

# **SDI Corporation and Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2021 and 2020  
and Independent Auditors' Review Report**



國富浩華聯合會計師事務所

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## 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 September 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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 September 30, 2021 and 2020 assets of those non-reviewed consolidated subsidiaries amounted to \$996,437 thousand and \$986,912 thousand (all in NTD unless specified otherwise), representing 8% and 10%, respectively, of total consolidated assets, and the liabilities amounted to \$182,648 thousand and \$160,982 thousand, representing 3% and 4%, respectively, of total consolidated liabilities. Comprehensive income of those consolidated subsidiaries for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020 were \$51,458 thousand, \$38,376 thousand, \$93,169 thousand and \$106,068 thousand, representing 20%, 28%, 14% and 43%, 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 September 30, 2021 and 2020, its financial performance for the three months and nine months ended September 30, 2021 and 2020 and its consolidated cash flows for the nine months ended September 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" 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 blue ink that reads "Crowe TW CPAs".

Crowe (TW) CPAs

Taichung, Taiwan (Republic of China)

November 5, 2021

Notice to Readers

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

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

# SDI Corporation and Subsidiaries

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	NOTES	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
		Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>							
Cash and cash equivalents	6(1)	\$ 500,833	4	\$ 764,179	7	\$ 629,728	6
Financial assets at fair value through profit or loss - current	6(2)	57,406	-	57,302	1	57,248	1
Notes receivable, net	6(3)	151,382	1	146,242	1	166,021	2
Accounts receivable, net	6(4)	2,161,790	18	1,757,587	17	1,625,514	16
Accounts receivable, net - related parties	7	21,526	-	23,461	-	33,046	-
Other receivables	7	19,730	-	14,117	-	15,980	-
Inventories, net	6(5)	3,958,904	33	2,804,041	27	2,753,997	27
Prepayments	6(6)	119,164	1	92,955	1	81,141	1
Other financial assets - current	6(7)	67,486	1	45,249	-	40,288	-
Other current assets		505	-	616	-	1,232	-
Total current assets		<u>7,058,726</u>	<u>58</u>	<u>5,705,749</u>	<u>54</u>	<u>5,404,195</u>	<u>53</u>
<b>NONCURRENT ASSETS</b>							
Financial assets at fair value through other comprehensive income - noncurrent	6(8)	18,269	-	16,898	-	16,562	-
Property, plant and equipment	6(9)	4,589,980	38	4,416,029	42	4,375,300	43
Right-of-use assets	6(10)	217,331	2	226,979	2	229,572	2
Intangible assets	6(11)	45,642	-	53,494	1	57,676	1
Deferred income tax assets		118,543	1	114,660	1	119,937	1
Other noncurrent assets	6(12)	110,051	1	41,909	-	53,154	-
Total noncurrent assets		<u>5,099,816</u>	<u>42</u>	<u>4,869,969</u>	<u>46</u>	<u>4,852,201</u>	<u>47</u>
<b>TOTAL</b>		<u>\$ 12,158,542</u>	<u>100</u>	<u>\$ 10,575,718</u>	<u>100</u>	<u>\$ 10,256,396</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>							
<b>CURRENT LIABILITIES</b>							
Short-term loans	6(13)	\$ 787,594	6	\$ 788,562	7	\$ 766,845	8
Short-term notes and bills payable	6(14)	9,998	-	9,985	-	9,985	-
Contract liabilities - current	6(25)	73,242	1	78,902	1	90,399	1
Notes payable	6(15)	196,659	2	105,124	1	49,185	-
Accounts payable		1,271,369	11	830,196	8	669,737	7
Accounts payable - related parties	7	3,421	-	-	-	1,538	-
Dividends payable		327,852	3	-	-	-	-
Other payables	6(16)	641,869	5	508,824	5	436,746	4
Other payables - related parties	7	2,511	-	440	-	1,151	-
Current income tax liabilities		153,191	1	76,429	1	41,371	-
Lease liabilities - current	6(10)	9,794	-	10,214	-	10,135	-
Long term loans - current portion	6(17)	133,659	1	145,920	1	104,339	1
Other current liabilities		11,589	-	12,802	-	8,920	-
Total current liabilities		<u>3,622,748</u>	<u>30</u>	<u>2,567,398</u>	<u>24</u>	<u>2,190,351</u>	<u>21</u>
<b>NONCURRENT LIABILITIES</b>							
Long term loans	6(17)	1,672,123	13	1,424,558	14	1,668,972	17
Deferred income tax liabilities		305,117	3	299,423	3	289,155	3
Lease liabilities - noncurrent	6(10)	94,812	1	98,046	1	100,619	1
Net defined benefit liability-noncurrent	6(19)	129,838	1	137,552	1	136,064	1
Other noncurrent liabilities		33,188	-	37,387	-	30,658	-
Total noncurrent liabilities		<u>2,235,078</u>	<u>18</u>	<u>1,996,966</u>	<u>19</u>	<u>2,225,468</u>	<u>22</u>
Total liabilities		<u>5,857,826</u>	<u>48</u>	<u>4,564,364</u>	<u>43</u>	<u>4,415,819</u>	<u>43</u>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>							
Common stocks	6(20)	1,821,403	15	1,821,403	17	1,821,403	18
Capital surplus	6(21)	485,568	4	485,403	5	485,403	5
Retained earnings	6(22)						
Legal capital reserve		899,980	7	865,445	8	865,445	8
Special capital reserve		134,642	1	155,570	1	155,570	2
Unappropriated earnings		2,791,316	23	2,486,607	24	2,352,200	23
Others	6(23)	(156,693)	(1)	(134,642)	(1)	(163,754)	(2)
Equity attributable to shareholders of the parent		<u>5,976,216</u>	<u>49</u>	<u>5,679,786</u>	<u>54</u>	<u>5,516,267</u>	<u>54</u>
<b>NON-CONTROLLING INTERESTS</b>	6(24)	<u>324,500</u>	<u>3</u>	<u>331,568</u>	<u>3</u>	<u>324,310</u>	<u>3</u>
Total equity		<u>6,300,716</u>	<u>52</u>	<u>6,011,354</u>	<u>57</u>	<u>5,840,577</u>	<u>57</u>
<b>TOTAL</b>		<u>\$ 12,158,542</u>	<u>100</u>	<u>\$ 10,575,718</u>	<u>100</u>	<u>\$ 10,256,396</u>	<u>100</u>

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 September 30				For the Nine Months Ended September 30			
		2021		2020		2021		2020	
		Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE	6(25) · 7	\$ 2,900,548	100	\$ 2,131,507	100	\$ 8,117,447	100	\$ 6,120,076	100
COST OF REVENUE	6(5 · 26) · 7	(2,345,610)	(81)	(1,778,606)	(83)	(6,520,621)	(80)	(5,209,816)	(85)
GROSS PROFIT		554,938	19	352,901	17	1,596,826	20	910,260	15
OPERATING EXPENSES	6(26) · 7								
Marketing		(76,758)	(3)	(68,520)	(3)	(228,497)	(3)	(200,224)	(3)
General and administrative		(83,364)	(3)	(63,932)	(3)	(247,759)	(3)	(188,384)	(3)
Research and development		(64,822)	(2)	(52,666)	(3)	(183,182)	(2)	(154,385)	(3)
Expected credit (loss) gain	6(4)	231	-	1,250	-	740	-	823	-
Total operating expenses		(224,713)	(8)	(183,868)	(9)	(658,698)	(8)	(542,170)	(9)
OPERATING INCOME		330,225	11	169,033	8	938,128	12	368,090	6
NONOPERATING INCOME AND EXPENSES									
Interest income		137	-	273	-	692	-	1,105	-
Other income	6(27)	7,163	-	4,572	-	20,407	-	25,938	-
Other gains and losses, net	6(28)	4,503	-	(17,603)	(1)	(39,890)	-	(29,766)	-
Finance costs	6(29)	(13,866)	-	(12,544)	-	(43,304)	(1)	(40,773)	(1)
Total nonoperating income and expenses		(2,063)	-	(25,302)	(1)	(62,095)	(1)	(43,496)	(1)
INCOME BEFORE INCOME TAX		328,162	11	143,731	7	876,033	11	324,594	5
INCOME TAX EXPENSE	6(30)	(70,826)	(2)	(34,224)	(2)	(194,534)	(2)	(68,483)	(1)
NET INCOME		257,336	9	109,507	5	681,499	9	256,111	4
OTHER COMPREHENSIVE INCOME (LOSS)	6(31)								
Items that will not be reclassified subsequently to profit or loss :									
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		1,572	-	(284)	-	1,371	-	(656)	-
Income tax benefit (expenses) related to items that will not be reclassified subsequently	6(30)	(317)	-	54	-	(190)	-	99	-
Items that may be reclassified subsequently to profit or loss :									
Exchange differences arising on translation of foreign operations		(8,065)	-	33,586	2	(29,040)	-	(9,534)	-
Income tax benefit (expenses) related to items that may be reclassified subsequently	6(30)	1,613	-	(6,717)	(1)	5,808	-	1,907	-
Other comprehensive income (loss), net of income tax		(5,197)	-	26,639	1	(22,051)	-	(8,184)	-
TOTAL COMPREHENSIVE INCOME		\$ 252,139	9	\$ 136,146	6	\$ 659,448	9	\$ 247,927	4
NET INCOME ATTRIBUTABLE TO :									
Shareholders of the parent		\$ 236,923	8	\$ 92,882	4	\$ 646,168	9	\$ 210,944	3
Non-controlling interests		20,413	1	16,625	1	35,331	-	45,167	1
		\$ 257,336	9	\$ 109,507	5	\$ 681,499	9	\$ 256,111	4
TOTAL COMPREHENSIVE INCOME :									
Shareholders of the parent		\$ 231,726	8	\$ 119,521	5	\$ 624,117	9	\$ 202,760	3
Non-controlling interests		20,413	1	16,625	1	35,331	-	45,167	1
		\$ 252,139	9	\$ 136,146	6	\$ 659,448	9	\$ 247,927	4
EARNINGS PER SHARE (IN DOLLARS)	6(32)								
Basic earnings per share		\$ 1.30		\$ 0.51		\$ 3.55		\$ 1.16	
Diluted earnings per share		\$ 1.30		\$ 0.51		\$ 3.55		\$ 1.16	

