings per share	\$ 185,031	\$ 48,580
Weighted average shares outstanding (thousand shares)	182,140	182,140
Effect of dilutive potential common shares		
Employees' compensation (thousand shares)	101	140
Weighted average shares outstanding for diluted earnings per share (thousand shares)	182,241	182,280
Diluted earnings per share (after tax) (in dollars)	\$ 1.02	\$ 0.27

If the Company is able to settle the employee compensation by cash or stocks, the employee compensation should be assumed to be settled in stocks and the resulting potential shares increased should be included in the weighted average shares outstanding in calculation of diluted earnings per share, if the shares have a dilutive effect. Such dilutive effect of the potential shares needs to be included in the calculation of diluted earnings per share until employee compensation is approved in the following year.

7. RELATED PARTY TRANSACTIONS

Intercompany balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation; therefore, those items are not disclosed in this note. The following is a summary of transactions between the Company and other related parties:

(1) Related party name and categories

Related Party	Related Party Categories
NIPPON FILCON CO.,LTD.	Investors with significant influence over the Group
SJD Industries (M) Sdn. Bhd	Other related parties
SDI JAPAN CO.,LTD.	Other related parties

(2) Significant transactions between related parties

A. Revenue

Related Party	Three Months Ended March 31	
	2021	2020
Investors with significant influence over the Group	\$ 1,922	\$ 576
Other related parties	9,841	12,651
Total	<u>\$ 11,763</u>	<u>\$ 13,227</u>

Selling prices between related parties were determined and negotiated referring to related market prices. Payment terms were ranging from T/T 60 to 240 days.

B. Purchases

Related Party	Three Months Ended March 31	
	2021	2020
Investors with significant influence over the Group	\$ 1,245	\$ 1,230
Other related parties	1,474	132
Total	<u>\$ 2,719</u>	<u>\$ 1,362</u>

Purchasing prices between related parties were determined and negotiated referring to related market prices. The payment terms were ranging from T/T 60 to 90 days.

C. Receivables due from related parties

Items	Related Party	March 31, 2021	December 31, 2020	March 31, 2020
Accounts receivable	Investors with significant influence over the Group	\$ 1,498	\$ 202	\$ 581
	Other related parties	21,898	23,259	37,944
	Total	<u>\$ 23,396</u>	<u>\$ 23,461</u>	<u>\$ 38,525</u>
Other receivables	Other related parties	<u>\$ 57</u>	<u>\$ -</u>	<u>\$ 383</u>

D. Payables due to related parties

Items	Related Party	March 31, 2021	December 31, 2020	March 31, 2020
Accounts payable	Investors with significant influence over the Group	\$ 210	\$ -	\$ -
	Other related parties	1,458	-	-
	Total	<u>\$ 1,668</u>	<u>\$ -</u>	<u>\$ -</u>
Other payables	Other related parties	<u>\$ 968</u>	<u>\$ 440</u>	<u>\$ 229</u>

E. Other transactions

Items	Related Party	Three Months Ended March 31	
		2021	2020
Consumable expenses	Investors with significant influence over the subsidiaries	<u>\$ 443</u>	<u>\$ -</u>
Other income	Other related parties	<u>\$ 80</u>	<u>\$ 68</u>

F. Property transaction

Items	Related Party	Three Months Ended March 31	
		2021	2020
Machinery	Investors with significant influence over the subsidiaries	<u>\$ 16,858</u>	<u>\$ 355</u>

(3) Compensation of key management personnel

Items	Three Months Ended March 31	
	2021	2020
Short-term employee benefits	\$ 12,292	\$ 7,950
Post-employment benefits	139	77
Total	<u>\$ 12,431</u>	<u>\$ 8,027</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows :

