

SDI Corporation and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2023 and 2022
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, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, of changes in equity, and of 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 Standards on Review Engagements No. 2410, "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, 2023 and 2022, assets of those non-reviewed consolidated subsidiaries amounted to \$1,080,225 thousand and \$1,036,895 thousand (all in NTD unless specified otherwise), representing 9% and 8%, respectively, of total consolidated assets, and the liabilities amounted to \$191,828 thousand and \$184,940 thousand, representing 4% and 3%, respectively, of total consolidated liabilities. Comprehensive income of those consolidated subsidiaries for the three months and nine months ended September 30, 2023 and 2022 were \$30,970 thousand, \$33,479 thousand, \$69,487 thousand and \$107,882 thousand, representing 12%, 12%, 10% and 12%, 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, 2023 and 2022, 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, 2023 and 2022 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".

Crowe (TW) CPAs

Taichung, Taiwan (Republic of China)

November 2, 2023

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, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
Cash and cash equivalents	6(1)	\$ 655,442	5	\$ 1,058,687	8	\$ 664,639	5
Financial assets at fair value through profit or loss - current	6(2)	18,938	-	57,751	-	57,616	-
Notes receivable, net	6(3)	120,665	1	123,141	1	143,783	1
Accounts receivable, net	6(4)	2,035,099	16	1,979,426	15	2,208,227	17
Accounts receivable, net - related parties	7	17,384	-	22,145	-	22,439	-
Other receivables	7	16,016	-	15,606	-	18,611	-
Inventories, net	6(5)	3,685,914	30	3,865,821	30	4,261,359	33
Prepayments	6(6)	71,751	1	67,339	1	138,065	1
Other financial assets - current	6(7)	80,594	1	69,667	1	55,263	-
Other current assets		902	-	193	-	1,332	-
Total current assets		<u>6,702,705</u>	<u>54</u>	<u>7,259,776</u>	<u>56</u>	<u>7,571,334</u>	<u>57</u>
NONCURRENT ASSETS							
Financial assets at fair value through other comprehensive income - noncurrent	6(8)	24,657	-	21,023	-	20,902	-
Property, plant and equipment	6(9)	5,294,124	43	5,190,999	40	5,150,653	39
Right-of-use assets	6(10)	192,360	2	201,146	2	206,343	2
Intangible assets	6(11)	51,637	-	56,856	-	59,494	-
Deferred income tax assets		109,923	1	132,465	1	146,972	1
Other noncurrent assets	6(12)	36,240	-	63,734	1	68,355	1
Total noncurrent assets		<u>5,708,941</u>	<u>46</u>	<u>5,666,223</u>	<u>44</u>	<u>5,652,719</u>	<u>43</u>
TOTAL		<u>\$ 12,411,646</u>	<u>100</u>	<u>\$ 12,925,999</u>	<u>100</u>	<u>\$ 13,224,053</u>	<u>100</u>
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
Short-term loans	6(13)	\$ 682,972	6	\$ 738,126	6	\$ 751,547	6
Contract liabilities - current	6(24)	96,006	1	96,448	1	111,155	1
Notes payable	6(14)	65,602	1	153,769	1	180,442	1
Accounts payable		1,024,194	7	852,721	6	978,572	8
Accounts payable - related parties	7	5,388	-	1,045	-	987	-
Other payables	6(15)	663,964	5	744,959	6	688,376	5
Current income tax liabilities	6(29)	201,932	2	300,317	2	248,602	2
Lease liabilities - current	6(10)	8,766	-	10,078	-	9,875	-
Long term loans - current portion	6(16)	560,616	5	463,363	4	403,804	3
Other current liabilities		14,150	-	24,837	-	14,277	-
Total current liabilities		<u>3,323,590</u>	<u>27</u>	<u>3,385,663</u>	<u>26</u>	<u>3,387,637</u>	<u>26</u>
NONCURRENT LIABILITIES							
Long term loans	6(16)	1,458,118	10	1,997,776	16	2,437,019	18
Deferred income tax liabilities		342,161	3	319,072	2	340,185	2
Lease liabilities - noncurrent	6(10)	78,676	1	82,860	1	85,731	1
Net defined benefit liability-noncurrent	6(18)	93,464	1	100,030	1	131,520	1
Other noncurrent liabilities		66,320	1	54,535	-	28,008	-
Total noncurrent liabilities		<u>2,038,739</u>	<u>16</u>	<u>2,554,273</u>	<u>20</u>	<u>3,022,463</u>	<u>22</u>
Total liabilities		<u>5,362,329</u>	<u>43</u>	<u>5,939,936</u>	<u>46</u>	<u>6,410,100</u>	<u>48</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT							
Common stocks	6(19)	1,821,403	15	1,821,403	14	1,821,403	14
Capital surplus	6(20)	485,960	4	485,797	4	485,797	4
Retained earnings	6(21)						
Legal capital reserve		1,080,316	9	983,960	8	983,960	7
Special capital reserve		116,256	1	139,763	1	139,763	1
Unappropriated earnings		3,288,845	26	3,312,978	25	3,137,111	24
Others	6(22)	(84,975)	(1)	(116,256)	(1)	(96,097)	(1)
Equity attributable to shareholders of the parent		<u>6,707,805</u>	<u>54</u>	<u>6,627,645</u>	<u>51</u>	<u>6,471,937</u>	<u>49</u>
NON-CONTROLLING INTERESTS	6(23)	341,512	3	358,418	3	342,016	3
Total equity		<u>7,049,317</u>	<u>57</u>	<u>6,986,063</u>	<u>54</u>	<u>6,813,953</u>	<u>52</u>
TOTAL		<u>\$ 12,411,646</u>	<u>100</u>	<u>\$ 12,925,999</u>	<u>100</u>	<u>\$ 13,224,053</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)

	NOTES	For the three Months Ended September 30				For the Nine Months Ended September 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE	6(24) · 7	\$ 2,748,185	100	\$ 2,997,809	100	\$ 8,257,510	100	\$ 8,876,231	100
COST OF REVENUE	6(25) · 7	(2,280,669)	(83)	(2,517,595)	(84)	(6,802,378)	(82)	(7,265,307)	(82)
GROSS PROFIT		467,516	17	480,214	16	1,455,132	18	1,610,924	18
OPERATING EXPENSES	6(25) · 7								
Marketing		(75,579)	(3)	(84,219)	(3)	(222,366)	(3)	(244,336)	(3)
General and administrative		(93,151)	(3)	(84,408)	(3)	(270,490)	(3)	(265,678)	(3)
Research and development		(61,547)	(2)	(62,570)	(2)	(187,163)	(2)	(197,880)	(2)
Expected credit (loss) gain	6(4)	(274)	-	422	-	538	-	(29)	-
Total operating expenses		(230,551)	(8)	(230,775)	(8)	(679,481)	(8)	(707,923)	(8)
OPERATING INCOME		236,965	9	249,439	8	775,651	10	903,001	10
NONOPERATING INCOME AND EXPENSES									
Interest income		2,573	-	373	-	9,985	-	1,230	-
Other income	6(26)	7,889	-	11,662	-	23,519	-	21,441	-
Other gains and losses, net	6(27)	44,474	2	88,825	4	93,853	1	184,691	3
Finance costs	6(28)	(16,004)	(1)	(17,549)	(1)	(48,632)	(1)	(54,743)	(1)
Total nonoperating income and expenses		38,932	1	83,311	3	78,725	-	152,619	2
INCOME BEFORE INCOME TAX		275,897	10	332,750	11	854,376	10	1,055,620	12
INCOME TAX EXPENSE	6(29)	(54,948)	(2)	(63,163)	(2)	(193,267)	(2)	(224,240)	(3)
NET INCOME		220,949	8	269,587	9	661,109	8	831,380	9
OTHER COMPREHENSIVE INCOME (LOSS)	6(30)								
Items that will not be reclassified subsequently to profit or loss :									
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		1,824	-	1,177	-	3,634	-	680	-
Income tax benefit (expenses) related to items that will not be reclassified subsequently	6(29)	(363)	-	(120)	-	(750)	-	64	-
Items that may be reclassified subsequently to profit or loss :	6(30)								
Exchange differences arising on translation of foreign operations		76,316	3	17,964	1	35,496	-	53,653	-
Income tax benefit (expenses) related to items that may be reclassified subsequently	6(29)	(15,263)	(1)	(3,593)	-	(7,099)	-	(10,731)	-
Other comprehensive income (loss), net of income tax		62,514	2	15,428	1	31,281	-	43,666	-
TOTAL COMPREHENSIVE INCOME		\$ 283,463	10	\$ 285,015	10	\$ 692,390	8	\$ 875,046	9
NET INCOME ATTRIBUTABLE TO :									
Shareholders of the parent		\$ 208,005	8	\$ 255,978	9	\$ 631,564	8	\$ 787,685	9
Non-controlling interests		12,944	-	13,609	-	29,545	-	43,695	-
		\$ 220,949	8	\$ 269,587	9	\$ 661,109	8	\$ 831,380	9
TOTAL COMPREHENSIVE INCOME :									
Shareholders of the parent		\$ 270,519	10	\$ 271,406	10	\$ 662,845	8	\$ 831,351	9
Non-controlling interests		12,944	-	13,609	-	29,545	-	43,695	-
		\$ 283,463	10	\$ 285,015	10	\$ 692,390	8	\$ 875,046	9
EARNINGS PER SHARE (IN DOLLARS)	6(31)								
Basic earnings per share		\$ 1.14		\$ 1.41		\$ 3.47		\$ 4.32	
Diluted earnings per share		\$ 1.14		\$ 1.40		\$ 3.46		\$ 4.32	