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
Appropriations of prior year's earnings											
Special capital reserve	-	-	-	54,387	(54,387)	-	-	-	-	-	-
Legal capital reserve	-	-	50,253	-	(50,253)	-	-	-	-	-	-
Cash dividends to shareholders - NT\$1.8 per share	-	-	-	-	(327,852)	-	-	-	(327,852)	-	(327,852)
Donation from shareholders	-	146	-	-	-	-	-	-	146	-	146
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(51,310)	(51,310)
Net income for the nine months ended September 30, 2020	-	-	-	-	210,944	-	-	-	210,944	45,167	256,111
Other comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	-	(7,627)	(557)	(8,184)	(8,184)	-	(8,184)
BALANCE, SEPTEMBER 30, 2020	<u>\$ 1,821,403</u>	<u>\$ 485,403</u>	<u>\$ 865,445</u>	<u>\$ 155,570</u>	<u>\$ 2,352,200</u>	<u>\$ (176,614)</u>	<u>\$ 12,860</u>	<u>\$ (163,754)</u>	<u>\$ 5,516,267</u>	<u>\$ 324,310</u>	<u>\$ 5,840,577</u>
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
Appropriations of prior year's earnings											
Special capital reserve	-	-	-	(20,928)	20,928	-	-	-	-	-	-
Legal capital reserve	-	-	34,535	-	(34,535)	-	-	-	-	-	-
Cash dividends to shareholders - NT\$1.8 per share	-	-	-	-	(327,852)	-	-	-	(327,852)	-	(327,852)
Donation from shareholders	-	165	-	-	-	-	-	-	165	-	165
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(42,399)	(42,399)
Net income for the nine months ended September 30, 2021	-	-	-	-	646,168	-	-	-	646,168	35,331	681,499
Other comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	(23,232)	1,181	(22,051)	(22,051)	-	(22,051)
BALANCE, SEPTEMBER 30, 2021	<u>\$ 1,821,403</u>	<u>\$ 485,568</u>	<u>\$ 899,980</u>	<u>\$ 134,642</u>	<u>\$ 2,791,316</u>	<u>\$ (171,041)</u>	<u>\$ 14,348</u>	<u>\$ (156,693)</u>	<u>\$ 5,976,216</u>	<u>\$ 324,500</u>	<u>\$ 6,300,716</u>

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 Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 876,033	\$ 324,594
Adjustments for:		
Depreciation expense	493,544	506,393
Amortization expense	13,722	15,235
Expected credit loss (gain)	(740)	(823)
Gain on financial assets and liabilities at fair value through profit or loss	(103)	(404)
Interest expense	43,304	40,773
Interest income	(692)	(1,105)
Dividend income	(392)	(475)
Gain on disposal of property, plant and equipment	(160)	(8,590)
(Reversal of) Impairment loss on non-financial assets	13,927	(4,000)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	-	6,103
Notes receivable	(7,134)	(58,285)
Accounts receivable	(409,923)	(63,072)
Inventories	(1,170,313)	(153,314)
Prepayments	(26,833)	(11,960)
Other financial assets	(427)	747
Other current assets	(5,314)	(1,722)
Contract liabilities	(5,580)	19,814
Notes payable	93,966	5,215
Accounts payable	447,688	116,041
Other payables	138,410	(54,366)
Other current liabilities	(1,392)	(4,303)
Net defined benefit liabilities	(7,714)	(12,286)
Other operating liabilities	(3,062)	(5,670)
Cash provided from operations	480,815	654,540
Interest received	705	1,131
Dividends received	392	475
Interest paid	(43,253)	(38,875)
Income taxes paid	(110,512)	(37,806)
Net cash provided by operating activities	328,147	579,465

(Continued)



## SDI Corporation and Subsidiaries

### CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2021	2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	\$ (752,475)	\$ (348,258)
Proceeds from disposal of property, plant and equipment	3,037	30,279
Decrease in refundable deposits	838	1,467
Acquisition of intangible assets	(19,008)	(23,593)
Increase in other financial assets	(22,957)	(19,808)
Net cash used in investing activities	<u>(790,565)</u>	<u>(359,913)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term loans	13,129	(961)
Proceeds from long-term loans	748,039	402,636
Repayment of long-term loans	(507,353)	(471,000)
Repayment of the principal portion of lease liabilities	(8,938)	(6,503)
Decrease in other noncurrent liabilities	(1,691)	(3,711)
Cash dividend	-	(327,852)
Decrease in non-controlling interests	(42,399)	(51,310)
Net cash provided by (used in) financing activities	<u>200,787</u>	<u>(458,701)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>(1,715)</u>	<u>(2,632)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(263,346)</u>	<u>(241,781)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD</b>	<u>764,179</u>	<u>871,509</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE PERIOD</b>	<u>\$ 500,833</u>	<u>\$ 629,728</u>

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

(Concluded)

# SDI Corporation and Subsidiaries

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

(Reviewed, Not Audited)

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

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### 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(2) for further information).

### 2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were reported to the Board of Directors and issued on November 5, 2021.

### 3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

**3.1 Effect of the adoption of 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:

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective Date Issued by IASB</b>
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
Amendments to IFRS 16 "Covid-19-Related Rent Concessions"	April 1, 2021 (Note1)

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
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beyond June 30, 2021”

Note 1: Early application from January 1, 2021 is permitted by FSC.

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

### **3.2 Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company:**

New standards, interpretations and amendments endorsed by the FSC and effective from 2022 are as follows:

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

#### **(1) 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. In addition, the revisions to the standard also clarify that testing means, “assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes”.

This amendment is applicable to property, plant and equipment that are brought to the location and condition necessary for it to be capable of operating in the manner intended by management. When the Group first applies the amendments, the cumulative effect of initially applying the amendments shall be recognized 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.

(2) 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).

(3) 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.

(4) 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.

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

### **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:

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective Date Issued by IASB</b>
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 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023

As of the date the accompanying consolidated financial statements are issued, the Group is continuously assessing 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 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		
			September 30, 2021	December 31, 2020	September 30, 2020
The Company	SHUEN DER (B.V.I.) CO. (SHUEN DER(B.V.I.))	Investing activities	100%	100%	100%
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 nine months ended September 30, 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		
	September 30, 2021	December 31, 2020	September 30, 2020
TEC Brite Technology	45.02%	45.02%	45.02%

Please refer to Table 7 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 September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
TEC Brite Technology	\$ 18,985	\$ 16,285	\$ 31,900	\$ 43,825
Others	1,428	340	3,431	1,342
Total	\$ 20,413	\$ 16,625	\$ 35,331	\$ 45,167

Name of subsidiary	Non-controlling Interest		
	September 30, 2021	December 31, 2020	September 30, 2020
TEC Brite Technology	\$ 279,938	\$ 288,554	\$ 282,017
Others	44,562	43,014	42,293
Total	\$ 324,500	\$ 331,568	\$ 324,310

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

	TEC Brite Technology		
	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	\$ 540,110	\$ 555,295	\$ 561,685
Non-current assets	341,422	343,946	329,038
Current liabilities	(135,827)	(126,263)	(127,436)
Non-current liabilities	(117,064)	(129,376)	(134,206)
Equity	\$ 628,641	\$ 643,602	\$ 629,081
Equity attributable to:			
Shareholder of the parent	\$ 345,627	\$ 353,852	\$ 345,869
Non-controlling Interests of TEC Brite Technology	283,014	289,750	283,212
Total	\$ 628,641	\$ 643,602	\$ 629,081

