

SDI Corporation and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
SDI Corporation

Introduction

We have reviewed the accompanying consolidated financial statements of SDI Corporation and subsidiaries ("the Group"), which comprise the consolidated balance sheets as of March 31, 2022 and 2021, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months ended March 31, 2022 and 2021, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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



Basis for Qualified Conclusion

As disclosed in Note 4(3) to the consolidated financial statements, the financial statements of certain non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of March 31, 2022 and 2021, assets of those non-reviewed consolidated subsidiaries amounted to \$1,086,121 thousand and \$1,034,586 thousand (all in NTD unless specified otherwise), representing 8% and 9%, respectively, of total consolidated assets, and the liabilities amounted to \$183,765 thousand and \$163,946 thousand, representing 3% and 3%, respectively, of total consolidated liabilities. Comprehensive income of those consolidated subsidiaries for the three months ended March 31, 2022 and 2021 were \$35,949 thousand, \$19,184 thousand, representing 11% and 10%, respectively, of the total consolidated comprehensive income.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the aforementioned paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022 and 2021, its financial performance for the three months ended March 31, 2022 and 2021 and its consolidated cash flows for the three months ended March 31, 2022 and 2021 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 Shao, Chao Pin and Lin, Ming Shou.

A handwritten signature in black ink that reads "Crowe TW CPAs". The signature is written in a cursive, flowing style.

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

May 5, 2022

Notice to Readers

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

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

SDI Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	NOTES	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
Cash and cash equivalents	6(1)	\$ 850,314	6	\$ 702,314	5	\$ 951,606	8
Financial assets at fair value through profit or loss - current	6(2)	57,470	-	57,434	-	57,344	1
Notes receivable, net	5、6(3)	153,767	1	141,917	1	159,929	1
Accounts receivable, net	5、6(4)	2,117,387	16	2,379,821	18	1,909,711	17
Accounts receivable, net - related parties	5、7	15,219	-	20,881	-	23,396	-
Other receivables	7	16,074	-	20,559	-	14,508	-
Inventories	5、6(5)	4,523,679	35	4,086,541	33	3,092,900	27
Prepayments	6(6)	96,814	1	110,409	1	77,156	1
Other financial assets - current	6(7)、7	49,639	-	55,190	-	71,590	1
Other current assets		690	-	-	-	1,100	-
Total current assets		<u>7,881,053</u>	<u>59</u>	<u>7,575,066</u>	<u>58</u>	<u>6,359,240</u>	<u>56</u>
NONCURRENT ASSETS							
Financial assets at fair value through other comprehensive income - noncurrent	5、6(8)	21,015	-	20,222	-	16,361	-
Property, plant and equipment	5、6(9)	5,058,627	37	4,951,418	38	4,384,275	39
Right-of-use assets	5、6(10)	215,069	2	213,854	2	222,441	2
Intangible assets	6(11)	64,441	-	42,705	-	49,461	1
Deferred income tax assets	5	132,968	1	120,527	1	123,862	1
Other noncurrent assets	6(12)	95,636	1	120,798	1	84,515	1
Total noncurrent assets		<u>5,587,756</u>	<u>41</u>	<u>5,469,524</u>	<u>42</u>	<u>4,880,915</u>	<u>44</u>
TOTAL		<u>\$ 13,468,809</u>	<u>100</u>	<u>\$ 13,044,590</u>	<u>100</u>	<u>\$ 11,240,155</u>	<u>100</u>
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
Short-term loans	6(13)、7	\$ 939,738	7	\$ 867,361	7	\$ 808,262	7
Short-term notes and bills payable	6(14)	-	-	-	-	9,996	-
Contract liabilities	6(25)	103,912	1	104,504	1	127,310	1
Notes payable	6(15)	153,478	1	159,924	1	173,734	2
Accounts payable		1,184,136	9	1,316,613	9	1,171,367	10
Accounts payable - related parties	7	1,586	-	2,198	-	1,668	-
Other payables	6(16)	559,637	4	722,253	6	515,605	5
Other payables - related parties	7	892	-	860	-	968	-
Current income tax liabilities		282,881	2	209,988	2	127,700	1
Lease liabilities - current	5、6(10)	10,137	-	9,436	-	10,105	-
Long term loans - current portion	6(17)	118,495	1	135,082	1	169,239	2
Other current liabilities		12,376	-	21,273	-	10,972	-
Total current liabilities		<u>3,367,268</u>	<u>25</u>	<u>3,549,492</u>	<u>27</u>	<u>3,126,926</u>	<u>28</u>
NONCURRENT LIABILITIES							
Long term loans	6(17)	2,657,967	20	2,381,276	19	1,352,099	12
Lease liabilities - noncurrent	5、6(10)	90,448	1	92,497	1	95,634	1
Deferred income tax liabilities		332,189	2	311,966	2	299,454	3
Net defined benefit liability - noncurrent	5、6(19)	136,062	1	144,397	1	135,153	1
Other noncurrent liabilities	6(18)	29,406	-	31,768	-	35,497	-
Total noncurrent liabilities		<u>3,246,072</u>	<u>24</u>	<u>2,961,904</u>	<u>23</u>	<u>1,917,837</u>	<u>17</u>
Total liabilities		<u>6,613,340</u>	<u>49</u>	<u>6,511,396</u>	<u>50</u>	<u>5,044,763</u>	<u>45</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT							
Common stocks	6(20)	1,821,403	13	1,821,403	14	1,821,403	16
Capital surplus	6(21)	485,771	4	485,598	4	485,579	4
Retained earnings	6(22)						
Legal capital reserve		899,980	7	899,980	7	865,445	8
Special capital reserve		134,642	1	134,642	1	155,570	1
Unappropriated earnings		3,236,486	24	2,984,948	22	2,671,638	24
Others	6(23)	(83,826)	(1)	(139,763)	(1)	(142,438)	(1)
Equity attributable to shareholders of the parent		<u>6,494,456</u>	<u>48</u>	<u>6,186,808</u>	<u>47</u>	<u>5,857,197</u>	<u>52</u>
NON-CONTROLLING INTERESTS	6(24)	<u>361,013</u>	<u>3</u>	<u>346,386</u>	<u>3</u>	<u>338,195</u>	<u>3</u>
Total equity		<u>6,855,469</u>	<u>51</u>	<u>6,533,194</u>	<u>50</u>	<u>6,195,392</u>	<u>55</u>
TOTAL		<u>\$ 13,468,809</u>	<u>100</u>	<u>\$ 13,044,590</u>	<u>100</u>	<u>\$ 11,240,155</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 March 31			
		2022		2021	
		Amount	%	Amount	%
NET REVENUE	5、6(25)、7	\$ 2,792,124	100	\$ 2,452,214	100
COST OF REVENUE	5、6(26)、7	(2,258,930)	(81)	(1,970,939)	(80)
GROSS PROFIT		533,194	19	481,275	20
OPERATING EXPENSES	5、6(26)、7				
Marketing		(80,057)	(3)	(76,498)	(3)
General and administrative		(88,038)	(3)	(79,557)	(4)
Research and development		(69,326)	(2)	(57,910)	(2)
Expected credit (loss) gain		(17)	-	328	-
Total operating expenses		(237,438)	(8)	(213,637)	(9)
OPERATING INCOME		295,756	11	267,638	11
NONOPERATING INCOME AND EXPENSES					
Interest income		422	-	275	-
Other income	6(27)	3,648	-	3,310	1
Other gains and losses	6(28)	51,301	2	(13,318)	(1)
Finance costs	6(29)	(18,144)	(1)	(15,260)	(1)
Total nonoperating income and expenses		37,227	1	(24,993)	(1)
INCOME BEFORE INCOME TAX		332,983	12	242,645	10
INCOME TAX EXPENSE	6(30)	(66,818)	(2)	(50,987)	(2)
NET INCOME		266,165	10	191,658	8
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss :	6(31)				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		793	-	(537)	-
Income tax benefit (expenses) related to items that will not be reclassified subsequently	6(30)	(84)	-	125	-
Items that may be reclassified subsequently to profit or loss :	6(31)				
Exchange differences arising on translation of foreign operations		69,035	-	(9,230)	-
Income tax benefit (expenses) related to items that may be reclassified subsequently	6(30)	(13,807)	2	1,846	-
Other comprehensive income (loss), net of income tax		55,937	2	(7,796)	-
TOTAL COMPREHENSIVE INCOME		\$ 322,102	12	\$ 183,862	8
NET INCOME ATTRIBUTABLE TO :					
Shareholders of the parent		\$ 251,538	9	\$ 185,031	8
Non-controlling interests		14,627	1	6,627	-
		\$ 266,165	10	\$ 191,658	8
TOTAL COMPREHENSIVE INCOME :					
Shareholders of the parent		\$ 307,475	11	\$ 177,235	8
Non-controlling interests		14,627	1	6,627	-
		\$ 322,102	12	\$ 183,862	8
EARNINGS PER SHARE (IN DOLLARS)	6(32)				
Basic earnings per share		\$ 1.38		\$ 1.02	
Diluted earnings per share		\$ 1.38		\$ 1.02	

