

# **SDI Corporation and Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 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 September 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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



### Basis for Qualified Conclusion

As disclosed in Note 4(3) to the consolidated financial statements, the financial statements of certain non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of September 30, 2022 and 2021 assets of those non-reviewed consolidated subsidiaries amounted to \$1,036,895 thousand and \$996,437 thousand (all in NTD unless specified otherwise), representing 8% and 8%, respectively, of total consolidated assets, and the liabilities amounted to \$184,940 thousand and \$182,648 thousand, representing 3% and 3%, respectively, of total consolidated liabilities. Comprehensive income of those consolidated subsidiaries for the three months and nine months ended September 30, 2022 and 2021 were \$33,479 thousand, \$51,458 thousand, \$107,882 thousand and \$93,169 thousand, representing 12%, 20%, 12% and 14%, respectively, of the total consolidated comprehensive income.

### Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the aforementioned paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2022 and 2021, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine months ended September 30, 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)

November 3, 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 review such consolidated financial statements are those generally applied in the Republic of China.*

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

## SDI Corporation and Subsidiaries

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

ASSETS	NOTES	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
		Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>							
Cash and cash equivalents	6(1)	\$ 664,639	5	\$ 702,314	5	\$ 500,833	4
Financial assets at fair value through profit or loss - current	6(2)	57,616	-	57,434	-	57,406	-
Notes receivable, net	6(3)	143,783	1	141,917	1	151,382	1
Accounts receivable, net	6(4)	2,208,227	17	2,379,821	18	2,161,790	18
Accounts receivable, net - related parties	7	22,439	-	20,881	-	21,526	-
Other receivables		18,611	-	20,559	-	19,730	-
Inventories, net	6(5)	4,261,359	33	4,086,541	33	3,958,904	33
Prepayments	6(6)	138,065	1	110,409	1	119,164	1
Other financial assets - current	6(7)	55,263	-	55,190	-	67,486	1
Other current assets		1,332	-	-	-	505	-
Total current assets		<u>7,571,334</u>	<u>57</u>	<u>7,575,066</u>	<u>58</u>	<u>7,058,726</u>	<u>58</u>
<b>NONCURRENT ASSETS</b>							
Financial assets at fair value through other comprehensive income - noncurrent	6(8)	20,902	-	20,222	-	18,269	-
Property, plant and equipment	6(9)	5,150,653	39	4,951,418	38	4,589,980	38
Right-of-use assets	6(10)	206,343	2	213,854	2	217,331	2
Intangible assets	6(11)	59,494	-	42,705	-	45,642	-
Deferred income tax assets		146,972	1	120,527	1	118,543	1
Other noncurrent assets	6(12)	68,355	1	120,798	1	110,051	1
Total noncurrent assets		<u>5,652,719</u>	<u>43</u>	<u>5,469,524</u>	<u>42</u>	<u>5,099,816</u>	<u>42</u>
<b>TOTAL</b>		<u>\$ 13,224,053</u>	<u>100</u>	<u>\$ 13,044,590</u>	<u>100</u>	<u>\$ 12,158,542</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>							
<b>CURRENT LIABILITIES</b>							
Short-term loans	6(13)	\$ 751,547	6	\$ 867,361	7	\$ 787,594	6
Short-term notes and bills payable	6(14)	-	-	-	-	9,998	-
Contract liabilities - current	6(25)	111,155	1	104,504	1	73,242	1
Notes payable	6(15)	180,442	1	159,924	1	196,659	2
Accounts payable		978,572	8	1,316,613	9	1,271,369	11
Accounts payable - related parties	7	987	-	2,198	-	3,421	-
Dividends payable		-	-	-	-	327,852	3
Other payables	6(16)	688,376	5	722,253	6	641,869	5
Other payables - related parties	7	-	-	860	-	2,511	-
Current income tax liabilities		248,602	2	209,988	2	153,191	1
Lease liabilities - current	6(10)	9,875	-	9,436	-	9,794	-
Long term loans - current portion	6(17)	403,804	3	135,082	1	133,659	1
Other current liabilities		14,277	-	21,273	-	11,589	-
Total current liabilities		<u>3,387,637</u>	<u>26</u>	<u>3,549,492</u>	<u>27</u>	<u>3,622,748</u>	<u>30</u>
<b>NONCURRENT LIABILITIES</b>							
Long term loans	6(17)	2,437,019	18	2,381,276	19	1,672,123	13
Deferred income tax liabilities		340,185	2	311,966	2	305,117	3
Lease liabilities - noncurrent	6(10)	85,731	1	92,497	1	94,812	1
Net defined benefit liability-noncurrent	6(19)	131,520	1	144,397	1	129,838	1
Other noncurrent liabilities		28,008	-	31,768	-	33,188	-
Total noncurrent liabilities		<u>3,022,463</u>	<u>22</u>	<u>2,961,904</u>	<u>23</u>	<u>2,235,078</u>	<u>18</u>
Total liabilities		<u>6,410,100</u>	<u>48</u>	<u>6,511,396</u>	<u>50</u>	<u>5,857,826</u>	<u>48</u>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>							
Common stocks	6(20)	1,821,403	14	1,821,403	14	1,821,403	15
Capital surplus	6(21)	485,797	4	485,598	4	485,568	4
Retained earnings	6(22)						
Legal capital reserve		983,960	7	899,980	7	899,980	7
Special capital reserve		139,763	1	134,642	1	134,642	1
Unappropriated earnings		3,137,111	24	2,984,948	22	2,791,316	23
Others	6(23)	(96,097)	(1)	(139,763)	(1)	(156,693)	(1)
Equity attributable to shareholders of the parent		<u>6,471,937</u>	<u>49</u>	<u>6,186,808</u>	<u>47</u>	<u>5,976,216</u>	<u>49</u>
<b>NON-CONTROLLING INTERESTS</b>	6(24)	<u>342,016</u>	<u>3</u>	<u>346,386</u>	<u>3</u>	<u>324,500</u>	<u>3</u>
Total equity		<u>6,813,953</u>	<u>52</u>	<u>6,533,194</u>	<u>50</u>	<u>6,300,716</u>	<u>52</u>
<b>TOTAL</b>		<u>\$ 13,224,053</u>	<u>100</u>	<u>\$ 13,044,590</u>	<u>100</u>	<u>\$ 12,158,542</u>	<u>100</u>

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

## SDI Corporation and Subsidiaries

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	NOTES	For the three Months Ended September 30				For the Nine Months Ended September 30			
		2022		2021		2022		2021	
		Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE	6(25) ∙ 7	\$ 2,997,809	100	\$ 2,900,548	100	\$ 8,876,231	100	\$ 8,117,447	100
COST OF REVENUE	6(26) ∙ 7	(2,517,595)	(84)	(2,345,610)	(81)	(7,265,307)	(82)	(6,520,621)	(80)
GROSS PROFIT		480,214	16	554,938	19	1,610,924	18	1,596,826	20
OPERATING EXPENSES	6(26) ∙ 7								
Marketing		(84,219)	(3)	(76,758)	(3)	(244,336)	(3)	(228,497)	(3)
General and administrative		(84,408)	(3)	(83,364)	(3)	(265,678)	(3)	(247,759)	(3)
Research and development		(62,570)	(2)	(64,822)	(2)	(197,880)	(2)	(183,182)	(2)
Expected credit (loss) gain	6(4)	422	-	231	-	(29)	-	740	-
Total operating expenses		(230,775)	(8)	(224,713)	(8)	(707,923)	(8)	(658,698)	(8)
OPERATING INCOME		249,439	8	330,225	11	903,001	10	938,128	12
NONOPERATING INCOME AND EXPENSES									
Interest income		373	-	137	-	1,230	-	692	-
Other income	6(27)	11,662	-	7,163	-	21,441	-	20,407	-
Other gains and losses, net	6(28)	88,825	4	4,503	-	184,691	3	(39,890)	-
Finance costs	6(29)	(17,549)	(1)	(13,866)	-	(54,743)	(1)	(43,304)	(1)
Total nonoperating income and expenses		83,311	3	(2,063)	-	152,619	2	(62,095)	(1)
INCOME BEFORE INCOME TAX		332,750	11	328,162	11	1,055,620	12	876,033	11
INCOME TAX EXPENSE	6(30)	(63,163)	(2)	(70,826)	(2)	(224,240)	(3)	(194,534)	(2)
NET INCOME		269,587	9	257,336	9	831,380	9	681,499	9
OTHER COMPREHENSIVE INCOME (LOSS)									
Items that will not be reclassified subsequently to profit or loss :									
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	6(31)	1,177	-	1,572	-	680	-	1,371	-
Income tax benefit (expenses) related to items that will not be reclassified subsequently	6(30)	(120)	-	(317)	-	64	-	(190)	-
Items that may be reclassified subsequently to profit or loss :									
Exchange differences arising on translation of foreign operations	6(31)	17,964	-	(8,065)	-	53,653	-	(29,040)	-
Income tax benefit (expenses) related to items that may be reclassified subsequently	6(30)	(3,593)	-	1,613	-	(10,731)	-	5,808	-
Other comprehensive income (loss), net of income tax		15,428	-	(5,197)	-	43,666	-	(22,051)	-
TOTAL COMPREHENSIVE INCOME		\$ 285,015	9	\$ 252,139	9	\$ 875,046	9	\$ 659,448	9
NET INCOME ATTRIBUTABLE TO :									
Shareholders of the parent		\$ 255,978	9	\$ 236,923	8	\$ 787,685	9	\$ 646,168	9
Non-controlling interests		13,609	-	20,413	1	43,695	-	35,331	-
		\$ 269,587	9	\$ 257,336	9	\$ 831,380	9	\$ 681,499	9
TOTAL COMPREHENSIVE INCOME :									
Shareholders of the parent		\$ 271,406	9	\$ 231,726	8	\$ 831,351	9	\$ 624,117	9
Non-controlling interests		13,609	-	20,413	1	43,695	-	35,331	-
		\$ 285,015	9	\$ 252,139	9	\$ 875,046	9	\$ 659,448	9
EARNINGS PER SHARE (IN DOLLARS)	6(32)								
Basic earnings per share		\$ 1.41		\$ 1.30		\$ 4.32		\$ 3.55	
Diluted earnings per share		\$ 1.40		\$ 1.30		\$ 4.32		\$ 3.55	

