Stock Code: 2351

2023 Annual Shareholders' Meeting

Meeting Handbook

SDI Corporation

Time: 9:30 a.m., May 30, 2023
Venue: No.260, Sec.2, Changnan Road, Changhua City (SDI Meeting Room)
Shareholders' meeting will be held by means of:physical shareholders' meeting

Table of Contents

Chapter 1. Meeting Procedures for 2023 Annual Shareholders' Meeting of SDI Corporation

I. Calling meeting to order (reporting shares held by attending shareholders)

II. Chairman's remarks

III. Announcements

IV. Proposals

V. Special Motions

VI. Adjournment

Chapter 2. Meeting Agenda for 2023 Annual Shareholders’ Meeting of SDI Corporation

Time: 9:30 a.m., May 30, 2023 (Tuesday)

Venue: No. 260, Sec. 2, Changnan Rd., Changhua City (SDI Meeting Room)

Shareholders' meeting will be held by means of:physical shareholders' meeting.

I. Call Meeting to Order

II. Chairman's remarks

III. Announcements

  (I) 2022 Business Report

  (II) Audit Committee's Review Report on Final Account Statements for 2022

  (III) Report on Distribution and Evaluation of Remuneration for Employees and Directors for 2022

IV. Proposals

  (I) Business Report and Financial Statements for 2022

  (II) Profit Distribution Plan for 2022

V. Special Motions

VI.. Adjournment

Chapter 3. Announcements

I. Please see the 2022 Business Report.

SDI Corporation
2022 Business Report

Dear Sir/Madam:

SDI has successfully completed operation of 2022 under the relentless pandemic prevention and control, and joint efforts of all colleagues. SDI Group continues to develop electronics and stationery among other related businesses through value creation, mass production of new products and intelligent manufacturing. On top of that, with an eye toward meeting quality needs of customers and the increasing orders of new energy trends, the Company immediately paid visits to customers and suppliers once borders reopened for various countries so as to have face-to-face interactions.

In 2022, other than the inflation of raw materials caused by the Russia-Ukraine war, the global economy was also affected by geopolitical tensions and China's lockdown. The overall economy experienced a prolonged downward revision and declining consumer spending.the United States brought an end to its QE and low interest rates, and progressively led an interest rate hike last year to tighten liquidity and curb high prices and adverse impact to people's livelihood due to inflation. That said, due to the spike in raw materials and the global trend of Net Zero, the investment and demand driven by the development of energy management,intelligent industrial control and electric vehicles intensified unceasingly, facilitating the innovative development and continuous investment in the semiconductor industry. SDI electronics segment mainly serves IDM customers around the world, and revenue and profits have hit record highs with innovation and increased demand in mid-to-high end product application from industrial and automotive segments. The electronics business mainly dedicates efforts towards collaborating with customers to develop and mass-produce more niche products applied to mid-to-high power products to enhance the value-add for both parties, while introducing intelligent manufacturing, process improvement and accelerating mass production to meet the high-end quality specifications and needs of automotive and industrial products. Over and above that, SDI controls losses and improves efficiency to offset the negative effects of rising materials, labor and manufacturing costs caused by inflation. About SDI stationery segment, SDI will develop new products and our own brand products and enhance marketing activities to boost the value and create demand in the face of the general economic environment of declining consumer demand and rising production costs for the stationery business. Despite being affected by the impact from the decline of mid-to-high-end mobile phones, our subsidiary TEC Brite Technology maintained revenue and increased profits by expanding customers and increasing market share. Our subsidiary

Chao Shin Metal experienced a decline in revenue and profit due to diminishing demand and fluctuations in raw material inflation. Meanwhile the revenue and profit of reinvested Jiangsu Plant declined after being impacted by the pandemic situation in Mainland China, lockdown policies, inflation and weak demand for consumer electronics.

In total, SDI's revenue in 2022 was NT$91.43 billion, an increase of nearly 11%. The consolidated revenue of the Group was NT$11.724 billion, up by 5%. The net profit was NT$940 million, while the earnings per share was a record high of NT$5.16.

The World Semiconductor Trade Statistics (WSTS) estimated that the semiconductor market will grow by only single digits in 2022, with a total size of about US$580 billion and an annual growth of 4.4%, which is lower than the original valuation mainly due to higher inflation and weak end-market demand, especially in consumer spending. Looking forward to 2023, WSTS expects that the global semiconductor revenue may fall to US$556.5 billion, a decrease of 4.1%. In particular, the revenue for memory may further decrease but that of discrete components is expected to increase by 2.8%, while revenue of optoelectronics and sensors will both increase by 3.7% and revenue of IC will increase by 1.6%. Besides to catering to the needs of the above industries, SDI also collaborates with customers to develop, and mass produce new products in the application fields of power modules such as SiC Module, MOSFET and IGBT through value creation, and optimizes costs through intelligent manufacturing and process improvement to continue to lead the upgrading and development of the lead frame industry. As for the hardware and stationery business segment , SDI will increase the revenue and profits by increasing Taiwan's automated manufacturing capacity and developing more our own brands and patented products.

Looking ahead to 2023, inflation will remain persistently high amidst interest rate hikes, war and geopolitical risks driving the use of application and needs for new energy even as the borders reopen around the world, and situations of prolonged shortage of materials and supply bottlenecks progressively improve. In response to the trend of improving power semiconductor technologies and increasing demand brought about by customers' investment in the development of new energy, industrial control and automotive fields, SDI will roll out operations in the ESG field, and relentlessly expand the output value, improve efficiency and reduce energy consumption of the new Nantou plant, with a view to enhance business value and meet industrial demand. We hope for the continued support and assistance from our shareholders to enable SDI's business to be more successful and outstanding.

Chair of the Board: J.S. Chen   Manager: Weite Chen   Accounting Manager: Ray Huang

II. Please see below the Audit Committee's Review Report Final Account Statements for 2022

SDI Corporation
Audit Committee's Review Report

We hereby approve the Board of Directors to prepare and submit the Company's financial statements (including consolidated financial statements), business report and profit distribution plan for 2022, among which the financial statements are audited by CPAs of Crowe (TW) and an audit report was issued. All foregoing books prepared and submitted by Board of Directors are audited by the Audit Committee. We Audit Committee consider there is no inconsistency and prepare the report in accordance with Article 14-4 of Securities and Exchange Act, and Article 219 of the Company Act. Please review the same.

To

2023 Annual Shareholders' Meeting of SDI Corporation

Convener of the Audit Committee:
Wen-Cheng Cheng

February 23, 2023

III. Please see the report on distribution and evaluation of remuneration for employees and directors for 2022.

[Description]

1. In accordance with Article 32 of the Articles of Incorporation, SDI's 2022 profits before tax and before deducting employees' compensation and Directors' remuneration allocation is NT$ 1,204,772,786. We set aside 1.5% as employees' compensation of NT$18,071,592 and 1.2% as remuneration to directors of NT$14,457,273. Both will be distributed in the form of cash.
2. The Company's directors and managers are appraised respectively pursuant to the "Measures on Performance Appraisal of the Board of Directors and the Functional Committee" and the "Appraisal Administration Regulations", and are in line with the appraisal standards.
3. Relevance and Reasonableness between the Contents and Amounts of the Compensation of the Directors and Managers and the Performance Appraisal Results:

   SDI pays fair remuneration to the directors and managers by taking into account the Company's operating results and their contributions to SDI's performance. SDI's performance appraisal measures will become the basis for appraisal of the directors, while managers will be appraised the same as all employees based on the Appraisal Administration Regulations twice a year.