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)

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, 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\$3.0 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
BALANCE, JANUARY 1, 2023	\$ 1,821,403	\$ 485,797	\$ 983,960	\$ 139,763	\$ 3,312,978	\$ (133,085)	\$ 16,829	\$ (116,256)	\$ 6,627,645	\$ 358,418	\$ 6,986,063
Appropriations of prior year's earnings											
Special capital reserve	-	-	-	(23,507)	23,507	-	-	-	-	-	-
Legal capital reserve	-	-	96,356	-	(96,356)	-	-	-	-	-	-
Cash dividends to shareholders - NT\$3.2 per share	-	-	-	-	(582,848)	-	-	-	(582,848)	-	(582,848)
Donation from shareholders	-	163	-	-	-	-	-	-	163	-	163
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(46,451)	(46,451)
Net income for the nine months ended September 30, 2023	-	-	-	-	631,564	-	-	-	631,564	29,545	661,109
Other comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	28,397	2,884	31,281	31,281	-	31,281
BALANCE, SEPTEMBER 30, 2023	\$ 1,821,403	\$ 485,960	\$ 1,080,316	\$ 116,256	\$ 3,288,845	\$ (104,688)	\$ 19,713	\$ (84,975)	\$ 6,707,805	\$ 341,512	\$ 7,049,317

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)

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 854,376	\$ 1,055,620
Adjustments to reconcile profit(loss)		
Depreciation	487,119	484,987
Amortization	11,361	13,205
Expected credit loss (or reversal)	(538)	29
Loss (gain) on financial assets and liability at fair value through profit or loss	424	(181)
Interest expense	48,632	54,743
Interest income	(9,985)	(1,230)
Dividend income	(1,269)	(1,328)
Loss (gain) on disposal of property, plant and equipment	(8,428)	288
Reversal of impairment loss on non-financial assets	(7,000)	-
Losses on lease modification	57	-
Net changes in operating assets and liabilities		
Decrease on financial assets at fair value through profit or loss	38,389	-
Notes receivable	4,197	1,465
Accounts receivable	(41,744)	186,303
Inventories	195,358	(144,539)
Prepayments	(4,154)	(26,779)
Other financial assets	(975)	(386)
Other current assets	(166)	752
Contract liabilities	(464)	6,290
Notes payable	(89,776)	15,986
Accounts payable	173,580	(345,519)
Other payables	(46,213)	18,254
Other current liabilities	(10,451)	(8,469)
Net defined benefit liability	(6,566)	(12,877)
Other operating liabilities	7,929	(3,644)
Cash provided from operations	1,593,693	1,292,970
Interest received	9,819	1,231
Dividends received	1,269	1,328
Interest paid	(51,437)	(55,371)
Income taxes paid	(254,105)	(194,508)
Net cash provided by operating activities	1,299,239	1,045,650
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(563,068)	(648,473)
Proceeds from disposal of property, plant and equipment	22,859	1,183
Decrease in refundable deposits	1,580	380
Acquisition of intangible assets	(6,132)	(11,963)
Decrease (increase) in other financial assets	(10,546)	1,246
Net cash used in investing activities	(555,307)	(657,627)

(Continued)

SDI Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	\$ (67,471)	\$ (140,275)
Proceeds from long-term debt	1,132,900	1,975,850
Repayment of long-term debt	(1,579,397)	(1,665,496)
Repayment of the principal portion of lease liabilities	(7,366)	(8,963)
Increase in other noncurrent liabilities	2,046	606
Cash dividend	(582,848)	(546,421)
Decrease in non-controlling interests	(46,451)	(48,065)
Net cash provided by financing activities	(1,148,587)	(432,764)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,410	7,066
NET DECREASE IN CASH AND CASH EQUIVALENTS	(403,245)	(37,675)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	1,058,687	702,314
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	\$ 655,442	\$ 664,639

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, 2023 AND 2022

(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 started as a manufacturer of in stationery products, then the Company repetitively expanded and diversified into producing lead frames and molds.

Since April 25, 1996, the Company's stocks have been listing and trading on the Taiwan Stock Exchange ("TWSE"). The main business activities of the Company and its subsidiaries (the "Group") include the ones aforementioned, as well as others that are detailed in (note 4.3(2)).

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on November 2, 2023.

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 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)
Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules."	(Note 4)

- Note 1 : The Group shall apply the amendments for annual reporting periods beginning on or after January 1, 2023.
- Note 2 : The amendments apply to changes in accounting estimates and changes in accounting policies that occur during 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.
- Note 4 : As a temporary exception under IAS 12, the Group shall not recognize deferred income tax assets and liabilities related to Pillar Two income tax, nor shall it disclose their related information. However, the Group shall disclose in its financial report that it has already applied this exception. The Group shall apply this part of the amendment retrospectively in accordance with IAS 8 since its issuance date (i.e. May 23, 2023). The Group shall apply the remaining disclosure requirements for the annual reporting periods beginning on or after January 1, 2023 and needs not to disclose such information in its interim reports with a reporting date ending before or on December 31, 2023.

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

The amendments clarify that an entity shall disclose its material significant accounting policy information if the transaction, other event or condition to which the accounting policy information relates is material in size or nature, or a combination of both, and the accounting policy information that relates to a material transaction, other event or condition is also material to the financial statements. On the other hand, if the transaction, other event or condition to which the accounting policy information relates is immaterial in size or nature, an entity needs not to disclose the accounting policy information that relates to the immaterial transaction, other event or condition. Additionally, Immaterial accounting policy information that relates to material transactions, other events or conditions need not be disclosed, either. However, an entity’s conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other IFRS Standards.

(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 and clarify that a change in measurement techniques or inputs used to develop an accounting estimate is changes in accounting estimates unless the change is due to an error from prior periods.

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

The amendments narrow the exemption extent in paragraphs 15 and 24 of IAS 12 for an entity from recognizing a deferred tax asset or liability in particular circumstances. In particular, the exemption does not apply to a transaction that gives rise to equal taxable

and deductible difference at the time of the transaction. At the initial application of the amendments, an entity shall, at the beginning of the earliest comparative period presented, recognize deferred taxes for all deductible and taxable temporary differences associated with (i) lease and (ii) decommissioning liabilities and recognize 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. An entity shall also apply the amendments transactions that occur on or after the beginning of the earliest comparative period presented. When initially applying the amendments, the information for comparable periods shall be restated.

(4) Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules”

The amendments stipulates that, as a temporary exception to IAS 12, the Group shall neither recognize nor disclose information about deferred income tax assets and liabilities for Pillar Two income tax relating to international tax reform; however, the Group shall disclose in its financial reports that it has applied this exception. In addition, the Group shall separately disclose its current income tax expenses (benefits) relating to Pillar Two income tax. If the Pillar Two bill has been enacted or has been substantively enacted but has not yet taken effect, the Group should disclose qualitative and quantitative information on its exposure to Pillar Two income tax that is known or can be reasonably estimated.

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

New standards, interpretations and amendments endorsed by the FSC and effective from 2024 are as follows:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 1)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 2)

Note 1 : The seller-lessee shall apply the amendments retroactively in accordance with IAS 8 for the sale and leaseback transactions made after the initial application of IFRS 16.

Note 2 : This amendment provides certain transitional reliefs. When initially applying the amendment, the Group are not required to disclose comparative information and interim period information, as well as opening information required by paragraph 44H(b)(ii)-(iii).

(1) Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

This amendment clarifies that for a sale and leaseback transaction, if the transfer of the asset is treated as a sale in accordance with IFRS 15, the liabilities incurred by the seller and lessee due to the leaseback should be treated in accordance with IFRS 16 regarding lease liabilities; however, if variable lease payments that do not depend on an index or rate are involved, the seller-lessee should still determine and recognize the lease liability arising from such variable payments in a manner that does not recognize gains and losses related to the retained right of use. The difference between the subsequent actual lease payment amount and the reduced carrying amount of the lease liability is recognized in profit or loss.

(2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that when the Group determines whether a liability is classified as noncurrent, the Group should assess whether the Group has the right to defer the settlement for at least twelve months after the reporting period. If the Group has that right on the end of reporting period, that liability must be classified as non-current regardless whether the Group expects whether to exercise the right or not. If the Group must follow certain conditions to have the right to defer the settlement of a liability, the Group must have followed those conditions on the end of reporting period in order to have that right even if the lender tests the Group’s compliance on a later date.