#### Statements of comprehensive incomes

	TEC Brite Technology			
	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Revenue	\$ 233,019	\$ 221,090	\$ 553,878	\$ 594,628
Net profit for the period	\$ 42,168	\$ 36,174	\$ 75,040	\$ 97,346
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	\$ 42,168	\$ 36,174	\$ 75,040	\$ 97,346
Net profit attributable to:				
Shareholder of the parent	\$ 23,184	\$ 19,889	\$ 41,257	\$ 53,521
Non-controlling interests of TEC Brite Technology	33,784	16,285	33,783	43,825
Total	\$ 56,968	\$ 36,174	\$ 75,040	\$ 97,346



	TEC Brite Technology			
	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Net profit attributable to				
Shareholder of the parent	\$ 23,184	\$ 19,889	\$ 41,257	\$ 53,521
Non-controlling interests of TEC Brite Technology	33,784	16,285	33,783	43,825
Total	\$ 56,968	\$ 36,174	\$ 75,040	\$ 97,346

	TEC Brite Technology	
	Nine Months Ended September 30	
	2021	2020
Dividends paid to non-controlling interests	\$ 40,515	\$ 48,619

	TEC Brite Technology	
	Nine Months Ended September 30	
	2021	2020
Net cash generated from operating activities	\$ 69,600	\$ 51,378
Net cash used in investing activities	(56,266)	(30,554)
Net cash used in financing activities	(102,038)	(119,847)
Increase (decrease) in cash and cash equivalents	(88,704)	(99,023)
Cash and cash equivalents, beginning of the period	144,579	195,144
Cash and cash equivalents, end of the period	\$ 55,875	\$ 96,121

#### 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 Group takes the economic impact of the Covid-19 pandemic into consideration in critical accounting estimates, and continue to review basic assumptions and estimates. If the impact of the change in accounting estimate relating to the current period is recognized in the current period; the impact in the current period or is expected to have an effect in future periods, it shall be recognized in the current period and the future period of the amendment.

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	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand and petty cash	\$ 1,137	\$ 958	\$ 1,106
Checking accounts and demand deposits	499,696	763,221	628,622
Total	<u>\$ 500,833</u>	<u>\$ 764,179</u>	<u>\$ 629,728</u>

- (1) Time deposits with original maturities over three months was classified as other current financial assets as of September 30, 2021, December 31, 2020 and September 30, 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	September 30, 2021	December 31, 2020	September 30, 2020
Mandatorily measured at FVTPL			
Non-derivative financial assets			
Funds	\$ 57,406	\$ 57,302	\$ 57,248
Total	<u>\$ 57,406</u>	<u>\$ 57,302</u>	<u>\$ 57,248</u>

(1) The Group recognized net profit or loss of FVTPL for the three months and nine months ended September 30, 2021 and 2020 is \$29 thousand , \$62 thousand, \$103 thousand and (\$2,672) thousand.

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

### 6.3 NOTES RECEIVABLE

Items	September 30, 2021	December 31, 2020	September 30, 2020
Amortized at cost			
Gross carrying amount	\$ 151,482	\$ 146,342	\$ 166,121
Less: Loss allowance	(100)	(100)	(100)
Notes receivable, net	<u>\$ 151,382</u>	<u>\$ 146,242</u>	<u>\$ 166,021</u>

(1) As of September 30, 2021, December 31, 2020 and September 30, 2020, the banker's acceptance bill of the Group was \$117,691 thousand, \$122,214 thousand and \$138,384 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	September 30, 2021	December 31, 2020	September 30, 2020
Amortized at cost			
Gross carrying amount	\$ 2,175,079	\$ 1,771,701	\$ 1,646,739
Less: Loss allowance	(13,289)	(14,114)	(21,225)
Accounts receivable, net	<u>\$ 2,161,790</u>	<u>\$ 1,757,587</u>	<u>\$ 1,625,514</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).

September 30, 2021

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 2,294,602	\$ (9,726)	\$ 2,284,876
Past due but not impaired			
Past due within 30 days	43,216	(1,479)	41,737
Past due 31-90 days	7,718	(1,022)	6,696
Past due 91-180 days	1,616	(227)	1,389
Past due 181-365 days	205	(205)	-
Past due over 365 days	8,864	(8,864)	-
Total	<u>\$ 2,356,221</u>	<u>\$ (21,523)</u>	<u>\$ 2,334,698</u>

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)	-

December 31, 2020

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Total	\$ 1,949,676	\$ (22,386)	\$ 1,927,290

September 30, 2020

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 1,744,124	\$ (12,003)	\$ 1,732,121
Past due but not impaired			
Past due within 30 days	81,807	(3,411)	78,396
Past due 31-90 days	15,691	(1,644)	14,047
Past due 91-180 days	141	(124)	17
Past due 181-365 days	136	(136)	-
Past due over 365 days	12,130	(12,130)	-
Total	\$ 1,854,029	\$ (29,448)	\$ 1,824,581

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

Items	Nine Months Ended September 30	
	2021	2020
Beginning Balance	\$ 22,386	\$ 30,350
Less: Reversal of impairment	(740)	(823)
Effect of exchange rate changes	(123)	(79)
Ending Balance	\$ 21,523	\$ 29,448

(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	September 30, 2021	December 31, 2020	September 30, 2020
Raw materials	\$ 1,464,271	\$ 977,419	\$ 1,078,450
Work-in-process	1,448,280	918,704	980,006
Finished goods	930,982	777,533	624,483
Goods	85,165	42,205	48,326
Inventory in transit	30,206	88,180	22,732
Total	<u>\$ 3,958,904</u>	<u>\$ 2,804,041</u>	<u>\$ 2,753,997</u>

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

Items	Three Months Ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Provision for (recovery of) loss (gain) on inventories	\$ (6,649)	\$ (7,372)	\$ 33,860	\$ 1,075
Unallocated fixed FOH	-	4,248	404	9,718
Loss on scrapped inventory	21,209	15,963	45,352	42,726
Total	<u>\$ 14,560</u>	<u>\$ 12,839</u>	<u>\$ 79,616</u>	<u>\$ 53,519</u>

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

## 6.6 PREPAYMENTS

Items	September 30, 2021	December 31, 2020	September 30, 2020
Prepaid expenses	\$ 37,394	\$ 30,902	\$ 31,495
Prepayment for purchases	35,371	32,814	21,734
Input tax	20,011	10,280	9,206
Overpaid VAT	15,395	9,712	10,552
Others	10,993	9,247	8,154
Total	<u>\$ 119,164</u>	<u>\$ 92,955</u>	<u>\$ 81,141</u>

## 6.7 OTHER FINANCIAL ASSETS-CURRENT

Items	September 30, 2021	December 31, 2020	September 30, 2020
Pledged time deposits	\$ 36,502	\$ 20,917	\$ 6,500
Restricted deposits	30,984	24,332	33,788
Total	<u>\$ 67,486</u>	<u>\$ 45,249</u>	<u>\$ 40,288</u>

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

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

Items	September 30, 2021	December 31, 2020	September 30, 2020
Equity instrument			
Unlisted stock	\$ 2,203	\$ 2,203	\$ 2,203
Valuation Adjustments	16,066	14,695	14,359
Total	<u>\$ 18,269</u>	<u>\$ 16,898</u>	<u>\$ 16,562</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	September 30, 2021	December 31, 2020	September 30, 2020
Land	\$ 254,419	\$ 254,419	\$ 254,419
Buildings	2,343,183	2,355,346	2,336,183
Machinery	6,042,155	5,923,393	5,858,641
Molds	2,048,114	1,964,851	1,919,550
Other equipment	1,319,608	1,268,010	1,251,068
Equipment to be inspected and construction in progress	<u>771,521</u>	<u>544,387</u>	<u>466,681</u>

Items	September 30, 2021	December 31, 2020	September 30, 2020
Total cost	\$ 12,779,000	\$ 12,310,406	\$ 12,086,542
Less: Accumulated depreciation and impairment	(8,189,020)	(7,894,377)	(7,711,242)
<b>Total</b>	<b>\$ 4,589,980</b>	<b>\$ 4,416,029</b>	<b>\$ 4,375,300</b>