Chapter 4. Proposals

Item 1: Proposed by the Board of Directors

Subject: Subject: Please ratify Business Report and Financial Statements for 2022.

Description: 2022 individual financial statements and consolidated financial statements are prepared and approved by the Board of Directors on February 23, 2023. We respectfully submit the same with the business report reviewed by the Audit Committee for approval.

[Please refer to #Page 3-4# and #Page 8-28# of this Handbook.]

Resolution:

Item 2: Proposed by the Board of Directors

Subject: Please ratify Profit Distribution Plan for 2022.

Description:

1. SDI's Profit Distribution Plan for 2022 is as attached.

SDI Corporation

Profit Distribution

(Attachment) Year of 2022 Unit: NT$

Item	Amount
Undistributed earnings at the beginning of the period	2, 349, 426, 140
Add: Other comprehensive income (remeasurements of defined benefit plans)	23, 033, 535
Add: Profit after tax of this year	940, 518, 982
Less: Legal reserve set aside	(96, 355, 252)
Add: Reversal of special surplus reserve	23, 507, 024
Distributable earnings	3, 240, 130, 429
Less: Dividends (3.2 dollars per share, distributed in cash)	(582, 848, 797)
Undistributed earnings at the end of the period	2, 657, 281, 632

Chair of the Board: J.S. Chen Manager: Weite Chen Accounting Manager: Ray Huang

2. We plan to set aside NT$582, 848, 797 from distributable earnings to distribute cash dividends being NT$3. 2 per share. Based on the outstanding shares at the time of the Board of Directors' resolution being 182,140,249 shares, and leaving the amount below dollar. The changes will be consolidated to the Company's other income. After the shareholders' meeting approves the cash dividends distribution, we intend to authorize the Chair of the Board to separately determine the ex-dividend date, payable date and other relevant matters. The distributed amount per share will be adjusted based on actual outstanding shares.
3. In the event the earning distribution under the preceding section is adjusted or changed by the competent authority, the Board of Directors is authorized to cooperate and handle the same.

Resolution:

Chapter 5. Special Motions

國富浩華聯合會計師事務所
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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
SDI Corporation

Opinion

We have audited the accompanying parent company only financial statements of SDI Corporation ("the Company"), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Crowe

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2022 are stated as follows:

1. Valuation of Inventory Impairment

   Description

   As of December 31, 2022, inventory accounted for 26% of the Company's total assets. The value of inventory is affected by the volatility of market demand and ever-changing technology, which could make inventory sluggish and obsolete and impair the value of inventory. The allocation of inventory cost elements and estimations of the net realizable value of inventory are subject to management's subjective judgment. Consequently, the valuation of inventories has been identified as a key audit matter.

   How our audit addressed the matter

   Our main audit procedures include testing of details, verifying the cost of raw materials, labor and manufacturing costs of inventory and comparing the most recent selling prices to the carrying amounts to ensure that the inventory is measured at the lower of cost and net realizable value; obtaining and validating the Company's details of declines in the inventory valuation and inventory aging report and analyzing the changes in inventory aging; assessing the reasonableness of policies relating to the provision of allowance for inventory valuation losses; obtaining data on the quantities of inventory recorded at the end of the year and the data of annual inventory physical count to verify the existence and completeness of the inventory; inspecting the condition of the inventory to assess the appropriateness of the loss allowance for recognized inventory obsolete and spoiled through observing the year-end inventory counts.

2. Revenue Recognition

   Description

Revenue is used by investors and the Company's management as a key indicator for evaluating the Company's financial or operational performance. As the Company sells its goods to Taiwan, Mainland China, Malaysia, United States and other areas, overseas warehouses are set up in response to the needs of certain international customers. The Company recognizes revenue per the various sales terms in each individual contract with customers. Accordingly, significant judgement is required in determining the timing of control of a good transfer to the customer. Therefore, revenue recognition has been identified as a key audit matter.

How our audit addressed the matter

Our main audit procedures include assessing the appropriateness of accounting policies for revenue recognition, testing the effectiveness of the internal controls relevant to revenue recognition, including sampling and testing the validity of sales revenue; evaluating whether any irregularity exists in the transactions with the top ten sales customers and analyzing the reasonableness of the turnover days of accounts receivable; selecting sample transactions after a few days or before the inventory cutoff date and examining the related documents to ensure that revenue is recognized in the appropriate period, and reviewing if there were significant sales return in the subsequent period.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease its operations, or has no realistic alternative but to do so.

Those charged with governance, including members of the Audit Committee are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shao, Chao Pin and Lin, Ming Shou.

Crowe TW CPAs

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

February 23, 2023

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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' report and parent company only financial statements shall prevail.

SDI Corporation

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
ASSETS	NOTES	Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	$ 713,457	6	$ 414,502	4
Notes receivable, net	6(2)	25,641	-	24,050	-
Accounts receivable, net	6(3)	1,375,174	12	1,606,606	15
Accounts receivable - related parties	7	139,882	1	143,633	1
Other receivables		12,875	-	23,601	-
Other receivables - related parties	7	8,790	-	9,481	-
Inventories, net	6(4)	2,685,228	26	2,834,928	26
Prepayments	6(5)	44,734	-	73,333	1
Other financial assets - current	6(6)	6,600	-	6,600	-
Other current assets		193	-	-	-
Total current assets		5,012,574	45	5,136,734	47
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income - noncurrent	6(7)	21,023	-	20,222	-
Investments accounted for using equity method	6(8)	2,374,739	21	2,361,882	21
Property, plant and equipment	6(9)	3,245,892	30	3,091,157	28
Right-of-use assets	6(10)	166,792	2	180,460	2
Investment properties	6(11)	37,137	-	39,931	-
Intangible assets	6(12)	55,007	-	41,405	-
Deferred income tax assets	6(28)	101,675	1	90,192	1
Other noncurrent assets	6(13)	55,395	1	82,608	1
Total noncurrent assets		6,057,660	55	5,907,857	53
TOTAL		$ 11,070,234	100	$ 11,044,591	100
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Contract liabilities	6(23)	95,076	1	93,512	1
Notes payable	6(14)	3,320	-	6,288	-
Accounts payable		653,417	6	1,025,809	9
Accounts payable - related parties	7	155,900	1	161,606	1
Other payables	6(15)	582,088	5	553,297	5
Other payables - related parties	7	2,738	-	2,663	-
Current income tax liabilities	6(28)	266,713	3	171,759	2
Lease liabilities - current	6(10)	12,537	-	11,994	-
Long-term liabilities - current portion	6(16)	311,103	3	80,833	1
Other current liabilities		23,404	-	19,891	-
Total current liabilities		2,106,296	19	2,127,652	19
NONCURRENT LIABILITIES					
Long term loans	6(16)	1,834,864	16	2,159,256	20
Deferred income tax liabilities	6(28)	286,865	3	287,065	3
Lease liabilities - noncurrent	6(10)	115,660	1	127,231	1
Net defined benefit liability - noncurrent	6(18)	90,832	1	132,736	1
Other noncurrent liabilities	6(17)	8,072	-	23,843	-
Total noncurrent liabilities		2,336,293	21	2,730,131	25
Total liabilities		4,442,589	40	4,857,783	44
EQUITIES					
Common stocks	6(19)	1,821,403	16	1,821,403	16
Capital surplus	6(20)	485,797	4	485,598	4
Retained earnings	6(21)				
Legal capital reserve		983,960	9	899,980	8
Special capital reserve		139,763	1	134,642	1
Unappropriated earnings		3,312,978	31	2,984,948	28
Others	6(22)	(116,256)	(1)	(139,763)	(1)
Total equity		6,627,645	60	6,186,808	56
TOTAL		$ 11,070,234	100	$ 11,044,591	100