The aforementioned settlement means transferring cash, other economic resources or the Group’s equity instruments to the counter-party to extinguish the liability. If the terms of the liability give the counterparty an option to extinguish the liability by the Group’s equity instruments, and this option is recognized separately in equity in accordance with IAS 32 “Financial Instruments: Presentation” then the classification of the liability will not be affected.

(3) Amendments to IAS 1 “Non-current Liabilities with Covenants”

This amendment further clarifies that only contractual terms that are required to be complied with before the end of the reporting period will affect the classification of the liability at that date. The contractual terms that required to be complied with within 12 months after the reporting period do not affect the classification of liabilities at the reporting date. However, for liabilities classified as non-current and must be repaid within 12 months after the reporting period due to potential non-compliance, the relevant facts and circumstances should be disclosed in the notes.

(4) Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”

Supplier financing arrangements involve one or more financing providers making payments to suppliers on behalf of Group, and Group agrees to repay the financing providers on the payment date agreed with the suppliers or a later date. The amendments to IAS 7 require the Group to disclose information on its supplier financing arrangements to enable users of financial statements to assess the impact of these arrangements on Group's liabilities, cash flows and exposure to liquidity. The

amendments to IFRS 7 include into its application guidance that when disclosing how the Group manages the liquidity risk of its financial liabilities, it may also consider whether it has obtained or can obtain financing facilities through supplier financing arrangements, and whether these arrangements may cause concentration of liquidity risk.

Based on the Group's assessment, the application of the New IFRSs above will not have any significant impact on the Group's financial position and financial performance.

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

New standards, interpretations and amendments issued by the IASB but not yet endorsed by the FSC are as follows:

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 IFRS 21 "Lack of Exchangeability"	January 1, 2025

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2022. 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, 2022.

4.2 Basis of Preparation

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

4.3 Basis of consolidation

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

is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

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

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership		
			September 30, 2023	December 31, 2022	September 30, 2022
The Company	SHUEN DER (B.V.I.) CO. (SHUEN DER(B.V.I.))	Investing activities	100%	100%	100%
SHUEN DER(B.V.I.)	SDI China (SDI(JIANGSU))	Office supplies (Blades, stationery, etc.) and manufacturing and processing of electronic components	100%	100%	100%
The Company	CHAO SHIN METAL INDUSTRIAL CORPORATION (Chao Shin Metal)	Smelting and rolling of metal strips	84.62%	84.62%	84.62%
The Company	TEC BRITE TECHNOLOGY CO., LTD. (TEC Brite Technology)	Manufacturing of electronic components and international trade	54.98%	54.98%	54.98%

The financial statements for the nine months ended September 30, 2023 and 2022 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, 2023	December 31, 2022	September 30, 2022
TEC Brite Technology	45.02%	45.02%	45.02%

Please refer to Table 5 for information of principal place of business and registered countries of TEC Brite Technology.

Profit or Loss Distribute to Non-controlling Interest

Name of subsidiary	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
TEC Brite Technology	\$ 12,426	\$ 12,851	\$ 28,643	\$ 41,166
Others	518	759	902	2,529
Total	\$ 12,944	\$ 13,610	\$ 29,545	\$ 43,695

Name of subsidiary	Non-controlling Interest		
	September 30, 2023	December 31, 2022	September 30, 2022
TEC Brite Technology	\$ 297,789	\$ 313,714	\$ 297,607
Others	43,723	44,704	44,409
Total	\$ 341,512	\$ 358,418	\$ 342,016

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

<u>Balance sheets</u>	TEC Brite Technology		
	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 618,494	\$ 629,462	\$ 609,881
Non-current assets	263,229	300,972	303,670
Current liabilities	(129,706)	(130,381)	(142,692)
Non-current liabilities	(83,734)	(96,393)	(102,975)
Equity	\$ 668,283	\$ 703,660	\$ 667,884
Equity attributable to:			
Shareholder of the parent	\$ 367,422	\$ 386,872	\$ 367,203
Non-controlling Interests of TEC Brite Technology	300,861	316,788	300,681
Total	\$ 668,283	\$ 703,660	\$ 667,884

Statements of comprehensive incomes

	TEC Brite Technology			
	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
Revenue	\$ 166,645	\$ 190,737	\$ 459,993	\$ 584,514
Net profit for the period	\$ 27,601	\$ 28,543	\$ 63,623	\$ 91,438
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	\$ 27,601	\$ 28,543	\$ 63,623	\$ 91,438
Net profit attributable to:				
Shareholder of the parent	\$ 15,175	\$ 15,692	\$ 34,980	\$ 50,272
Non-controlling interests of TEC Brite Technology	12,426	12,851	28,643	41,166
Total	\$ 27,601	\$ 28,543	\$ 63,623	\$ 91,438
Net profit attributable to:				
Shareholder of the parent	\$ 15,175	\$ 15,692	\$ 34,980	\$ 50,272
Non-controlling interests of TEC Brite Technology	12,426	12,851	28,643	41,166
Total	\$ 27,601	\$ 28,543	\$ 63,623	\$ 91,438

	TEC Brite Technology	
	Nine Months Ended September 30	
	2023	2022
Dividends paid to non-controlling interests	\$ 44,567	\$ 44,567

	TEC Brite Technology	
	Nine Months Ended September 30	
	2023	2022
Net cash generated from operating activities	\$ 240,385	\$ 156,267
Net cash used in investing activities	(58,825)	(22,132)
Net cash used in financing activities	(111,429)	(111,232)
Increase in cash and cash equivalents	70,131	22,903
Cash and cash equivalents, beginning of the period	99,729	100,585
Cash and cash equivalents, end of the period	\$ 169,860	\$ 123,488

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 MAJOR SOURCES OF ESTIMATION ASSUMPTION AND UNCERTAINTY

The same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2022, which were stated in Note 5.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

6.1 CASH AND CASH EQUIVALENTS

Items	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and petty cash	\$ 1,351	\$ 897	\$ 1,142
Checking accounts and demand deposits	478,775	998,725	604,453
Cash equivalent			
Time deposits with original maturity period within three months	50,000	-	-
Redeemable bond	125,316	59,065	59,044
Total	\$ 655,442	\$ 1,058,687	\$ 664,639

(1) Time deposits with original maturities over three months was classified as other current financial assets as of September 30, 2023, December 31, 2022 and September 30, 2022.

- (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 – CURRENT

Items	September 30, 2023	December 31, 2022	September 30, 2022
Mandatorily measured at FVTPL			
Non-derivative financial assets			
Funds	\$ 18,938	\$ 57,751	\$ 57,616
Total	<u>\$ 18,938</u>	<u>\$ 57,751</u>	<u>\$ 57,616</u>

- (1) The Group recognized net profit or loss of FVTPL for the three months and nine months ended September 30, 2023 and 2022 is \$(763) thousand, \$91 thousand, \$(424) thousand and \$181 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, 2023	December 31, 2022	September 30, 2022
Amortized at cost			
Gross carrying amount	\$ 120,715	\$ 123,191	\$ 143,883
Less: Loss allowance	(50)	(50)	(100)
Notes receivable, net	<u>\$ 120,665</u>	<u>\$ 123,141</u>	<u>\$ 143,783</u>

- (1) As of September 30, 2023, December 31, 2022 and September 30, 2022, the banker's acceptance bill of the Group was \$90,750 thousand, \$93,039 thousand and \$116,527 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, 2023	December 31, 2022	September 30, 2022
Amortized at cost			
Gross carrying amount	\$ 2,047,848	\$ 1,992,627	\$ 2,219,730
Less: Loss allowance	(12,749)	(13,201)	(11,503)
Accounts receivable, net	<u>\$ 2,035,099</u>	<u>\$ 1,979,426</u>	<u>\$ 2,208,227</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 related parties).

September 30, 2023

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 2,114,707	\$ (6,920)	\$ 2,107,787
Past due but not impaired			
Past due within 30 days	54,256	(912)	53,344
Past due 31-90 days	15,225	(3,208)	12,017
Past due 91-180 days	1,224	(1,224)	-
Past due 181-365 days	386	(386)	-
Past due over 365 days	2,542	(2,542)	-
Total	<u>\$ 2,188,340</u>	<u>\$ (15,192)</u>	<u>\$ 2,173,148</u>

December 31, 2022

Aging terms	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Neither past due nor impaired	\$ 2,082,495	\$ (8,869)	\$ 2,073,626
Past due but not impaired			
Past due within 30 days	31,696	(271)	31,425
Past due 31-90 days	17,493	(2,167)	15,326
Past due 91-180 days	5,400	(1,065)	4,335
Past due 181-365 days	724	(724)	-
Past due over 365 days	2,503	(2,503)	-
Total	\$ 2,140,311	\$ (15,599)	\$ 2,124,712

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

(4) Movements of the loss allowance for notes and accounts receivable (including overdue and related parties').