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											Total Equity	
	Capital Stocks		Retained Earnings				Others				Total Attributable to Shareholders of the Parent		Non-controlling Interests
	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					
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		
Deemed donation from shareholders - dividends give up	-	176	-	-	-	-	-	-	176	-	176		
Net income for the three months ended March 31, 2021	-	-	-	-	185,031	-	-	-	185,031	6,627	191,658		
Other comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	(7,384)	(412)	(7,796)	(7,796)	-	(7,796)		
BALANCE, MARCH 31, 2021	\$ 1,821,403	\$ 485,579	\$ 865,445	\$ 155,570	\$ 2,671,638	\$ (155,193)	\$ 12,755	\$ (142,438)	\$ 5,857,197	\$ 338,195	\$ 6,195,392		
BALANCE, JANUARY 1, 2022	\$ 1,821,403	\$ 485,598	\$ 899,980	\$ 134,642	\$ 2,984,948	\$ (155,689)	\$ 15,926	\$ (139,763)	\$ 6,186,808	\$ 346,386	\$ 6,533,194		
Deemed donation from shareholders - dividends give up	-	173	-	-	-	-	-	-	173	-	173		
Net income for the three months ended March 31, 2022	-	-	-	-	251,538	-	-	-	251,538	14,627	266,165		
Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	55,228	709	55,937	55,937	-	55,937		
BALANCE, MARCH 31, 2022	\$ 1,821,403	\$ 485,771	\$ 899,980	\$ 134,642	\$ 3,236,486	\$ (100,461)	\$ 16,635	\$ (83,826)	\$ 6,494,456	\$ 361,013	\$ 6,855,469		

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

SDI Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 332,983	\$ 242,645
Depreciation	161,910	167,169
Amortization	4,901	5,853
Expected credit loss (or reversal)	17	(328)
Loss (gain) on financial assets at fair value through profit or loss	(36)	(42)
Interest expense	18,144	15,260
Interest income	(422)	(275)
Dividend income	(1,298)	(362)
Gain on disposal of property, plant and equipment	(280)	(26)
Net changes in operating assets and liabilities		
Notes receivable	(7,449)	(14,371)
Accounts receivable	287,791	(154,719)
Inventories	(394,382)	(265,094)
Prepayments	14,685	15,596
Other financial assets	1,636	2,070
Other current assets	(270)	(2,634)
Contract liabilities	(1,101)	50,368
Notes payable	(11,817)	69,661
Accounts payable	(140,774)	343,935
Other payables	(128,852)	(34,699)
Other current liabilities	(9,461)	(1,810)
Net defined benefit liability	(8,335)	(2,399)
Other operating liabilities	(4,780)	(1,292)
Cash provided from operations	112,810	434,506
Interest received	402	266
Dividends received	1,298	362
Interest paid	(19,436)	(16,382)
Income taxes paid	-	(7,015)
Net cash provided by operating activities	95,074	411,737
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(234,062)	(168,350)
Proceeds from disposal of Property, plant and equipment	440	94
Decrease (increase) in refundable deposits	(49)	319
Acquisition of intangible assets	(8,579)	(1,857)
Decrease (increase) in other financial assets	9,377	(26,633)
Net cash used in investing activities	(232,873)	(196,427)

(Continued)

SDI Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	\$ 37,830	\$ 21,977
Proceeds from long-term debt	924,769	50,848
Repayment of long-term debt	(675,067)	(100,000)
Repayment of the principal portion of lease liabilities	(4,425)	(2,951)
Increase in other noncurrent liabilities	601	-
Net cash provided by(used in) financing activities	283,708	(30,126)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	2,091	2,243
NET INCREASE IN CASH AND CASH EQUIVALENTS	148,000	187,427
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	702,314	764,179
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	\$ 850,314	\$ 951,606

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

(Concluded)

SDI Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

(Reviewed, Not Audited)

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

1. ORGANIZATION AND OPERATIONS

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

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

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on May 5, 2022.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"	January 1, 2022 (Note 2)
Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"	January 1, 2022 (Note 3)

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 4)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note 5)
Note 1 : Unless stated otherwise, the New IFRSs above are effective for annual periods beginning on or after their respective effective dates.	
Note 2 : The Company shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented, January 1, 2021, in the financial statements in which the entity first applies the amendments.	
Note 3 : The Company shall apply these amendments to contracts for which it has not yet fulfilled all its obligations on January 1, 2022.	
Note 4 : These amendments apply to business combinations whose acquisition date occur during the annual reporting periods beginning on or after January 1, 2022.	
Note 5 : The amendments to IFRS 9 apply to financial liabilities that are modified or exchanged during the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 apply to fair value measurement on or after the beginning of the first annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 apply to the 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 amendment clarifies that the cost of testing the proper functioning of an asset refers to assessing whether the technical and physical properties of the asset are sufficient to enable it to be used for the production or the provision of goods and services, leased to others or for management purposes.
- (2) Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
 The amendments set out that, when determining whether a contract is onerous, the cost of fulfilling a contract comprises an allocation of other costs that relate directly to fulfilling contracts—for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others.
- (3) Amendments to IFRS 3 “Reference to the Conceptual Framework”
 The amendments update a reference to the Framework in IFRS 3 and require the acquirer shall apply IFRIC 21 for a levy that would be within the scope of IFRIC 21 to determine

whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

(4) Annual Improvement to IFRS Standards 2018-2020

The annual improvements amend several Standards. Among which, the amendment to IFRS 9 clarifies that, in determining whether an exchange or modification of the terms of a financial liability is substantially different from the original one, only fees paid or received between the Group (the borrower) and the lender, including fees paid or received by either the Group or the lender on the other's behalf, shall be included in the '10 per cent' test of discounting present value of the cash flows under the new terms.

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

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

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

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

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
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 authorized for issue, the Group is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2021. 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, 2021.

4.2 Basis of Preparation

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

4.3 Basis of consolidation

- (1) Basis for preparation of consolidated financial statements:
 - A. All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - B. Inter-company transactions, balances and unrealized gains or losses on transactions

between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- C. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

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

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership		
			March 31, 2022	December 31, 2021	March 31, 2021
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 three months ended March 31, 2022 and 2021 of aforementioned subsidiaries were not reviewed by independent auditors, except for those of the significant subsidiaries, i.e. SHUEN DER (B.V.I.) and SDI (JIANGSU).