The accompanying notes are an integral part of the parent company only financial statements.

SDI Corporation

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earning Per Share)

		2022		2021	
	NOTES	Amount	%	Amount	%
NET REVENUE	6(23)、7	$ 9,142,725	100	$ 8,247,659	100
COST OF REVENUE	6(24)	(7,537,227)	(82)	(6,743,958)	(82)
GROSS PROFIT BEFORE UNREALIZED GROSS PROFIT		1,605,498	18	1,503,701	18
Unrealized gross profit on sales		(37,638)	-	(34,044)	-
Realized gross profit on sales		34,044	-	33,145	-
GROSS PROFIT		1,601,904	18	1,502,802	18
OPERATING EXPENSES	6(24)				
Marketing		(220,604)	(2)	(211,496)	(3)
General and administrative		(228,949)	(3)	(221,062)	(3)
Research and development		(199,319)	(2)	(204,434)	(2)
Total operating expenses		(648,872)	(7)	(636,992)	(8)
OPERATING PROFIT		953,032	11	865,810	10
NONOPERATING INCOME AND EXPENSES					
Interest income		1,027	-	166	-
Other income	6(17)、6(25)	48,776	-	65,992	1
Other gains and losses	6(26)	137,577	1	(23,504)	-
Finance costs	6(27)	(27,642)	-	(12,643)	-
Share of profits of subsidiaries and associates		59,474	1	152,158	1
Total nonoperating income and expenses		219,212	2	182,169	2
INCOME BEFORE INCOME TAX		1,172,244	13	1,047,979	12
INCOME TAX EXPENSE	6(28)	(231,725)	(3)	(195,735)	(2)
NET INCOME		940,519	10	852,244	10
OTHER COMPREHENSIVE INCOME (LOSS)	6(26)				
Items that will not be reclassified subsequently to profit or loss:	6(29)				
Remeasurement of defined benefit obligation		26,820	1	(14,453)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		813	-	3,324	-
Share of other comprehensive income (loss) of subsidiaries and associates		1,577	-	(882)	-
Income tax benefit (expense) related to items that will not be reclassified subsequently	6(29)	(5,274)	-	2,326	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		28,255	-	(9,850)	-
Income tax benefit (expense) related to items that may be reclassified subsequently		(5,651)	-	1,970	-
Other comprehensive income (loss) for the year, net of income tax		46,540	1	(17,565)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		$ 987,059	11	$ 834,679	10
EARNINGS PER SHARE(IN DOLLARS)					
Basic earnings per share	6(30)	$ 5.16		$ 4.68	
Diluted earnings per share		$ 5.16		$ 4.68	

The accompanying notes are an integral part of the parent company only financial statements.

SDI Corporation

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Capital Stocks		Retained Earnings			Others			
	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	Total Equity
BALANCE, JANUARY 1, 2021	$ 1,821,403	485,403	865,445	155,570	2,486,607	(147,809)	13,167	$ (134,642)	$ 5,679,786
Appropriations of prior year's earnings									
Special capital reserve	-	-	-	(20,928)	20,928	-	-	-	-
Legal capital reserve	-	-	34,535	-	(34,535)	-	-	-	-
Cash dividends to shareholders - NT$1.8 per share	-	-	-	-	(327,852)	-	-	-	(327,852)
Deemed donation from shareholders-dividends give up	-	195	-	-	-	-	-	-	195
Net income in 2021	-	-	-	-	852,244	-	-	-	852,244
Other comprehensive income (loss) in 2021	-	-	-	-	(12,444)	(7,880)	2,759	(5,121)	(17,565)
BALANCE, DECEMBER 31, 2021	1,821,403	485,598	899,980	134,642	2,984,948	(155,689)	15,926	(139,763)	6,186,808
Appropriations of prior year's earnings									
Special capital reserve	-	-	-	5,121	(5,121)	-	-	-	-
Legal capital reserve	-	-	83,980	-	(83,980)	-	-	-	-
Cash dividends to shareholders - NT$ 3 per share	-	-	-	-	(546,421)	-	-	-	(546,421)
Deemed donation from shareholders-dividends give up	-	199	-	-	-	-	-	-	199
Net income in 2022	-	-	-	-	940,519	-	-	-	940,519
Other comprehensive income (loss) in 2022	-	-	-	-	23,033	22,604	903	23,507	46,540
BALANCE, DECEMBER 31, 2022	$ 1,821,403	$ 485,797	$ 983,960	$ 139,763	$ 3,312,978	$ (133,085)	$ 16,829	$ (116,256)	$ 6,627,645

The accompanying notes are an integral part of the parent company only financial statements.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	$ 1,172,244	$ 1,047,979
Adjustments to reconcile profit (loss)		
Depreciation	389,076	410,935
Amortization	14,618	15,195
Unrealized (realized) gross profit on subsidiaries	2,764	(291)
Interest expense	27,642	12,643
Interest income	(1,027)	(166)
Dividend income	(1,316)	(392)
Share of profits of subsidiaries accounted for under equity method	(59,474)	(152,158)
Gain on disposal of property, plant and equipment	(1,361)	(1,504)
Net changes in operating assets and liabilities		
Notes receivable	(1,591)	(9,421)
Accounts receivable	231,432	(457,372)
Accounts receivable - related parties	3,751	(89,632)
Other receivables	9,584	28,249
Other receivables - related parties	691	8,015
Inventories	149,700	(1,026,843)
Prepayments	28,599	(16,378)
Other current assets	966	(4,304)
Contract liabilities	1,564	16,766
Notes payable	(2,968)	1,602
Accounts payable	(372,392)	372,280
Accounts payable - related parties	(5,706)	48,172
Other payables	36,654	135,413
Other payables - related parties	75	(9,874)
Other current liabilities	1,660	8,168
Net defined benefit liability	(15,083)	(10,057)
Other operating liabilities	(13,145)	(7,314)
Cash provided from operations	1,596,957	319,711
Interest received	1,010	168
Dividends received	75,002	60,243
Interest paid	(26,674)	(10,617)
Income taxes paid	(159,379)	(77,164)
Net cash provided by operating activities	1,486,916	292,341
CASH FLOWS FROM INVESTING ACTIVITIES		
Refund fund of financial assets at fair value through other comprehensive income	12	-
Acquisition of property, plant and equipment	(525,484)	(876,774)
Proceeds from disposal of Property, plant and equipment	1,521	2,755
Decrease in refundable deposits	417	450
Acquisition of intangible assets	(10,220)	(5,757)
Decrease in other financial assets	-	200
Increase in other noncurrent assets	-	(15,909)
Net cash used in investing activities	(533,754)	(895,035)