Items	Nine Months Ended September 30	
	2023	2022
Beginning Balance	\$ 15,599	\$ 19,644
Add: Provision for (reversal of) impairment	(538)	29
Less: Reversal of impairment	-	(5,847)
Effect of exchange rate changes	131	158

Items	Nine Months Ended September 30	
	2023	2022
Ending Balance	\$ 15,192	\$ 13,984

- (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.
- (7) Accounts receivable of the Group are not pledged to others.

6.5 INVENTORIES AND COST OF SALES

Items	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials	\$ 1,435,657	\$ 1,322,393	\$ 1,509,149
Work-in-process	1,251,880	1,321,662	1,454,958
Finished goods	885,858	1,101,203	1,170,198
Goods	96,936	96,782	105,227
Inventory in transit	15,583	23,781	21,827
Total	\$ 3,685,914	\$ 3,865,821	\$ 4,261,359

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

Items	Three Months Ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Provision for (recovery of) loss (gain) on inventories	\$ (11,493)	\$ (53,098)	\$ (3,740)	\$ 37,676
Unallocated production overheads	3,815	2,636	29,383	3,659
Loss on inventory disposed	23,476	23,716	46,406	45,755
Total	\$ 15,798	\$ (26,746)	\$ 72,049	\$ 87,090

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

6.6 PREPAYMENTS

Items	September 30, 2023	December 31, 2022	September 30, 2022
Prepaid expenses	\$ 31,320	\$ 30,502	\$ 42,088
Input tax	27,641	22,087	23,815
Prepayment for purchases	3,920	3,058	54,268
Overpaid VAT	887	4,346	7,836
Others	7,983	7,346	10,058
Total	<u>\$ 71,751</u>	<u>\$ 67,339</u>	<u>\$ 138,065</u>

6.7 OTHER FINANCIAL ASSETS - CURRENT

Items	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits with original maturity period of more than three months	\$ 50,000	\$ -	\$ -
Pledged time deposits	6,600	31,212	37,136
Restricted deposits	23,994	38,455	18,127
Total	<u>\$ 80,594</u>	<u>\$ 69,667</u>	<u>\$ 55,263</u>

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

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

Items	September 30, 2023	December 31, 2022	September 30, 2022
Equity instrument			
Unlisted stock	\$ 2,191	\$ 2,191	\$ 2,203
Valuation Adjustments	22,466	18,832	18,699
Total	<u>\$ 24,657</u>	<u>\$ 21,023</u>	<u>\$ 20,902</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, 2023	December 31, 2022	September 30, 2022
Land	\$ 571,471	\$ 571,471	\$ 571,471
Buildings	2,808,326	2,387,472	2,397,498
Machinery	6,321,861	6,164,036	6,152,638
Molds	2,017,684	2,039,327	2,018,653
Other equipment	1,528,640	1,409,366	1,389,106
Equipment to be inspected and construction in progress	670,486	1,049,282	966,330
Total cost	13,918,468	13,620,954	13,495,696
Less: Accumulated depreciation and impairment	(8,624,344)	(8,429,955)	(8,345,043)
Total	\$ 5,294,124	\$ 5,190,999	\$ 5,150,653

	Land	Buildings	Machinery	Molds	Other equipment	Equipment to be inspected and construction in progress	Total
<u>Cost</u>							
Balance, January 1, 2023	\$ 571,471	\$ 2,387,472	\$ 6,164,036	\$ 2,039,327	\$ 1,409,366	\$ 1,049,282	\$ 13,620,954
Additions	-	10,526	5,533	1,325	74,970	463,469	555,823
Disposals	-	(2,742)	(155,666)	(153,756)	(20,968)	-	(333,132)
Reclassification	-	396,194	276,929	112,207	59,605	(844,935)	-
Effect of foreign currency exchange difference	-	16,876	31,029	18,581	5,667	2,670	74,823
Balance, September 30, 2023	\$ 571,471	\$ 2,808,326	\$ 6,321,861	\$ 2,017,684	\$ 1,528,640	\$ 670,486	\$ 13,918,468
<u>Accumulated depreciation and impairment</u>							
Balance, January 1, 2023	\$ -	\$ (1,043,088)	\$ (4,673,251)	\$ (1,724,806)	\$ (988,810)	\$ -	\$ (8,429,955)
Depreciation expense	-	(57,762)	(233,753)	(102,183)	(81,277)	-	(474,975)
Reversal of impairment	-	-	7,000	-	-	-	7,000
Disposals	-	2,742	141,918	153,725	20,316	-	318,701
Effect of foreign currency exchange difference	-	(5,904)	(21,928)	(12,968)	(4,315)	-	(45,115)

	Land	Buildings	Machinery	Molds	Other equipment	Equipment to be inspected and construction in progress	Total
Balance, September 30, 2023	\$ -	\$ (1,104,012)	\$ (4,780,014)	\$ (1,686,232)	\$ (1,054,086)	\$ -	\$ (8,624,344)
Cost							
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 foreign currency exchange difference	-	25,839	46,617	25,531	8,696	3,758	110,441
Balance, September 30, 2022	\$ 571,471	\$ 2,397,498	\$ 6,152,638	\$ 2,018,653	\$ 1,389,106	\$ 966,330	\$ 13,495,696
Accumulated depreciation and impairment							
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 foreign currency exchange difference	-	(8,385)	(32,338)	(17,627)	(6,379)	-	(64,729)
Balance, September 30, 2022	\$ -	\$ (1,029,338)	\$ (4,635,113)	\$ (1,707,873)	\$ (972,719)	\$ -	\$ (8,345,043)

(1) Please refer to Note 6.28 for information on the Group's capitalized interest.

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

6.10 LEASE ARRANGEMENT

(1) Right-of-use assets

Items	September 30, 2023	December 31, 2022	September 30, 2022	
Land	\$ 93,932	\$ 96,848	\$ 96,848	
Land use right	80,125	78,606	79,721	
Buildings	77,682	80,578	80,811	
Total cost	251,739	256,032	257,380	
Less: Accumulated depreciation and impairment	(59,379)	(54,886)	(51,037)	
Total	\$ 192,360	\$ 201,146	\$ 206,343	
	Land	Land use right	Buildings	Total
Cost				
Balance, January 1, 2023	\$ 96,848	\$ 78,606	\$ 80,578	\$ 256,032

	Land	Land use right	Buildings	Total
Additions	\$ 3,157	\$ -	\$ 1,039	\$ 4,196
Derecognition	(6,073)	-	(3,951)	(10,024)
Effect of foreign currency exchange difference	-	1,519	16	1,535
Balance, September 30, 2023	<u>\$ 93,932</u>	<u>\$ 80,125</u>	<u>\$ 77,682</u>	<u>\$ 251,739</u>

Accumulated depreciation
and impairment

Balance, January 1, 2023	\$ (25,670)	\$ (10,363)	\$ (18,853)	\$ (54,886)
Depreciation expense	(5,908)	(1,944)	(4,292)	(12,144)
Derecognition	5,005	-	2,883	7,888
Effect of foreign currency exchange difference	-	(237)	-	(237)
Balance, September 30, 2023	<u>\$ (26,573)</u>	<u>\$ (12,544)</u>	<u>\$ (20,262)</u>	<u>\$ (59,379)</u>

	Land	Land use right	Buildings	Total
<u>Cost</u>				
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 foreign currency exchange difference	-	2,329	25	2,354
Balance, September 30, 2022	<u>\$ 96,848</u>	<u>\$ 79,721</u>	<u>\$ 80,811</u>	<u>\$ 257,380</u>

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 foreign currency exchange difference	-	(244)	(12)	(256)
Balance, September 30, 2022	<u>\$ (23,688)</u>	<u>\$ (9,853)</u>	<u>\$ (17,496)</u>	<u>\$ (51,037)</u>

(2) Lease liabilities

Items	September 30, 2023	December 31, 2022	September 30, 2022
Current	\$ 8,766	\$ 10,078	\$ 9,875
Non-current	\$ 78,676	\$ 82,860	\$ 85,731

Range of discounts rate for lease liabilities is as follow :

	September 30, 2023	December 31, 2022	September 30, 2022
Land	0.89%~1.69%	0.89%~1.20%	0.89%~1.20%
Buildings	0.89%~4.20%	1.20%~4.13%	0.88%~4.13%

Please refer to Note 12 for the maturity analysis of the 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 \$3,686 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. Land use right

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	
	2023	2022	2023	2022
Expenses relating to short-term leases	\$ 913	\$ 865	\$ 2,725	\$ 2,585
Total cash outflow for leases	\$ 3,628	\$ 4,130	\$ 10,886	\$ 12,410

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, 2023	December 31, 2022	September 30, 2022
Trademarks	\$ 1,296	\$ 1,531	\$ 2,044
Patent	48,966	51,891	52,252
Computer software	48,437	48,764	50,443
Total	98,699	102,186	104,739
Less: Accumulated amortization	(47,062)	(45,330)	(45,245)
Intangible assets, net	\$ 51,637	\$ 56,856	\$ 59,494