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

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

Name of subsidiary	Percentage of Ownership of Non-controlling Interest		
	March 31, 2022	December 31, 2021	March 31, 2021
TEC Brite Technology	45.02%	45.02%	45.02%

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

Name of subsidiary	Profit or Loss Distribute to Non-controlling Interest			
	Three Months Ended March 31			
	2022		2021	
TEC Brite Technology	\$	13,819	\$	5,584
Others		808		1,043
Total	\$	14,627	\$	6,627

Name of subsidiary	Non-controlling Interest			
	March 31, 2022	December 31, 2021	March 31, 2021	
TEC Brite Technology	\$	314,827	\$	301,008
Others		46,186		45,378
Total	\$	361,013	\$	346,386

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

Balance sheets

	TEC Brite Technology			
	March 31, 2022	December 31, 2021	March 31, 2021	
Current assets	\$	628,995	\$	605,628
Non-current assets		331,196		337,413
Current liabilities		(142,754)		(152,162)
Non-current liabilities		(111,296)		(115,434)
Equity	\$	706,141	\$	675,445
Equity attributable to:				
Shareholder of the parent	\$	388,236	\$	371,360

	TEC Brite Technology		
	March 31, 2022	December 31, 2021	March 31, 2021
Non-controlling Interests of TEC Brite Technology	\$ 317,905	\$ 304,085	\$ 296,070
Total	\$ 706,141	\$ 675,445	\$ 657,642

Statements of comprehensive incomes

	TEC Brite Technology	
	Three Months Ended March 31	
	2022	2021
Revenue	\$ 195,763	\$ 153,838
Net profit for the period	\$ 30,695	\$ 14,040
Other comprehensive income	-	-
Total comprehensive income for the period	\$ 30,695	\$ 14,040
Net profit attributable to:		
Shareholder of the parent	\$ 16,876	\$ 7,719
Non-controlling interests of TEC Brite Technology	13,819	6,321
Total	\$ 30,695	\$ 14,040
Total comprehensive income attributable to:		
Shareholder of the parent	\$ 16,876	\$ 7,719
Non-controlling interests of TEC Brite Technology	13,819	6,321
Total	\$ 30,695	\$ 14,040

Statements of cash flows

	TEC Brite Technology	
	For the Three Months Ended March 31	
	2022	2021
Net cash generated from operating activities	\$ 100,288	\$ 16,239
Net cash used in investing activities	(9,278)	(25,517)
Net cash used in financing activities	(4,061)	(3,997)
Increase (decrease) in cash and cash equivalents	86,949	(13,275)
Cash and cash equivalents, beginning of the period	\$ 100,585	\$ 144,579

	TEC Brite Technology	
	For the Three Months Ended March 31	
	2022	2021
Cash and cash equivalents, end of the period	\$ 187,534	\$ 131,304
Dividends paid to non-controlling interests	\$ -	\$ -

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 Covid-19 pandemic impact into consideration in critical accounting estimates and reviewing basic assumptions and estimates continually. The impacts of the change in accounting estimate shall be recognized currently when the impacts are related to the current period only. However, the impact shall be recognized currently and prospectively when the impacts not only effect current period but also the future periods.

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, 2021, which were stated in Note 5.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

6.1 CASH AND CASH EQUIVALENTS

Items	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand and petty cash	\$ 1,184	\$ 914	\$ 1,184
Checking accounts and demand deposits	779,130	701,400	950,422
Cash equivalent			
Redeemable bond	70,000	-	-
Total	<u>\$ 850,314</u>	<u>\$ 702,314</u>	<u>\$ 951,606</u>

(1) Time deposits with original maturities over three months was classified as other current financial assets as of March 31, 2022, December 31, 2021 and March 31, 2021.

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

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

6.2 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Items	March 31, 2022	December 31, 2021	March 31, 2021
Mandatorily measured at FVTPL			
Non-derivative financial assets			
Funds	\$ 57,470	\$ 57,434	\$ 57,344
Total	<u>\$ 57,470</u>	<u>\$ 57,434</u>	<u>\$ 57,344</u>

(1) The Group recognized net profit or loss of FVTPL for the three months ended March 31, 2022 and 2021 is \$36 thousand and \$42 thousand.

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

6.3 NOTES RECEIVABLE

Items	March 31, 2022	December 31, 2021	March 31, 2021
Amortized at cost			
Gross carrying amount	\$ 153,867	\$ 142,017	\$ 160,029

Items	March 31, 2022	December 31, 2021	March 31, 2021
Less: Loss allowance	\$ (100)	\$ (100)	\$ (100)
Notes receivable, net	\$ 153,767	\$ 141,917	\$ 159,929

(1)As of March 31, 2022, December 31, 2021 and March 31, 2021, the banker's acceptance bill of the Group was \$120,118 thousand, \$109,918 thousand and \$125,572 thousand.

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

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

6.4 ACCOUNTS RECEIVABLE

Items	March 31, 2022	December 31, 2021	March 31, 2021
Amortized at cost			
Gross carrying amount	\$ 2,128,902	\$ 2,391,206	\$ 1,923,470
Less: Loss allowance	(11,515)	(11,385)	(13,759)
Accounts receivable, net	\$ 2,117,387	\$ 2,379,821	\$ 1,909,711

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

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

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

March 31, 2022

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 2,177,761	\$ (3,387)	\$ 2,174,374
Past due but not impaired			
Past due within 30 days	88,107	(4,168)	83,939
Past due 31-90 days	30,177	(3,680)	26,497
Past due 91-180 days	1,563	-	1,563
Past due 181-365 days	205	(205)	-
Past due over 365 days	2,577	(2,577)	-
Total	\$ 2,300,390	\$ (14,017)	\$ 2,286,373

December 31, 2021

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 2,435,103	\$ (3,678)	\$ 2,431,425
Past due but not impaired			
Past due within 30 days	94,493	(3,623)	90,870
Past due 31-90 days	22,785	(2,621)	20,164
Past due 91-180 days	1,196	(1,036)	160
Past due over 365 days	8,686	(8,686)	-
Total	\$ 2,562,263	\$ (19,644)	\$ 2,542,619

March 31, 2021

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 2,021,848	\$ (7,537)	\$ 2,014,311
Past due but not impaired			
Past due within 30 days	58,832	(1,535)	57,297
Past due 31-90 days	23,500	(2,626)	20,874
Past due 91-180 days	1,214	(660)	554
Past due 181-365 days	717	(717)	-
Past due over 365 days	8,944	(8,944)	-
Total	\$ 2,115,055	\$ (22,019)	\$ 2,093,036

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

Items	Three Months Ended March 31	
	2022	2021
Balance, January 1	\$ 19,644	\$ 22,386
Add: Provision for (reversal of) impairment	17	(328)
Less: Reversal of impairment	(5,847)	-
Effect of exchange rate changes	203	(39)
Balance, March 31	\$ 14,017	\$ 22,019

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

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

6.5 INVENTORIES AND COST OF SALES

Items	March 31, 2022	December 31, 2021	March 31, 2021
Raw materials	\$ 1,638,558	\$ 1,486,234	\$ 1,137,237
Work-in-process	1,595,398	1,453,154	1,089,125
Finished goods	1,176,181	982,857	758,465
Goods	92,598	92,135	83,150
Inventory in transit	20,944	72,161	24,923
Total	\$ 4,523,679	\$ 4,086,541	\$ 3,092,900

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

Items	Three Months Ended March 31	
	2022	2021
Provision for loss on inventories	\$ 20,186	\$ 37,101
Unallocated fixed FOH	942	404
Loss on scrapped inventory	8,212	14,051
Total	\$ 29,340	\$ 51,556

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

6.6 PREPAYMENTS

Items	March 31, 2022	December 31, 2021	March 31, 2021
Prepaid expenses	\$ 32,677	\$ 32,076	\$ 27,233
Prepayment for purchases	19,842	43,215	9,647
Input tax	19,690	22,570	14,166
Overpaid VAT	13,798	2,882	9,982
Others	10,807	9,666	16,128
Total	\$ 96,814	\$ 110,409	\$ 77,156

6.7 OTHER FINANCIAL ASSETS-CURRENT

Items	March 31, 2022	December 31, 2021	March 31, 2021
Pledged time deposits	\$ 30,647	\$ 23,906	\$ 36,846
Restricted deposits	18,992	31,284	34,744
Total	\$ 49,639	\$ 55,190	\$ 71,590