(Continued)

SDI Corporation

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term loans	$ 2,446,000	$ 1,617,080
Repayment of long-term loans	(2,540,834)	(743,333)
Repayments of the principal portion of lease liabilities	(12,892)	(14,307)
Decrease in other noncurrent liabilities	(60)	-
Cash dividends paid	(546,421)	(327,852)
Net cash provided by (used in) financing activities	(654,207)	531,588
NET DECREASE IN CASH AND CASH EQUIVALENTS	298,955	(71,106)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	414,502	485,608
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 713,457	$ 414,502

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
SDI Corporation

Opinion

We have audited the accompanying consolidated financial statements of SDI Corporation and subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with 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) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China (ROC).

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Crowe

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2022 are started as follows：

1. Valuation of Inventory Impairment

Description

As of December 31, 2022, inventory accounted for 30% of the Group's total assets. The value of inventory is affected by the volatility of market demand and ever-changing technology, which could make inventory sluggish and obsolete and impair the value of inventory. The allocation of inventory cost elements and estimations of the net realizable value of inventory are subject to management's subjective judgment. Consequently, the valuation of inventories has been identified as a key audit matter.

How our audit addressed the matter

Our main audit procedures include testing of details, verifying the cost of raw materials, labor and manufacturing costs of inventory and comparing the most recent selling prices to the carrying amounts to ensure that the inventory is measured at the lower of cost and net realizable value; obtaining and validating the Group's details of declines in the inventory valuation and inventory aging report and analyzing the changes in inventory aging; assessing the reasonableness of policies relating to the provision of allowance for inventory valuation losses; obtaining data on the quantities of inventory recorded at the end of the year and the data of annual inventory physical count to verify the existence and completeness of the inventory; inspecting the condition of the inventory to assess the appropriateness of the loss allowance for recognized inventory obsolete and spoiled through observing the year-end inventory counts.

2. Revenue Recognition

Description

Revenue is used by investors and the Group's management as a key indicator for evaluating the Group's financial or operational performance. As the Group sells its goods to Taiwan, Mainland China, Malaysia, United States and other areas, overseas warehouses are set up in response to the needs of certain international customers. The Group recognizes revenue per the various sales terms in each individual contract with customers. Accordingly, significant judgement is required in determining the timing of control of a good transfer to the customer. Therefore, revenue recognition has been identified as a key audit matter.

How our audit addressed the matter

Our main audit procedures include assessing the appropriateness of accounting policies for revenue recognition, testing the effectiveness of the internal controls relevant to revenue recognition, including sampling and testing the validity of sales revenue; evaluating whether any irregularity exists in the transactions with the top ten sales customers and analyzing the reasonableness of the turnover days of accounts receivable; selecting sample transactions after a few days or before the inventory cutoff date and examining the related documents to ensure that revenue is recognized in the appropriate period, and reviewing if there were significant sales return in the subsequent period.

Other Matter

We have also audited the parent company only financial statements of SDI Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease its operations, or has no realistic alternative but to do so.

Those charged with governance including members of the Audit Committee are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shao, Chao Pin and Lin, Ming Shou.

Crowe TW CPAs

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

February 23, 2023

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' 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' report and consolidated financial statements shall prevail.

SDI Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
ASSETS	NOTES	Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	$ 1,058,687	8	$ 702,314	5
Financial assets at fair value through profit or loss - current	6(2)	57,751	-	57,434	-
Notes receivable, net	6(3)	123,141	1	141,917	1
Accounts receivable, net	6(4)	1,979,426	15	2,379,821	18
Accounts receivable - related parties	7	22,145	-	20,881	-
Other receivables		15,606	-	20,559	-
Inventories, net	6(5)	3,865,821	30	4,086,541	33
Prepayments	6(6)	67,339	1	110,409	1
Other financial assets - current	6(7)	69,667	1	55,190	-
Other current assets		193	-	-	-
Total current assets		7,259,776	56	7,575,066	58
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income - noncurrent	6(8)	21,023	-	20,222	-
Property, plant and equipment	6(9)	5,190,999	40	4,951,418	38
Right-of-use assets	6(10)	201,146	2	213,854	2
Intangible assets	6(11)	56,856	-	42,705	-
Deferred income tax assets	6(29)	132,465	1	120,527	1
Other noncurrent assets	6(12)、(18)	63,734	1	120,798	1
Total noncurrent assets		5,666,223	44	5,469,524	42
TOTAL		$ 12,925,999	100	$ 13,044,590	100
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Short-term loans	6(13)	$ 738,126	6	$ 867,361	7
Contract liabilities	6(24)	96,448	1	104,504	1
Notes payable	6(14)	153,769	1	159,924	1
Accounts payable		852,721	6	1,316,613	9
Accounts payable - related parties	7	1,045	-	2,198	-
Other payables	6(15)	744,959	6	722,253	6
Other payables - related parties	7	-	-	860	-
Current income tax liabilities	6(29)	300,317	2	209,988	2
Lease liabilities - current	6(10)	10,078	-	9,436	-
Long-term liabilities - current portion	6(16)	463,363	4	135,082	1
Other current liabilities		24,837	-	21,273	-
Total current liabilities		3,385,663	26	3,549,492	27
NONCURRENT LIABILITIES					
Long term loans	6(16)	1,997,776	16	2,381,276	19
Deferred income tax liabilities	6(29)	319,072	2	311,966	2
Lease liabilities - noncurrent	6(10)	82,860	1	92,497	1
Net defined benefit liability - noncurrent	6(18)	100,030	1	144,397	1
Other noncurrent liabilities	6(17)	54,535	-	31,768	-
Total noncurrent liabilities		2,554,273	20	2,961,904	23
Total liabilities		5,939,936	46	6,511,396	50
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT					
Common stocks	6(19)	1,821,403	14	1,821,403	14
Capital surplus	6(20)	485,797	4	485,598	4
Retained earnings	6(21)				
Legal capital reserve		983,960	8	899,980	7
Special capital reserve		139,763	1	134,642	1
Unappropriated earnings		3,312,978	25	2,984,948	22
Others	6(22)	(116,256)	(1)	(139,763)	(1)
Equity attributable to shareholders of the parent		6,627,645	51	6,186,808	47
NON-CONTROLLING INTERESTS	6(23)	358,418	3	346,386	3
Total equity		6,986,063	54	6,533,194	50
TOTAL		$ 12,925,999	100	$ 13,044,590	100