	Land	Buildings	Machinery	Molds	Other equipment	Equipment under installation and construction in progress	Total
<b>Cost</b>							
Balance, January 1, 2021	\$ 254,419	\$ 2,355,346	\$ 5,923,393	\$ 1,964,851	\$ 1,268,010	\$ 544,387	\$ 12,310,406
Additions	-	5,272	29,835	2,289	39,894	619,249	696,539
Disposals	-	(9,938)	(104,914)	(39,328)	(14,519)	-	(168,699)
Reclassification	-	6,780	219,208	133,712	31,016	(390,716)	-
Effect of exchange rate difference	-	(14,277)	(25,367)	(13,410)	(4,793)	(1,399)	(59,246)
Balance, September 30, 2021	<u>\$ 254,419</u>	<u>\$ 2,343,183</u>	<u>\$ 6,042,155</u>	<u>\$ 2,048,114</u>	<u>\$ 1,319,608</u>	<u>\$ 771,521</u>	<u>\$ 12,779,000</u>
<b>Accumulated depreciation and impairment</b>							
Balance, January 1, 2021	\$ -	\$ (927,659)	\$ (4,443,855)	\$ (1,632,248)	\$ (890,615)	\$ -	\$ (7,894,377)
Depreciation expense	-	(51,790)	(231,163)	(131,778)	(66,339)	-	(481,070)
Impairment loss	-	-	(13,927)	-	-	-	(13,927)
Disposals	-	9,938	103,102	39,228	13,554	-	165,822
Reclassification	-	-	(2,612)	-	2,612	-	-
Effect of exchange rate difference	-	4,469	17,219	9,384	3,460	-	34,532
Balance, September 30, 2021	<u>\$ -</u>	<u>\$ (965,042)</u>	<u>\$ (4,571,236)</u>	<u>\$ (1,715,414)</u>	<u>\$ (937,328)</u>	<u>\$ -</u>	<u>\$ (8,189,020)</u>
<b>Cost</b>							
Balance, January 1, 2020	\$ 254,419	\$ 2,338,428	\$ 5,947,531	\$ 1,847,451	\$ 1,216,019	\$ 411,547	\$ 12,015,395
Additions	-	8,879	12,204	1,713	10,652	295,790	329,238
Disposals	-	(7,153)	(176,046)	(37,482)	(17,874)	-	(238,555)
Reclassification	-	921	83,642	111,891	43,897	(240,351)	-
Effect of exchange rate difference	-	(4,892)	(8,690)	(4,023)	(1,626)	(305)	(19,536)
Balance, September 30, 2020	<u>\$ 254,419</u>	<u>\$ 2,336,183</u>	<u>\$ 5,858,641</u>	<u>\$ 1,919,550</u>	<u>\$ 1,251,068</u>	<u>\$ 466,681</u>	<u>\$ 12,086,542</u>
<b>Accumulated depreciation and impairment</b>							
Balance, January 1, 2020	\$ -	\$ (859,443)	\$ (4,285,117)	\$ (1,480,403)	\$ (823,667)	\$ -	\$ (7,448,630)
Depreciation expense	-	(52,071)	(233,323)	(145,431)	(63,129)	-	(493,954)
Reversal of impairment	-	-	4,000	-	-	-	4,000
Disposals	-	7,153	154,789	37,214	17,710	-	216,866
Effect of exchange rate difference	-	1,348	5,109	2,898	1,121	-	10,476
Balance, September 30, 2020	<u>\$ -</u>	<u>\$ (903,013)</u>	<u>\$ (4,354,542)</u>	<u>\$ (1,585,722)</u>	<u>\$ (867,965)</u>	<u>\$ -</u>	<u>\$ (7,711,242)</u>



(1) In order to fulfill operational and productivity expansion strategies, board of directors passed a resolution and authorized chairman to conduct the purchase of land and plants on March 9, 2021. The Group purchased the land and plants in Da-gang Section, Nantou City from KOAN HAO TECHNOLOGY CO., LTD. with an area of approximately 5,880 square meters for land and 3,514 square meters for plants, respectively. On June 22, 2021, the purchasing contract was signed. The purchasing price of the land and plants in total is \$ 323,700 thousand, and the transferring of ownership would be completed in October. Please refer to Note 3 for the payment status.

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

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

## 6.10 LEASE ARRANGEMENT

(1) Right-of-use assets

	September 30, 2021	December 31, 2020	September 30, 2020
Land	\$ 96,840	\$ 92,822	\$ 92,821
Use right of land	76,550	77,836	76,200
Buildings	81,265	81,279	81,262
Total cost	254,655	251,937	250,283
Less: Accumulated depreciation and impairment	(37,324)	(24,958)	(20,711)
Total	\$ 217,331	\$ 226,979	\$ 229,572

	Land	Use right of land	Buildings	Total
Cost				
Balance, January 1, 2021	\$ 92,822	\$ 77,836	\$ 81,279	\$ 251,937
Additions	4,018	-	-	4,018
Effect of exchange rate difference	-	(1,286)	(14)	(1,300)
Balance, September 30, 2021	\$ 96,840	\$ 76,550	\$ 81,265	\$ 254,655
Accumulated depreciation and impairment				
Balance, January 1, 2021	\$ (12,340)	\$ (5,131)	\$ (7,487)	\$ (24,958)

	Land	Use right of land	Buildings	Total
Depreciation expense	\$ (5,977)	\$ (1,911)	\$ (4,586)	\$ (12,474)
Effect of exchange rate difference	-	104	4	108
Balance, September 30, 2021	<u>\$ (18,317)</u>	<u>\$ (6,938)</u>	<u>\$ (12,069)</u>	<u>\$ (37,324)</u>

	Land	Use right of land	Buildings	Total
<u>Cost</u>				
Balance, January 1, 2020	\$ 86,223	\$ 76,636	\$ 75,283	\$ 238,142
Additions	10,173	-	8,566	18,739
Derecognition	(3,575)	-	(2,580)	(6,155)
Effect of exchange rate difference	-	(436)	(7)	(443)
Balance, September 30, 2020	<u>\$ 92,821</u>	<u>\$ 76,200</u>	<u>\$ 81,262</u>	<u>\$ 250,283</u>

<u>Accumulated depreciation and impairment</u>				
Balance, January 1, 2020	\$ (7,975)	\$ (2,526)	\$ (3,940)	\$ (14,441)
Depreciation expense	(5,959)	(1,880)	(4,600)	(12,439)
Derecognition	3,575	-	2,580	6,155
Effect of exchange rate difference	-	11	3	14
Balance, September 30, 2020	<u>\$ (10,359)</u>	<u>\$ (4,395)</u>	<u>\$ (5,957)</u>	<u>\$ (20,711)</u>

(2) Lease liabilities

Items	September 30, 2021	December 31, 2020	September 30, 2020
Current	\$ 9,794	\$ 10,214	\$ 10,135
Non-current	<u>\$ 94,812</u>	<u>\$ 98,046</u>	<u>\$ 100,619</u>

Range of discounts rate for lease liabilities is as follow :

	September 30, 2021	December 31, 2020	September 30, 2020
Land	0.90%~1.20%	1.20%	1.20%

	September 30, 2021	December 31, 2020	September 30, 2020
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.

#### 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 September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Expenses relating to short-term leases	\$ 855	\$ 779	\$ 2,566	\$ 2,308
Total cash outflow for leases	\$ 4,188	\$ 3,616	\$ 12,450	\$ 9,761

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	September 30, 2021	December 31, 2020	September 30, 2020
Trademarks	\$ 2,550	\$ 2,674	\$ 2,608
Patent	58,238	62,226	64,865
Computer software	31,196	40,119	34,130
Total	91,984	105,019	101,603
Less: Accumulated amortization	(46,342)	(51,525)	(43,927)
Intangible assets, net	\$ 45,642	\$ 53,494	\$ 57,676

Nine Months Ended September 30, 2021

	Trademarks	Patent	Computer software	Total
<u>Cost</u>				
Balance, January 1	\$ 2,674	\$ 62,226	\$ 40,119	\$ 105,019
Additions	207	2,193	3,496	5,896
Disposals	(331)	(6,181)	(12,314)	(18,826)
Effect of exchange rate difference	-	-	(105)	(105)
Balance, September 30	\$ 2,550	\$ 58,238	\$ 31,196	\$ 91,984

<u>Accumulated amortization</u>				
Balance, January 1	\$ (1,700)	\$ (24,394)	\$ (25,431)	\$ (51,525)
Amortization expense	(239)	(7,058)	(6,425)	(13,722)
Disposals	331	6,181	12,314	18,826
Effect of exchange rate difference	-	-	79	79
Balance, September 30	\$ (1,608)	\$ (25,271)	\$ (19,463)	\$ (46,342)

Nine Months Ended September 30, 2020

	Trademarks	Patent	Computer software	Total
<u>Cost</u>				
Balance, January 1	\$ 2,501	\$ 69,193	\$ 40,873	\$ 112,567
Additions	189	3,282	7,372	10,843
Disposals	(82)	(7,610)	(16,028)	(23,720)