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	March 31, 2022	December 31, 2021	March 31, 2021
Equity instrument			
Unlisted stock	\$ 2,203	\$ 2,203	\$ 2,203
Valuation Adjustments	18,812	18,019	14,158
Total	\$ 21,015	\$ 20,222	\$ 16,361

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

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

6.9 PROPERTY, PLANT AND EQUIPMENT

Items	March 31, 2022	December 31, 2021	March 31, 2021
Land	\$ 571,471	\$ 254,419	\$ 254,419
Buildings	2,392,054	2,357,039	2,341,370
Machinery	6,241,436	6,140,196	5,974,658
Molds	2,099,335	2,058,845	1,998,731
Other equipment	1,400,219	1,345,722	1,286,848
Equipment to be inspected and construction in progress	804,707	1,087,457	544,349
Total cost	13,509,222	13,243,678	12,400,375
Less: Accumulated depreciation and impairment	(8,450,595)	(8,292,260)	(8,016,100)
Total	\$ 5,058,627	\$ 4,951,418	\$ 4,384,275

	Land	Buildings	Machinery	Molds	Other equipment	Equipment under installation and construction in progress	Total
Cost							
Balance, January 1, 2022	\$ 254,419	\$ 2,357,039	\$ 6,140,196	\$ 2,058,845	\$ 1,345,722	\$ 1,087,457	\$ 13,243,708
Additions	-	4,382	13,201	630	16,577	171,185	205,975
Disposals	-	(16,710)	(39,700)	(19,038)	(7,440)	-	(82,888)
Reclassification	317,052	14,257	67,570	25,999	34,088	(458,966)	-
Effect of exchange rate difference	-	33,086	60,169	32,899	11,272	5,031	142,457
Balance, March 31, 2022	\$ 571,471	\$ 2,392,054	\$ 6,241,436	\$ 2,099,335	\$ 1,400,219	\$ 804,707	\$ 13,509,222
Accumulated depreciation and impairment							
Balance, January 1, 2022	\$ -	\$ (985,429)	\$ (4,614,153)	\$ (1,735,696)	\$ (956,982)	\$ -	\$ (8,292,260)
Depreciation expense	-	(17,121)	(78,457)	(38,758)	(23,415)	-	(157,751)
Disposals	-	16,710	39,658	18,921	7,439	-	82,728
Reclassification	-	-	-	-	-	-	-
Effect of exchange rate difference	-	(10,549)	(41,869)	(22,682)	(8,212)	-	(83,312)
Balance, March 31, 2022	\$ -	\$ (996,389)	\$ (4,694,821)	\$ (1,778,215)	\$ (981,170)	\$ -	\$ (8,450,595)

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

(1) In order to fulfill operational and productivity expansion strategies, the Company built a plant in Nantou Industrial Park. The project has still not been completed, please refer to table 3 for relevant information.

(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

Items	March 31, 2022	December 31, 2021	March 31, 2021
Land	\$ 96,848	\$ 96,840	\$ 92,822
Use right of land	80,396	77,392	77,422
Buildings	81,306	81,274	81,274
Total cost	258,550	255,506	251,518
Less: Accumulated depreciation and impairment	(43,481)	(41,652)	(29,077)
Total	<u>\$ 215,069</u>	<u>\$ 213,854</u>	<u>\$ 222,441</u>

	Land	Use right of land	Buildings	Total
<u>Cost</u>				
Balance, January 1, 2022	\$ 96,840	\$ 77,392	\$ 81,274	\$ 255,506
Additions	2,665	-	-	2,665
Derecognition	(2,657)	-	-	(2,657)
Effect of exchange rate difference	-	3,004	32	3,036
Balance, March 31, 2022	<u>\$ 96,848</u>	<u>\$ 80,396</u>	<u>\$ 81,306</u>	<u>\$ 258,550</u>
<u>Accumulated depreciation and impairment</u>				
Balance, January 1, 2022	\$ (20,399)	\$ (7,652)	\$ (13,601)	\$ (41,652)
Depreciation expense	(1,982)	(647)	(1,530)	(4,159)
Derecognition	2,657	-	-	2,657
Effect of exchange rate difference	-	(312)	(15)	(327)
Balance, March 31, 2022	<u>\$ (19,724)</u>	<u>\$ (8,611)</u>	<u>\$ (15,146)</u>	<u>\$ (43,481)</u>

	Land	Use right of land	Buildings	Total
<u>Cost</u>				
Balance, January 1, 2021	\$ 92,822	\$ 77,836	\$ 81,279	\$ 251,937
Effect of exchange rate difference	-	(414)	(5)	(419)
Balance, March 31, 2021	<u>\$ 92,822</u>	<u>\$ 77,422</u>	<u>\$ 81,274</u>	<u>\$ 251,518</u>
<u>Accumulated depreciation and impairment</u>				
Balance, January 1, 2021	\$ (12,340)	\$ (5,131)	\$ (7,487)	\$ (24,958)
Depreciation expense	(1,981)	(643)	(1,529)	(4,153)
Effect of exchange rate difference	-	33	1	34
Balance, March 31, 2021	<u>\$ (14,321)</u>	<u>\$ (5,741)</u>	<u>\$ (9,015)</u>	<u>\$ (29,077)</u>

(2) Lease liabilities

Items	March 31, 2022	December 31, 2021	March 31, 2021
Current	\$ 10,137	\$ 9,436	\$ 10,105

Items	March 31, 2022	December 31, 2021	March 31, 2021
Non-current	\$ 90,448	\$ 92,497	\$ 95,634

Range of discounts rate for lease liabilities is as follow :

	March 31, 2022	December 31, 2021	March 31, 2021
Land	0.89%~1.20%	0.90%~1.20%	1.20%
Buildings	1.20%~4.13%	1.20%~4.13%	1.20%~4.13%

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 March 31	
	2022	2021
Expenses relating to short-term leases	\$ 877	\$ 855
Total cash outflow for leases	\$ 5,593	\$ 4,128

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

6.11 INTANGIBLE ASSETS

Items	March 31, 2022	December 31, 2021	March 31, 2021
Trademarks	\$ 2,378	\$ 2,432	\$ 2,576
Patent	54,292	55,416	48,222
Computer software	50,813	29,200	29,338
Total	107,483	87,048	80,136
Less: Accumulated amortization	(43,042)	(44,343)	(30,675)
Intangible assets, net	\$ 64,441	\$ 42,705	\$ 49,461

Three Months Ended March 31, 2022

	Trademarks	Patent	Computer software	Total
<u>Cost</u>				
Balance, January 1	\$ 2,432	\$ 55,416	\$ 29,200	\$ 87,048
Additions	–	687	25,892	26,579
Disposals	(54)	(1,811)	(4,501)	(6,366)
Effect of exchange rate difference	–	–	222	222
Balance, March 31	\$ 2,378	\$ 54,292	\$ 50,813	\$ 107,483
<u>Accumulated amortization</u>				
Balance, January 1	\$ (1,567)	\$ (23,508)	\$ (19,268)	\$ (44,343)
Amortization expense	(76)	(2,080)	(2,745)	(4,901)
Disposals	54	1,811	4,501	6,366
Effect of exchange rate difference	–	–	(164)	(164)
Balance, March 31	\$ (1,589)	\$ (23,777)	\$ (17,676)	\$ (43,042)