Items	March 31, 2021	December 31, 2020	March 31, 2020
Pledge time deposits (recognized as other financial assets - current)	\$ 36,846	\$ 20,917	\$ 10,338
Restricted deposits (recognized as other financial assets - current)	34,744	24,332	14,573
Notes receivable (the banker's acceptance notes)	81,800	86,302	46,876
Refundable deposits (recognized as other non-current assets)	<u>1,078</u>	<u>1,080</u>	<u>794</u>
Total	<u>\$ 154,468</u>	<u>\$ 132,631</u>	<u>\$ 72,581</u>

9. SIGNIFICANT CONTINGENCY LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) Significant commitments

A. The unused letters of credit for purchasing raw materials and equipment as of March 31, 2021 is \$11,906 thousand.

B. Capital expenditures committed but not yet incurred are as follows :

Items	March 31, 2021	December 31, 2020	March 31, 2020
Property, plant, and equipment	<u>\$ 352,440</u>	<u>\$ 331,818</u>	<u>\$ 341,315</u>

C. Property transaction

In order to fulfill operational and productivity expansion strategies, the Group is planning to acquire new land and plants. On March 9, 2021 board of directors passed a resolution and authorized chairman to conduct the purchase of land and plants. The Group intends to purchase the land and plants in Da-gang Section, Nantou City

currently owned by KOAN HAO TECHNOLOGY CO., LTD. with an area of approximately 5,880 square meters for land and 3,514 square meters for plants, respectively. The proposed purchase price of the land and plants is 323,700 thousand, and the Group has paid 3,000 thousand as the earnest payment in March 2021. The formal contract has not been signed as of May 7, 2021.

10. SIGNIFICANT DISASTERS: NONE.

11. SIGNIFICANT SUBSEQUENT EVENTS: NONE.

12. OTHERS

12.1 Seasonality or periodicity of operations

The operation of the Group's is not influenced by seasonal or periodical factors.

12.2 Capital risk management

There were no changes to the Group's policies for capital risk management from those described in the consolidated financial statements for the year ended December 31, 2020. Please refer to Note 12.1 of the consolidated financial statements for the year ended December 31, 2020 for the related information.

12.3 Financial instruments

(1) Financial risks on financial instruments

Financial risk management policies

The Group's activities are exposed to a variety of financial risks. These financial risks included market risk (i.e. foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and seeks to mitigate potential adverse effects on its financial performance.

The Group's material financial activities are approved by the Board of Directors in accordance with relevant requirements and internal control mechanism, which requires the Group to comply with its financial operating policies and procedures that provide guiding principles for the overall financial risk management and accountability and separation of duties.

Significant financial risks and degrees of financial risk

A. Market risk

a. Foreign exchange risk

- i. There were no significant changes in the nature and degree of material financial risk from those described in the consolidated financial statements for the year ended December 31, 2020. Please refer to Note 12.2 of the consolidated financial statements for the year ended December 31, 2020 for the related information.

ii. Sensitivity analysis of foreign currency risk

				March 31, 2021		
				Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial Assets</u>						
Monetary Items						
USD	\$	62,287		28.53	\$	1,777,046
JPY		160,028		0.26		41,247
<u>Financial Liabilities</u>						
Monetary Items						
USD		39,260		28.53		1,120,100
JPY		228,346		0.26		58,856

				December 31, 2020		
				Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial Assets</u>						
Monetary Items						
USD	\$	57,224		28.48	\$	1,629,746
JPY		169,021		0.28		46,759
<u>Financial Liabilities</u>						
Monetary Items						
USD		27,074		28.48		771,063
JPY		129,306		0.28		35,772

				March 31, 2020		
				Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial Assets</u>						
Monetary Items						
USD	\$	53,294		30.23	\$	1,611,075
JPY		244,533		0.28		68,237
<u>Financial Liabilities</u>						
Monetary Items						
USD		29,332		30.23		886,701
JPY		57,330		0.28		15,998

Foreign currency risks of the Group are mainly exposed to US dollar and JPY. The sensitivity analysis for the Group is 1% increase/decrease in NTD against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates. An increase/decrease in profit before tax would be resulted where the NTD strengthens/weakens 1% against the relevant currency with all other variables held constant in the amounts of \$6,393 thousand and \$7,766 thousand for the three months ended March 31, 2021 and 2020, respectively.

b. Price risk

The Group is exposed to the price risk of funds and unlisted equity securities because these equity investments held by the Group are classified as financial assets at fair value through profit, loss or financial assets at fair value through other comprehensive income.