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

SDI Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2022		2021	
	NOTES	Amount	%	Amount	%
NET REVENUE	6(24)	$ 11,724,279	100	$ 11,152,550	100
COST OF REVENUE	6(25)	(9,645,688)	(82)	(9,042,560)	(81)
GROSS PROFIT		2,078,591	18	2,109,990	19
OPERATING EXPENSES	6(25)				
Marketing		(319,506)	(3)	(311,191)	(3)
General and administrative		(333,385)	(3)	(328,226)	(3)
Research and development		(254,486)	(2)	(247,850)	(2)
Expected credit (losses) gains		(1,716)	-	2,696	-
Total operating expenses		(909,093)	(8)	(884,571)	(8)
OPERATING PROFIT		1,169,498	10	1,225,419	11
NONOPERATING INCOME AND EXPENSES					
Interest income		2,601	-	1,116	-
Other income	6(17)、6(26)	38,608	-	36,904	-
Other gains and losses	6(27)	133,057	2	(37,430)	-
Finance costs	6(28)	(73,839)	(1)	(58,468)	(1)
Total nonoperating income and expenses		100,427	1	(57,878)	(1)
INCOME BEFORE INCOME TAX		1,269,925	11	1,167,541	10
INCOME TAX EXPENSE	6(29)	(270,276)	(2)	(257,202)	(2)
NET INCOME		999,649	9	910,339	8
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss：	6(30)				
Remeasurement of defined benefit obligation		30,000	-	(16,652)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		813	-	3,324	-
Income tax benefit (expenses) related to items that will not be reclassified subsequently	6(29)	(5,910)	-	2,765	-
Items that may be reclassified subsequently to profit or loss：					
Exchange differences arising on translation of foreign operations		28,255	-	(9,850)	-
Income tax benefit (expenses) related to items that may be reclassified subsequently	6(29)	(5,651)	-	1,970	-
Other comprehensive income (loss) for the year, net of income tax		47,507	-	(18,443)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		$ 1,047,156	9	$ 891,896	8
NET INCOME ATTRIBUTABLE TO：					
Shareholders of the parent		$ 940,519	8	$ 852,244	7
Non-controlling interests		59,130	1	58,095	1
		$ 999,649	9	$ 910,339	8
TOTAL COMPREHENSIVE INCOME：					
Shareholders of the parent		$ 987,059	8	$ 834,679	7
Non-controlling interests		60,097	1	57,217	1
		$ 1,047,156	9	$ 891,896	8
EARNINGS PER SHARE (IN DOLLARS)	6(31)				
Basic earnings per share		$ 5.16		$ 4.68	
Diluted earnings per share		$ 5.16		$ 4.68	

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

SDI Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent										
	Capital Stocks		Retained Earnings			Others					
	Common Stocks	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Total Attributable to Shareholders of the Parent	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2021	$ 1,821,403	485,403	865,445	155,570	2,486,607	(147,809)	13,167	(134,642)	5,679,786	331,568	6,011,354
Appropriations of prior year's earnings											
Special capital reserve	-	-	-	(20,928)	20,928	-	-	-	-	-	-
Legal capital reserve	-	-	34,535	-	(34,535)	-	-	-	-	-	-
Cash dividends to shareholders - NT$1.8 per share	-	-	-	-	(327,852)	-	-	-	(327,852)	-	(327,852)
Deemed donation from shareholders - dividends give up	-	195	-	-	-	-	-	-	195	-	195
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(42,399)	(42,399)
Net income in 2021	-	-	-	-	852,244	-	-	-	852,244	58,095	910,339
Other comprehensive income (loss) in 2021	-	-	-	-	(12,444)	(7,880)	2,759	(5,121)	(17,565)	(878)	(18,443)
BALANCE, DECEMBER 31, 2021	1,821,403	485,598	899,980	134,642	2,984,948	(155,689)	15,926	(139,763)	6,186,808	346,386	6,533,194
Appropriations of prior year's earnings											
Special capital reserve	-	-	-	5,121	(5,121)	-	-	-	-	-	-
Legal capital reserve	-	-	83,980	-	(83,980)	-	-	-	-	-	-
Cash dividends to shareholders - NT$3 per share	-	-	-	-	(546,421)	-	-	-	(546,421)	-	(546,421)
Deemed donation from shareholders - dividends give up	-	199	-	-	-	-	-	-	199	-	199
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(48,065)	(48,065)
Net income in 2022	-	-	-	-	940,519	-	-	-	940,519	59,130	999,649
Other comprehensive income (loss) in 2022	-	-	-	-	23,033	22,604	903	23,507	46,540	967	47,507
BALANCE, DECEMBER 31, 2022	$ 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

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

SDI Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,269,925	$ 1,167,541
Adjustments to reconcile profit (loss)		
Depreciation	644,118	656,417
Amortization	16,611	17,580
Expected credit losses (reversal)	1,716	(2,696)
Gain on financial assets and liabilities at fair value through profit or loss	(317)	(132)
Interest expense	73,839	58,468
Interest income	(2,601)	(1,116)
Dividend income	(1,316)	(392)
Loss (gain) on disposal of property, plant and equipment	(849)	174
Impairment loss on non-financial assets	-	13,935
Changes in operating assets and liabilities		
Notes receivable	20,665	3,625
Accounts receivable	406,710	(619,536)
Inventories	238,256	(1,286,508)
Prepayments	43,601	(17,629)
Other financial assets	270	(102)
Other current assets	4,195	(6,030)
Contract liabilities	(8,283)	25,611
Notes payable	(8,452)	55,328
Accounts payable	(469,005)	489,327
Other payables	27,419	143,070
Other current liabilities	1,703	8,348
Net defined benefit liability	(15,121)	(10,167)
Other operating liabilities	18,813	(8,260)
Cash provided from operations	2,261,897	686,856
Interest received	2,570	1,118
Dividends received	1,316	392
Interest paid	(72,993)	(55,432)
Income taxes paid	(196,291)	(112,350)
Net cash provided by operating activities	1,996,499	520,584
CASH FLOWS FROM INVESTING ACTIVITIES		
Refund fund of financial assets at fair value through other comprehensive income	12	-
Acquisition of property, plant and equipment	(814,532)	(1,193,835)
Proceeds from disposal of Property, plant and equipment	2,352	3,130
Decrease in refundable deposits	417	868
Acquisition of intangible assets	(12,754)	(6,804)
Increase in other financial assets	(13,920)	(10,098)
Increase in other noncurrent assets	-	(15,909)
Net cash used in investing activities	(838,425)	(1,222,648)

(Continued)

SDI Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	$ (143,813)	$ 83,277
Decrease in short-term notes and bills payable	-	(10,000)
Proceeds from long-term loans	2,585,709	1,790,640
Repayment of long-term loans	(2,645,759)	(840,961)
Repayment of the principal portion of lease liabilities	(10,865)	(12,032)
Increase in other noncurrent liabilities	6,637	1,280
Cash dividends paid	(546,421)	(327,852)
Decrease in non-controlling interests	(48,065)	(42,399)
Net cash provided by (used in) financing activities	(802,577)	641,953
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	876	(1,754)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	356,373	(61,865)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	702,314	764,179
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,058,687	$ 702,314

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

Chapter 7. Appendixes

SDI Corporation Articles of Incorporation

Chapter 1. General Provisions

Article 1 The Company is incorporated in accordance with the provisions relating to companies limited by shares of the Company Act. The Company is named SDI Corporation. (English Name: SDI CORPORATION)

Article 2 The Company's business is as follows:

I. CA02010 Metal Architectural Components Manufacturing
II. CA02030 Screw, Nut and Rivet Manufacturing
III. CA02040 Metal Spring Manufacturing
IV. CA02090 Metal Line Products Manufacturing
V. CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified
VI. CA03010 Metal Heat Treating
VII. CC01080 Electronic Parts and Components Manufacturing.
VIII. CC01110 Computers and Computing Peripheral Equipment Manufacturing
IX. CH01030 Stationery Articles Manufacturing
X. CQ01010 Die Manufacturing
XI. F401010 International Trade
XII. I301030 Digital Information Supply Services
XIII. J399010 Software Publication
XIV. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 The Company's investment in other entities shall be passed by the Board of Directors, but the total amount of investment shall not be limited by the amount limit under Article 13 of the Company Act.