Three Months Ended March 31, 2021

	Trademarks	Patent	Computer software	Total
<u>Cost</u>				
Balance, January 1	\$ 2,674	\$ 62,226	\$ 40,119	\$ 105,019
Additions	140	1,223	467	1,830
Disposals	\$ (238)	\$ (15,227)	\$ (11,213)	\$ (26,678)
Effect of exchange rate difference	-	-	(35)	(35)
Balance, March 31	<u>\$ 2,576</u>	<u>\$ 48,222</u>	<u>\$ 29,338</u>	<u>\$ 80,136</u>
<u>Accumulated amortization</u>				
Balance, January 1	\$ (1,700)	\$ (24,394)	\$ (25,431)	\$ (51,525)
Amortization expense	(80)	(3,301)	(2,472)	(5,853)
Disposals	238	15,227	11,213	26,678
Effect of exchange rate difference	-	-	25	25
Balance, March 31	<u>\$ (1,542)</u>	<u>\$ (12,468)</u>	<u>\$ (16,665)</u>	<u>\$ (30,675)</u>

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

6.12 OTHER NON-CURRENT ASSETS

Items	March 31, 2022	December 31, 2021	March 31, 2021
Prepayments for equipment	\$ 82,512	\$ 76,387	\$ 56,068
Refundable deposits	12,296	12,175	12,726
Overdue receivables	2,402	8,159	8,160
Less: loss allowance	(2,402)	(8,159)	(8,160)
Prepayments for software	-	31,501	15,618
Others	828	735	103
Total	<u>\$ 95,636</u>	<u>\$ 120,798</u>	<u>\$ 84,515</u>

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

6.13 SHORT-TERM LOANS

The nature of loans	March 31, 2022	December 31, 2021	March 31, 2021
Secured loans	\$ 19,463	\$ 20,743	\$ -
Unsecured loans	920,275	846,618	808,262
Total	\$ 939,738	\$ 867,361	\$ 808,262
Interest rate range	1.20%~4.15%	1.20%~4.15%	1.75%~4.75%

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

6.14 SHORT-TERM NOTES AND BILLS PAYABLES

Items	March 31, 2022	December 31, 2021	March 31, 2021
China Bills Finance Corporation	\$ -	\$ -	\$ 10,000
Less: Unamortized discounts	-	-	(4)
Total	\$ -	\$ -	\$ 9,996
Interest rate range	-	-	1.06%

6.15 NOTES PAYABLE

Items	March 31, 2022	December 31, 2021	March 31, 2021
Notes payable-operating activities	\$ 153,478	\$ 159,924	\$ 173,734
Total	\$ 153,478	\$ 159,924	\$ 173,734

6.16 OTHER PAYABLES

Items	March 31, 2022	December 31, 2021	March 31, 2021
Accrued salaries and bonuses	\$ 215,198	\$ 354,544	\$ 186,053
Payable for equipment and construction	78,693	114,155	88,198
Accrued supplies expense	55,256	53,144	48,794

Items	March 31, 2022	December 31, 2021	March 31, 2021
Compensation payable of employees, directors and supervisors	\$ 37,668	\$ 29,081	\$ 18,154
Accrued repairs and maintenance	27,474	27,241	19,603
Accrued utilities expense	26,745	25,083	24,369
Accrued insurance expense	18,370	17,398	18,012
Others	100,233	101,607	112,422
Total	\$ 559,637	\$ 722,253	\$ 515,605

6.17 LONG-TERM LOANS AND ITS CURRENT PORTION

Items	March 31, 2022	December 31, 2021	March 31, 2021
Unsecured loans	\$ 2,787,179	\$ 2,525,015	\$ 1,527,889
Less: Current portion	(118,495)	(135,082)	(169,239)
Discounted government grants (Note 6.18)	(10,717)	(8,657)	(6,551)
Total	\$ 2,657,967	\$ 2,381,276	\$ 1,352,099
Interest rate range	0.45%~4.42%	0.45%~5.18%	0.45%~5.21%
Year to maturity	2023~2027	2022~2027	2021~2027

(1) The loans from Bank of Taiwan, Mega Bank, E.SUN Bank, Chang Hwa Bank, The Shanghai Commercial & Savings Bank, Bangkok 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 March 31, 2022, December 31, 2021 and March 31, 2021.

6.18 GOVERNMENT GRANTS

(1) The Company has obtained a \$1,194,747 thousand preferential interest rate loan from a government under the "Action Plan Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" for capital expenditure and operating turnover. The difference between transaction price and fair value is regarded as the government grants. As of March 31, 2022, the fair value of loan is estimated to be \$1,184,029 thousand. The difference \$10,717 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 \$966

thousand in other income, \$2,630 thousand in interest expense for the loan, and paid \$1,664 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 \$19,007 thousand, \$14,506 thousand under the contributions rates specified in the plans for the three months ended March 31, 2022 and 2021, 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 2021 and 2020 and disclosed the midterm cost.

C. The Group's recognized expenses in the consolidated statement of comprehensive income were \$596 thousand and \$733 thousand under the defined benefit plans for the three months ended March 31, 2022 and 2021, respectively.

6.20 COMMON STOCKS

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

	Three Months Ended March 31			
	2022		2021	
	Shares (in Thousands)	Capital	Shares (in Thousands)	Capital
Beginning Balance	182,140	\$ 1,821,403	182,140	\$ 1,821,403
Ending Balance	182,140	\$ 1,821,403	182,140	\$ 1,821,403

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

(2) The Company's authorized capital was \$2,700,000 thousand, consisting of 270,000 thousand shares as of March 31, 2022.

6.21 CAPITAL SURPLUS

Items	March 31, 2022	December 31, 2021	March 31, 2021
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	646	473	454
Total	\$ 485,771	\$ 485,598	\$ 485,579

(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.

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

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

- (3) Special reserve

Items	March 31, 2022	December 31, 2021	March 31, 2021
Special reserve	\$ 134,642	\$ 134,642	\$ 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. 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 2021 and 2020 earnings have been approved by shareholders' meetings held on February 24, 2022 and August 26, 2021, respectively. The appropriations of earnings and dividends per share were as follows:

Items	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Year 2021	For Year 2020	For Year 2021	For Year 2020
Legal reserve	\$ 83,980	\$ 34,535		
Special reserve	5,121	(20,928)		
Cash dividends to shareholders	546,421	327,852	\$ 3.00	\$ 1.80

The appropriations of earnings for 2021 are to be presented for approval in the shareholders' meeting to be held on May, 2022.

- (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, 2022	\$ (155,689)	\$ 15,926	\$ (139,763)
Exchange differences on translation of foreign financial statements	55,228	-	55,228
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	-	709	709
Balance, March 31, 2022	\$ (100,461)	\$ 16,635	\$ (83,826)

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

6.24 NON-CONTROLLING INTEREST

Items	Three Months Ended March 31	
	2022	2021
Balance, January 1	\$ 346,386	\$ 331,568
Attributable to non-controlling interests:		
Net income	14,627	6,627
Balance, March 31	\$ 361,013	\$ 338,195

6.25 OPERATING REVENUE

Items	For the Three Months Ended March 31	
	2022	2021
Revenue from contracts with customers		
Sale of goods	\$ 2,783,477	\$ 2,440,811
Service revenue	3,867	5,907
Subtotal	2,787,344	2,446,718
Other operating revenues	4,780	5,496
Total	\$ 2,792,124	\$ 2,452,214

(1) Description of customer contract

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

(2) Disaggregation of revenue from contracts with customers

Major products /Service line	Three Months Ended March 31, 2022					
	China	Taiwan	Japan	Malaysia	Others	Total
Electronic	\$ 1,150,951	\$ 261,781	\$ 306,313	\$ 229,318	\$ 395,171	\$ 2,343,534
Stationery	47,453	77,846	43,231	2,370	258,219	429,119
Others	9,557	429	-	2,187	2,518	14,691
Total	\$ 1,207,961	\$ 340,056	\$ 349,544	\$ 233,875	\$ 655,908	\$ 2,787,344

Major products /Service line	Three Months Ended March 31, 2022					
	China	Taiwan	Japan	Malaysia	Others	Total
Timing of revenue recognition						
Performance obligation satisfied at a point in time	\$ 1,207,961	\$ 340,056	\$ 349,544	\$ 233,875	\$ 655,908	\$ 2,787,344