The Group mainly invests in funds and equity instrument of unlisted stocks. The prices of funds and equity instrument of unlisted stocks would change due to the uncertainty of the future value.

If the prices of these equity securities had increased/decreased by 1%, the profit before tax and other comprehensive income before tax would have increased/decreased by \$573 thousand, \$164 thousand, \$599 thousand and \$163 thousand for the three months ended March 31, 2021 and 2020, respectively, due from increase/decrease in fair value.

c. Interest rate risk

The carrying amounts of interest - bearing financial instruments held by the Group as of the reporting date are as follows:

Items	Carrying Amounts		
	March 31, 2021	December 31, 2020	March 31, 2020
Fair value interest rate risk			
Financial assets	\$ 1,378	\$ 1,880	\$ 1,294
Financial liabilities	(9,996)	(9,985)	(9,998)
Net	\$ (8,618)	\$ (8,105)	\$ (8,704)
Cash flow interest rate risk			
Financial assets	\$ 1,013,502	\$ 802,088	\$ 1,108,554
Financial liabilities	(2,329,600)	(2,359,040)	(2,552,386)
Net	\$ (1,316,098)	\$ (1,556,952)	\$ (1,443,832)

Sensitivity analysis for instruments with fair value interest rate risk

The Group does not classify any fixed-rate instruments as financial assets measured at fair value through profit and loss. In addition, the Group does not designate derivatives as hedge instruments under the fair value hedge accounting model. Therefore, the change in interest rate on the reporting date has no effect on profit or loss and other comprehensive income.

Sensitivity analysis for instruments with cash flow interest rate risk

The effective interest rates for the Group's floating interest rate financial instruments are susceptible to the market interest rate. If the market interest rate increases/decreases 1%, the profit before tax will increase/decrease \$3,290 thousand and \$3,610 thousand for the three months ended March 31, 2021 and 2020, respectively.

B. 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 Group is exposed to credit risk from operation activities, primarily trade receivable, and from investing activities, primarily bank deposits and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

(a) Business - related credit risk

In order to maintain the credit quality of the trade receivables, the Group has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed taking into account relevant factors that may affect a customer's paying ability, such as the customer's financial condition and historical transaction records, internal and external credit rating and economic conditions.

The Group does not hold any collateral or other credit enhancement to hedge against the credit risk of financial assets.

(b) Financial credit risk

The Group's exposure to financial credit risk pertaining to bank deposits and other financial instruments was evaluated and monitored by the Group's treasury function. The Group only transacts with creditworthy counterparties and banks; therefore, no significant financial credit risk was identified.

i. Credit concentration risk

As of March 31, 2021 and December 31, 2020 and March 31, 2020, the proportion of the accounts receivable exceeds 10% of the total accounts receivable, representing 24%, 12% and 11%, respectively. The credit concentration risk associated with other accounts receivable is relatively insignificant.

ii. Measurement of expected credit losses

- (i) Accounts receivable: The Group applies simplified approach to accounts receivable. Please refer to Note 6.4 for more information.
- (ii) The criteria used to determine whether credit risk has increased significantly: The Group considered credit factors and reviewed relevant information associated with debtors to assess whether credit risks on financial instruments have increased significantly since initial recognition
- iii. Holding collateral and other credit enhancement to hedge against credit risk of financial assets: None.
- iv. Credit risk of financial assets measured at amortized cost
Please refer to Note 6.4 for information on the Group's credit exposures associated with accounts receivable. Other financial instruments amortized at cost, such as cash and cash equivalents and other receivables, have low credit losses; therefore, the loss allowance for those instruments is measured at an amount equal to 12-month expected credit losses. After assessment, the Group determined that no material impairment occurred.