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

SDI Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

Items	Equity Attributable to Shareholders of the Parent										
	Retained Earnings					Other Equity					
	Common Stocks	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Total Attributable to Shareholders of the Parent	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2021	\$ 1,821,403	\$ 485,403	\$ 865,445	\$ 155,570	\$ 2,486,607	\$ (147,809)	\$ 13,167	\$ (134,642)	\$ 5,679,786	\$ 331,568	\$ 6,011,354
Appropriations of prior year's earnings											
Special capital reserve	-	-	-	(20,928)	20,928	-	-	-	-	-	-
Legal capital reserve	-	-	34,535	-	(34,535)	-	-	-	-	-	-
Cash dividends to shareholders - NT \$1.8 per share	-	-	-	-	(327,852)	-	-	-	(327,852)	-	(327,852)
Donation from shareholders	-	165	-	-	-	-	-	-	165	-	165
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(42,399)	(42,399)
Net income for the nine months ended September 30, 2021	-	-	-	-	646,168	-	-	-	646,168	35,331	681,499
Other comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	(23,232)	1,181	(22,051)	(22,051)	-	(22,051)
BALANCE, SEPTEMBER 30, 2021	\$ 1,821,403	\$ 485,568	\$ 899,980	\$ 134,642	\$ 2,791,316	\$ (171,041)	\$ 14,348	\$ (156,693)	\$ 5,976,216	\$ 324,500	\$ 6,300,716
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
Appropriations of prior year's earnings											
Special capital reserve	-	-	-	5,121	(5,121)	-	-	-	-	-	-
Legal capital reserve	-	-	83,980	-	(83,980)	-	-	-	-	-	-
Cash dividends to shareholders - NT \$3 per share	-	-	-	-	(546,421)	-	-	-	(546,421)	-	(546,421)
Donation from shareholders	-	199	-	-	-	-	-	-	199	-	199
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(48,065)	(48,065)
Net income for the nine months ended September 30, 2022	-	-	-	-	787,685	-	-	-	787,685	43,695	831,380
Other comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	42,922	744	43,666	43,666	-	43,666
BALANCE, SEPTEMBER 30, 2022	\$ 1,821,403	\$ 485,797	\$ 983,960	\$ 139,763	\$ 3,137,111	\$ (112,767)	\$ 16,670	\$ (96,097)	\$ 6,471,937	\$ 342,016	\$ 6,813,953

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

## SDI Corporation and Subsidiaries

### CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 1,055,620	\$ 876,033
Adjustments for:		
Depreciation expense	484,987	493,544
Amortization expense	13,205	13,722
Expected credit loss (gain)	29	(740)
Gain on financial assets and liabilities at fair value through profit or loss	(181)	(103)
Interest expense	54,743	43,304
Interest income	(1,230)	(692)
Dividend income	(1,328)	(392)
(Gain) or loss on disposal of property, plant and equipment	288	(160)
Impairment loss on non-financial assets	-	13,927
Changes in operating assets and liabilities		
Notes receivable	1,465	(7,134)
Accounts receivable	186,303	(409,923)
Inventories	(144,539)	(1,170,313)
Prepayments	(26,779)	(26,833)
Other financial assets	(386)	(427)
Other current assets	752	(5,314)
Contract liabilities	6,290	(5,580)
Notes payable	15,986	93,966
Accounts payable	(345,519)	447,688
Other payables	18,254	138,410
Other current liabilities	(8,469)	(1,392)
Net defined benefit liabilities	(12,877)	(7,714)
Other operating liabilities	(3,644)	(3,062)
Cash provided from operations	1,292,970	480,815
Interest received	1,231	705
Dividends received	1,328	392
Interest paid	(55,371)	(43,253)
Income taxes paid	(194,508)	(110,512)
Net cash provided by operating activities	1,045,650	328,147

(Continued)



## SDI Corporation and Subsidiaries

### CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	\$ (648,473)	\$ (752,475)
Proceeds from disposal of property, plant and equipment	1,183	3,037
Decrease in refundable deposits	380	838
Acquisition of intangible assets	(11,963)	(19,008)
(Decrease) increase in other financial assets	1,246	(22,957)
Net cash used in investing activities	<u>(657,627)</u>	<u>(790,565)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term loans	(140,275)	13,129
Proceeds from long-term loans	1,975,850	748,039
Repayment of long-term loans	(1,665,496)	(507,353)
Repayment of the principal portion of lease liabilities	(8,963)	(8,938)
Increase (decrease) in other noncurrent liabilities	606	(1,691)
Cash dividend	(546,421)	-
Decrease in non-controlling interests	(48,065)	(42,399)
Net cash provided by (used in) financing activities	<u>(432,764)</u>	<u>200,787</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>7,066</u>	<u>(1,715)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(37,675)</u>	<u>(263,346)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD</b>	<u>702,314</u>	<u>764,179</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE PERIOD</b>	<u>\$ 664,639</u>	<u>\$ 500,833</u>

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

(Concluded)

# SDI Corporation and Subsidiaries

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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(2) 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 November 3, 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)

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
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:**

New standards, interpretations and amendments endorsed by the FSC and effective from 2023 are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)
Note 1 : The amendments will be applied for annual reporting periods beginning on or after January 1, 2023.	
Note 2 : The amendments are applicable to changes in accounting estimates and in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.	
Note 3 : Except for the temporary differences associated with leases and decommissioning obligations that should be in compliance with additional regulations, the amendments will be applied prospectively to transactions occur on or after the beginning of the earliest period presented, January 1, 2022.	

(1) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments clarify that accounting policy information must be disclosed when transactions, other events or conditions is material whilst the related accounting policy information is simultaneously material to the financial statements. Disclosure of immaterial accounting policy information would not be compulsory if the amounts or the nature of transactions, other events or conditions is considered immaterial by the corporation or is considered material but the related accounting policy information

immaterial; this conclusion of immateriality does not affect relevant disclosures regulated by other IFRSs.

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

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty.” In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

(3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments provide a further exception from the initial recognition exemption of deferred tax related to assets and liabilities. Applying this exception, an entity does not apply the initial recognition exemption for transactions in which equal amounts of deductible and taxable temporary differences arise from a single transaction on initial recognition. First-time adopters, at the beginning of the earliest comparative period presented, should recognize deferred tax for all temporary differences related to leases and decommissioning obligations, and the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

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.

### 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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023 (Note)

Amendments to IAS 1 “Non-current Liabilities with Covenants” January 1, 2024

Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback” January 1, 2024

Note : The IASB tentatively decided to require entities to apply the amendments for annual reporting periods beginning on or after 1 January 2024.

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 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 instruments).
  - B. Financial assets and liabilities at fair value through other comprehensive income.
  - C. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- (2) The preparation of consolidated financial statements in conformity with IFRSs endorsed by the FSC requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

### 4.3 Basis of consolidation

(1) Basis for preparation of consolidated financial statements:

- A. All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- B. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- C. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

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

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership		
			September 30, 2022	December 31, 2021	September 30, 2021
The Company	SHUEN DER (B.V.I.) CO. (SHUEN DER(B.V.I.))	Investing activities	100%	100%	100%

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership		
			September 30, 2022	December 31, 2021	September 30, 2021
SHUEN DER (B.V.I.)	SDI China (SDI(JIANGSU))	Office supplies (Blades, stationery, etc.) and manufacturing and processing of electronic components	100%	100%	100%
The Company	CHAO SHIN METAL INDUSTRIAL CORPORATION (Chao Shin Metal)	Smelting and rolling of metal strips	84.62%	84.62%	84.62%
The Company	TEC BRITE TECHNOLOGY CO., LTD. (TEC Brite Technology)	Manufacturing of electronic components and international trade	54.98%	54.98%	54.98%

The financial statements for the nine months ended September 30, 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		
	September 30, 2022	December 31, 2021	September 30, 2021
TEC Brite Technology	45.02%	45.02%	45.02%

Please refer to Table 7 for information of principal place of business and registered countries of TEC Brite Technology.