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

Timing of revenue recognition						
Performance obligation satisfied at a point in time	\$ 1,070,180	\$ 356,384	\$ 294,519	\$ 188,280	\$ 537,355	\$ 2,446,718

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

Items	March 31, 2022	December 31, 2021	March 31, 2021
Contract liabilities			
-current	\$ 103,912	\$ 104,504	\$ 127,310

6.26 PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

By nature	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021		
	Cost of sales	Operating expense (include non-operating)	Total	Cost of sales	Operating expense (include non-operating)	Total
Personnel						
Salary	\$ 310,301	\$ 121,957	\$ 432,258	\$ 279,618	\$ 98,092	\$ 377,710
Labor insurance	28,434	8,211	36,645	21,984	7,152	29,136

By nature	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021		
	Cost of sales	Operating expense (include non-operating)	Total	Cost of sales	Operating expense (include non-operating)	Total
Pension	\$ 15,895	\$ 3,708	\$ 19,603	\$ 11,256	\$ 3,983	\$ 15,239
Other	28,071	6,672	34,743	25,438	9,094	34,532
Depreciation	149,536	12,374	161,910	154,673	12,496	167,169
Amortization	1,076	3,825	4,901	626	5,227	5,853
Total	\$ 533,313	\$ 156,747	\$ 690,060	\$ 493,595	\$ 136,044	\$ 629,639

(1) In accordance with the Company's Article of incorporation, the Company is stipulated to distribute compensation of employees at the rate of 1.5% of profit before tax, and directors' and supervisors' remuneration at the rate not higher than 1.5% of profit before tax. For the three months ended March 31, 2022 and 2021, the employees' compensation was accrued at \$4,771 thousand and \$3,549 thousand, directors' and supervisors' remuneration were accrued at \$3,816 thousand and \$932 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 2021 and 2020 have been approved by the board of directors held on February 24, 2022, and March 9, 2021, respectively. The amount of approved and recognized in financial statement is shown as follows:

	For Year 2021		For Year 2020	
	Employees' compensation	Directors' and supervisors' remuneration	Employees' compensation	Directors' and supervisors' remuneration
Amounts approved in meeting	\$ 16,156	\$ 12,925	\$ 6,537	\$ 5,229
Amounts recognized in respective financial statement	16,156	12,925	6,537	5,229
Difference	\$ -	\$ -	\$ -	\$ -

The employee compensation of 2021 and 2020 are paid in cash.

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

6.27 OTHER INCOME

Items	Three Months Ended March 31	
	2022	2021
Rental income	\$ 159	\$ 106
Government subsidies	325	587
Dividend income	1,298	362
Others	1,866	2,255
Total	<u>\$ 3,648</u>	<u>\$ 3,310</u>

6.28 OTHER GAINS AND LOSSES

Items	Three Months Ended March 31	
	2022	2021
Net gains (losses) on financial assets and liabilities at FVTPL	\$ 36	\$ 42
Gain on disposal of property, plant and equipment	280	26
Foreign exchange gain (losses), net	52,617	(12,558)
Others	(1,632)	(828)
Total	<u>\$ 51,301</u>	<u>\$ (13,318)</u>

6.29 FINANCIAL COSTS

Items	Three Months Ended March 31	
	2022	2021
Interest expense		
Bank loans	\$ 19,066	\$ 15,374
Interest on lease liabilities	291	322
Less: capitalized amount for qualified assets	(1,213)	(436)
Financial costs	<u>\$ 18,144</u>	<u>\$ 15,260</u>

Items	Three Months Ended March 31	
	2022	2021
Interest capitalization rates	0.71%~4.32%	0.71%~4.32%

6.30 INCOME TAX

(1) Components of income tax expense:

Items	Three Months Ended March 31	
	2022	2021
<u>Current income tax expense</u>		
Current tax expense (benefit) recognized in the current year	\$ 72,298	\$ 57,032
Income tax adjustments on prior years	-	1,274
Current tax	72,298	58,306
<u>Deferred income tax expense</u>		
The origination and reversal of temporary differences	(5,480)	(7,319)
Deferred tax	(5,480)	(7,319)
Income tax expense recognized in profit or loss	\$ 66,818	\$ 50,987

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

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

Items	Three Months Ended March 31	
	2022	2021
Exchange differences arising on translation of foreign operations	\$ 13,807	\$ (1,846)
Financial assets at fair value through other comprehensive income	84	(125)
Total	\$ 13,891	\$ (1,971)

(3)The income tax returns of the Company through 2019 and the income tax returns of Chao Shin Metal Industrial Corporation and TEC Brite Technology CO., LTD. through 2020 have examined by tax authority.

6.31 OTHER COMPREHENSIVE INCOME

Items	Three Months Ended March 31, 2022		
	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	\$ 793	\$ (84)	\$ 709
Subtotal	793	(84)	709
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	69,035	(13,807)	55,228
Subtotal	69,035	(13,807)	55,228
Total	\$ 69,828	\$ (13,891)	\$ 55,937

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

6.32 EARNINGS PER SHARE

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

Items	Three Months Ended March 31	
	2022	2021
Basic earnings per share		
Net income attributable to ordinary shareholders of the Company	\$ 251,538	\$ 185,031
Net income for calculating basic earnings per share	\$ 251,538	\$ 185,031
Weighted average shares outstanding (thousand shares)	182,140	182,140
Basic earnings per share (after tax) (in dollars)	\$ 1.38	\$ 1.02
Diluted earnings per share		
Net income attributable to ordinary shareholders of the Company	\$ 251,538	\$ 185,031
Net income for calculating diluted earnings per share	\$ 251,538	\$ 185,031
Weighted average shares outstanding (thousand shares)	182,140	182,140
Effect of dilutive potential common shares		
Employees' compensation (thousand shares)	99	101
Weighted average shares outstanding for diluted earnings per share (thousand shares)	182,239	182,241
Diluted earnings per share (after tax) (in dollars)	\$ 1.38	\$ 1.02

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

7. RELATED PARTY TRANSACTIONS

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

(1) Related party name and categories

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

(2) Significant transactions between related parties

A. Revenue

Related Party	Three Months Ended March 31	
	2022	2021
Investors with significant influence over the Group	\$ -	\$ 1,922
Other related parties	8,280	9,841
Total	\$ 8,280	\$ 11,763

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

B. Purchases

Related Party	Three Months Ended March 31	
	2022	2021
Investors with significant influence over the Group	\$ -	\$ 1,245
Other related parties	2,511	1,474
Total	\$ 2,511	\$ 2,719

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

C. Receivables due from related parties

Items	Related Party	March 31, 2022	December 31, 2021	March 31, 2021
Accounts receivable	Investors with significant influence over the Group	\$ -	\$ 233	\$ 1,498
	Other related parties	15,219	20,648	21,898
	Total	<u>\$ 15,219</u>	<u>\$ 20,881</u>	<u>\$ 23,396</u>
Other receivables	Other related parties	<u>\$ 89</u>	<u>\$ 70</u>	<u>\$ 57</u>

D. Payables due to related parties

Items	Related Party	March 31, 2022	December 31, 2021	March 31, 2021
Accounts payable	Investors with significant influence over the Group	\$ -	\$ 1,078	\$ 210
	Other related parties	1,586	1,120	1,458
	Total	<u>\$ 1,586</u>	<u>\$ 2,198</u>	<u>\$ 1,668</u>
Other payables	Other related parties	<u>\$ 892</u>	<u>\$ 860</u>	<u>\$ 968</u>

E. Other transactions

Items	Related Party	Three Months Ended March 31	
		2022	2021
Addition of expenses	Investors with significant influence over the subsidiaries	<u>\$ 40</u>	<u>\$ 443</u>
Other income	Other related parties	<u>\$ 78</u>	<u>\$ 80</u>

F. Property transaction

Items	Related Party	Three Months Ended March 31	
		2022	2021
Machinery	Investors with significant influence over the subsidiaries	<u>\$ -</u>	<u>\$ 16,858</u>