Nine Months Ended September 30, 2023

Items	<div style="display: flex; justify-content: space-around; width: 100%;"> Trademarks Patent Computer software Total </div>			
Cost				
Balance, January 1	\$ 1,531	\$ 51,891	\$ 48,764	\$ 102,186
Additions	-	525	5,607	6,132
Disposals	(235)	(3,450)	(6,048)	(9,733)
Effect of foreign currency exchange difference	-	-	114	114
Balance, September 30	\$ 1,296	\$ 48,966	\$ 48,437	\$ 98,699
Accumulated amortization				
Balance, January 1	\$ (857)	\$ (24,712)	\$ (19,761)	\$ (45,330)
Amortization expense	(141)	(4,219)	(7,001)	(11,361)
Disposals	235	3,450	6,048	9,733
Effect of foreign currency exchange difference	-	-	(104)	(104)
Balance, September 30	\$ (763)	\$ (25,481)	\$ (20,818)	\$ (47,062)

Nine Months Ended September 30, 2022

Items	Trademarks	Patent	Computer software	Total
Cost				
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 foreign currency exchange difference	-	-	192	192
Balance, September 30	<u>\$ 2,044</u>	<u>\$ 52,252</u>	<u>\$ 50,443</u>	<u>\$ 104,739</u>
Accumulated amortization				
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 foreign currency exchange difference	-	-	(162)	(162)
Balance, September 30	<u>\$ (1,381)</u>	<u>\$ (24,393)</u>	<u>\$ (19,471)</u>	<u>\$ (45,245)</u>

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

6.12 OTHER NON-CURRENT ASSETS

Items	September 30, 2023	December 31, 2022	September 30, 2022
Prepayments for equipment	\$ 23,991	\$ 50,122	\$ 55,506
Refundable deposits	10,221	11,787	11,850
Overdue receivables	2,393	2,348	2,381
Less: loss allowance	(2,393)	(2,348)	(2,381)
Others	2,028	1,825	999
Total	<u>\$ 36,240</u>	<u>\$ 63,734</u>	<u>\$ 68,355</u>

6.13 SHORT-TERM LOANS

The nature of loans	September 30, 2023	December 31, 2022	September 30, 2022
Loan for material purchase	\$ -	\$ -	\$ 1,082
Secured loans	2,247	12,078	12,249
Unsecured loans	680,725	726,048	738,216
Total	\$ 682,972	\$ 738,126	\$ 751,547
Interest rate range	2.10%~3.65%	1.60%~4.15%	1.28%~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 NOTES PAYABLE

Items	September 30, 2023	December 31, 2022	September 30, 2022
Notes payable-operating activities	\$ 65,132	\$ 153,769	\$ 180,442
Notes payable- non-operating activities	470	-	-
Total	\$ 65,602	\$ 153,769	\$ 180,442

6.15 OTHER PAYABLES

Items	September 30, 2023	December 31, 2022	September 30, 2022
Salaries and bonuses payable	\$ 308,284	\$ 371,542	\$ 356,121
Payable for equipment and construction	73,031	106,877	60,226
Compensation payable of employees, directors and supervisors	40,266	32,529	43,438
Payable for supplies expense	39,490	46,110	43,006
Payable for utilities expense	31,652	22,684	27,660
Payable for repairs and maintenance	26,771	27,707	29,619
Payable for insurance	17,223	18,011	21,866
Others	127,247	119,499	106,440
Total	\$ 663,964	\$ 744,959	\$ 688,376

6.16 LONG-TERM LOANS AND ITS CURRENT PORTION

Items	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured loans	\$ 2,027,127	\$ 2,469,085	\$ 2,849,936
Less: Current portion	(560,616)	(463,363)	(403,804)
Discounted government grants (Note 6.17)	(8,393)	(7,946)	(9,113)
Total	<u>\$ 1,458,118</u>	<u>\$ 1,997,776</u>	<u>\$ 2,437,019</u>
Interest rate range	<u>1.10%~4.96%</u>	<u>1.45%~4.56%</u>	<u>0.73%~6.23%</u>
Year to maturity	<u>2023~2030</u>	<u>2023~2027</u>	<u>2023~2027</u>

(1)The loans from Bank of Taiwan, Mega Bank, E.SUN Bank, Chang Hwa Bank, The Shanghai Commercial & Savings Bank and Fubon Bank are repaid in installments, the rest of the loans will be repaid in full on the maturity date.

(2)Under the Group's loan agreement with certain banks, the Group should meet several financial ratios and criteria. The Group had no violation of the aforementioned financial ratio regulations as of September 30, 2023, December 31, 2022 and September 30, 2022.

6.17 GOVERNMENT GRANTS

(1)The Company has obtained a \$1,239,363 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, 2023, the fair value of loan is estimated to be \$1,230,970 thousand. The difference \$8,393 thousand between transaction price and fair value is recognized as deferred income (under other current and non-current liabilities). The deferred revenue is recognized as other income during the loan period. The Company has recognized \$1,260 thousand, \$1,132 thousand, \$3,778 thousand and \$3,250 thousand in other income, \$4,375 thousand, \$4,072 thousand, \$12,884 thousand and \$10,273 thousand in interest expense for the loan, and has paid \$3,115 thousand, \$2,940 thousand, \$9,106 thousand and \$7,023 thousand interests to the bank for the three months and nine months ended September 30, 2023.

(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.

6.18 RETIREMENT BENEFIT PLANS

(1) Defined contribution plans

- A. The employee pension plan under Labor Pension Act of the R.O.C. (the "Act") is a defined contribution plan. Pursuant to the Plan, the Company, Chao Shin Metal Industrial Corporation and TEC Brite Technology CO., LTD. have made monthly contributions equal to 6% of each individual employee's salary or wage to employees' pension accounts.
- B. The foreign subsidiaries also make contribution in accordance with the rate specified in the plans in the local regulations, which is a defined contribution plan.
- C. The Group's recognized expenses in the consolidated statement of comprehensive income were \$17,842 thousand, \$18,823 thousand, \$54,324 thousand and \$56,861 thousand under the contributions rates specified in the plans for the three months and nine months ended September 30, 2023 and 2022, 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 2022 and 2021 and disclosed the midterm cost.
- C. The Group's recognized expenses in the consolidated statement of comprehensive income were \$601 thousand, \$596 thousand, \$1,802 thousand and \$1,789 thousand under the defined benefit plans for the three months and nine months ended September 30, 2023 and 2022, respectively.

6.19 COMMON STOCKS

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

	Nine Months Ended September 30			
	2023		2022	
	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, 2023.

6.20 CAPITAL SURPLUS

Items	September 30, 2023	December 31, 2022	September 30, 2022
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	835	672	672
Total	\$ 485,960	\$ 485,797	\$ 485,797

(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.

6.21 RETAINED EARNINGS AND DIVIDEND POLICY

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

submitted by the Board of Directors to be approved at a shareholders' meeting according to the Company's Articles of Incorporation 32 para 1 ad finem.

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

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

(3) Special reserve

Items	September 30, 2023	December 31, 2022	September 30, 2022
Special reserve	\$ 116,256	\$ 139,763	\$ 139,763

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 2022 and 2021 earnings have been approved by shareholders' meetings held on May 30, 2023 and May 27, 2022, respectively. The appropriations of earnings and dividends per share were as follows:

Items	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Year 2022	For Year 2021	For Year 2022	For Year 2021
Legal reserve	\$ 96,356	\$ 83,980		
Special reserve	(23,507)	5,121		
Cash dividends to shareholders	582,848	546,421	\$ 3.20	\$ 3.00

(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 TWSE.

6.22 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, 2023	\$ (133,085)	\$ 16,829	\$ (116,256)
Exchange differences on translation of foreign financial statements	28,397	-	28,397
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	-	2,884	2,884
Balance, September 30, 2023	<u>\$ (104,688)</u>	<u>\$ 19,713</u>	<u>\$ (84,975)</u>

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	<u>\$ (112,767)</u>	<u>\$ 16,670</u>	<u>\$ (96,097)</u>

6.23 NON-CONTROLLING INTEREST

Items	Nine Months Ended September 30	
	2023	2022
Beginning Balance	\$ 358,418	\$ 346,386
Attributable to non-controlling interests:		
Distribution of cash dividends by subsidiaries	(46,451)	(48,065)
Net income	29,545	43,695
Ending Balance	<u>\$ 341,512</u>	<u>\$ 342,016</u>

6.24 OPERATING REVENUE

Items	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Revenue from contracts with customers				
Sale of goods	\$ 2,741,682	\$ 2,992,028	\$ 8,241,529	\$ 8,852,317
Service revenue	5,036	2,215	9,994	11,342
Subtotal	2,746,718	2,994,243	8,251,523	8,863,659
Other operating revenues	1,467	3,566	5,987	12,572
Total	\$ 2,748,185	\$ 2,997,809	\$ 8,257,510	\$ 8,876,231