Name of subsidiary	Profit or Loss Distribute to Non-controlling Interest			
	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
TEC Brite Technology	\$ 12,851	\$ 18,985	\$ 41,166	\$ 31,900
Others	759	1,428	2,529	3,431
Total	\$ 13,610	\$ 20,413	\$ 43,695	\$ 35,331

Name of subsidiary	Non-controlling Interest		
	September 30, 2022	December 31, 2021	September 30, 2021
TEC Brite Technology	\$ 297,607	\$ 301,008	\$ 279,938
Others	44,409	45,378	44,562
Total	\$ 342,016	\$ 346,386	\$ 324,500



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

<u>Balance sheets</u>	TEC Brite Technology		
	September 30, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 609,881	\$ 605,628	\$ 540,110
Non-current assets	303,670	337,413	341,422
Current liabilities	(142,692)	(152,162)	(135,827)
Non-current liabilities	(102,975)	(115,434)	(117,064)
Equity	\$ 667,884	\$ 675,445	\$ 628,641
Equity attributable to:			
Shareholder of the parent	\$ 367,203	\$ 371,360	\$ 345,627
Non-controlling Interests of TEC Brite Technology	300,681	304,085	283,014
Total	\$ 667,884	\$ 675,445	\$ 628,641

Statements of comprehensive incomes

	TEC Brite Technology			
	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Revenue	\$ 190,737	\$ 233,019	\$ 584,514	\$ 553,878
Net profit for the period	\$ 28,543	\$ 42,168	\$ 91,438	\$ 75,040
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	\$ 28,543	\$ 42,168	\$ 91,438	\$ 75,040
Net profit attributable to:				
Shareholder of the parent	\$ 15,692	\$ 23,184	\$ 50,272	\$ 41,257
Non-controlling interests of TEC Brite Technology	12,851	33,784	41,166	33,783
Total	\$ 28,543	\$ 56,968	\$ 91,438	\$ 75,040
Total comprehensive income attributable to:				
Shareholder of the parent	\$ 15,692	\$ 23,184	\$ 50,272	\$ 41,257
Non-controlling interests of TEC Brite Technology	12,851	33,784	41,166	33,783
Total	\$ 28,543	\$ 56,968	\$ 91,438	\$ 75,040

	TEC Brite Technology	
	Nine Months Ended September 30	
	2022	2021
Dividends paid to non-controlling interests	\$ 44,567	\$ 40,515

	TEC Brite Technology	
	Nine Months Ended September 30	
	2022	2021
Net cash generated from operating activities	\$ 156,267	\$ 69,600
Net cash used in investing activities	(22,132)	(56,266)
Net cash used in financing activities	(111,232)	(102,038)
Increase (decrease) in cash and cash equivalents	22,903	(88,704)
Cash and cash equivalents, beginning of the period	100,585	144,579
Cash and cash equivalents, end of the period	\$ 123,488	\$ 55,875

#### 4.4 Retirement benefits

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

#### 4.5 Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and this is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

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

The Group takes the economic impact of the Covid-19 pandemic into consideration in critical accounting estimates, and continue to review basic assumptions and estimates. If the impact of the change in accounting estimate relating to the current period is recognized in the current

period; the impact in the current period or is expected to have an effect in future periods, it shall be recognized in the current period and the future period of the amendment.

The same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2021, which were stated in Note 5.

## 6. CONTENTS OF SIGNIFICANT ACCOUNTS

### 6.1 CASH AND CASH EQUIVALENTS

Items	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand and petty cash	\$ 1,142	\$ 914	\$ 1,137
Checking accounts and demand deposits	604,453	701,400	499,696
Cash equivalents			
Redeemable bond	59,044	-	-
Total	<u>\$ 664,639</u>	<u>\$ 702,314</u>	<u>\$ 500,833</u>

(1) Time deposits with original maturities over three months was classified as other current financial assets as of September 30, 2022, December 31, 2021 and September 30, 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	September 30, 2022	December 31, 2021	September 30, 2021
Mandatorily measured at FVTPL			
Non-derivative financial assets			
Funds	\$ 57,616	\$ 57,434	\$ 57,406
Total	<u>\$ 57,616</u>	<u>\$ 57,434</u>	<u>\$ 57,406</u>

- (1) The Group recognized net profit or loss of FVTPL for the three months and nine months ended September 30, 2022 and 2021 is \$91 thousand , \$29 thousand, \$181 thousand and \$103 thousand.
- (2) Financial instruments at fair value through profit or loss of the Group are not pledged to others.

### 6.3 NOTES RECEIVABLE

Items	September 30, 2022	December 31, 2021	September 30, 2021
Amortized at cost			
Gross carrying amount	\$ 143,883	\$ 142,017	\$ 151,482
Less: Loss allowance	(100)	(100)	(100)
Notes receivable, net	<u>\$ 143,783</u>	<u>\$ 141,917</u>	<u>\$ 151,382</u>

- (1) As of September 30, 2022, December 31, 2021 and September 30, 2021, the banker's acceptance bill of the Group was \$116,527 thousand, \$109,918 thousand and \$117,691 thousand.
- (2) The Group pledged bankers' acceptance bill as collaterals to banks, please refer to Note 8.
- (3) Please refer to Note 6.4 for information on loss allowance for notes receivable.

### 6.4 ACCOUNTS RECEIVABLE

Items	September 30, 2022	December 31, 2021	September 30, 2021
Amortized at cost			
Gross carrying amount	\$ 2,219,730	\$ 2,391,206	\$ 2,175,079
Less: Loss allowance	(11,503)	(11,385)	(13,289)
Accounts receivable, net	<u>\$ 2,208,227</u>	<u>\$ 2,379,821</u>	<u>\$ 2,161,790</u>

- (1)The accounts receivable was following the Group's credit policy determined by reference to the industrial characteristics, operating scale and profitability of the counterparties. The average credit term is due on monthly aggregate sales plus 30 to 150 days.
- (2)The Group applies the simplified approach to providing expected credit losses prescribed under IFRS 9, which permits the use of lifetime expected loss provision for

all trade receivables. The expected credit losses are estimated using an allowance matrix with reference to past default experiences of the debtor, an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. The allowance matrix of different customer segments, the provision for loss allowance is based on the number of past due days.

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

September 30, 2022

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 2,301,926	\$ (5,450)	\$ 2,296,476
Past due but not impaired			
Past due within 30 days	65,690	(2,240)	63,450
Past due 31-90 days	15,461	(1,664)	13,797
Past due 91-180 days	845	(486)	359
Past due 181-365 days	1,971	(1,604)	367
Past due over 365 days	2,540	(2,540)	-
Total	\$ 2,388,433	\$ (13,984)	\$ 2,374,449

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

September 30, 2021

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 2,294,602	\$ (9,726)	\$ 2,284,876

September 30, 2021

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Past due but not impaired			
Past due within 30 days	\$ 43,216	\$ (1,479)	\$ 41,737
Past due 31-90 days	7,718	(1,022)	6,696
Past due 91-180 days	1,616	(227)	1,389
Past due 181-365 days	205	(205)	-
Past due over 365 days	8,864	(8,864)	-
Total	\$ 2,356,221	\$ (21,523)	\$ 2,334,698

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

Items	Nine Months Ended September 30	
	2022	2021
Beginning Balance	\$ 19,644	\$ 22,386
Add: Provision for (reversal of) impairment	29	(740)
Less: Reversal of impairment	(5,847)	-
Effect of exchange rate changes	158	(123)
Ending Balance	\$ 13,984	\$ 21,523

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

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

## 6.5 INVENTORIES AND COST OF SALES

Items	September 30, 2022	December 31, 2021	September 30, 2021
Raw materials	\$ 1,509,149	\$ 1,486,234	\$ 1,464,271
Work-in-process	1,454,958	1,453,154	1,448,280
Finished goods	1,170,198	982,857	930,982

Items	September 30, 2022	December 31, 2021	September 30, 2021
Goods	\$ 105,227	\$ 92,135	\$ 85,165
Inventory in transit	21,827	72,161	30,206
Total	<u>\$ 4,261,359</u>	<u>\$ 4,086,541</u>	<u>\$ 3,958,904</u>

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

Items	Three Months Ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Provision for (recovery of) loss (gain) on inventories	\$ (53,098)	\$ (6,649)	\$ 37,676	\$ 33,860
Unallocated fixed FOH	2,636	-	3,659	404
Loss on scrapped inventory	23,716	21,209	45,755	45,352
Total	<u>\$ (26,746)</u>	<u>\$ 14,560</u>	<u>\$ 87,090</u>	<u>\$ 79,616</u>

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

## 6.6 PREPAYMENTS

Items	September 30, 2022	December 31, 2021	September 30, 2021
Prepayment for purchases	\$ 54,268	\$ 43,215	\$ 35,371
Prepaid expenses	42,088	32,076	37,394
Input tax	23,815	22,570	20,011
Overpaid VAT	7,836	2,882	15,395
Others	10,058	9,666	10,993
Total	<u>\$ 138,065</u>	<u>\$ 110,409</u>	<u>\$ 119,164</u>

## 6.7 OTHER FINANCIAL ASSETS-CURRENT

Items	September 30, 2022	December 31, 2021	September 30, 2021
Pledged time deposits	\$ 37,136	\$ 23,906	\$ 36,502

Items	September 30, 2022	December 31, 2021	September 30, 2021
Restricted deposits	\$ 18,127	\$ 31,284	\$ 30,984
Total	<u>\$ 55,263</u>	<u>\$ 55,190</u>	<u>\$ 67,486</u>

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

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

Items	September 30, 2022	December 31, 2021	September 30, 2021
Equity instrument			
Unlisted stock	\$ 2,203	\$ 2,203	\$ 2,203
Valuation Adjustments	18,699	18,019	16,066
Total	<u>\$ 20,902</u>	<u>\$ 20,222</u>	<u>\$ 18,269</u>