C. Liquidity risk

(a) Liquidity risk management

The objective of the Group's management of liquidity risk is to maintain sufficient cash and cash equivalents, highly liquid securities, and banking facilities to ensure that the Group has sufficient financial flexibility for its operations.

(b) Maturity analysis for financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities:

Non-derivative Financial Liabilities	March 31, 2021				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Short-term loans	\$ 817,802	\$ -	\$ -	\$ 817,802	\$ 808,262
Short-term notes and bills payable	10,007	-	-	10,007	9,996
Notes payable	173,734	-	-	173,734	173,734
Accounts payable	1,173,035	-	-	1,173,035	1,173,035
Other payables	484,334	-	-	484,334	484,334
Lease liabilities	11,313	34,052	69,800	115,165	105,739
Long-term loan (include current portion)	186,410	1,318,128	64,793	1,569,331	1,521,338
Guarantee deposits	-	-	5,404	5,404	5,404
Total	\$ 2,856,635	\$ 1,352,180	\$ 139,997	\$ 4,348,812	\$ 4,281,842

Further information on maturity analysis for lease liabilities

March 31, 2021						
	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Total undiscounted lease payments
Lease liabilities	\$ 11,313	\$ 34,052	\$ 30,336	\$ 31,806	\$ 7,658	\$ 115,165

December 31, 2020						
Non-derivative Financial Liabilities	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts	
Short-term loans	\$ 799,360	\$ -	\$ -	\$ 799,360	\$ 788,562	
Short-term notes and bills payable	10,000	-	-	10,000	9,985	
Notes payable	105,124	-	-	105,124	105,124	
Accounts payable	830,196	-	-	830,196	830,196	
Other payables	479,805	-	-	479,805	479,805	
Lease liabilities	11,455	35,295	71,258	118,008	108,260	
Long-term loan (include current portion)	164,741	1,368,342	85,545	1,618,628	1,570,478	
Guarantee deposits	-	-	5,430	5,430	5,430	
Total	\$ 2,400,681	\$ 1,403,637	\$ 162,233	\$ 3,966,551	\$ 3,897,840	

Further information on maturity analysis for lease liabilities

December 31, 2020						
	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Total undiscounted lease payments
Lease liabilities	\$ 11,455	\$ 35,295	\$ 30,247	\$ 31,712	\$ 9,299	\$ 118,008

March 31, 2020						
Non-derivative Financial Liabilities	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts	
Short-term loans	\$ 718,305	\$ -	\$ -	\$ 718,305	\$ 710,150	
Short-term notes and bills payable	10,000	-	-	10,000	9,998	
Notes payable	43,583	-	-	43,583	43,583	
Accounts payable	844,298	-	-	844,298	844,298	
Other payables	350,178	-	-	350,178	350,178	
Lease liabilities	8,099	25,931	75,631	109,661	99,431	
Long-term loan (include current portion)	116,948	1,318,156	470,734	1,905,838	1,842,236	
Guarantee deposits	-	-	8,817	8,817	8,817	

Non-derivative Financial Liabilities	March 31, 2020				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Total	\$ 2,091,411	\$ 1,344,087	\$ 555,182	\$ 3,990,680	\$ 3,908,691

Further information on maturity analysis for lease liabilities

	March 31, 2020					Total undiscounted lease payments
	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	
Lease liabilities	\$ 8,099	\$ 25,931	\$ 29,980	\$ 31,461	\$ 14,190	\$ 109,661

The Group does not expect that the cash flows would occur significantly earlier or at significantly different amounts from those indicated in the data.

12.4 Capital risk management

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets</u>			
Financial assets at fair value			
through profit or loss- current	\$ 57,344	\$ 57,302	\$ 59,873
Financial assets measured at			
amortized cost (Note 1)	3,130,717	2,751,756	2,778,837
Financial assets at fair value			
through other comprehensive			
income- noncurrent	16,361	16,898	16,328
<u>Financial liability</u>			
Financial liabilities measured at			
amortized cost (Note 2)	4,176,103	3,789,580	3,809,260

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, other receivable and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term loan, short-term notes and bills payable, accounts payable, other payables, long-term loan (include current portion) and guarantee deposits received.