(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, 2023					
	China	Taiwan	Japan	Malaysia	Others	Total
Electronic	\$ 1,107,426	\$ 138,655	\$ 343,564	\$ 247,350	\$ 513,853	\$ 2,350,848
Stationery	51,390	182,525	34,674	2,007	86,653	357,249
Others	19,278	1,933	403	8,730	8,277	38,621
Total	\$ 1,178,094	\$ 323,113	\$ 378,641	\$ 258,087	\$ 608,783	\$ 2,746,718
Timing of revenue recognition						
Performance obligation satisfied at a point in time	\$ 1,178,094	\$ 323,113	\$ 378,641	\$ 258,087	\$ 608,783	\$ 2,746,718

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	\$ 1,341,902	\$ 341,611	\$ 341,940	\$ 300,031	\$ 668,759	\$ 2,994,243

Three 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	\$ 1,341,902	\$ 341,611	\$ 341,940	\$ 300,031	\$ 668,759	\$ 2,994,243

Nine Months Ended September 30, 2023

Major products /Service line	China	Taiwan	Japan	Malaysia	Others	Total
Electronic	\$ 3,439,851	\$ 599,168	\$ 966,950	\$ 725,397	\$ 1,352,307	\$ 7,083,673
Stationery	162,501	330,364	110,916	4,108	466,283	1,074,172
Others	34,910	11,319	3,943	29,579	13,927	93,678
Total	\$ 3,637,262	\$ 940,851	\$ 1,081,809	\$ 759,084	\$ 1,832,517	\$ 8,251,523
Timing of revenue recognition						
Performance obligation satisfied at a point in time	\$ 3,637,262	\$ 940,851	\$ 1,081,809	\$ 759,084	\$ 1,832,517	\$ 8,251,523

Nine Months Ended September 30, 2022

Major products /Service line	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	\$ 3,942,102	\$ 1,017,766	\$ 1,051,101	\$ 800,582	\$ 2,052,108	\$ 8,863,659
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

(3)The Group recognized contract liabilities related to the revenue from contracts with customers are as follows:

Items	September 30, 2023	December 31, 2022	September 30, 2022
Contract liabilities-current	\$ 96,006	\$ 96,448	\$ 111,155

6.25 PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

By nature	Three Months Ended September 30, 2023			Three Months Ended September 30, 2022		
	Cost of sales	Operating expense (include non -operating)	Total	Cost of sales	Operating expense (include non -operating)	Total
Employee benefit expense						
Salary	\$ 268,472	\$ 95,963	\$ 364,435	\$ 283,372	\$ 105,502	\$ 388,874
Labor insurance	24,090	6,417	30,507	25,507	7,673	33,180
Pension	14,599	3,844	18,443	15,706	3,713	19,419
Other	28,659	6,746	35,405	28,397	8,179	36,576
Depreciation	155,420	11,013	166,433	150,821	10,989	161,810
Amortization	1,178	2,475	3,653	1,047	2,645	3,692
Total	<u>\$ 492,418</u>	<u>\$ 126,458</u>	<u>\$ 618,876</u>	<u>\$ 504,850</u>	<u>\$ 138,701</u>	<u>\$ 643,551</u>

By nature	Nine Months Ended September 30, 2023			Nine Months Ended September 30, 2022		
	Cost of sales	Operating expense (include non -operating)	Total	Cost of sales	Operating expense (include non -operating)	Total
Employee benefit expense						
Salary	\$ 822,281	\$ 299,877	\$ 1,122,158	\$ 903,650	\$ 353,384	\$ 1,257,034
Labor insurance	77,240	20,407	97,647	78,757	22,815	101,572
Pension	44,695	11,431	56,126	47,554	11,096	58,650
Other	82,556	21,742	104,298	85,516	21,417	106,933
Depreciation	454,697	32,422	487,119	451,201	33,786	484,987
Amortization	3,455	7,906	11,361	3,127	10,078	13,205
Total	<u>\$ 1,484,924</u>	<u>\$ 393,785</u>	<u>\$ 1,878,709</u>	<u>\$ 1,569,805</u>	<u>\$ 452,576</u>	<u>\$ 2,022,381</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' remuneration at the rate not higher than 1.5% of profit before tax. For the three months and nine months ended September 30, 2023, the employees' compensation were accrued at \$3,944 thousand and \$12,330 thousand, directors' remuneration were accrued at \$3,155 thousand and \$9,864 thousand. 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' remuneration were accrued at \$3,894 thousand and \$12,125 thousand. The Company accrued employees' compensation and remuneration of directors 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 is recorded as a change in accounting estimate and adjusted in the next fiscal year.

(2)The appropriations of employees' compensation and directors' remuneration for 2022 and 2021 have been approved by the board of directors held on February 23, 2023, and February 24, 2022, respectively. The amount of approved and recognized in financial statement is shown as follows:

	For Year 2022		For Year 2021	
	Employees' compensation	Directors' remuneration	Employees' compensation	Directors' remuneration
Amounts approved	\$ 18,072	\$ 14,457	\$ 16,156	\$ 12,925
Amounts recognized in financial statement	18,072	14,457	16,156	12,925
Difference	\$ -	\$ -	\$ -	\$ -

The aforementioned employees' compensation of 2022 and 2021 are distributed in cash.

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

6.26 OTHER INCOME

Items	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Rental income	\$ 190	\$ 189	\$ 591	\$ 525
Government subsidies	2,555	6,614	11,025	9,194
Dividend income	30	30	1,269	1,328
Others	5,114	4,829	10,634	10,394
Total	\$ 7,889	\$ 11,662	\$ 23,519	\$ 21,441

6.27 OTHER GAINS AND LOSSES

Items	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Net gains (losses) on financial assets at FVTPL	\$ 170	\$ 91	\$ 509	\$ 181
Gain (losses) on disposal of property, plant and equipment	(19)	13	8,428	(288)
Gain on reversal of Impairment loss of Property, Plant and Equipment	-	-	7,000	-
Foreign exchange gain (losses), net	45,962	88,897	80,660	186,638
Others	(1,639)	(176)	(2,744)	(1,840)
Total	\$ 44,474	\$ 88,825	\$ 93,853	\$ 184,691

6.28 FINANCIAL COSTS

Items	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Interest expense				
Bank loans	\$ 17,083	\$ 18,607	\$ 53,019	\$ 57,486
Interest on lease liabilities	259	281	795	862
Less: capitalized amount for qualified assets	(1,338)	(1,339)	(5,182)	(3,605)
Financial costs	\$ 16,004	\$ 17,549	\$ 48,632	\$ 54,743
Interest capitalization rates	1.33%-4.32%	1.06%-4.32%	1.33%-4.32%	1.06%-4.32%

6.29 INCOME TAX

(1) Components of income tax expense:

Items	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
<u>Current income tax expense</u>				
Current tax expense (benefit) recognized in the current period	\$ 59,201	\$ 57,220	\$ 140,170	\$ 223,302
Tax on undistributed surplus earnings	-	-	16,499	10,747
Income tax adjustments on prior years	-	-	(1,329)	(1,340)
Current tax	59,201	57,220	155,340	232,709
<u>Deferred income tax expense</u>				
The origination and reversal of temporary differences	(4,253)	5,943	37,927	(8,469)
Deferred tax	(4,253)	5,943	37,927	(8,469)
Income tax expense recognized in profit or loss	\$ 54,948	\$ 63,163	\$ 193,267	\$ 224,240

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	
	2023	2022	2023	2022
Exchange differences arising on translation of foreign operations	\$ 15,263	\$ 3,593	\$ 7,099	\$ 10,731
Financial assets at fair value through other comprehensive income	363	120	750	(64)
Total	\$ 15,626	\$ 3,713	\$ 7,849	\$ 10,667

(3) The income tax returns of the Company, Chao Shin Metal Industrial Corporation and TEC Brite Technology CO., LTD. through 2021 have examined by tax authority.