Article 4 The Company may act as a guarantor for its business needs.

Article 5 The Company is incorporated in Changhua County. Where necessary, the Board of Directors may resolve to set up branches or factories both at home or abroad. The same applies to setting up or moving factories.

Article 6 Deleted

Chapter 2. Shares

Article 7 The total capital of the Company is set at NT$2.7 billion, divided into 270 million shares. Each share is worth NT$10. The Board of Directors is authorized to issue them in installments.

Article 8 The Company's share certificate is registered, which is issued after being signed or sealed by a director representing the Company and attested in accordance with laws.
The Corporation may be exempted from printing any stock certificate for the shares issued. However, the Corporation shall appoint a centralized securities custody enterprise/institution to make registration of such shares.

Article 9 Deleted

Article 10 Deleted

Article 11 The shares shall not be transferred within sixty days prior to the convening date of a regular Shareholders' Meeting, or within thirty days prior to the convening date of a special Shareholders' Meeting, or within five days prior to the target date fixed by the Company for distribution of dividends, bonus or other benefits. The transfer registration of shares is stopped thereof.

Article 12 Deleted

Chapter 3. Shareholders' Meeting

Article 13 Shareholders' meeting shall be of regular meeting and special meeting. The regular meeting of shareholders referred to in the preceding Paragraph shall be convened within six months after close of each fiscal year, unless otherwise approved by the competent authority for good cause shown. Special meetings shall be convened according to the law when necessary. A shareholders meeting shall, unless otherwise provided for in the Company Act, be convened by the Board of Directors.

Article 14 A notice to convene a regular meeting of shareholders shall be given to each shareholder no later than thirty days prior to the scheduled meeting date. A notice to convene a special meeting of shareholders shall be given to each shareholder no later than fifteen days prior to the scheduled meeting date. The date, venue, cause(s) or subject(s) of a meeting of shareholders to be convened shall be indicated in the individual notice to be given to shareholders and the announcement.

Article 14-1 The Company's shareholders' meeting may be held by means of video conference or other methods promulgated by the central competent authority. The requirements, procedures, and other rules to be complied with when holding a shareholders' meeting via video conference shall be subject to the provisions set forth by the competent authority in charge.

Article 15 In the event a shareholder cannot attend shareholders' meeting, he or she may, in accordance with Article 177 of the Company Act, execute a proxy form printed and issued by the Company stating therein the scope of authorization and appoint a proxy to attend on his or her behalf. Save and except for Article 177 of the Company Act, methods for shareholders to appoint proxy for attendance shall be handled in accordance with Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies stipulated by the competent authority.

Article 16 The Chair of the Board shall serve as the chairperson when a shareholders' meeting is convened by the Board of Directors. If the Chair of the Board is absent or cannot perform his duty for any reason, the delegation process shall be carried out in accordance with Article 208 of the Company Act.

For a shareholders meeting convened by any other person having the convening right, he or she shall act as the chairperson of that meeting. However, if there are two or more persons having the convening right, the chairperson of the meeting shall be elected from among them.

Article 17 Unless otherwise stipulated for in the Company Act, resolutions at a shareholders' meeting shall be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 18 The shareholders of the Company shall have one voting right for each share, unless otherwise regulated under Article 179 of the Company Act or other laws and regulations.

Article 19 Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall include: the date and place of the meeting, number of shareholders attended, number of shares represented, number of voting shares, the name of the chairperson, adopting items and the method of adopting resolutions. The minutes of the shareholders' meeting shall be affixed with the signature or seal of the chairperson of the meeting, and then be kept in the Company with shareholders' sign-in book and proxy forms in accordance with Article 183 of the Company Act. The minutes of the meeting shall be distributed to each shareholder within twenty days after the meeting. The preparation and distribution of the minutes of shareholders' meeting may be effected by means of electronic transmission, and may be effected by entering the same to the Market Observation Post System for announcement.

Chapter 4. Directors and Audit Committee

Article 20 The Company has seven to eleven directors with adoption of a candidate nomination system. The directors shall be elected by the shareholders' meeting from the list of the candidates. The term of office of a director is 3 years, but he or she may be eligible for re-elections. In case no election of new directors is affected after expiration of the term of office of existing directors, it will be handled in accordance with Article 195 of the Company Act.

Among the directors under the preceding section, independent directors shall not be less than two in number and not less than one-fifth of the total number of directors. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the competent authority in charge of securities.

After being elected, liability insurance shall be purchased for Directors according to its scope of business during their tenure upon a resolution at the Board meeting.

The percentage of shareholdings of all directors shall be in accordance with regulations prescribed by the competent authority in charge of securities.

Article 21 The directors shall elect from among themselves a Chair of the Board by a majority in a meeting attended by over two-thirds of the directors. The directors may elect a Vice Chair of the Board. The Chair of the Board shall have the authority to represent the Company. The Company’s Board of Directors' meeting shall be convened by the Chair of the Board, who shall act as chairperson of the meeting, provided the first Board of Directors' meeting of each term after an election of directors shall be convened in accordance with Article 203 of the Company Act. Reasons for convening a Board of Directors’ meeting shall be notified to the directors no later than 7 days before the meeting. In the event of an emergency, a meeting may be convened at any time. The notice of convening the Board of Directors' meeting shall be delivered in written, fax, or electronic form.

Article 22 When the vacancies on the Board of Directors exceed one-third of the total number of the directors, the Board of Directors shall convene a special shareholders’ meeting within sixty days for by-election. The newly elected directors shall serve the remaining terms.

Article 23 Directors form the Board of Directors, which has the following functions and powers:

I. Formulation of various articles of association.
II. Decision of business policies.
III. Review of budgets.
IV. Decision of important personnel placement.
V. Formulation of earnings distribution or loss make-up.
VI. Planning and approval of important property and real property acquisition and disposal.
VII. Proposals of capital increase or decrease.
VIII. Planning and approval of investments in other businesses.
IX. Other functions and powers conferred by the shareholders' meeting.