12.5 Fair value information of financial instruments

(1) Definition of fair value measurements are grouped into Level 1 to 3 as follows:

Level 1: Relevant inputs are quoted prices in active markets for identical assets or liabilities that the entity can access on the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable inputs that used to measure fair value to the extent when relevant observable inputs are not available.

(2) Financial instruments that are not measured at fair value

The fair value of the Group's financial instruments not measured at fair value including cash and cash equivalents, accounts receivable, other financial assets, refundable deposits, short-term loan, accounts payables, long-term loan (including current portion) and other financial liabilities approximate their fair value.

(3) Financial instruments that are measured at fair value:

The financial instruments that are measured at fair value on a recurring basis, the information of fair value is as follow:

Items	March 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at FVTPL				
Funds	\$ 57,344	\$ -	\$ -	\$ 57,344
Financial assets at FVTOCI				
Equity instruments				
Unlisted stocks	-	-	16,361	16,361
Total	\$ 57,344	\$ -	\$ 16,361	\$ 73,705

Items	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at FVTPL				
Funds	\$ 57,302	\$ -	\$ -	\$ 57,302

Items	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Equity instruments				
Unlisted stocks	\$ -	\$ -	\$ 16,898	\$ 16,898
Total	\$ 57,302	\$ -	\$ 16,898	\$ 74,200

Items	March 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at FVTPL				
Funds	\$ 59,873	\$ -	\$ -	\$ 59,873
Financial assets at FVTOCI				
Equity instruments				
Unlisted stocks	-	-	16,328	16,328
Total	\$ 59,873	\$ -	\$ 16,328	\$ 76,201

(4) The methods and assumptions the Group used to measure fair value are as follows:

- A. The Group measures the fair values of its financial instruments with an active market using their quoted prices in the active market.
- B. Fair value of equity investment of unlisted stocks without active market was estimated through the market approach that is mainly referenced to the same type of companies' evaluation, quotes from third parties, net assets and state of operation. The significant and unobservable input parameter for assessing the unlisted stocks mainly relates to liquidity discount rate. Since the possible changes of liquidity discount rate may not cause significant influence on financial standing, the quantitative information will not be disclosed.
- C. Fair value of other financial assets and financial liabilities (except for aforementioned) are determined in accordance with generally accepted pricing model based on the discounted cash flow analysis.

(4) Transfer between Level 1 and Level 2 of the fair value hierarchy: none.

(5) Changes in level 3 instruments:

ITEMS	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
<u>Financial assets at FVTOCI</u>		
Beginning Balance	\$ 16,898	\$ 17,218
Unrealized valuation gains or losses on equity investments at FVTOCI	(537)	(890)
Effect of exchange rate difference	-	-
Ending Balance	<u>\$ 16,361</u>	<u>\$ 16,328</u>

13. SUPPLEMENTARY DISCLOSURES

13.1 Significant transactions information (before inter-company eliminations):

- (1) Financings provided to others: None;
- (2) Endorsement and guarantee provided to others: Please see Table 1 attached;
- (3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures at the end of the period): Please see Table 2 attached;
- (4) Marketable securities acquired and 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 properties at costs of at least NT\$300 million or 20% of the paid-in capital: Please see Table 3 attached;
- (6) Disposal of individual real estate properties 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 of at least NT\$100 million or 20% of the paid-in capital: Please see Table 4 attached;
- (8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
- (9) Information on the derivative instrument transactions: None;
- (10) The business relationship between the parent and the subsidiaries and significant transaction between them: Please see Table 5 attached;

13.2 Information on investees (before inter-company eliminations): Please see Table 6 attached;

13.3 Information on investment in Mainland China (before inter-company eliminations):

- (1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 7 attached;
- (2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to

understand the impact of investment in Mainland China on financial reports: Please see Table 5 attached.