(3) Compensation of key management personnel

Items	Three Months Ended March 31	
	2022	2021
Short-term employee benefits	\$ 21,048	\$ 12,292
Post- employment benefits	118	139
Total	<u>\$ 21,166</u>	<u>\$ 12,431</u>

8. PLEDGED ASSETS

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

Items	March 31, 2022	December 31, 2021	March 31, 2021
Pledge time deposits (recognized as other financial assets - current)	\$ 30,647	\$ 23,906	\$ 36,846
Restricted deposits (recognized as other financial assets - current)	18,992	31,284	34,744
Notes receivable (the banker's acceptance notes)	77,080	65,875	81,800
Refundable deposits (recognized as other non - current assets)	494	494	1,078
Total	<u>\$ 127,213</u>	<u>\$ 121,559</u>	<u>\$ 154,468</u>

9. SIGNIFICANT CONTINGENCY LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) Significant commitments

- A. The unused letters of credit for purchasing raw materials and equipment as of March 31, 2022 is \$47,378 thousand.
- B. Capital expenditures committed but not yet incurred are as follows :

Items	March 31, 2022	December 31, 2021	March 31, 2021
Property, plant, and equipment	<u>\$ 246,410</u>	<u>\$ 267,514</u>	<u>\$ 352,440</u>

10. SIGNIFICANT DISASTERS: NONE.

11. SIGNIFICANT SUBSEQUENT EVENTS: NONE.

12. OTHERS

12.1 Seasonality or periodicity of operations

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

12.2 Capital risk management

There were no changes to the Group's policies for capital risk management from those described in the consolidated financial statements for the year ended December 31, 2021. Please refer to Note 12.1 of the consolidated financial statements for the year ended December 31, 2021 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, 2021. Please refer to Note 12.2 of the consolidated financial statements for the year ended December 31, 2021 for the related information.

ii. Sensitivity analysis of foreign currency risk

	March 31, 2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial Assets			
Monetary Items			
USD	\$ 77,216	28.62	\$ 2,209,920
JPY	169,202	0.24	39,821

				March 31, 2022		
				Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial Liabilities</u>						
<u>Monetary Items</u>						
	USD		39,615	28.62		1,133,771
	JPY		187,228	0.24		44,064
				December 31, 2021		
				Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial Assets</u>						
<u>Monetary Items</u>						
	USD	\$	80,211	27.67	\$	2,219,434
	JPY		162,916	0.28		39,189
<u>Financial Liabilities</u>						
<u>Monetary Items</u>						
	USD		48,350	27.67		1,337,831
	JPY		236,510	0.28		56,892
				March 31, 2021		
				Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial Assets</u>						
<u>Monetary Items</u>						
	USD	\$	62,287	28.53	\$	1,777,046
	JPY		160,028	0.26		41,247
<u>Financial Liabilities</u>						
<u>Monetary Items</u>						
	USD		39,260	28.53		1,120,100
	JPY		228,346	0.26		58,856

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 \$10,719 thousand and \$6,393 thousand for the three months ended March 31, 2022 and 2021, respectively.

The realized and unrealized foreign currency exchange losses for the three months ended March 31, 2022 and 2021 are \$52,617 thousand and \$(12,558) thousand, respectively. Due to the wide variety of currencies in the foreign currency transactions of Group, the exchange gains and losses is not disclosed in each foreign currencies.

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 \$575 thousand, \$210 thousand, \$573 thousand and \$164 thousand for the three months ended March 31, 2022 and 2021, respectively, due from increase/decrease in fair value.

c. Interest rate risk

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

Items	Carrying Amounts		
	March 31, 2022	December 31, 2021	March 31, 2021
Fair value interest rate risk			
Financial assets	\$ 1,094	\$ 1,094	\$ 1,378
Financial liabilities	-	-	(9,996)
Net	\$ 1,094	\$ 1,094	\$ (8,618)
Cash flow interest rate risk			
Financial assets	\$ 890,888	\$ 741,767	\$ 1,013,502
Financial liabilities	(3,716,200)	(3,383,719)	(2,329,600)
Net	\$ (2,825,312)	\$ (2,641,952)	\$ (1,316,098)

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 \$7,063 thousand and \$3,290 thousand for the three months ended March 31, 2022 and 2021, respectively.

B. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group is exposed to credit risk from operation activities, primarily trade receivable, and from investing activities, primarily bank deposits and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

(a) Business - related credit risk

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

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

(b) Financial credit risk

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

i. Credit concentration risk

As of March 31, 2022, there is no individual customer with a balance of more than 10% of total accounts receivable. As of December 31, 2021 and March 31, 2021, the proportion of the accounts receivable exceeds 10% of the total accounts receivable, representing 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 and accounts receivable. Other financial instruments amortized at cost, such as cash and cash equivalents and other receivables, have low credit losses; therefore, the loss allowance for those instruments is measured at an amount equal to 12-month expected credit losses. After assessment, the Group determined that no material impairment occurred.

C. Liquidity risk

(a) Liquidity risk management

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

(b) Maturity analysis for financial liabilities

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

Non-derivative Financial Liabilities	March 31, 2022				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Short-term loans	\$ 954,324	\$ -	\$ -	\$ 954,324	\$ 939,738
Notes payable	153,478	-	-	153,478	153,478
Accounts payable	1,185,722	-	-	1,185,722	1,185,722
Other payables	531,752	-	-	531,752	531,752
Lease liabilities	11,243	31,937	65,782	108,962	100,585
Long-term loan (include current portion)	157,721	2,629,723	82,005	2,869,449	2,776,462
Guarantee deposits	-	-	7,541	7,541	7,541
Total	\$ 2,994,240	\$ 2,661,660	\$ 155,328	\$ 5,811,228	\$ 5,695,278

Further information on maturity analysis for lease liabilities

March 31, 2022						
	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Total undiscounted lease payments
Lease liabilities	\$ 11,243	\$ 31,937	\$ 32,505	\$ 32,183	\$ 1,094	\$ 108,962

December 31, 2021						
Non-derivative Financial Liabilities	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts	
Short-term loans	\$ 876,677	\$ -	\$ -	\$ 876,677	\$ 867,361	
Notes payable	159,924	-	-	159,924	159,924	
Accounts payable	1,318,811	-	-	1,318,811	1,318,811	
Other payables	695,314	-	-	695,314	695,314	
Lease liabilities	10,586	32,740	67,284	110,610	101,933	
Long-term loan (include current portion)	164,788	2,374,553	50,769	2,590,110	2,516,358	
Guarantee deposits	-	-	6,682	6,682	6,682	
Total	\$ 3,226,100	\$ 2,407,293	\$ 124,753	\$ 5,758,128	\$ 5,666,383	

Further information on maturity analysis for lease liabilities

December 31, 2021						
	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Total undiscounted lease payments
Lease liabilities	\$ 10,586	\$ 32,740	\$ 32,460	\$ 32,089	\$ 2,735	\$ 110,610

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

Further information on maturity analysis for lease liabilities

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

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

12.4 Capital risk management

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets</u>			
Financial assets at fair value			
through profit or loss- current	\$ 57,470	\$ 57,434	\$ 57,344
Financial assets measured at			
amortized cost (Note 1)	3,201,408	3,314,741	3,130,717
Financial assets at fair value			
through other comprehensive			
income- noncurrent	21,015	20,222	16,361
<u>Financial liability</u>			
Financial liabilities measured at			
amortized cost (Note 2)	5,594,693	5,564,450	4,176,103

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

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

12.5 Fair value information of financial instruments

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

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

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

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

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

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

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

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

Items	March 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at FVTPL				
Funds	\$ 57,470	\$ -	\$ -	\$ 57,470
Financial assets at FVTOCI				
Equity instruments				
Unlisted stocks	-	-	21,015	21,015
Total	\$ 57,470	\$ -	\$ 21,015	\$ 78,485

Items	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at FVTPL				
Funds	\$ 57,434	\$ -	\$ -	\$ 57,434
Financial assets at FVTOCI				
Equity instruments				
Unlisted stocks	-	-	20,222	20,222
Total	\$ 57,434	\$ -	\$ 20,222	\$ 77,656

March 31, 2021

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

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

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

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

(5) Changes in level 3 instruments:

ITEMS	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
<u>Financial assets at FVTOCI</u>		
Beginning Balance	\$ 20,222	\$ 16,898
Unrealized valuation gains or losses on equity investments at FVTOCI	793	(537)
Effect of exchange rate difference	-	-
Ending Balance	\$ 21,015	\$ 16,361

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 them: 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%): None.