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

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

#### 6.9 PROPERTY, PLANT AND EQUIPMENT

Items	September 30, 2022	December 31, 2021	September 30, 2021
Land	\$ 571,471	\$ 254,419	\$ 254,419
Buildings	2,397,498	2,357,039	2,343,183
Machinery	6,152,638	6,140,196	6,042,155
Molds	2,018,653	2,058,845	2,048,114
Other equipment	1,389,106	1,345,722	1,319,608
Equipment to be inspected and construction in progress	966,330	1,087,457	771,521
Total cost	<u>13,495,696</u>	<u>13,243,678</u>	<u>12,779,000</u>



Items	September 30, 2022	December 31, 2021	September 30, 2021
Less: Accumulated depreciation and impairment	\$ (8,345,043)	\$ (8,292,260)	\$ (8,189,020)
<b>Total</b>	<b>\$ 5,150,653</b>	<b>\$ 4,951,418</b>	<b>\$ 4,589,980</b>

	Land	Buildings	Machinery	Molds	Other equipment	Equipment under installation and construction in progress	Total
<b>Cost</b>							
Balance, January 1, 2022	\$ 254,419	\$ 2,357,039	\$ 6,140,196	\$ 2,058,845	\$ 1,345,722	\$ 1,087,457	\$ 13,243,678
Additions	-	17,203	41,226	7,050	30,687	531,320	627,486
Disposals	-	(16,839)	(245,653)	(158,413)	(65,004)	-	(485,909)
Reclassification	317,052	14,256	170,252	85,640	69,005	(656,205)	-
Effect of exchange rate difference	-	25,839	46,617	25,531	8,696	3,758	110,441
Balance, September 30, 2022	<u>\$ 571,471</u>	<u>\$ 2,397,498</u>	<u>\$ 6,152,638</u>	<u>\$ 2,018,653</u>	<u>\$ 1,389,106</u>	<u>\$ 966,330</u>	<u>\$ 13,495,696</u>
<b>Accumulated depreciation and impairment</b>							
Balance, January 1, 2022	\$ -	\$ (985,429)	\$ (4,614,153)	\$ (1,735,696)	\$ (956,982)	\$ -	\$ (8,292,260)
Depreciation expense	-	(52,363)	(234,232)	(112,598)	(73,299)	-	(472,492)
Disposals	-	16,839	245,610	158,048	63,941	-	484,438
Effect of exchange rate difference	-	(8,385)	(32,338)	(17,627)	(6,379)	-	(64,729)
Balance, September 30, 2022	<u>\$ -</u>	<u>\$ (1,029,338)</u>	<u>\$ (4,635,113)</u>	<u>\$ (1,707,873)</u>	<u>\$ (972,719)</u>	<u>\$ -</u>	<u>\$ (8,345,043)</u>
<b>Cost</b>							
Balance, January 1, 2021	\$ 254,419	\$ 2,355,346	\$ 5,923,393	\$ 1,964,851	\$ 1,268,010	\$ 544,387	\$ 12,310,406
Additions	-	5,272	29,835	2,289	39,894	619,249	696,539
Disposals	-	(9,938)	(104,914)	(39,328)	(14,519)	-	(168,699)
Reclassification	-	6,780	219,208	133,712	31,016	(390,716)	-
Effect of exchange rate difference	-	(14,277)	(25,367)	(13,410)	(4,793)	(1,399)	(59,246)
Balance, September 30, 2021	<u>\$ 254,419</u>	<u>\$ 2,343,183</u>	<u>\$ 6,042,155</u>	<u>\$ 2,048,114</u>	<u>\$ 1,319,608</u>	<u>\$ 771,521</u>	<u>\$ 12,779,000</u>
<b>Accumulated depreciation and impairment</b>							
Balance, January 1, 2021	\$ -	\$ (927,659)	\$ (4,443,855)	\$ (1,632,248)	\$ (890,615)	\$ -	\$ (7,894,377)
Depreciation expense	-	(51,790)	(231,163)	(131,778)	(66,339)	-	(481,070)
Impairment loss	-	-	(13,927)	-	-	-	(13,927)
Disposals	-	9,938	103,102	39,228	13,554	-	165,822
Reclassification	-	-	(2,612)	-	2,612	-	-
Effect of exchange rate difference	-	4,469	17,219	9,384	3,460	-	34,532
Balance, September 30, 2021	<u>\$ -</u>	<u>\$ (965,042)</u>	<u>\$ (4,571,236)</u>	<u>\$ (1,715,414)</u>	<u>\$ (937,328)</u>	<u>\$ -</u>	<u>\$ (8,189,020)</u>

(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	September 30, 2022	December 31, 2021	September 30, 2021	
Land	\$ 96,848	\$ 96,840	\$ 96,840	
Use right of land	79,721	77,392	76,550	
Buildings	80,811	81,274	81,265	
Total cost	257,380	255,506	254,655	
Less: Accumulated depreciation and impairment	(51,037)	(41,652)	(37,324)	
Total	\$ 206,343	\$ 213,854	\$ 217,331	
	Land	Use right of land	Buildings	Total
Cost				
Balance, January 1, 2022	\$ 96,840	\$ 77,392	\$ 81,274	\$ 255,506
Additions	2,665	-	221	2,886
Derecognition	(2,657)	-	(709)	(3,366)
Effect of exchange rate difference	-	2,329	25	2,354
Balance, September 30, 2022	\$ 96,848	\$ 79,721	\$ 80,811	\$ 257,380
Accumulated depreciation and impairment				
Balance, January 1, 2022	\$ (20,399)	\$ (7,652)	\$ (13,601)	\$ (41,652)
Depreciation expense	(5,946)	(1,957)	(4,592)	(12,495)
Derecognition	2,657	-	709	3,366
Effect of exchange rate difference	-	(244)	(12)	(256)
Balance, September 30, 2022	\$ (23,688)	\$ (9,853)	\$ (17,496)	\$ (51,037)

	Land	Use right of land	Buildings	Total
<u>Cost</u>				
Balance, January 1, 2021	\$ 92,822	\$ 77,836	\$ 81,279	\$ 251,937
Additions	4,018	-	-	4,018
Effect of exchange rate difference	-	(1,286)	(14)	(1,300)
Balance, September 30, 2021	<u>\$ 96,840</u>	<u>\$ 76,550</u>	<u>\$ 81,265</u>	<u>\$ 254,655</u>
<u>Accumulated depreciation and impairment</u>				
Balance, January 1, 2021	\$ (12,340)	\$ (5,131)	\$ (7,487)	\$ (24,958)
Depreciation expense	(5,977)	(1,911)	(4,586)	(12,474)
Effect of exchange rate difference	-	104	4	108
Balance, September 30, 2021	<u>\$ (18,317)</u>	<u>\$ (6,938)</u>	<u>\$ (12,069)</u>	<u>\$ (37,324)</u>

(2) Lease liabilities

Items	September 30, 2022	December 31, 2021	September 30, 2021
Current	\$ 9,875	\$ 9,436	\$ 9,794
Non-current	<u>\$ 85,731</u>	<u>\$ 92,497</u>	<u>\$ 94,812</u>

Range of discounts rate for lease liabilities is as follow :

	September 30, 2022	December 31, 2021	September 30, 2021
Land	0.89%~1.20%	0.90%~1.20%	0.90%~1.20%
Buildings	0.88%~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 September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Expenses relating to short-term leases	\$ 865	\$ 855	\$ 2,585	\$ 2,566
Total cash outflow for leases	\$ 4,130	\$ 4,188	\$ 12,410	\$ 12,450

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

### 6.11 INTANGIBLE ASSETS

Items	September 30, 2022	December 31, 2021	September 30, 2021
Trademarks	\$ 2,044	\$ 2,432	\$ 2,550
Patent	52,252	55,416	58,238
Computer software	50,443	29,200	31,196
Total	104,739	87,048	91,984
Less: Accumulated amortization	(45,245)	(44,343)	(46,342)
Intangible assets, net	\$ 59,494	\$ 42,705	\$ 45,642

Nine Months Ended September 30, 2022

	Trademarks	Patent	Computer software	Total
<u>Cost</u>				
Balance, January 1	\$ 2,432	\$ 55,416	\$ 29,200	\$ 87,048
Additions	17	1,045	28,902	29,964
Disposals	(405)	(4,209)	(7,851)	(12,465)
Effect of exchange rate difference	-	-	192	192
Balance, September 30	<u>\$ 2,044</u>	<u>\$ 52,252</u>	<u>\$ 50,443</u>	<u>\$ 104,739</u>
<u>Accumulated amortization</u>				
Balance, January 1	\$ (1,567)	\$ (23,508)	\$ (19,268)	\$ (44,343)
Amortization expense	(219)	(5,094)	(7,892)	(13,205)
Disposals	405	4,209	7,851	12,465
Effect of exchange rate difference	-	-	(162)	(162)
Balance, September 30	<u>\$ (1,381)</u>	<u>\$ (24,393)</u>	<u>\$ (19,471)</u>	<u>\$ (45,245)</u>