13.4 Information of major shareholder (Names, number of shares and ownership of shareholders whose equity interest is greater than 5%): Please see Table 8 attached.

14. SEGMENT INFORMATION

14.1 General information

For the purpose of management, the chief operating decision maker of the Group separates its operations based on different products and have two reportable segments: Stationary segment and electronic segment.

14.2 Measurement basis

Management monitors the operation results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss before tax and is measured consistently with profit or loss before tax in the consolidated financial statements. Furthermore, the information of assets and liabilities do not report to chief operating decision maker for operation decision making, segment assets and liabilities are not disclosed. The accounting policies for reportable segments are the same as Group's accounting policies described in Note 4.

14.3 Segment information

The segment information provided to the chief operating decision-maker:

Items	Three Months Ended March 31, 2021				
	Electronic	Stationery	Others	Eliminations	Total
Revenue					
Revenue from external customers	\$ 2,037,178	\$ 396,527	\$ 18,509	\$ -	\$ 2,452,214
Revenue from intersegments	140,010	124,402	15,703	(280,115)	-
	<u>\$ 2,177,188</u>	<u>\$ 520,929</u>	<u>\$ 34,212</u>	<u>\$ (280,115)</u>	<u>\$ 2,452,214</u>
Interest expenses	\$ 11,356	\$ 3,904	\$ -	\$ -	\$ 15,260
Depreciation and amortization	\$ 144,264	\$ 23,248	\$ 5,510	\$ -	\$ 173,022
Segment income (loss)	<u>\$ 198,134</u>	<u>\$ 37,866</u>	<u>\$ 6,645</u>	<u>\$ -</u>	<u>\$ 242,645</u>
Income (loss) before tax					<u>\$ 242,645</u>
Total assets					<u>\$ 11,240,155</u>

Three Months Ended March 31, 2020

Items	Electronic	Stationery	Others	Eliminations	Total
Revenue					
Revenue from external customers	\$ 1,600,453	\$ 329,520	\$ 9,842	\$ -	\$ 1,939,815
Revenue from intersegments	130,439	110,638	7,739	(248,816)	-
	<u>\$ 1,730,892</u>	<u>\$ 440,158</u>	<u>\$ 17,581</u>	<u>\$ (248,816)</u>	<u>\$ 1,939,815</u>
Interest expenses	<u>\$ 10,956</u>	<u>\$ 3,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,307</u>
Depreciation and amortization	<u>\$ 148,812</u>	<u>\$ 24,534</u>	<u>\$ 4,773</u>	<u>\$ -</u>	<u>\$ 178,119</u>
Segment income (loss)	<u>\$ 44,393</u>	<u>\$ 26,607</u>	<u>\$ 1,899</u>	<u>\$ -</u>	<u>\$ 72,899</u>
Income (loss) before tax				<u>\$ 72,899</u>	
Total assets				<u>\$ 10,751,851</u>	

14.4 Reconciliation for segment income (loss)

The segment revenue and segment income (loss) reported to the chief operating decision maker is measured in a manner consistent with that in the consolidated statements of comprehensive income.

SDI CORPORATION AND SUBSIDIARIES
 ENDORSEMENTS / GUARANTEES PROVIDED
 FOR THE THREE MONTHS ENDED MARCH 31, 2021

TABLE 1

Amounts in Thousands of New Taiwan Dollars

No.	Endorsement /Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement /Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement / Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement /Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Remarks
		Name	Nature of Relationship											
0	SDI	SDI (JIANGSU)	(3)	\$ 2,635,739	\$ 1,346,810 USD 32,750 RMB 95,000	\$ 1,346,810 USD 32,750 RMB 95,000	\$ 882,611	\$ -	22.99%	\$ 2,928,599	Y	N	Y	

Note 1 : The numbers filled in for the financing company represent the following :

(1) The Company is '0'.