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:

Three Months Ended March 31, 2022					
Items	Electronic	Stationery	Others	Eliminations	Total
Revenue					
Revenue from external customers	\$ 2,343,534	\$ 429,119	\$ 19,471	\$ -	\$ 2,792,124
Revenue from intersegments	189,956	158,205	8,447	(356,608)	-
	<u>\$ 2,533,490</u>	<u>\$ 587,324</u>	<u>\$ 27,918</u>	<u>\$ (356,608)</u>	<u>\$ 2,792,124</u>
Interest expenses	<u>\$ 15,028</u>	<u>\$ 3,116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,144</u>
Depreciation and amortization	<u>\$ 138,814</u>	<u>\$ 23,223</u>	<u>\$ 4,774</u>	<u>\$ -</u>	<u>\$ 166,811</u>
Segment income (loss)	<u>\$ 273,156</u>	<u>\$ 53,683</u>	<u>\$ 6,144</u>	<u>\$ -</u>	<u>\$ 332,983</u>
Income (loss) before tax					<u>\$ 332,983</u>
Total assets					<u>\$ 13,468,809</u>

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

14.4 Reconciliation for segment income (loss)

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

SDI CORPORATION AND SUBSIDIARIES
 ENDORSEMENTS / GUARANTEES PROVIDED
 FOR THE THREE MONTHS ENDED MARCH 31, 2022

TABLE 1

Amounts in Thousands of New Taiwan Dollars

No.	Endorsement /Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement /Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement / Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement /Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Remarks
		Name	Nature of Relationship											
0	SDI	SDI (JIANGSU)	(3)	\$ 2,922,505	\$ 1,489,460 USD 19,750 RMB 205,000	\$ 1,331,667 USD 19,750 RMB 170,000	\$ 986,503	\$ -	20.50%	\$ 3,247,228	Y	N	Y	

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

(1) The Company is '0'.

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

(1) Trading parties.

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

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

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

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

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

SDI CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2022

TABLE 2

Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	MARCH 31, 2022				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	\$ 38,791	-	\$ 38,791	
	Capital Money Market Fund	—	Financial Assets at Fair Value through Profit or Loss – Current	1,145	18,679	-	18,679	
SDI	Chang Hwa Golf Club	—	Financial Assets at Fair Value through Other Comprehensive Income – Noncurrent	90	8,494	0.24%	8,494	
	SDI ELECTRONICS JAPAN CO., LTD	—	Financial Assets at Fair Value through Other Comprehensive Income – Noncurrent	30	9,298	15.00%	9,298	
	SDI JAPAN CO.,LTD.	—	Financial Assets at Fair Value through Other Comprehensive Income – Noncurrent	200	3,223	19.61%	3,223	

SDI CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2022

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	\$ 267,325	Hsing Ya Construction Engineering Co., Ltd.	—	—	—	—	\$ -	Price comparison and price negotiation	Plant expansion	—

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.

SDI CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2022

TABLE 4

Amounts in Thousands of New Taiwan Dollars

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Remarks
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
SDI Jiangsu	SDI	The ultimate parent of the Company	Sales	\$ 214,459	29.03%	As prescribed by the agreement	—	—	\$ 87,139	12.36%	Note 1

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

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

MARCH 31, 2022

TABLE 5

Amounts in Thousands of New Taiwan Dollars

Creditor	Counterparty	Relationship	General ledger account	Balance	Turnover rate	Overdue receivables		Subsequent collections	Allowance for bad doubtful accounts
						Amount	Action taken		
SDI	SDI Jiangsu	Sub-subsidiary	Account Receivable	\$ 150,483	1.43	\$ 39,909	-	\$ 14,178	\$ -
			Other Receivables	396	-	-	-	-	-

NOTE : All the transactions had been eliminated when preparing consolidated financial statements.

SDI CORPORATION AND SUBSIDIARIES
SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY
TRANSACTIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2022

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	\$ 1,336	Note 3	0.05%
		Chao Shin Metal	1	Accounts receivable	455	Note 3	-
		Chao Shin Metal	1	Other receivables	77	—	-
		TEC Brite Technology	1	Sales revenue	3	Note 3	-
		TEC Brite Technology	1	Accounts receivable	3	Note 3	-
		TEC Brite Technology	1	Other receivables	7,878	—	0.06%
		SDI (JIANGSU)	1	Sales revenue	49,122	Note 3	1.76%
		SDI (JIANGSU)	1	Accounts receivable	150,483	Note 3	1.12%
		SDI (JIANGSU)	1	Other receivables	396	—	-
1	SDI (JIANGSU)	SDI	2	Sales revenue	214,459	Note 3	7.68%
		SDI	2	Accounts receivable	87,139	Note 3	0.65%
		SDI	2	Other receivables	337	—	-
2	Chao Shin Metal	SDI	2	Sales revenue	5,499	Note 3	0.20%
		SDI	2	Processing income	1,249	Note 3	0.04%
		SDI	2	Accounts receivable	3,511	Note 3	0.03%
		SDI (JIANGSU)	3	Sales revenue	19,069	Note 3	0.68%
		SDI (JIANGSU)	3	Accounts receivable	32,940	Note 3	0.24%
3	TEC Brite Technology	SDI	2	Sales revenue	65,814	Note 3	2.36%
		SDI	2	Accounts receivable	88,260	Note 3	0.66%
		Chao Shin Metal	3	Sales revenue	57	Note 3	-
		Chao Shin Metal	3	Accounts receivable	59	Note 3	-

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

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

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

- '1' represents parent company to subsidiary.
- '2' represents subsidiary to parent company.
- '3' represents subsidiary to subsidiary.

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

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

SDI CORPORATION AND SUBSIDIARIES
 NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 FOR THE THREE MONTHS ENDED MARCH 31, 2022

TABLE 7

Amounts in Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2022			Net Income(Losses) of the Investee	Share of Profits/Losses of Investee	Remarks
				March 31, 2022	December 31, 2021	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%	\$ 254,702	\$ 5,254	\$ 4,487	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%	387,311	30,695	17,004	Note 1, 2
SDI	SHUEN DER (B.V.I.)	BVI	Holding Company	658,260	636,410	8,920	100.00%	1,811,343	714	636	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 6 for information of investees of China Mainland.

SDI CORPORATION AND SUBSIDIARIES
 INFORMATION ON INVESTMENT IN MAINLAND CHINA
 FOR THE THREE MONTHS ENDED MARCH 31, 2022

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, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Shares of Profits/Losses	Carrying Amount as of March 31, 2022	Accumulated Inward Remittance of Earnings as of March 31, 2022	Note
					Outflow	Inflow							
SDI Jiangsu	Manufacture, process and sales of integrated circuit frame, blades, stationary, etc.	NTD 1,001,700	Note 1	NTD 658,260			NTD 658,260	NTD 723	100.00%	NTD 723	NTD 1,846,064	NTD -	
		USD 35,000		USD 23,000	NTD -	NTD -	USD 23,000	USD 26					

Accumulated Investment in Mainland China as of March 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 658,260	NTD 1,001,700	NTD 4,113,281
USD 23,000	USD 35,000	

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

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

Note 3 : Foreign currencies aforementioned are translated into NTD using the exchange rate at the reporting date or average exchange rate for the three months ended March 31, 2022.

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