6.30 OTHER COMPREHENSIVE INCOME

Three Months Ended September 30, 2023

Items	Before tax	Income tax (expense) benefit	After tax
Items that will not be reclassified subsequently to profit or loss Unrealized gains (losses) on valuation of equity investments at fair value through other comprehensive income	\$ 1,824	\$ (363)	\$ 1,461
Subtotal	1,824	(363)	1,461
Items that may be reclassified subsequently to profit or loss Exchange differences arising on translation of foreign operations	76,316	(15,263)	61,053
Subtotal	76,316	(15,263)	61,053
Total	\$ 78,140	\$ (15,626)	\$ 62,514

Three 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 valuation of equity investments at fair value through other comprehensive income	\$ 1,177	\$ (120)	\$ 1,057
Subtotal	1,177	(120)	1,057
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	17,964	(3,593)	14,371
Total	\$ 19,141	\$ (3,713)	\$ 15,428

Nine Months Ended September 30, 2023

Items	Before tax	Income tax (expense) benefit	After tax
Items that will not be reclassified subsequently to profit or loss Unrealized gains (losses) on valuation of equity investments at fair value through other comprehensive income	\$ 3,634	\$ (750)	\$ 2,884
Subtotal	3,634	(750)	2,884
Items that may be reclassified subsequently to profit or loss Exchange differences arising on translation of foreign operations	35,496	(7,099)	28,397
Subtotal	35,496	(7,099)	28,397
Total	\$ 39,130	\$ (7,849)	\$ 31,281

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 valuation of equity 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

6.31 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	
	2023	2022	2023	2022
Basic earnings per share				
Net income attributable to ordinary shareholders of the Company	\$ 208,005	\$ 255,978	\$ 631,564	\$ 787,685
Net income for calculating basic earnings per share	\$ 208,005	\$ 255,978	\$ 631,564	\$ 787,685
Weighted average shares outstanding (thousand shares)	182,140	182,140	182,140	182,140
Basic earnings per share (after tax) (in dollars)	\$ 1.14	\$ 1.41	\$ 3.47	\$ 4.32
Diluted earnings per share				
Net income attributable to ordinary shareholders of the Company	\$ 208,005	\$ 255,978	\$ 631,564	\$ 787,685
Net income for calculating diluted earnings per share	\$ 208,005	\$ 255,978	\$ 631,564	\$ 787,685
Weighted average shares outstanding (thousand shares)	182,140	182,140	182,140	182,140
Effect of dilutive potential common shares				
Employees' compensation (thousand shares)	116	143	146	166
Weighted average shares outstanding for diluted earnings per share (thousand shares)	182,256	182,283	182,286	182,306
Diluted earnings per share (after tax) (in dollars)	\$ 1.14	\$ 1.40	\$ 3.46	\$ 4.32

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

Names of related parties	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.

(2) Significant transactions between related parties

A. Operating revenue

Categories/Names of related parties	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Investors with significant influence over the Group	\$ 347	\$ 698	\$ 1,441	\$ 1,287
Other related parties	6,635	11,597	22,326	31,975
Total	\$ 6,982	\$ 12,295	\$ 23,767	\$ 33,262

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

Categories/Names of related parties	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Investors with significant influence over the Group	\$ 1,002	\$ 992	\$ 2,027	\$ 2,054
Other related parties	3,401	3,486	11,427	9,192
Total	\$ 4,403	\$ 4,478	\$ 13,454	\$ 11,246

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

C. Receivables due from related parties

Items	Categories/Names of related parties	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable	Investors with significant influence over the Group	\$ 348	\$ 563	\$ 702
	Other related parties	17,036	21,582	21,737
	Total	\$ 17,384	\$ 22,145	\$ 22,439
Other receivables	Other related parties	\$ 994	\$ 36	\$ 68

D. Payables due to related parties

Items	Categories/Names of related parties	September 30, 2023	December 31, 2022	September 30, 2022
Accounts payable	Investors with significant influence over the Group	\$ -	\$ 1,045	\$ 987
	Other related parties	5,388	-	-
	Total	\$ 5,388	\$ 1,045	\$ 987

E. Other transactions

Items	Categories/Names of related parties	Three Months Ended September 30		Nine Months Ended September 30	
		2023	2022	2023	2022
Addition of expenses	Investors with significant influence over the Group	\$ -	\$ 442	\$ 1,443	\$ 482
Deduction of expenses	Other related parties	\$ 19	\$ -	\$ 42	\$ -
Other income	Other related parties	\$ 122	\$ -	\$ 167	\$ 102

(3) Compensation of key management personnel

Items	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 13,798	\$ 14,052	\$ 45,884	\$ 56,880
Post-employment benefits	119	120	354	355
Total	<u>\$ 13,917</u>	<u>\$ 14,172</u>	<u>\$ 46,238</u>	<u>\$ 57,235</u>

8. PLEDGED ASSETS

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

Items	September 30, 2023	December 31, 2022	September 30, 2022
Pledge time deposits (recognized as other financial assets - current)	\$ 6,600	\$ 31,212	\$ 37,136
Restricted deposits (recognized as other financial assets - current)	23,994	38,455	18,127
Notes receivable (the banker's acceptance notes)	51,540	73,853	76,309
Refundable deposits (recognized as other non - current assets)	531	514	514
Total	<u>\$ 82,665</u>	<u>\$ 144,034</u>	<u>\$ 132,086</u>

9. SIGNIFICANT CONTINGENCY LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) Significant commitments

- A. The unused letters of credit for purchasing raw materials and equipment as of September 30, 2023 is \$7,263 thousand.
- B. Capital expenditures committed but not yet incurred are as follows :

Items	September 30, 2023	December 31, 2022	September 30, 2022
Property, plant, and equipment	<u>\$ 91,621</u>	<u>\$ 241,124</u>	<u>\$ 240,798</u>

10. SIGNIFICANT DISASTERS: NONE.

11. SIGNIFICANT SUBSEQUENT EVENTS: NONE.

12. OTHERS

12.1 Seasonality or periodicity of operations

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

12.2 Capital risk management

There were no changes to the Group's policies for capital risk management from those described in the consolidated financial statements for the year ended December 31, 2022. Please refer to Note 12.1 of the consolidated financial statements for the year ended December 31, 2022 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, 2022. Please refer to Note 12.2 of the consolidated financial statements for the year ended December 31, 2022 for the related information.

- ii. Sensitivity analysis of foreign currency risk

	September 30, 2023		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
Financial Assets			
Monetary Items			
USD	\$	58,515	32.26 \$ 1,887,700
JPY		168,069	0.22 36,345

September 30, 2023			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial Liabilities</u>			
Monetary Items			
USD	\$	29,285	32.26 \$ 944,728
JPY		46,697	0.22 10,098

December 31, 2022			
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial Assets</u>			
Monetary Items			
USD	\$	74,851	30.70 \$ 2,297,919
JPY		193,187	0.23 45,060
<u>Financial Liabilities</u>			
Monetary Items			
USD		25,826	30.70 792,867
JPY		265,942	0.23 62,031

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 1,044,968
JPY		201,100	0.22 44,292

The Group is 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 \$9,692 thousand and \$12,247 thousand for the nine months ended September 30, 2023 and 2022, 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 \$189 thousand, \$247 thousand, \$576 thousand and \$209 thousand for the nine months ended September 30, 2023 and 2022, 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, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
Financial assets	\$ 225,916	\$ 59,665	\$ 31,271
Net	\$ 225,916	\$ 59,665	\$ 31,271
Cash flow interest rate risk			
Financial assets	\$ 504,204	\$ 1,061,532	\$ 673,979
Financial liabilities	(2,701,706)	(3,199,265)	(3,592,370)
Net	\$ (2,197,502)	\$ (2,137,733)	\$ (2,918,391)

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, affecting the Group's future cash flows. If the market interest rate increases/decreases 1%, the profit before tax will increase/decrease \$16,481 thousand and \$21,888 thousand for the nine months ended September 30, 2023 and 2022, 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, 2023 and December 31, 2022 and September 30, 2022, the proportion of the accounts receivable exceeds 10% of the total accounts receivable, representing 20%, 15% and 26%, respectively. The credit concentration risk associated with other accounts receivable is relatively insignificant.

ii. Measurement of expected credit losses

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

(ii) The criteria used to determine whether credit risk has increased significantly: The Group considered credit factors and reviewed relevant information associated with debtors to assess whether credit

risks on financial instruments have increased significantly since initial recognition

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

iv. Credit risk of financial assets measured at amortized cost

Please refer to Note 6.4 for information on the Group's credit exposures associated with notes and accounts receivable. Other financial instruments amortized at cost, such as cash and cash equivalents and other receivables, have low credit losses. 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, 2023				
	Within 1 year	1-5 years	Over 5 years	Contract cash flows	Carrying amounts
Short-term loans	\$ 692,280	\$ -	\$ -	\$ 692,280	\$ 682,972
Notes payable	65,602	-	-	65,602	65,602
Accounts payable	1,029,582	-	-	1,029,582	1,029,582
Other payables	288,229	-	-	288,229	288,229
Lease liabilities	9,749	27,696	56,772	94,217	87,442
Long-term loan (include current portion)	603,279	1,453,967	43,008	2,100,254	2,018,734
Guarantee deposits	-	-	15,712	15,712	15,712
Total	\$ 2,688,721	\$ 1,481,663	\$ 115,492	\$ 4,285,876	\$ 4,188,273

Further information on maturity analysis for lease liabilities

	September 30, 2023					Total undiscounted lease payments
	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	
Lease liabilities	\$ 9,749	\$ 27,696	\$ 33,023	\$ 23,749	\$ -	\$ 94,217

Non-derivative Financial Liabilities	December 31, 2022					Carrying amounts
	Within 1 year	1-5 years	Over 5 years	Contract cash flows		
Short-term loans	\$ 746,205	\$ -	\$ -	\$ 746,205	\$	738,126
Notes payable	153,769	-	-	153,769		153,769
Accounts payable	853,766	-	-	853,766		853,766
Other payables	312,507	-	-	312,507		312,507
Lease liabilities	10,569	28,559	61,276	100,404		92,938
Long-term loan (include current portion)	505,765	2,008,675	32,736	2,547,176		2,461,139
Guarantee deposits	-	-	13,376	13,376		13,376
Total	\$ 2,582,581	\$ 2,037,234	\$ 107,388	\$ 4,727,203	\$	4,625,621

Further information on maturity analysis for lease liabilities

	December 31, 2022					Total undiscounted lease payments
	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	
Lease liabilities	\$ 10,569	\$ 28,559	\$ 32,748	\$ 28,528	\$ -	\$ 100,404

Non-derivative Financial Liabilities	September 30, 2022					Carrying amounts
	Within 1 year	1-5 years	Over 5 years	Contract cash flows		
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	239,987	-	-	239,987		239,987
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
Total	\$ 2,620,879	\$ 2,506,171	\$ 124,926	\$ 5,251,976	\$	5,095,445

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

The Group does not expect that the cash flows on the maturity analysis to occur significantly earlier or with a considerable different from the actual amounts.