Nine Months Ended September 30, 2020

	Trademarks	Patent	Computer software	Total
Effect of exchange rate difference	\$ -	\$ -	\$ 1,940	\$ 1,940
Balance, September 30	-	-	(27)	(27)
Cost	<u>\$ 2,608</u>	<u>\$ 64,865</u>	<u>\$ 34,130</u>	<u>\$ 101,603</u>
Accumulated amortization				
Balance, January 1	\$ (1,518)	\$ (25,045)	\$ (25,873)	\$ (52,436)
Amortization expense	(247)	(7,387)	(7,601)	(15,235)
Disposals	82	7,610	16,028	23,720
Effect of exchange rate difference	-	-	24	24
Balance, September 30	<u>\$ (1,683)</u>	<u>\$ (24,822)</u>	<u>\$ (17,422)</u>	<u>\$ (43,927)</u>

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

#### 6.12 OTHER NON-CURRENT ASSETS

Items	September 30, 2021	December 31, 2020	September 30, 2020
Prepayments for equipment	\$ 68,897	\$ 13,210	\$ 29,111
Refundable deposits	12,186	13,056	10,558
Overdue receivables	8,134	8,172	8,123
Less: loss allowance	(8,134)	(8,172)	(8,123)
Prepayments for software	28,703	15,591	12,750
Others	265	52	735
Total	<u>\$ 110,051</u>	<u>\$ 41,909</u>	<u>\$ 53,154</u>

#### 6.13 SHORT-TERM NOTES AND BILLS PAYABLES

Items	September 30, 2021	December 31, 2020	September 30, 2020
China Bills Finance Corporation	\$ -	\$ 9,690	\$ 22,733
Less: Unamortized discounts	787,594	778,872	744,112
Total	<u>\$ 787,594</u>	<u>\$ 788,562</u>	<u>\$ 766,845</u>

Items	September 30, 2021	December 31, 2020	September 30, 2020
Interest rate range	1.20%~4.15%	1.80%~4.84%	1.73%~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	September 30, 2021	December 31, 2020	September 30, 2020
China Bills Finance Corporation	\$ 10,000	\$ 10,000	\$ 10,000
Less: Unamortized discounts	(2)	(15)	(15)
Total	\$ 9,998	\$ 9,985	\$ 9,985
Interest rate range	0.98%	1.06%	1.06%

#### 6.15 NOTES PAYABLE

Items	September 30, 2021	December 31, 2020	September 30, 2020
Notes payable-operating activities	\$ 196,659	\$ 105,124	\$ 49,065
Notes payable-non-operating activities	-	-	120
Total	\$ 196,659	\$ 105,124	\$ 49,185

#### 6.16 OTHER PAYABLES

Items	September 30, 2021	December 31, 2020	September 30, 2020
Accrued salaries and bonuses	\$ 332,151	\$ 236,818	\$ 194,277
Accrued supplies expense	57,218	47,786	38,661
Payable for equipment and construction	43,709	43,958	26,957
Accrued utilities expense	28,824	24,026	26,605
Compensation payable of employees, directors and supervisors	28,617	11,766	14,378

Items	September 30, 2021	December 31, 2020	September 30, 2020
Accrued repairs and maintenance	\$ 25,107	\$ 24,136	\$ 21,568
Accrued insurance expense	17,124	16,592	16,374
Others	109,119	103,742	97,926
Total	<u>\$ 641,869</u>	<u>\$ 508,824</u>	<u>\$ 436,746</u>

#### 6.17 LONG-TERM LOANS AND ITS CURRENT PORTION

Items	September 30, 2021	December 31, 2020	September 30, 2020
Unsecured loans	\$ 1,813,748	\$ 1,577,608	\$ 1,780,483
Less: Current portion	(133,659)	(145,920)	(104,339)
Discounted government grants (Note 6.18)	(7,966)	(7,130)	(7,172)
Total	<u>\$ 1,672,123</u>	<u>\$ 1,424,558</u>	<u>\$ 1,668,972</u>
Interest rate range	<u>0.45%~5.26%</u>	<u>0.45%~5.15%</u>	<u>0.45%~4.61%</u>
Year to maturity	<u>2022~2027</u>	<u>2021~2027</u>	<u>2021~2027</u>

(1) The loans from Bank of Taiwan, Mega Bank, E.SUN Bank, Chang Hwa Bank, The Shanghai Commercial & Savings Bank and Fubon 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, the Group should meet several financial ratios and criteria. The Group had no violation of the aforementioned financial ratio regulations as of September 30, 2021, December 31, 2020 and September 30, 2020.

#### 6.18 GOVERNMENT GRANTS

(1) The Company has obtained a \$996,247 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 September 30, 2021, the fair value of loan is estimated to be \$988,281 thousand. The difference \$7,966 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

\$1,933 thousand in other income, \$5,362 thousand in interest expense for the loan for the nine months ended September 30, 2021, and paid \$3,429 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 \$17,525 thousand, \$9,530 thousand, \$48,355 thousand and \$31,130 thousand under the contributions rates specified in the plans for the three months and nine months ended September 30, 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 \$547 thousand, \$515 thousand, \$1,638 thousand and \$2,260 thousand under the defined benefit plans for the three months and nine months ended September 30, 2021 and 2020, respectively.

## 6.20 COMMON STOCKS

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

	Nine Months Ended September 30			
	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

- (2) The par value of common stock is \$10 per share, carrying one vote per share and carry a right to dividends.
- (3) The Company's authorized capital was \$2,700,000 thousand, consisting of 270,000 thousand shares as of September 30, 2021.

## 6.21 CAPITAL SURPLUS

Items	September 30, 2021	December 31, 2020	September 30, 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	443	278	278
Total	\$ 485,568	\$ 485,403	\$ 485,403

- (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.
- (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	September 30, 2021	December 31, 2020	September 30, 2020
Special reserve	\$ 134,642	\$ 155,570	\$ 155,570

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 August 26, 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

(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	(23,232)	-	(23,232)
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	-	1,181	1,181
Balance, September 30, 2021	\$ (171,041)	\$ 14,348	\$ (156,693)

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	(7,627)	-	(7,627)
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	-	(557)	(557)
Balance, September 30, 2020	\$ (176,614)	\$ 12,860	\$ (163,754)

## 6.24 NON-CONTROLLING INTEREST

Items	Nine Months Ended September 30	
	2021	2020
Beginning Balance	\$ 331,568	\$ 330,453
Attributable to non-controlling interests:		
Distribution of cash dividends by subsidiaries	(42,399)	(51,310)
Net income	35,331	45,167
Ending Balance	\$ 324,500	\$ 324,310

## 6.25 OPERATING REVENUE

Items	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Revenue from contracts with customers				
Sale of goods	\$ 2,888,565	\$ 2,122,123	\$ 8,080,733	\$ 6,093,093
Service revenue	6,363	2,758	19,997	10,970
Subtotal	2,894,928	2,124,881	8,100,730	6,104,063
Other operating revenues	5,620	6,626	16,717	16,013
Total	\$ 2,900,548	\$ 2,131,507	\$ 8,117,447	\$ 6,120,076

### (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 September 30, 2021					
	China	Taiwan	Japan	Malaysia	Others	Total
Electronic	\$ 1,320,794	\$ 309,989	\$ 302,109	\$ 154,432	\$ 384,236	\$ 2,471,560
Stationery	58,955	100,359	35,665	264	224,288	419,531
Others	373	1,093	-	1,928	443	3,837
Total	\$ 1,380,122	\$ 411,441	\$ 337,774	\$ 156,624	\$ 608,967	\$ 2,894,928

Three Months Ended September 30, 2021

Major products /Service line	China	Taiwan	Japan	Malaysia	Others	Total
Timing of revenue recognition						
Performance obligation satisfied at a point in time	\$ 1,380,122	\$ 411,441	\$ 337,774	\$ 156,624	\$ 608,967	\$ 2,894,928

Three Months Ended September 30, 2020

Major products /Service line	China	Taiwan	Japan	Malaysia	Others	Total
Electronic	\$ 982,923	\$ 39,940	\$ 180,079	\$ 152,647	\$ 402,483	\$ 1,758,072
Stationery	46,622	101,354	31,385	1,529	161,153	342,043
Others	-	24,763	-	3	-	24,766
Total	\$ 1,029,545	\$ 166,057	\$ 211,464	\$ 154,179	\$ 563,636	\$ 2,124,881
Timing of revenue recognition						
Performance obligation satisfied at a point in time	\$ 1,029,545	\$ 166,057	\$ 211,464	\$ 154,179	\$ 563,636	\$ 2,124,881