Note 2 : Relationships between the endorser/guarantor and the party being endorsed/guaranteed :

(1) Trading parties.

(2) The Company direct and indirect owns over 50% ownership of subsidiaries.

(3) The Company and its subsidiaries own over 50% ownership of the investee company.

Note 3 : The total amount of the guarantee provided by SDI to any individual entity shall not exceed forty-five percent (45%) of Company's net worth.

Note 4 : The total amount of guarantee shall not exceed fifty percent (50%) of Company's net worth.

Note 5 : "Y" represents the endorsement and guarantee provide by listed parent company to subsidiaries, subsidiaries to listed parent company, or take place in Mainland China.

SDI CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2021

TABLE 2

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	MARCH 31, 2021				Remarks
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership	Fair Value	
TEC Brite Technology	Jih Sun Money Market Fund	—	Financial Assets at Fair Value through Profit or Loss – Current	2,587	\$ 38,702	-	\$ 38,702	
	Capital Money Market Fund	—	Financial Assets at Fair Value through Profit or Loss – Current	1,145	18,642	-	18,642	
SDI	Chang Hwa Golf Club	—	Financial Assets at Fair Value through Other Comprehensive Income – Noncurrent	90	7,715	0.24%	7,715	
	SDI ELECTRONICS JAPAN CO., LTD	—	Financial Assets at Fair Value through Other Comprehensive Income – Noncurrent	30	5,811	15.00%	5,811	
	SDI JAPAN CO.,LTD.	—	Financial Assets at Fair Value through Other Comprehensive Income – Noncurrent	200	2,835	19.61%	2,835	

SDI CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2021

TABLE 3

Amounts in Thousands of New Taiwan Dollars

Company Name	Types of Property	Date of Occurrence (Note 1)	Transaction Amount	Payment Term	Counter-party	Nature of Relationships	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
SDI	Building H construction (Nantou)	November 8, 2019	\$ 314,500	\$ 125,800	Hsing Ya Construction Engineering Co., Ltd.	—	—	—	—	\$ -	Price comparison and price negotiation	Plant expansion	—
SDI	Land and plant (Note 2)	March 30, 2021	\$ 323,700	-	Koan Hao Technology Co., Ltd.	—	—	—	—	\$ -	Price comparison and price negotiation	Capacity expansion and warehousing purpose	—

Note 1: Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

Note 2: SDI purchased land and plants from Koan Hao Technology Co., Ltd. Please refer to Note 9.2 for further information.

SDI CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2021

TABLE 4

Amounts in Thousands of New Taiwan Dollars

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Remarks
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
SDI Jiangsu	SDI	The ultimate parent of the Company	Sales	\$ 161,908	25.03%	As prescribed by the agreement	—	—	\$ 48,824	7.48%	

Note 1: All the transactions had been eliminated when preparing consolidated financial report.

SDI CORPORATION AND SUBSIDIARIES
SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY
TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2021

TABLE 5 Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	SDI	Chao Shin Metal	1	Sales revenue	\$ 3,231	Note 3	0.13%
		Chao Shin Metal	1	Accounts receivable	1,811	Note 3	0.02%
		Chao Shin Metal	1	Other receivables	856	—	0.01%
		TEC Brite Technology	1	Sales revenue	1	Note 3	-
		TEC Brite Technology	1	Other receivables	7,769	—	0.07%
		SDI (JIANGSU)	1	Sales revenue	41,949	Note 3	1.71%
		SDI (JIANGSU)	1	Accounts receivable	61,058	Note 3	0.54%
		SDI (JIANGSU)	1	Other receivables	5,040	—	0.04%
1	SDI (JIANGSU)	SDI	2	Sales revenue	161,908	Note 3	6.60%
		SDI	2	Accounts receivable	48,824	Note 3	0.43%
		SDI	2	Other receivables	18,143	—	0.16%
2	Chao Shin Metal	SDI	2	Sales revenue	4,244	Note 3	0.17%
		SDI	2	Processing income	1,339	Note 3	0.05%
		SDI	2	Accounts receivable	2,293	Note 3	0.02%
		SDI (JIANGSU)	3	Sales revenue	28,698	Note 3	1.17%
		SDI (JIANGSU)	3	Accounts receivable	40,195	Note 3	0.36%
3	TEC Brite Technology	SDI	2	Sales revenue	38,744	Note 3	1.58%
		SDI	2	Accounts receivable	51,059	Note 3	0.45%