12.4 Category of financial instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Financial assets at fair value			
through profit or loss- current	\$ 18,938	\$ 57,751	\$ 57,616
Financial assets measured at			
amortized cost (Note 1)	2,922,776	3,267,068	3,110,527
Financial assets at fair value			
through other comprehensive			
income- noncurrent	24,657	21,023	20,902
<u>Financial liability</u>			
Financial liabilities measured at			
amortized cost (Note 2)	4,100,831	4,532,683	4,999,839

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, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at FVTPL				
Funds - current	\$ 18,938	\$ -	\$ -	\$ 18,938
Financial assets at FVTOCI				
- noncurrent				
Equity instruments				
Unlisted stocks	-	-	24,657	24,657
Total	\$ 18,938	\$ -	\$ 24,657	\$ 43,595

Items	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at FVTPL				
Funds - current	\$ 57,751	\$ -	\$ -	\$ 57,751
Financial assets at FVTOCI				
- noncurrent				
Equity instruments				
Unlisted stocks	-	-	21,023	21,023
Total	\$ 57,751	\$ -	\$ 21,023	\$ 78,774

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 - current	\$ 57,616	\$ -	\$ -	\$ 57,616
Financial assets at FVTOCI				
- noncurrent				
Equity instruments				
Unlisted stocks	-	-	20,902	20,902
Total	\$ 57,616	\$ -	\$ 20,902	\$ 78,518

(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	
	2023	2022
<u>Financial assets at FVTOCI</u>		
Beginning Balance	\$ 21,023	\$ 20,222
Gains or losses recognized in other comprehensive income	3,634	680
Effect of foreign currency exchange rate difference	-	-
Ending Balance	\$ 24,657	\$ 20,902

13. SUPPLEMENTARY DISCLOSURES

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

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

13.2 Information on investees (before inter-company eliminations): Please see Table 5 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 6 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 4 attached.

13.4 Information of major shareholder (Names, number of shares and ownership of shareholders whose equity interest is greater than 5%): None.

14. SEGMENT INFORMATION

14.1 General information

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

14.2 Measurement basis

Management monitors the operation results of its segments separately for the purpose of

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

14.3 Segment information

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

Items	Nine Months Ended September 30, 2023				
	Electronic	Stationery	Others	Eliminations	Total
Revenue					
Revenue from external customers	\$ 7,083,673	\$ 1,074,172	\$ 99,665	\$ -	\$ 8,257,510
Revenue from intersegments	407,025	367,121	18,963	(793,109)	-
Total	\$ 7,490,698	\$ 1,441,293	\$ 118,628	\$ (793,109)	\$ 8,257,510
Interest expenses	\$ 41,006	\$ 7,626	\$ -	\$ -	\$ 48,632
Depreciation , amortization and Gain on reversal of impairment loss	\$ 420,361	\$ 64,489	\$ 6,630	\$ -	\$ 491,480
Segment income (loss)	\$ 689,798	\$ 139,878	\$ 24,700	\$ -	\$ 854,376
Income (loss) before tax					\$ 854,376
Total assets					\$ 12,411,646

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)	-
Total	\$ 8,086,992	\$ 1,751,518	\$ 156,504	\$ (1,118,783)	\$ 8,876,231
Interest expenses	\$ 45,651	\$ 9,092	\$ -	\$ -	\$ 54,743
Depreciation ,amortization and impairment	\$ 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

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, 2023

TABLE 1

Amounts in Thousands of New Taiwan Dollars

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/Gu arantee 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		NTD	RMB	NTD	RMB								
0	SDI	SDI (JIANGSU)	(3)	\$ 3,018,512	NTD 1,406,730	RMB 200,000	NTD 1,350,275	RMB 14,000	NTD 590,920	NTD -	20.13%	NTD 3,353,903	Y	N	Y	

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

(1) The Company is '0'.

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

(1) Trading parties.

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

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

Note 3 : The total amount of the guarantee provided by SDI to any individual entity shall not exceed 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, 2023

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	JUNE 30, 2023				Remarks
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership	Fair Value	
TEC Brite Technology	Capital Money Market Fund	—	Financial Assets at Fair Value through Profit or Loss – Current	1,145	\$ 18,938	-	\$ 18,938	
SDI	Chang Hwa Golf Club	—	Financial Assets at Fair Value through Other Comprehensive Income – Noncurrent	90	9,258	0.24%	9,258	
	SDI ELECTRONICS JAPAN CO., LTD	—	Financial Assets at Fair Value through Other Comprehensive Income – Noncurrent	30	11,654	15.00%	11,654	
	SDI JAPAN CO.,LTD.	—	Financial Assets at Fair Value through Other Comprehensive Income – Noncurrent	200	3,745	19.61%	3,745	

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, 2023

TABLE 3

Amounts in Thousands of New Taiwan Dollars

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Remarks
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
SDI Jiangsu	SDI	The ultimate parent of the Company	Sales	\$ 510,484	24.64%	As prescribed by the agreement	—	—	\$ 64,480	10.68%	Note
TEC Brite Technology	SDI	The ultimate parent of the Company	Sales	146,018	31.74%	As prescribed by the agreement	—	—	61,851	32.09%	Note

Note : 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, 2023

TABLE 4 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	SDI (JIANGSU)	1	Sales revenue	\$ 72,750	Note 3	0.88%
		SDI (JIANGSU)	1	Accounts receivable	64,153	Note 3	0.52%
		SDI (JIANGSU)	1	Other receivables	15	—	-
		Chao Shin Metal	1	Sales revenue	8,743	Note 3	0.11%
		Chao Shin Metal	1	Accounts receivable	2,241	Note 3	0.02%
		Chao Shin Metal	1	Other receivables	471	—	-
		TEC Brite Technology	1	Sales revenue	6	Note 3	-
		TEC Brite Technology	1	Accounts receivable	1	Note 3	-
		TEC Brite Technology	1	Other receivables	9,209	—	0.07%
		1	SDI (JIANGSU)	SDI	2	Sales revenue	510,484
SDI	2			Accounts receivable	64,480	Note 3	0.52%
SDI	2			Other receivables	191	—	-
2	Chao Shin Metal	SDI	2	Sales revenue	6,901	Note 3	0.08%
		SDI	2	Processing income	2,542	Note 3	0.03%
		SDI	2	Accounts receivable	2,680	Note 3	0.02%
		SDI (JIANGSU)	3	Sales revenue	45,665	Note 3	0.55%
		SDI (JIANGSU)	3	Accounts receivable	24,122	Note 3	0.19%
3	TEC Brite Technology	SDI	2	Sales revenue	146,018	Note 3	1.77%
		SDI	2	Accounts receivable	61,851	Note 3	0.50%

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, 2023

TABLE 5

Amounts in Thousands of New Taiwan Dollars

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2023			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Remarks
				September 30, 2023	December 31, 2022	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%	\$ 241,348	\$ 5,864	\$ 5,058	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%	366,917	63,623	35,118	Note 1, 2
SDI	SHUEN DER (B.V.I.)	BVI	Holding Company	741,980	706,100	8,920	100.00%	1,831,547	53,148	52,797	Note 1, 2, 3

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

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

Note 3 : Please refer to Table 6 for information of investees of China Mainland.

SDI CORPORATION AND SUBSIDIARIES
 INFORMATION ON INVESTMENT IN MAINLAND CHINA
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

TABLE 6

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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership	Shares of Profits/Losses	Carrying Amount as of September 30, 2023	Accumulated Inward Remittance of Earnings as of September 30, 2023	Remarks
					Outflow	Inflow							
SDI Jiangsu	Manufacture, process and sales of integrated circuit frame, blades, stationary, etc.	NTD 1,129,100	Note 1	NTD 741,980			NTD 741,980	NTD 53,148	100.00%	NTD 53,148	NTD 1,867,316	NTD -	
		USD 35,000		USD 23,000	NTD -	NTD -	USD 23,000	USD 1,719					

Accumulated Investment in Mainland China as of September 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 741,980	NTD 1,129,100	NTD 4,229,590
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, 2023.

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