Nine Months Ended September 30, 2021

Major products /Service line	China	Taiwan	Japan	Malaysia	Others	Total
Electronic	\$ 3,505,513	\$ 862,681	\$ 839,444	\$ 502,590	\$ 1,098,962	\$ 6,809,190
Stationery	166,639	323,861	122,583	3,213	622,739	1,239,035
Others	12,265	3,456	5,492	18,367	12,925	52,505
Total	\$ 3,684,417	\$ 1,189,998	\$ 967,519	\$ 524,170	\$ 1,734,626	\$ 8,100,730
Timing of revenue recognition						
Performance obligation satisfied at a point in time	\$ 3,684,417	\$ 1,189,998	\$ 967,519	\$ 524,170	\$ 1,734,626	\$ 8,100,730

Nine Months Ended September 30, 2020

Major products /Service line	China	Taiwan	Japan	Malaysia	Others	Total
Electronic	\$ 2,693,550	\$ 311,346	\$ 604,660	\$ 489,935	\$ 941,460	\$ 5,040,951
Stationery	120,865	259,127	133,283	1,992	501,810	1,017,077
Others	-	45,976	-	59	-	46,035
Total	\$ 2,814,415	\$ 616,449	\$ 737,943	\$ 491,986	\$ 1,443,270	\$ 6,104,063

Nine Months Ended September 30, 2020

Major products /Service line	China	Taiwan	Japan	Malaysia	Others	Total
Timing of revenue recognition						
Performance obligation satisfied at a point in time	\$ 2,814,415	\$ 616,449	\$ 737,943	\$ 491,986	\$ 1,443,270	\$ 6,104,063

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

Items	September 30, 2021	December 31, 2020	September 30, 2020
Contract liabilities-current	\$ 73,242	\$ 78,902	\$ 90,399

## 6.26 PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

By nature	Three Months Ended September 30, 2021			Three Months Ended September 30, 2020		
	Cost of sales	Operating expense (include non-operating)	Total	Cost of sales	Operating expense (include non-operating)	Total
Personnel						
Salary	\$ 295,318	\$ 106,917	\$ 402,235	\$ 229,276	\$ 78,768	\$ 308,044
Labor insurance	23,726	7,949	31,675	19,097	6,331	25,428
Pension	14,583	3,489	18,072	7,102	2,943	10,045
Other	26,481	6,001	32,482	23,192	7,718	30,910
Depreciation	148,440	12,776	161,216	152,785	12,677	165,462
Amortization	581	3,293	3,874	597	4,065	4,662
Total	\$ 509,129	\$ 140,425	\$ 649,554	\$ 432,049	\$ 112,502	\$ 544,551

By nature	Nine Months Ended September 30, 2021			Nine Months Ended September 30, 2020		
	Cost of sales	Operating expense (include non-operating)	Total	Cost of sales	Operating expense (include non-operating)	Total
Personnel						
Salary	\$ 874,808	\$ 312,820	\$ 1,187,628	\$ 693,097	\$ 220,977	\$ 914,074
Labor insurance	69,474	20,975	90,449	57,871	19,195	77,066

By nature	Nine Months Ended September 30, 2021			Nine Months Ended September 30, 2020		
	Cost of sales	Operating expense (include non-operating)	Total	Cost of sales	Operating expense (include non-operating)	Total
Pension	\$ 39,296	\$ 10,697	\$ 49,993	\$ 24,475	\$ 8,915	\$ 33,390
Other	76,952	23,926	100,878	68,089	23,993	92,082
Depreciation	455,523	38,021	493,544	467,868	38,525	506,393
Amortization	1,768	11,954	13,722	1,646	13,589	15,235
Total	<u>\$ 1,517,821</u>	<u>\$ 418,393</u>	<u>\$ 1,936,214</u>	<u>\$ 1,313,046</u>	<u>\$ 325,194</u>	<u>\$ 1,638,240</u>

(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 and nine months ended September 30, 2021, the employees' compensation was accrued at \$4,456 thousand and \$12,267 thousand, directors' and supervisors' remuneration were accrued at \$3,565 thousand and \$9,813 thousand. For the three months and nine months ended September 30, 2020, the employees' compensation was accrued at \$931 thousand and \$2,795 thousand, directors' and supervisors' remuneration were accrued at \$745 thousand and \$2,236 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	<u>6,537</u>	<u>5,229</u>	<u>9,347</u>	<u>7,478</u>
Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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 September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Rental income	\$ 148	\$ 158	\$ 410	\$ 333
Government subsidies	4,797	872	10,780	16,213
Dividend income	30	30	392	475
Others	2,188	3,512	8,825	8,917
Total	\$ 7,163	\$ 4,572	\$ 20,407	\$ 25,938

## 6.28 OTHER GAINS AND LOSSES

Items	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Net gains (losses) on financial assets and liabilities at FVTPL	\$ 29	\$ 62	\$ 103	\$ (2,672)
Gain on disposal of property, plant and equipment	(193)	250	160	8,590
Impairment loss on Property, Plant and Equipment	53	4,000	(13,927)	4,000
Foreign exchange gain (losses), net	4,706	(22,061)	(24,808)	(39,505)
Others	(92)	146	(1,418)	(179)
Total	\$ 4,503	\$ (17,603)	\$ (39,890)	\$ (29,766)

## 6.29 FINANCIAL COSTS

Items	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Interest expense				
Bank loans	\$ 14,278	\$ 12,682	\$ 43,966	\$ 40,979



Items	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Interest on lease liabilities	\$ 309	\$ 332	\$ 946	\$ 950
Less: capitalized amount for qualified assets	(721)	(470)	(1,608)	(1,156)
Financial costs	\$ 13,866	\$ 12,544	\$ 43,304	\$ 40,773
Interest capitalization rates	0.66%-4.32%	1.44%-4.32%	0.66%-4.32%	1.44%-4.32%

### 6.30 INCOME TAX

#### (1) Components of income tax expense:

Items	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
<u>Current income tax expense</u>				
Current tax expense (benefit) recognized in the current period	\$ 64,410	\$ 19,167	\$ 185,327	\$ 43,232
Tax on undistributed surplus earnings	195	-	740	3,700
Income tax adjustments on prior years	-	-	1,320	(2,579)
Current tax	64,605	19,167	187,387	44,353
<u>Deferred income tax expense</u>				
The origination and reversal of temporary differences	6,221	15,057	7,147	24,130
Deferred tax	6,221	15,057	7,147	24,130
Income tax expense recognized in profit or loss	\$ 70,826	\$ 34,224	\$ 194,534	\$ 68,483

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.

Items	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Exchange differences arising on translation of foreign operations	\$ (1,613)	\$ 6,717	\$ (5,808)	\$ (1,907)

Items	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Financial assets at fair value through other comprehensive income	\$ 317	\$ (54)	\$ 190	\$ (99)
Total	\$ (1,296)	\$ 6,663	\$ (5,618)	\$ (2,006)

(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 September 30, 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	\$ 1,572	\$ (317)	\$ 1,255
Subtotal	1,572	(317)	1,255
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations	(8,065)	1,613	(6,452)
Subtotal	(8,065)	1,613	(6,452)
Total	\$ (6,493)	\$ 1,296	\$ (5,197)

Items	Three Months Ended September 30, 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	\$ (284)	\$ 54	\$ (230)
Subtotal	(284)	54	(230)
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations	33,586	(6,717)	26,869
Subtotal	33,586	(6,717)	26,869
Total	\$ 33,302	\$ (6,663)	\$ 26,639

Nine Months Ended September 30, 2021			
Items	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	\$ 1,371	\$ (190)	\$ 1,181
Subtotal	1,371	(190)	1,181
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations	(29,040)	5,808	(23,232)
Subtotal	(29,040)	5,808	(23,232)
Total	\$ (27,669)	\$ 5,618	\$ (22,051)

Nine Months Ended September 30, 2020			
Items	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	\$ (656)	\$ 99	\$ (557)
Subtotal	(656)	99	(557)
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations	\$ (9,534)	\$ 1,907	\$ (7,627)
Subtotal	(9,534)	1,907	(7,627)
Total	\$ (10,190)	\$ 2,006	\$ (8,184)

### 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 September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Basic earnings per share				
Net income attributable to ordinary shareholders of the Company	\$ 236,923	\$ 92,882	\$ 646,168	\$ 210,944
Net income for calculating basic earnings per share	\$ 236,923	\$ 92,882	\$ 646,168	\$ 210,944
Weighted average shares outstanding (thousand shares)	182,140	182,140	182,140	182,140

Items	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Basic earnings per share (after tax) (in dollars)	\$ 1.30	\$ 0.51	\$ 3.55	\$ 1.16
Diluted earnings per share				
Net income attributable to ordinary shareholders of the Company	\$ 236,923	\$ 92,882	\$ 646,168	\$ 210,944
Net income for calculating diluted earnings per share	\$ 236,923	\$ 92,882	\$ 646,168	\$ 210,944
Weighted average shares outstanding (thousand shares)	182,140	182,140	182,140	182,140
Effect of dilutive potential common shares				
Employees' compensation (thousand shares)	97	48	116	86
Weighted average shares outstanding for diluted earnings per share (thousand shares)	182,237	182,188	182,256	182,226
Diluted earnings per share (after tax) (in dollars)	\$ 1.30	\$ 0.51	\$ 3.55	\$ 1.16