Note 1: The numbers filled in for the transaction company represent the follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationships between transaction companies and counter parties are classified into the following three categories as listed below :

'1' represents parent company to subsidiary.

'2' represents subsidiary to parent company.

'3' represents subsidiary to subsidiary.

Note 3: Sale price with related parties were determined and negotiated referring to related market price.

Note 4: All the transactions had been eliminated when preparing consolidated financial report.

SDI CORPORATION AND SUBSIDIARIES
 NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 FOR THE THREE MONTHS ENDED MARCH 31, 2021

TABLE 6

Amounts in Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2021			Net Income(Losses) of the Investee	Share of Profits/Losses of Investee	Remarks
				March 31, 2021	December 31, 2020	Shares/Units (In Thousands)	Percentage of Ownership	Carrying Value			
SDI	CHAO SHIN METAL INDUSTRIAL CORP.	Taiwan	Smelting and rolling of metal strips	\$ 106,953	\$ 106,953	14,810	84.62%	\$ 242,817	\$ 6,663	\$ 5,738	Note 1, 2
SDI	TEC BRITE TECHNOLOGY CO., LTD	Taiwan	Manufacturing of electronic components and international trade	98,969	98,969	9,897	54.98%	361,440	14,040	6,819	Note 1, 2
SDI	SHUEN DER (B.V.I.)	BVI	Holding Company	759,334	759,334	8,920	100.00%	1,686,966	11,769	8,169	Note 1, 2, 3

Note 1 : All the transactions had been eliminated when preparing consolidated financial report.

Note 2 : The difference of the shares of profits/losses of investee is recognized as unrealized gross profit.

Note 3 : Please refer to Table 7 for information of investees of China Mainland.

SDI CORPORATION AND SUBSIDIARIES
 INFORMATION ON INVESTMENT IN MAINLAND CHINA
 FOR THE THREE MONTHS ENDED MARCH 31, 2021

TABLE 7

Amounts in Thousands of New Taiwan Dollars

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2021	Net Income (Losses) of the Investee Company	Percentage of Ownership	Shares of Profits/Losses	Carrying Amount as of March 31, 2021	Accumulated Inward Remittance of Earnings as of March 31, 2021	Note
					Outflow	Inflow							
SDI Jiangsu	Manufacture, process and sales of integrated circuit frame, blades, stationary, etc.	NTD 998,550	Note 1	NTD 656,190			NTD 656,190	NTD 11,778	100.00%	NTD 11,778	NTD 1,721,086	NTD -	
		USD 35,000		USD 23,000	NTD -	NTD -	USD 23,000	USD 415					

Accumulated Investment in Mainland China as of March 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 656,190	NTD 998,550	NTD 3,717,235
USD 23,000	USD 35,000	

Note 1 : Reinvesting in the Mainland China through third-region companies.

Note 2 : Amounts was recognized based on reviewed financial statements.

Note 3 : Foreign currencies aforementioned are translated into NTD using the exchange rate at the reporting date or average exchange rate for the three months ended March 31, 2021.

Note 4 : All the transactions had been eliminated when preparing consolidated financial report.

SDI CORPORATION AND SUBSIDIARIES
 INFORMATION OF MAJOR SHAREHOLDERS
 MARCH 31, 2021

TABLE 8

Shareholders (Note 1)	Shares	
	Total Shares Owned	Ownership Percentage
Chen, Wei Te	10,327,690	5.67%

Note 1: The information of major shareholders is based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of March 31, 2021. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.