Nine Months Ended September 30, 2021

	Trademarks	Patent	Computer software	Total
<u>Cost</u>				
Balance, January 1	\$ 2,674	\$ 62,226	\$ 40,119	\$ 105,019
Additions	207	2,193	3,496	5,896
Disposals	(331)	(6,181)	(12,314)	(18,826)
Effect of exchange rate difference	-	-	(105)	(105)
Balance, September 30	<u>\$ 2,550</u>	<u>\$ 58,238</u>	<u>\$ 31,196</u>	<u>\$ 91,984</u>
<u>Accumulated amortization</u>				
Balance, January 1	\$ (1,700)	\$ (24,394)	\$ (25,431)	\$ (51,525)
Amortization expense	(239)	(7,058)	(6,425)	(13,722)
Disposals	331	6,181	12,314	18,826
Effect of exchange rate difference	-	-	79	79
Balance, September 30	<u>\$ (1,608)</u>	<u>\$ (25,271)</u>	<u>\$ (19,463)</u>	<u>\$ (46,342)</u>

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

## 6.12 OTHER NON-CURRENT ASSETS

Items	September 30, 2022	December 31, 2021	September 30, 2021
Prepayments for equipment	\$ 55,506	\$ 76,387	\$ 68,897
Refundable deposits	11,850	12,175	12,186
Overdue receivables	2,381	8,159	8,134
Less: loss allowance	(2,381)	(8,159)	(8,134)
Prepayments for software	-	31,501	28,703
Others	999	735	265
<b>Total</b>	<b>\$ 68,355</b>	<b>\$ 120,798</b>	<b>\$ 110,051</b>

## 6.13 SHORT-TERM NOTES AND BILLS PAYABLES

Items	September 30, 2022	December 31, 2021	September 30, 2021
Loan for material purchase	\$ 1,082	\$ -	\$ -
Secured loans	12,249	20,743	-
Unsecured loans	738,216	846,618	787,594
<b>Total</b>	<b>\$ 751,547</b>	<b>\$ 867,361</b>	<b>\$ 787,594</b>
Interest rate range	1.28%~4.15%	1.20%~4.15%	1.20%~4.15%

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

## 6.14 SHORT-TERM NOTES AND BILLS PAYABLES

Items	September 30, 2022	December 31, 2021	September 30, 2021
China Bills Finance Corporation	\$ -	\$ -	\$ 10,000
Less: Unamortized discounts	-	-	(2)
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,998</b>
Interest rate range	-	-	0.98%

## 6.15 NOTES PAYABLE

Items	September 30, 2022	December 31, 2021	September 30, 2021
Notes payable-operating activities	\$ 180,442	\$ 159,924	\$ 196,659
Total	\$ 180,442	\$ 159,924	\$ 196,659

## 6.16 OTHER PAYABLES

Items	September 30, 2022	December 31, 2021	September 30, 2021
Accrued salaries and bonuses	\$ 356,121	\$ 354,544	\$ 332,151
Payable for equipment and construction	60,226	114,155	43,709
Compensation payable of employees, directors and supervisors	43,438	29,081	28,617
Accrued supplies expense	43,006	53,144	57,218
Accrued repairs and maintenance	29,619	27,241	25,107
Accrued utilities expense	27,660	25,083	28,824
Accrued insurance expense	21,866	17,398	17,124
Others	106,440	101,607	109,119
Total	\$ 688,376	\$ 722,253	\$ 641,869

## 6.17 LONG-TERM LOANS AND ITS CURRENT PORTION

Items	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured loans	\$ 2,849,936	\$ 2,525,015	\$ 1,813,748
Less: Current portion	(403,804)	(135,082)	(133,659)
Discounted government grants (Note 6.18)	(9,113)	(8,657)	(7,966)
Total	\$ 2,437,019	\$ 2,381,276	\$ 1,672,123
Interest rate range	0.73%~6.30%	0.45%~5.18%	0.45%~5.26%
Year to maturity	2023~2027	2022~2027	2022~2027

- (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 September 30, 2022, December 31, 2021 and September 30, 2021.

#### **6.18 GOVERNMENT GRANTS**

- (1) The Company has obtained a \$1,154,747 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 September 30, 2022, the fair value of loan is estimated to be \$1,145,634 thousand. The difference \$9,113 thousand between transaction price and fair value is recognized as deferred income (under other non-current liabilities). The deferred revenue is recognized as other income during the loan period. The Company has recognized \$1,132 thousand and \$3,250 thousand in other income, \$4,072 thousand and \$10,273 thousand in interest expense for the loan, and has paid \$2,940 thousand and \$7,023 thousand interests to the bank for the three months and nine months ended September 30, 2022.
- (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 \$18,823 thousand, \$17,525 thousand, \$56,861 thousand and \$48,355 thousand under the contributions rates specified in the plans for the three months and nine months ended September 30, 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, \$547 thousand, \$1,789 thousand and \$1,638 thousand under the defined benefit plans for the three months and nine months ended September 30, 2022 and 2021, respectively.

## 6.20 COMMON STOCKS

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

	Nine Months Ended September 30			
	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

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

(3) The Company's authorized capital was \$2,700,000 thousand, consisting of 270,000 thousand shares as of September 30, 2022.

## 6.21 CAPITAL SURPLUS

Items	September 30, 2022	December 31, 2021	September 30, 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	672	473	443
Total	<u>\$ 485,797</u>	<u>\$ 485,598</u>	<u>\$ 485,568</u>

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

## 6.22 RETAINED EARNINGS

- (1) According to the Company's Article of Incorporation, the current year's earnings, if any, shall first pay taxes, offset its losses, set aside a legal capital reserve at 10% of the remaining earnings until the accumulated legal capital reserve equals the Company's paid-in capital then reversal or set aside a special capital reserve in accordance with relevant laws. Any balance left over shall be allocated with unappropriated earnings submitted by the Board of Directors to be approved at a shareholders' meeting according to the Company's Articles of Incorporation 32 para 1 ad finem.
- (2) Legal reserve may only be used to offset a deficit or to distribute as dividend in cash or in stock for the portion in excess of 25% of the Company's paid-in capital.
- (3) Special reserve

Items	September 30, 2022	December 31, 2021	September 30, 2021
Special reserve	<u>\$ 139,763</u>	<u>\$ 134,642</u>	<u>\$ 134,642</u>

- 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 thousand. 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 May 27, 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

- (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	42,922	-	42,922
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	-	744	744
Balance, September 30, 2022	\$ (112,767)	\$ 16,670	\$ (96,097)

Items	Exchange differences on translation of foreign financial statements	Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance, January 1, 2021	\$ (147,809)	\$ 13,167	\$ (134,642)
Exchange differences on translation of foreign financial statements	(23,232)	-	(23,232)
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	-	1,181	1,181
Balance, September 30, 2021	\$ (171,041)	\$ 14,348	\$ (156,693)

## 6.24 NON-CONTROLLING INTEREST

Items	Nine Months Ended September 30	
	2022	2021
Beginning Balance	\$ 346,386	\$ 331,568
Attributable to non-controlling interests:		
Distribution of cash dividends by subsidiaries	(48,065)	(42,399)
Net income	43,695	35,331
Ending Balance	\$ 342,016	\$ 324,500

## 6.25 OPERATING REVENUE

Items	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Revenue from contracts with customers				
Sale of goods	\$ 2,992,028	\$ 2,888,565	\$ 8,852,317	\$ 8,080,733
Service revenue	2,215	6,363	11,342	19,997
Subtotal	2,994,243	2,894,928	8,863,659	8,100,730
Other operating revenues	3,566	5,620	12,572	16,717
Total	\$ 2,997,809	\$ 2,900,548	\$ 8,876,231	\$ 8,117,447

(1)Description of customer contract

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

(2)Disaggregation of revenue from contracts with customers

Major products /Service line	Three Months Ended September 30, 2022					
	China	Taiwan	Japan	Malaysia	Others	Total
Electronic	\$ 1,267,703	\$ 265,094	\$ 295,756	\$ 276,142	\$ 435,508	\$ 2,540,203
Stationery	58,522	73,757	40,283	4,779	223,599	400,940
Others	15,677	2,760	5,901	19,110	9,652	53,100
Total	<u>\$ 1,341,902</u>	<u>\$ 341,611</u>	<u>\$ 341,940</u>	<u>\$ 300,031</u>	<u>\$ 668,759</u>	<u>\$ 2,994,243</u>
Timing of revenue recognition						
Performance obligation satisfied at a point in time	<u>\$ 1,341,902</u>	<u>\$ 341,611</u>	<u>\$ 341,940</u>	<u>\$ 300,031</u>	<u>\$ 668,759</u>	<u>\$ 2,994,243</u>

Major products /Service line	Three Months Ended September 30, 2021					
	China	Taiwan	Japan	Malaysia	Others	Total
Electronic	\$ 1,320,794	\$ 309,989	\$ 302,109	\$ 154,432	\$ 384,236	\$ 2,471,560
Stationery	58,955	100,359	35,665	264	224,288	419,531
Others	373	1,093	-	1,928	443	3,837
Total	<u>\$ 1,380,122</u>	<u>\$ 411,441</u>	<u>\$ 337,774</u>	<u>\$ 156,624</u>	<u>\$ 608,967</u>	<u>\$ 2,894,928</u>
Timing of revenue recognition						
Performance obligation satisfied at a point in time	<u>\$ 1,380,122</u>	<u>\$ 411,441</u>	<u>\$ 337,774</u>	<u>\$ 156,624</u>	<u>\$ 608,967</u>	<u>\$ 2,894,928</u>