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

Other related parties are related by blood within second degree of relationship to the representative and the chairman of the Company or substantial related persons

(2) Significant transactions between related parties

A. Revenue

Related Party	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Investors with significant influence over the Group	\$ 1,036	\$ 785	\$ 4,958	\$ 2,179
Other related parties	9,175	13,365	30,883	34,363
Total	\$ 10,211	\$ 14,150	\$ 35,841	\$ 36,542

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 September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Investors with significant influence over the Group	\$ 1,140	\$ -	\$ 2,385	\$ 2,491
Other related parties	1,051	1,533	3,448	3,201
Total	\$ 2,191	\$ 1,533	\$ 5,833	\$ 5,692

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

C. Receivables due from related parties

Items	Related Party	September 30, 2021	December 31, 2020	September 30, 2020
Accounts receivable	Investors with significant influence over the Group	\$ 395	\$ 202	\$ 294
	Other related parties	21,131	23,259	32,752
	Total	\$ 21,526	\$ 23,461	\$ 33,046
Other receivables	Other related parties	\$ 41	\$ -	\$ -

#### D. Payables due to related parties

Items	Related Party	September 30,		September 30,	
		2021	2020	2020	2020
Accounts payable	Investors with significant influence over the Group	\$ 1,525	\$ -	\$ -	\$ -
	Other related parties	1,896	-	1,538	
	Total	\$ 3,421	\$ -	\$ 1,538	
Other payables	Other related parties	\$ 2,511	\$ 440	\$ 1,151	

#### E. Other transactions

Items	Related Party	Three Months Ended September 30		Nine Months Ended September 30	
		2021	2020	2021	2020
Consumable expenses	Investors with significant influence over the subsidiaries	\$ 421	\$ -	\$ 2,597	\$ 1,130
	Total	\$ 421	\$ -	\$ 2,597	\$ 1,130
Other income	Other related parties	\$ 96	\$ 102	\$ 241	\$ 241

#### F. Acquisition of property, plant and equipment

Related Party	Acquisition Price			
	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Investors with significant influence over the Group	\$ 9,687	\$ -	\$ 28,974	\$ 14,665

#### (3) Compensation of key management personnel

Items	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 10,218	\$ 8,057	\$ 37,819	\$ 22,856

Items	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Post-employment benefits	\$ 74	\$ 84	\$ 351	233
Total	\$ 10,292	\$ 8,141	\$ 38,170	\$ 23,089

## 8. PLEDGED ASSETS

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

Items	September 30, 2021	December 31, 2020	September 30, 2020
Pledge time deposits (recognized as other financial assets - current)	\$ 36,502	\$ 20,917	\$ 6,500
Restricted deposits (recognized as other financial assets - current)	30,984	24,332	33,788
Notes receivable (the banker's acceptance notes)	69,480	86,302	65,838
Refundable deposits (recognized as other non-current assets)	494	1,080	644
Total	\$ 137,460	\$ 132,631	\$ 106,770

## 9. SIGNIFICANT CONTINGENCY LIABILITIES AND UNRECOGNIZED COMMITMENTS

### (1) Significant commitments

A. The unused letters of credit for purchasing raw materials and equipment as of September 30, 2021 is \$28,900 thousand.

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

Items	September 30, 2021	December 31, 2020	September 30, 2020
Property, plant, and equipment	\$ 524,736	\$ 331,818	\$ 338,569

## 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 significant 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

	September 30, 2021		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial Assets			
Monetary Items			
USD	\$	73,359	27.84 \$ 2,042,300
JPY		156,170	0.25 38,909



September 30, 2021			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial Liabilities</u>			
Monetary Items			
USD	\$	46,496	27.84 \$ 1,294,438
JPY		245,199	0.25 61,091

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

September 30, 2020			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial Assets</u>			
Monetary Items			
USD	\$	56,686	29.10 \$ 1,649,563
JPY		198,948	0.28 54,900
<u>Financial Liabilities</u>			
Monetary Items			
USD		22,748	29.10 661,967
JPY	\$	78,490	0.28 \$ 21,659

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 \$7,257 thousand and \$10,208 thousand for the nine months ended September 30, 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 \$574 thousand, \$183 thousand, \$572 thousand and \$166 thousand for the nine months ended September 30, 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		
	September 30, 2021	December 31, 2020	September 30, 2020
Fair value interest rate risk			
Financial assets	\$ 794	\$ 1,880	\$ 1,144
Financial liabilities	(9,998)	(9,985)	(9,985)
Net	\$ (9,204)	\$ (8,105)	\$ (8,841)
Cash flow interest rate risk			
Financial assets	\$ 559,272	\$ 802,088	\$ 662,044
Financial liabilities	(2,593,376)	(2,359,040)	(2,540,156)
Net	\$ (2,034,104)	\$ (1,556,952)	\$ (1,878,112)

#### 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 \$15,256 thousand and \$14,086 thousand for the nine months ended September 30, 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 September 30, 2021 and December 31, 2020 and September 30, 2020, the proportion of the accounts receivable exceeds 10% of the total accounts receivable, representing 10%, 12% and 24%, 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 notes receivable and accounts receivable. Other financial instruments amortized at cost, such as cash and cash equivalents and other receivables, have low 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	September 30, 2021				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Short-term loans	\$ 798,147	\$ -	\$ -	\$ 798,147	\$ 787,594
Short-term notes and bills payable	10,000	-	-	10,000	9,998
Notes payable	196,659	-	-	196,659	196,659
Accounts payable	1,274,790	-	-	1,274,790	1,274,790
Other payables	945,840	-	-	945,840	945,840
Lease liabilities	10,974	33,725	68,891	113,590	104,606
Long-term loan (include current portion)	157,645	1,693,993	16,456	1,868,094	1,805,782
Guarantee deposits	-	-	3,674	3,674	3,674
Total	\$ 3,394,055	\$ 1,727,718	\$ 89,021	\$ 5,210,794	\$ 5,128,943

Further information on maturity analysis for lease liabilities

## September 30, 2021

	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Total undiscounted lease payments
Lease liabilities	\$ 10,974	\$ 33,725	\$ 32,520	\$ 31,995	\$ 4,376	\$ 113,590

## 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

## September 30, 2020

Non-derivative Financial Liabilities	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Short-term loans	\$ 776,527	\$ -	\$ -	\$ 776,527	\$ 766,845
Short-term notes and bills payable	10,000	-	-	10,000	9,985
Notes payable	49,185	-	-	49,185	49,185
Accounts payable	671,275	-	-	671,275	671,275
Other payables	408,358	-	-	408,358	408,358
Lease liabilities	11,408	36,707	72,716	120,831	110,754
Long-term loan (include current portion)	128,551	1,589,403	108,678	1,826,632	1,773,311
Guarantee deposits	-	5,325	-	5,325	5,325
Total	\$ 2,055,304	\$ 1,631,435	\$ 181,394	\$ 3,868,133	\$ 3,795,038

## Further information on maturity analysis for lease liabilities

	September 30, 2020					Total undiscounted lease payments
	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	
Lease liabilities	\$ 11,408	\$ 36,707	\$ 30,158	\$ 31,618	\$ 10,940	\$ 120,831

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 Types of Financial instruments

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets</u>			
Financial assets at fair value			
through profit or loss- current	\$ 57,406	\$ 57,302	\$ 57,248
Financial assets measured at			
amortized cost (Note 1)	2,918,927	2,751,756	2,508,105
Financial assets at fair value			
through other comprehensive			
income- noncurrent	18,269	16,898	16,562
<u>Financial liability</u>			
Financial liabilities measured at			
amortized cost (Note 2)	5,024,337	3,789,580	3,684,284

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

(2) 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	September 30, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at FVTPL				
Funds	\$ 57,406	\$ -	\$ -	\$ 57,406
Financial assets at FVTOCI				
Equity instruments				
Unlisted stocks	-	-	18,269	18,269
Total	\$ 57,406	\$ -	\$ 18,269	\$ 75,675

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
Financial assets at FVTOCI				
Equity instruments				
Unlisted stocks	-	-	16,898	16,898
Total	\$ 57,302	\$ -	\$ 16,898	\$ 74,200

Items	September 30, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at FVTPL				
Funds	\$ 57,248	\$ -	\$ -	\$ 57,248
Financial assets at FVTOCI				
Equity instruments				
Unlisted stocks	-	-	16,562	16,562
Total	\$ 57,248	\$ -	\$ 16,562	\$ 73,810

- (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.
- (5) The methods and assumptions the Group used to measure fair value are as follows:
- (6) Changes in level 3 instruments:

Items	Nine Months Ended September 30	
	2021	2020
<u>Financial assets at FVTOCI</u>		
Beginning Balance	\$ 16,898	\$ 17,218
Gains or losses recognized in other comprehensive income	1,371	(656)
Effect of exchange rate difference	-	-
Ending Balance	\$ 18,269	\$ 16,562



### 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: Please see Table 5 attached
- (9)Information on the derivative instrument transactions: None;
- (10)The business relationship between the parent and the subsidiaries and significant transaction between then: Please see Table 6 attached;

13.2 Information on investees (before inter-company eliminations): Please see Table 7 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 8 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 6 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 9 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	Nine Months Ended September 30, 2021				
	Electronic	Stationery	Others	Eliminations	Total
Revenue					
Revenue from external customers	\$ 6,809,190	\$ 1,239,035	\$ 69,222	\$ -	\$ 8,117,447
Revenue from intersegments	517,693	426,821	32,470	(976,984)	-
	<u>\$ 7,326,883</u>	<u>\$ 1,665,856</u>	<u>\$ 101,692</u>	<u>\$ (976,984)</u>	<u>\$ 8,117,447</u>
Interest expenses	<u>\$ 32,287</u>	<u>\$ 11,017</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,304</u>
Depreciation ,amortization and impairment	<u>\$ 437,666</u>	<u>\$ 66,226</u>	<u>\$ 17,301</u>	<u>\$ -</u>	<u>\$ 521,193</u>
Segment income (loss)	<u>\$ 724,167</u>	<u>\$ 140,436</u>	<u>\$ 11,430</u>	<u>\$ -</u>	<u>\$ 876,033</u>
Income (loss) before tax					<u>\$ 876,033</u>
Total assets					<u>\$ 12,158,542</u>

Items	Nine Months Ended September 30, 2020				
	Electronic	Stationery	Others	Eliminations	Total
Revenue					
Revenue from external customers	\$ 5,040,951	\$ 1,017,077	\$ 62,048	\$ -	\$ 6,120,076
Revenue from intersegments	461,443	357,540	18,978	(837,961)	-
	<u>\$ 5,502,394</u>	<u>\$ 1,374,617</u>	<u>\$ 81,026</u>	<u>\$ (837,961)</u>	<u>\$ 6,120,076</u>
Interest expenses	<u>\$ 32,318</u>	<u>\$ 8,455</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,773</u>
Depreciation ,amortization and impairment	<u>\$ 433,067</u>	<u>\$ 70,950</u>	<u>\$ 13,611</u>	<u>\$ -</u>	<u>\$ 517,628</u>
Segment income (loss)	<u>\$ 214,577</u>	<u>\$ 111,288</u>	<u>\$ (1,271)</u>	<u>\$ -</u>	<u>\$ 324,594</u>
Income (loss) before tax					<u>\$ 324,594</u>
Total assets					<u>\$ 10,256,396</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 NINE MONTHS ENDED SEPTEMBER 30, 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	(3)	\$ 2,689,297	\$ 1,319,567	\$ 1,290,644	\$ 866,415	\$ -	21.60%	\$ 2,988,108	Y	N	Y	-
		(JIANGSU)			USD 32,750 RMB 95,000	USD 14,750 RMB 205,000								

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 45% of Company's net worth.

Note 4 : The total amount of guarantee shall not exceed 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 (excluding investments in subsidiaries and associates)  
SEPTEMBER 30, 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	September 30, 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	\$ 38,748	-	\$ 38,748	
	Capital Money Market Fund	—	Financial Assets at Fair Value through Profit or Loss – Current	1,145	18,658	-	18,658	
SDI	Chang Hwa Golf Club	—	Financial Assets at Fair Value through Other Comprehensive Income – Noncurrent	90	8,047	0.24%	8,047	
	SDI ELECTRONICS JAPAN CO., LTD	—	Financial Assets at Fair Value through Other Comprehensive Income – Noncurrent	30	7,242	15.00%	7,242	
	SDI JAPAN CO.,LTD.	—	Financial Assets at Fair Value through Other Comprehensive Income – Noncurrent	200	2,980	19.61%	2,980	

## 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 NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 194,690	Hsing Ya Construction Engineering Co., Ltd.	—	—	—	—	\$ -	Price comparison and price negotiation	Plant expansion	—
SDI	Land and plant (Note 2)	March 30, 2021	323,700	113,295	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 6(9) 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 NINE MONTHS ENDED SEPTEMBER 30, 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	SDI Jiangsu	Sub-subsidiary	Sales	\$ 151,013	2.52%	As prescribed by the agreement	—	—	\$ 138,569	8.58%	Note 1
SDI Jiangsu	SDI	The ultimate parent of the Company	Sales	547,225	24.10%	As prescribed by the agreement	—	—	71,150	9.86%	Note 1
TEC Brite Technology	SDI	Parents Company	Sales	146,886	26.52%	As prescribed by the agreement	—	—	75,328	31.65%	Note 1

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

SDI CORPORATION AND SUBSIDIARIES  
RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
SEPTEMBER 30, 2021

TABLE 5

Amounts in Thousands of New Taiwan Dollars

Creditor	Counterparty	Relationship	General ledger account (Note 1)	Balance	Turnover rate	Overdue receivables		Subsequent collections	Allowance for bad doubtful accounts
						Amount	Action taken		
SDI	SDI Jiangsu	Sub-subsidiary	Account Receivable	\$ 138,569	1.45	\$ 29,923	-	\$ 14,015	\$ -
			Other Receivables	436	-	-	-	-	-

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 NINE MONTHS ENDED SEPTEMBER 30, 2021

TABLE 6 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	\$ 11,593	Note 3	0.14%
		Chao Shin Metal	1	Accounts receivable	1,653	Note 3	0.01%
		Chao Shin Metal	1	Other receivables	194	—	-
		TEC Brite Technology	1	Sales revenue	11	Note 3	-
		TEC Brite Technology	1	Accounts receivable	3	Note 3	-
		TEC Brite Technology	1	Other receivables	9,171	—	0.08%
		SDI (JIANGSU)	1	Sales revenue	151,013	Note 3	1.86%
		SDI (JIANGSU)	1	Accounts receivable	138,569	Note 3	1.14%
		SDI (JIANGSU)	1	Other receivables	436	—	-
1	SDI (JIANGSU)	SDI	2	Sales revenue	547,225	Note 3	6.74%
		SDI	2	Accounts receivable	71,150	Note 3	0.59%
		SDI	2	Other receivables	651	—	0.01%
2	Chao Shin Metal	SDI	2	Sales revenue	16,259	Note 3	0.20%
		SDI	2	Processing income	4,558	Note 3	0.06%
		SDI	2	Accounts receivable	3,961	Note 3	0.03%
		SDI (JIANGSU)	3	Sales revenue	99,439	Note 3	1.23%
		SDI (JIANGSU)	3	Accounts receivable	48,201	Note 3	0.40%
		SDI	2	Sales revenue	146,886	Note 3	1.81%
3	TEC Brite Technology	SDI	2	Accounts receivable	75,328	Note 3	0.62%

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  
INFORMATION ON INVESTEEES  
SEPTEMBER 30, 2021

TABLE 7

Amounts in Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2021			Net Income(Losses) of the Investee	Share of Profits/Losses of Investee	Remarks
				September 30, 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%	\$ 245,685	\$ 24,085	\$ 19,023	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%	344,430	75,040	39,486	Note 1, 2
SDI	SHUEN DER (B.V.I.)	BVI	Holding Company	759,334	759,334	8,920	100.00%	1,713,819	58,976	53,733	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 8 for information of investees of China Mainland.

SDI CORPORATION AND SUBSIDIARIES  
 INFORMATION ON INVESTMENT IN MAINLAND CHINA  
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

TABLE 8

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 September 30, 2021	Net Income (Losses) of the Investee Company	Percentage of Ownership	Shares of Profits/Losses	Carrying Amount as of September 30, 2021	Accumulated Inward Remittance of Earnings as of September 30, 2021	Remarks
					Outflow	Inflow							
SDI Jiangsu	Manufacture, process and sales of integrated circuit frame, blades, stationary, etc.	NTD 974,400	Note 1	NTD 640,320	NTD -	NTD -	NTD 640,320	NTD 59,067	100.00%	NTD 59,067	NTD 1,748,620	NTD -	-
		USD 35,000		USD 23,000			USD 23,000	USD 2,105					

Accumulated Investment in Mainland China as of September 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 640,320	NTD 974,400	NTD 3,780,430
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 nine months ended September 30, 2021.

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

SDI CORPORATION AND SUBSIDIARIES  
 INFORMATION OF MAJOR SHAREHOLDERS  
 SEPTEMBER 30, 2021

TABLE 9

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Chen, Wei Te	10,327,690	5.67%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital on the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.