Major products /Service line	Nine Months Ended September 30, 2022					
	China	Taiwan	Japan	Malaysia	Others	Total
Electronic	\$ 3,738,904	\$ 798,260	\$ 924,793	\$ 752,789	\$ 1,279,997	\$ 7,494,743
Stationery	176,541	211,952	118,381	10,520	751,376	1,268,770
Others	26,657	7,554	7,927	37,273	20,735	100,146
Total	<u>\$ 3,942,102</u>	<u>\$ 1,017,766</u>	<u>\$ 1,051,101</u>	<u>\$ 800,582</u>	<u>\$ 2,052,108</u>	<u>\$ 8,863,659</u>

Nine Months Ended September 30, 2022						
Major products /Service line	China	Taiwan	Japan	Malaysia	Others	Total
Timing of revenue recognition						
Performance obligation satisfied at a point in time	\$ 3,942,102	\$ 1,017,766	\$ 1,051,101	\$ 800,582	\$ 2,052,108	\$ 8,863,659

Nine Months Ended September 30, 2021						
Major products /Service line	China	Taiwan	Japan	Malaysia	Others	Total
Electronic	\$ 3,505,513	\$ 862,681	\$ 839,444	\$ 502,590	\$ 1,098,962	\$ 6,809,190
Stationery	166,639	323,861	122,583	3,213	622,739	1,239,035
Others	12,265	3,456	5,492	18,367	12,925	52,505
Total	\$ 3,684,417	\$ 1,189,998	\$ 967,519	\$ 524,170	\$ 1,734,626	\$ 8,100,730
Timing of revenue recognition						
Performance obligation satisfied at a point in time	\$ 3,684,417	\$ 1,189,998	\$ 967,519	\$ 524,170	\$ 1,734,626	\$ 8,100,730

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

Items	September 30, 2022	December 31, 2021	September 30, 2021
Contract liabilities-current	\$ 111,155	\$ 104,504	\$ 73,242

## 6.26 PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

By nature	Three Months Ended September 30, 2022			Three Months Ended September 30, 2021		
	Cost of sales	Operating expense (include non-operating)	Total	Cost of sales	Operating expense (include non-operating)	Total
Personnel						
Salary	\$ 283,372	\$ 105,502	\$ 388,874	\$ 295,318	\$ 106,917	\$ 402,235
Labor insurance	25,507	7,673	33,180	23,726	7,949	31,675
Pension	15,706	3,713	19,419	14,583	3,489	18,072
Other	28,397	8,179	36,576	26,481	6,001	32,482

By nature	Three Months Ended September 30, 2022			Three Months Ended September 30, 2021		
	Cost of sales	Operating expense (include non-operating)	Total	Cost of sales	Operating expense (include non-operating)	Total
Depreciation	\$ 150,821	\$ 10,989	\$ 161,810	\$ 148,440	\$ 12,776	\$ 161,216
Amortization	1,047	2,645	3,692	581	3,293	3,874
Total	<u>\$ 504,850</u>	<u>\$ 138,701</u>	<u>\$ 643,551</u>	<u>\$ 509,129</u>	<u>\$ 140,425</u>	<u>\$ 649,554</u>

By nature	Nine Months Ended September 30, 2022			Nine Months Ended September 30, 2021		
	Cost of sales	Operating expense (include non-operating)	Total	Cost of sales	Operating expense (include non-operating)	Total
Personnel						
Salary	\$ 903,650	\$ 353,384	\$ 1,257,034	\$ 874,808	\$ 312,820	\$ 1,187,628
Labor insurance	78,757	22,815	101,572	69,474	20,975	90,449
Pension	47,554	11,096	58,650	39,296	10,697	49,993
Other	85,516	21,417	106,933	76,952	23,926	100,878
Depreciation	451,201	33,786	484,987	455,523	38,021	493,544
Amortization	3,127	10,078	13,205	1,768	11,954	13,722
Total	<u>\$ 1,569,805</u>	<u>\$ 452,576</u>	<u>\$ 2,022,381</u>	<u>\$ 1,517,821</u>	<u>\$ 418,393</u>	<u>\$ 1,936,214</u>

(1) In accordance with the Company's Article of incorporation, the Company is stipulated to distribute compensation of employees at the rate of 1.5% of profit before tax, and directors' and supervisors' remuneration at the rate not higher than 1.5% of profit before tax. For the three months and nine months ended September 30, 2022, the employees' compensation was accrued at \$4,868 thousand and \$15,157 thousand, directors' and supervisors' remuneration were accrued at \$3,894 thousand and \$12,125 thousand. For the three months and nine months ended September 30, 2021, the employees' compensation was accrued at \$4,456 thousand and \$12,267 thousand, directors' and supervisors' remuneration were accrued at \$3,565 thousand and \$9,813 thousand. 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 September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Rental income	\$ 189	\$ 148	\$ 525	\$ 410
Government subsidies	6,614	4,797	9,194	10,780
Dividend income	30	30	1,328	392
Others	4,829	2,188	10,394	8,825
Total	\$ 11,662	\$ 7,163	\$ 21,441	\$ 20,407

## 6.28 OTHER GAINS AND LOSSES

Items	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Net gains (losses) on financial assets and liabilities at FVTPL	\$ 91	\$ 29	\$ 181	\$ 103
Gain (losses) on disposal of property, plant and equipment	13	(193)	(288)	160



Items	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Impairment loss on Property, Plant and Equipment	\$ -	\$ 53	\$ -	\$ (13,927)
Foreign exchange gain (losses), net	88,897	4,706	186,638	(24,808)
Others	(176)	(92)	(1,840)	(1,418)
Total	\$ 88,825	\$ 4,503	\$ 184,691	\$ (39,890)

## 6.29 FINANCIAL COSTS

Items	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Interest expense				
Bank loans	\$ 18,607	\$ 14,278	\$ 57,486	\$ 43,966
Interest on lease liabilities	281	309	862	946
Less: capitalized amount for qualified assets	(1,339)	(721)	(3,605)	(1,608)
Financial costs	\$ 17,549	\$ 13,866	\$ 54,743	\$ 43,304
Interest capitalization rates	1.06%~4.32%	0.66%~4.32%	1.06%~4.32%	0.66%~4.32%

## 6.30 INCOME TAX

(1) Components of income tax expense:

Items	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
<u>Current income tax expense</u>				
Current tax expense (benefit) recognized in the current period	\$ 57,220	\$ 64,410	\$ 223,302	\$ 185,327
Tax on undistributed surplus earnings	-	195	10,747	740
Income tax adjustments on prior years	-	-	(1,340)	1,320
Current tax	57,220	64,605	232,709	187,387
<u>Deferred income tax expense</u>				
The origination and reversal of temporary differences	5,943	6,221	(8,469)	7,147

Items	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Deferred tax	5,943	6,221	(8,469)	7,147
Income tax expense recognized in profit or loss	<u>\$ 63,163</u>	<u>\$ 70,826</u>	<u>\$ 224,240</u>	<u>\$ 194,534</u>

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 September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Exchange differences arising on translation of foreign operations	\$ 3,593	\$ (1,613)	\$ 10,731	\$ (5,808)
Financial assets at fair value through other comprehensive income	120	317	(64)	190
Total	<u>\$ 3,713</u>	<u>\$ (1,296)</u>	<u>\$ 10,667</u>	<u>\$ (5,618)</u>

(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 September 30, 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	\$ 1,177	\$ (120)	\$ 1,057
Subtotal	<u>1,177</u>	<u>(120)</u>	<u>1,057</u>
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations	17,964	(3,593)	14,371
Subtotal	<u>17,964</u>	<u>(3,593)</u>	<u>14,371</u>

Three Months Ended September 30, 2022

Items	Before tax	Income tax (expense) benefit	After tax
Total	\$ 19,141	\$ (3,713)	\$ 15,428

Three Months Ended September 30, 2021

Items	Before tax	Income tax (expense) benefit	After tax
Items that will not be reclassified subsequently to profit or loss			
Unrealized gains (losses) on debt investments at fair value through other comprehensive income	\$ 1,572	\$ (317)	\$ 1,255
Subtotal	1,572	(317)	1,255
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations	(8,065)	1,613	(6,452)
Subtotal	(8,065)	1,613	(6,452)
Total	\$ (6,493)	\$ 1,296	\$ (5,197)

Nine Months Ended September 30, 2022

Items	Before tax	Income tax (expense) benefit	After tax
Items that will not be reclassified subsequently to profit or loss			
Unrealized gains (losses) on debt investments at fair value through other comprehensive income	\$ 680	\$ 64	\$ 744
Subtotal	680	64	744
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations	53,653	(10,731)	42,922
Subtotal	53,653	(10,731)	42,922
Total	\$ 54,333	\$ (10,667)	\$ 43,666

Nine Months Ended September 30, 2021

Items	Before tax	Income tax (expense) benefit	After tax
Items that will not be reclassified subsequently to profit or loss			
Unrealized gains (losses) on debt investments at fair value through other comprehensive income	\$ 1,371	\$ (190)	\$ 1,181
Subtotal	1,371	(190)	1,181

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

### 6.32 EARNINGS PER SHARE

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

Items	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Basic earnings per share				
Net income attributable to ordinary shareholders of the Company	\$ 255,978	\$ 236,923	\$ 787,685	\$ 646,168
Net income for calculating basic earnings per share	\$ 255,978	\$ 236,923	\$ 787,685	\$ 646,168
Weighted average shares outstanding (thousand shares)	182,140	182,140	182,140	182,140
Basic earnings per share (after tax) (in dollars)	\$ 1.41	\$ 1.30	\$ 4.32	\$ 3.55
Diluted earnings per share				
Net income attributable to ordinary shareholders of the Company	\$ 255,978	\$ 236,923	\$ 787,685	\$ 646,168
Net income for calculating diluted earnings per share	\$ 255,978	\$ 236,923	\$ 787,685	\$ 646,168
Weighted average shares outstanding (thousand shares)	182,140	182,140	182,140	182,140
Effect of dilutive potential common shares				
Employees' compensation (thousand shares)	143	97	166	116
Weighted average shares outstanding for diluted earnings per share (thousand shares)	182,283	182,237	182,306	182,256
Diluted earnings per share (after tax) (in dollars)	\$ 1.40	\$ 1.30	\$ 4.32	\$ 3.55

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

effect. Such dilutive effect of the potential shares needs to be included in the calculation of diluted earnings per share until employee compensation is approved in the following year.

## 7. RELATED PARTY TRANSACTIONS

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

### (1) Related party name and categories

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

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

### (2) Significant transactions between related parties

#### A. Revenue

Related Party	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Investors with significant influence over the Group	\$ 698	\$ 1,036	\$ 1,287	\$ 4,958
Other related parties	11,597	9,175	31,975	30,883
Total	\$ 12,295	\$ 10,211	\$ 33,262	\$ 35,841

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

#### B. Purchases

Related Party	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Investors with significant influence over the Group	\$ 992	\$ 1,140	\$ 2,054	\$ 2,385
Other related parties	3,486	1,051	9,192	3,448
Total	\$ 4,478	\$ 2,191	\$ 11,246	\$ 5,833

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

#### C.Receivables due from related parties

Items	Related Party	September 30, 2022	December 31, 2021	September 30, 2021
Accounts receivable	Investors with significant influence over the Group	\$ 702	\$ 233	\$ 395
	Other related parties	21,737	20,648	21,131
	Total	\$ 22,439	\$ 20,881	\$ 21,526
Other receivables	Other related parties	\$ 68	\$ 70	\$ 41

#### D.Payables due to related parties

Items	Related Party	September 30, 2022	December 31, 2021	September 30, 2021
Accounts payable	Investors with significant influence over the Group	\$ 987	\$ 1,078	\$ 1,525
	Other related parties	-	1,120	1,896
	Total	\$ 987	\$ 2,198	\$ 3,421
Other payables	Other related parties	\$ -	\$ 860	\$ 2,511

#### E.Other transactions

Items	Related Party	Three Months Ended September 30		Nine Months Ended September 30	
		2022	2021	2022	2021
Consumable expenses	Investors with significant influence over the Group	\$ 442	\$ 421	\$ 482	\$ 2,597
	Total	\$ 442	\$ 421	\$ 482	\$ 2,597
Other income	Other related parties	\$ -	\$ 96	\$ 102	\$ 241

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

Related Party	Acquisition Price			
	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Investors with significant influence over the Group	\$ -	\$ 9,687	\$ -	\$ 28,974

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

Items	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 14,052	\$ 10,218	\$ 56,880	\$ 37,819
Post- employment benefits	120	74	355	351
Total	\$ 14,172	\$ 10,292	\$ 57,235	\$ 38,170

#### 8. PLEDGED ASSETS

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

Items	September 30, 2022	December 31, 2021	September 30, 2021
Pledge time deposits (recognized as other financial assets - current)	\$ 37,136	\$ 23,906	\$ 36,502
Restricted deposits (recognized as other financial assets - current)	18,127	31,284	30,984

Items	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable (the banker's acceptance notes) \$	76,309	\$ 65,875	\$ 69,480
Refundable deposits (recognized as other non - current assets)	514	494	494
Total	\$ 132,086	\$ 121,559	\$ 137,460

**9. SIGNIFICANT CONTINGENCY LIABILITIES AND UNRECOGNIZED COMMITMENTS**

(1) Significant commitments

A. The unused letters of credit for purchasing raw materials and equipment as of September 30, 2022 is \$13,732 thousand.

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

Items	September 30, 2022	December 31, 2021	September 30, 2021
Property, plant, and equipment	\$ 240,798	\$ 267,514	\$ 524,736

**10. SIGNIFICANT DISASTERS: NONE.**

**11. SIGNIFICANT SUBSEQUENT EVENTS: NONE.**

**12. OTHERS**

**12.1 Seasonality or periodicity of operations**

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

**12.2 Capital risk management**

There were no significant changes to the Group's policies for capital risk management from those described in the consolidated financial statements for the year ended December 31, 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

	September 30, 2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial Assets</u>			
Monetary Items			
USD	\$ 71,695	31.74	\$ 2,275,609
JPY	155,790	0.22	34,312
<u>Financial Liabilities</u>			
Monetary Items			
USD	32,797	31.74	1,040,968
JPY	201,100	0.22	44,292

	December 31, 2021		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial Assets</u>			
Monetary Items			
USD	\$ 80,211	27.67	\$ 2,219,434
JPY	162,916	0.24	39,189

December 31, 2021			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial Liabilities</u>			
<u>Monetary Items</u>			
USD	\$ 48,350	27.67	\$ 1,337,831
JPY	236,510	0.24	56,892
September 30, 2021			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial Assets</u>			
<u>Monetary Items</u>			
USD	\$ 73,359	27.84	\$ 2,042,300
JPY	156,170	0.25	38,909
<u>Financial Liabilities</u>			
<u>Monetary Items</u>			
USD	46,496	27.84	1,294,438
JPY	245,199	0.25	61,091

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 \$12,247 thousand and \$7,257 thousand for the nine months ended September 30, 2022 and 2021, respectively.

(b) Price risk

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

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

If the prices of these equity securities had increased/decreased by 1%, the profit before tax and other comprehensive income before tax would have increased/decreased by \$576 thousand, \$209 thousand, \$574 thousand and \$183 thousand for the nine months ended September 30, 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		
	September 30, 2022	December 31, 2021	September 30, 2021
Fair value interest rate risk			
Financial assets	\$ 31,271	\$ 1,094	\$ 794
Financial liabilities	-	-	(9,998)
Net	\$ 31,271	\$ 1,094	\$ (9,204)
Cash flow interest rate risk			
Financial assets	\$ 673,979	\$ 741,767	\$ 559,272
Financial liabilities	(3,592,370)	(3,383,719)	(2,593,376)
Net	\$ (2,918,391)	\$ (2,641,952)	\$ (2,034,104)

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 \$21,888 thousand and \$15,256 thousand for the nine months ended September 30, 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 September 30, 2022 and December 31, 2021 and September 30, 2021, the proportion of the accounts receivable exceeds 10% of the total accounts receivable, representing 26%, 12% and 10%, respectively. The credit concentration risk associated with other accounts receivable is relatively insignificant.

#### ii. Measurement of expected credit losses

(i) Accounts receivable: The Group applies simplified approach to accounts receivable. Please refer to Note 6.4 for more information.

(ii) The criteria used to determine whether credit risk has increased significantly: The Group considered credit factors and reviewed relevant information associated with debtors to assess whether credit risks on financial instruments have increased significantly since initial recognition

#### iii. Holding collateral and other credit enhancement to hedge against credit risk of financial assets: None.

#### iv. Credit risk of financial assets measured at amortized cost

Please refer to Note 6.4 for information on the Group's credit exposures associated with notes receivable and accounts receivable. Other financial instruments amortized at cost, such as cash and cash equivalents and other

receivables, have low credit losses. After assessment, the Group determined that no material impairment occurred.

### C. Liquidity risk

#### (a) Liquidity risk management

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

#### (b) Maturity analysis for financial liabilities

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

Non-derivative Financial Liabilities	September 30, 2022				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Short-term loans	\$ 760,971	\$ -	\$ -	\$ 760,971	\$ 751,547
Notes payable	180,442	-	-	180,442	180,442
Accounts payable	979,559	-	-	979,559	979,559
Other payables	656,334	-	-	656,334	656,334
Lease liabilities	10,920	29,646	62,779	103,345	95,606
Long-term loan (include current portion)	449,000	2,476,525	54,666	2,980,191	2,840,823
Guarantee deposits	-	-	7,481	7,481	7,481
<b>Total</b>	<b>\$ 3,037,226</b>	<b>\$ 2,506,171</b>	<b>\$ 124,926</b>	<b>\$ 5,668,323</b>	<b>\$ 5,511,792</b>

#### Further information on maturity analysis for lease liabilities

	September 30, 2022					Total undiscounted lease payments
	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	
Lease liabilities	\$ 10,920	\$ 29,646	\$ 32,657	\$ 30,122	\$ -	\$ 103,345

Non-derivative Financial Liabilities	December 31, 2021				
	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

Non-derivative Financial Liabilities	December 31, 2021				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
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
<b>Total</b>	<b>\$ 3,226,100</b>	<b>\$ 2,407,293</b>	<b>\$ 124,735</b>	<b>\$ 5,758,128</b>	<b>\$ 5,666,383</b>

Further information on maturity analysis for lease liabilities :

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

Non-derivative Financial Liabilities	September 30, 2021				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Short-term loans	\$ 798,147	\$ -	\$ -	\$ 798,147	\$ 787,594
Short-term notes and bills payable	10,000	-	-	10,000	9,998
Notes payable	196,659	-	-	196,659	196,659
Accounts payable	1,274,790	-	-	1,274,790	1,274,790
Other payables	945,840	-	-	945,840	945,840
Lease liabilities	10,974	33,725	68,891	113,590	104,606
Long-term loan (include current portion)	157,645	1,693,993	16,456	1,868,094	1,805,782
Guarantee deposits	-	-	3,674	3,674	3,674
<b>Total</b>	<b>\$ 3,394,055</b>	<b>\$ 1,727,718</b>	<b>\$ 89,021</b>	<b>\$ 5,210,794</b>	<b>\$ 5,128,943</b>

Further information on maturity analysis for lease liabilities

	September 30, 2021					Total undiscounted lease payments
	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	
Lease liabilities	\$ 10,974	\$ 33,725	\$ 32,520	\$ 31,995	\$ 4,376	\$ 113,590

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

## 12.4 Types of Financial instruments

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets</u>			
Financial assets at fair value			
through profit or loss- current	\$ 57,616	\$ 57,434	\$ 57,406
Financial assets measured at			
amortized cost (Note 1)	3,110,527	3,314,741	2,918,927
Financial assets at fair value			
through other comprehensive			
income- noncurrent	20,902	20,222	18,269
<u>Financial liability</u>			
Financial liabilities measured at			
amortized cost (Note 2)	5,416,186	5,564,450	5,024,337

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

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

## 12.5 Fair value information of financial instruments

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

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

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

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

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

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

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

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

Items	September 30, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at FVTPL				
Funds	\$ 57,616	\$ -	\$ -	\$ 57,616
Financial assets at FVTOCI				
Equity instruments				
Unlisted stocks	-	-	20,902	20,902
Total	\$ 57,616	\$ -	\$ 20,902	\$ 78,518

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

Items	September 30, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at FVTPL				
Funds	\$ 57,406	\$ -	\$ -	\$ 57,406



Items	September 30, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Equity instruments				
Unlisted stocks	\$ -	\$ -	\$ 18,269	\$ 18,269
Total	\$ 57,406	\$ -	\$ 18,269	\$ 75,675

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

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

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

(6)Changes in level 3 instruments:

Items	Nine Months Ended September 30	
	2022	2021
<u>Financial assets at FVTOCI</u>		
Beginning Balance	\$ 20,222	\$ 16,898
Gains or losses recognized in other comprehensive income	680	1,371
Effect of exchange rate difference	-	-
Ending Balance	\$ 20,902	\$ 18,269

## 8. 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.

## 9. SEGMENT INFORMATION

### 14.1 General information

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

### 14.2 Measurement basis

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

accounting policies for reportable segments are the same as Group's accounting policies described in Note 4.

#### 14.3 Segment information

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

Items	Nine Months Ended September 30, 2022				
	Electronic	Stationery	Others	Eliminations	Total
Revenue					
Revenue from external customers	\$ 7,494,743	\$ 1,268,770	\$ 112,718	\$ -	\$ 8,876,231
Revenue from intersegments	592,249	482,748	43,786	(1,118,783)	-
	<u>\$ 8,086,992</u>	<u>\$ 1,751,518</u>	<u>\$ 156,504</u>	<u>\$ (1,118,783)</u>	<u>\$ 8,876,231</u>
Interest expenses	\$ 45,651	\$ 9,092	\$ -	\$ -	\$ 54,743
Depreciation and amortization	\$ 417,944	\$ 68,009	\$ 12,239	\$ -	\$ 498,192
Segment income (loss)	\$ 858,132	\$ 167,629	\$ 29,859	\$ -	\$ 1,055,620
Income (loss) before tax					\$ 1,055,620
Total assets					\$ 13,224,053

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

#### 14.4 Reconciliation for segment income (loss)

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

SDI CORPORATION AND SUBSIDIARIES  
 ENDORSEMENTS / GUARANTEES PROVIDED  
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	(3)	\$ 2,912,372	\$ 1,543,327	\$ 1,386,858	\$ 642,907	\$ -	21.43%	\$ 3,235,969	Y	N	Y	
		(JIANGSU)			USD 19,750 RMB 205,000	USD 19,750 RMB 170,000								

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

(1) The Company is '0'.

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

(1) Trading parties.

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

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

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

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

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

SDI CORPORATION AND SUBSIDIARIES  
MARKETABLE SECURITIES HELD (excluding investments in subsidiaries and associates)  
SEPTEMBER 30, 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	September 30, 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	\$ 38,892	-	\$ 38,891	
	Capital Money Market Fund	—	Financial Assets at Fair Value through Profit or Loss – Current	1,145	18,724	-	18,724	
SDI	Chang Hwa Golf Club	—	Financial Assets at Fair Value through Other Comprehensive Income – Noncurrent	90	9,123	0.24%	9,123	
	SDI ELECTRONICS JAPAN CO., LTD	—	Financial Assets at Fair Value through Other Comprehensive Income – Noncurrent	30	7,809	15.00%	7,809	
	SDI JAPAN CO.,LTD.	—	Financial Assets at Fair Value through Other Comprehensive Income – Noncurrent	200	3,970	19.61%	3,970	

SDI CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 283,050	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 NINE MONTHS ENDED SEPTEMBER 30, 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	SDI Jiangsu	Sub-subsidiary	Sales	\$ 143,791	2.09%	As prescribed by the agreement	—	—	\$ 112,551	6.44%	Note 1
SDI Jiangsu	SDI	The ultimate parent of the Company	Sales	675,268	28.79%	As prescribed by the agreement	—	—	66,764	9.92%	Note 1
TEC Brite Technology	SDI	Parents Company	Sales	209,167	35.78%	As prescribed by the agreement	—	—	97,849	44.47%	Note 1

7  
63

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

SDI CORPORATION AND SUBSIDIARIES  
RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
SEPTEMBER 30, 2022

TABLE 5

Amounts in Thousands of New Taiwan Dollars

Creditor	Counterparty	Relationship	General ledger account (Note 1)	Balance	Turnover rate	Overdue receivables		Subsequent collections	Allowance for bad doubtful accounts
						Amount	Action taken		
SDI	SDI Jiangsu	Sub-subsidiary	Account Receivable	\$ 112,551	1.28	\$ 11,832	-	\$ -	\$ -
			Other Receivables	154	-	-	-	-	-

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



SDI CORPORATION AND SUBSIDIARIES  
SUBSIDIARIES INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY  
TRANSACTIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 9,643	Note 3	0.11%
		Chao Shin Metal	1	Accounts receivable	3,867	Note 3	0.03%
		Chao Shin Metal	1	Other receivables	1,065	—	0.01%
		TEC Brite Technology	1	Sales revenue	5	Note 3	-
		TEC Brite Technology	1	Other receivable	9,079	—	0.07%
		SDI (JIANGSU)	1	Sales revenue	143,791	Note 3	1.62%
		SDI (JIANGSU)	1	Accounts receivable	112,551	Note 3	0.85%
		SDI (JIANGSU)	1	Other receivables	154	—	-
		1	SDI (JIANGSU)	SDI	2	Sales revenue	675,268
SDI	2			Accounts receivable	66,764	Note 3	0.50%
SDI	2			Other receivables	136	—	-
2	Chao Shin Metal	SDI	2	Sales revenue	14,434	Note 3	0.16%
		SDI	2	Processing income	3,031	Note 3	0.03%
		SDI	2	Accounts receivable	4,171	Note 3	0.03%
		SDI (JIANGSU)	3	Sales revenue	63,328	Note 3	0.71%
		SDI (JIANGSU)	3	Accounts receivable	29,012	Note 3	0.22%
		3	TEC Brite Technology	SDI	2	Sales revenue	209,167
SDI	2			Accounts receivable	97,849	Note 3	0.74%
Chao Shin Metal	3			Sales revenue	116	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  
INFORMATION ON INVESTEEES  
SEPTEMBER 30, 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 September 30, 2022			Net Income(Losses) of the Investee	Share of Profits/Losses of Investee	Remarks
				September 30, 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%	\$ 244,997	\$ 16,444	\$ 14,116	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%	366,483	91,438	50,848	Note 1, 2
SDI	SHUEN DER (B.V.I.)	BVI	Holding Company	730,020	636,410	8,920	100.00%	1,775,138	(17,992)	(17,365)	Note 1, 2, 3

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

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

Note 3 : Please refer to Table 8 for information of investees of China Mainland.

SDI CORPORATION AND SUBSIDIARIES  
 INFORMATION ON INVESTMENT IN MAINLAND CHINA  
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Shares of Profits/Losses	Carrying Amount as of September 30, 2022	Accumulated Inward Remittance of Earnings as of September 30, 2022	Remarks
					Outflow	Inflow							
SDI Jiangsu	Manufacture, process and sales of integrated circuit frame, blades, stationary, etc.	NTD 1,110,900	Note 1	NTD 730,020	NTD -	NTD -	NTD 730,020	NTD -	100.00%	NTD (17,898)	NTD 1,811,822	NTD -	
		USD 35,000		USD 23,000			USD 23,000						

Accumulated Investment in Mainland China as of September 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 730,020	NTD 1,110,900	NTD 4,088,372
USD 23,000	USD 35,000	

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

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

Note 3 : Foreign currencies aforementioned are translated into NTD using the exchange rate at the reporting date or average exchange rate for the nine months ended September 30, 2022.

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