Article 24 Unless otherwise provided by the Company Act, a resolution of the Board of Directors shall be adopted by the consent of a half of the directors in attendance at the meeting where a half of the total number of Directors presents. If a director is unable to personally attend the Board of Directors' meeting for cause, he or she may authorize another director to attend on his or her behalf in accordance with the laws. No director may act as a proxy for more than one other director.

The Board of Directors' meeting is convened by video conference. Attendance via video conference is deemed to be attendance in person.

Article 25 Deleted

Article 26 Deleted

Article 26-1 The Company establishes an Audit Committee in accordance with Article 14-4 of the Securities and Exchange Act.

Article 27 Deleted

Article 28 The Board of Directors is authorized to determine the remunerations of directors according to their participation in and contribution to the Company's operation and with reference to the common remuneration level of counterparts in the industry.

The Board of Directors is authorized to determine and distribute the remunerations for independent directors according to the Company's business.

Chapter 5. Managers

Article 29 The Company may have managerial officers. Appointment, dismissal and compensation of the managerial officers shall be decided in accordance with Article 29 of the Company Act.

Chapter 6. Accounting

Article 30 The Company's fiscal year starts from January 1 to December 31 each year. At the end of each fiscal year, the Company shall prepare final accounts.

Article 31 At the end of each fiscal year, the Board of Directors shall make the following books and submit the same to the Audit Committee for audit 30 days prior to the shareholders' meeting. The Audit Committee shall issue a report and submit it with the books to the shareholders' meeting for recognition.

I. Business report
II. Financial statements
III. Earnings distribution or loss make-up proposals

Article 32 In the event the Company's final accounts of the year have earnings, the Company shall set aside 1.5% as employee's remuneration and no more than 1.5% as directors' remuneration. After the Board of Directors resolves for distribution, taxes shall be filed in accordance with laws. Then, 10% will be set aside as legal reserve. However, when the legal reserve amounts to the Company's paid-up capital, this may not apply. After setting aside or reversing the capital reserve, together with the accumulated undistributed earnings, the Board of Directors shall propose earnings distribution in accordance with the Company's dividends policy under Article 32-1 and submit the same to the shareholders' meeting for resolution.

In the event the Company accumulated loss from the previous years and the Company has distributable earnings in the current year, the loss shall be covered before setting aside employees' compensation and directors' remuneration. Reservation per ratio set forth in the preceding paragraph shall be applied to the remaining balance. Where employees' compensation is paid in shares or cash, it shall be distributed to employees of subsidiaries meeting certain requirements.

For earnings distribution, in the event the number of outstanding shares is affected by repurchase of the Company's shares or transfer, conversion, cancellation of treasury shares, and the allotment ratio of shareholders is thus changed, the Board of Directors is authorized to handle the change of registration.

Article 32-1 The Company's dividends policy is stipulated by the Board of Directors based on business plans, investment plans, capital budgeting and changes in internal and external circumstances. The Company is now in a stage of stable business growth. The earnings distribution shall primarily be made in cash dividends, but stock dividends is allowed. However, in principle, the ratio of stock dividends shall not be higher than fifty percent of the total amount of dividends.

Chapter 7. Supplementary Provisions

Article 33 The Company's organizational rules and regulations shall be stipulated separately by the Board of Directors.

Article 34 Matters not stipulated in these Articles shall be handled in accordance with the Company Act and other laws and regulations.

Article 35 These Articles were stipulated on August 7, 1967. The first amendment was on August 30, 1969. The second amendment was on November 11, 1973. The third amendment was on February 9, 1976. The fourth amendment was on December 1, 1978. The fifth amendment was on June 19, 1982. The sixth amendment was on January 12, 1983. The seventh amendment was on March 25, 1983. The eighth amendment was on February 15, 1986. The ninth amendment was on December 15, 1989. The tenth amendment was on November 1, 1991. The eleventh amendment was on August 26, 1992. The twelfth amendment was on September 23, 1992. The thirteenth amendment was on April 27, 1993. The fourteenth amendment was on July 20, 1993. The fifteenth amendment was on February 19, 1994. The sixteenth amendment was on June 10, 1994. The seventeenth amendment was on May

16,1995. The eighteenth amendment was on March 21, 1996. The nineteenth amendment was on May 16, 1997. The twentieth amendment was on April 23, 1998. The twenty-first amendment was on May 12, 1999. The twenty-second amendment was on May 24, 2000. The twenty-third amendment was on June 12, 2001. The twenty-fourth amendment was on June 21, 2002. The twenty-fifth amendment was on June 25, 2003. The twenty-sixth amendment was on March 23, 2005. The twenty-seventh amendment was on June 23, 2005. The twenty-eighth amendment was on June 23, 2006. The twenty-ninth amendment was on June 25, 2009. The thirtieth amendment was on June 25, 2010. The thirty-first amendment was on June 28, 2012. The thirty-second amendment was on June 24, 2014. The thirty-third amendment was on June 22, 2016. The thirty-fourth amendment is made on June 23, 2020. The thirty-fifth amendment was made on August 26, 2021. The thirty-sixth amendment was on May 27, 2022.

SDI Corporation

Responsible Person: S.J. Chen

SDI Corporation's Rules of Procedure for Shareholders' Meetings

Article 1 To establish a strong governance system of the Shareholders' Meeting, a sound supervisory capabilities, and to strengthen its management mechanism for the Company, the Rules are adopted pursuant to Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Article 2 The procedures rules for the Company's shareholders' meetings shall be in accordance with these Rules unless otherwise stated by law, regulation, or the Articles of Incorporation.

Article 3 Unless otherwise stated by regulations, the shareholders' meetings are convened by the Board of Directors.

This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. Twenty-one days before the Company is to convene an ordinary shareholders’ meeting, or 15 days before it convenes an extraordinary shareholders' meeting, it shall prepare an electronic file of the shareholders’ meeting agenda handbook and the supplemental materials referred to in the preceding paragraph, and upload it to the Market Observation Post System. 15 days before the date of shareholders' meeting, the shareholders' meeting agenda handbook and supplementary information shall be prepared for shareholders' perusal at any time, displayed at the company and the company's professional shareholder services agency, and distributed on-site during the shareholders' meeting.

The notice and public announcement shall indicate the reasons for convening the meeting. The notice, if agreed by counterparties, may be delivered by electronic means.

Election or discharge of directors, alteration of the Articles of Incorporation, reduction of capital, application for stopping public offering, director’s competition permission, capitalization of earnings and reserves, dissolution, merger, spin-off, or any matters as set forth in Paragraph 1, Article 185 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, and Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized in the causes or subjects to be described, and shall not be brought up as extempore motions.

Where the reasons for convening the shareholders' meeting already specifies the election of all Directors and the date elected Directors take office, once the election is completed in the shareholders' meeting, the date the elected Directors take office may not be changed by extempore motions or other methods in the same meeting.

Shareholders holding 1% or more of the total number of outstanding shares of the Company may submit a written proposal to the Company for discussion at an annual general meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. When any of the circumstances provided in Paragraph 4, Article 172-1 of the Company Act applies to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda. Shareholders may submit proposals to urge the Company to promote public interests or fulfill its social responsibilities. Only one matter shall be allowed in each proposal pursuant to Article 172-1 of the Company Act. Where a proposal contains more than one matter, such proposal would not be included in the agenda.

Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders’ meeting, the Company shall give a public notice announcing acceptance of proposal in writing or by way of electronic transmission, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than 10 days.

The number of words of a proposal to be submitted by a shareholder shall be limited to not more than 300 words, and any proposal containing more than three hundred words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders' meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.

The Company shall, prior to preparing and delivering the shareholders' meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in this Article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the Board of Directors at the shareholders' meeting to be convened.

Article 4 Shareholders may appoint a proxy to attend the shareholders' meeting through a letter of appointment printed by the Company, stating the scope of authorization to the proxy.

A shareholder may only execute one power of attorney and appoint one proxy only, and shall serve such written proxy to the Company no later than 5 days prior to the meeting date of the shareholders' meeting. In case two or more written proxies are received from one shareholder, the first one received by the company shall prevail. However, the foregoing does not apply to where an explicit statement to revoke the previous written proxy is made in the proxy which comes later.

After the service of the power of attorney of a proxy to the Company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person or to exercise his/her/its voting power in writing or by way of electronic transmission , a proxy rescission notice shall be filed with the Company two days prior to the date of the shareholders' meeting as scheduled in the shareholders' meeting notice so as to rescind the proxy at issue, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

Article 5 The place for convening a shareholders' meeting shall be held inside the Company's location, or any other place convenient for the shareholders and suitable for holding of the said meeting. The time for commencing the said meeting shall not be earlier than 9 a.m. or later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6 The Company shall state the check-in time, location and other notes in the shareholders' meeting's notice.

Registration for shareholders referred to in the preceding paragraph shall begin at least thirty minutes before the meeting. There shall be clear signs and sufficient and adequate staff at the registration desk.

Shareholders or the power of attorney of a proxy (the shareholder) attending the Meeting shall have attendance card, sign-in card or other certificate of attendance issued by the Company. The company shall not arbitrarily add other supporting documents for the attendance of the meeting. The proxy Solicitor shall provide ID documents for verification.

The Company shall provide an attendance register for shareholders to sign in, or require the attending shareholders to submit their sign-in cards in lieu of signing the register.

The Company shall deliver the meeting agendas, annual reports, attendance cards, speaker's slip, votes and other meeting materials to the shareholders attending the shareholders' meeting. If there are Directors to be elected, the ballots shall also be provided.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person has been delegated to attend the shareholders' meeting, only one person should be delegated as proxy.

Article 7 For a shareholders' meeting convened by the board of directors, the chairperson of the meeting shall be the Chair of the Board. In case the Chair of the Board is on leave or absent or can not exercise his or her power and authority for any cause, the Vice Chair shall act on his or her behalf. In case there is no Vice Chair, or the Vice Chair is also on leave or absent or unable to exercise his or her power and authority for any cause, the Chair of the Board shall designate one of the managing directors, or where there is no managing directors, one of the directors to act on his or her behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting Chair of the Board.

When a Managing Director or a director serves as the chairperson as referred to in the preceding paragraph, the Managing Director or the director shall be one who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.

A shareholders' meeting convened by the Board of Directors shall be chaired by the Chairman of the Board in person. It is advisable that the shareholders' meeting to be attended by a majority of the Directors, and at least one member from each of the functional committees. The attendance record of the meeting shall be recorded in the shareholders' meeting minutes.

For a shareholders meeting convened by any other person having the convening right, he or she shall act as the chairperson of that meeting. However, if there are two or more persons having the convening right, the chairperson of the meeting shall be elected from among them.

The Company may appoint its attorneys, certified public accountants, or related persons to attend a shareholders' meeting in a non-voting capacity.

Article 8 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting procedures.

The aforementioned recordings shall be kept for at least one year. If, however, a shareholder files a lawsuit based on Article 189 of the Company Act, the recordings shall be retained until the conclusion of the litigation.

Article 9 Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book or sign-in cards handed and the number of shares of voting rights are exercised in writing or electronically.

When it is the meeting time, and information related to number of non-voting power and number of attending shares is published, the chairperson shall announce that the meeting starts immediately. However, when less than half of all issued shares are represented in the meeting by then, the chairperson may announce the meeting postponed; the postponement may be called for two times at most. The total number of postponed times shall not exceed 1 hour. If the quorum is still not met after two postponements are still not met, the chairperson shall declare the meeting adjourned.

If the aforementioned two postponements still fail to meet the quorum, but the number of shares that represent more than one-third of the total number of issued shares are present, tentative resolutions may be resolved pursuant to Article 175-1 of the Company Act, and each shareholder will be notified of the tentative resolutions, and another shareholders' meeting will be convened within one month.

If, prior to conclusion of the meeting, the attending shareholders represent more than half of the total number of issued shares, the chairperson may resubmit the tentative resolutions for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 10 If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The relevant proposals (including extempore motions and amendments to the original proposals) shall be voted one by one. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.

The chairperson may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda set out in the preceding two paragraphs (including extempore motions), except upon a resolution adopted by the shareholders' meeting. If the chairperson declares the meeting adjourned in violation of the rules of procedure, other members of the Board of Directors shall promptly assist the shareholders present in electing a new chairperson in accordance with the statutory procedures. The meeting shall continue after a chairperson is elected with the approval of more than half the voting rights represented by the shareholders present.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; where the chairperson believes an issue has been discussed in the meeting up to the level for voting, the chairperson may announce discontinuance of the discussion process and bring that issue to a vote, and arrange a sufficient voting time.

Article 11 A shareholder wishing to speak in a shareholders meeting shall first fill out a speaker's slip, specifying therein the essentials of his speech, his or her shareholder account number (or attendance card number) and the account name, and the chairperson shall determine his or her order of giving a speech.

A shareholder who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. If the contents of speech are inconsistent with the contents of speaker's slip, the contents of speech shall prevail.

Except with the consent of the chairperson, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes. If the shareholder's speech violates the rules or exceeds the scope of the issue under discussion, the chairperson may terminate the speech.

When a shareholder attends the shareholders' meeting, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairperson and the shareholder that has the floor. The chairperson shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives may speak on the same proposal.

After an attending shareholder has spoken, the chairperson may respond in person or direct relevant personnel to respond.

Article 12 Voting at a shareholders' meeting shall be calculated based the number of shares.

For the resolutions of the shareholders' meeting, the number of shares of the non-voting shareholders is not included in the total number of issued shares.

A shareholder who has a personal interest in the matter under discussion at a meeting, which may impair the interest of the Company, shall not vote nor exercise the voting right on behalf of another shareholder.

The number of shares with voting rights that cannot be exercised in the preceding Paragraph shall not be counted as part of the voting rights represented by attending shareholders.

Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed three percent of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted.

Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted or deemed non-voting shares under Paragraph 2, Article 179 of the Company Act.

When the Company convenes a shareholders' meeting, shareholders may exercise their voting power in writing or by way of electronic transmission; the method of exercising their voting power shall be describes in the shareholders' meeting notice. A shareholder who exercises his/her/its voting power at a shareholders meeting in writing or by way of electronic transmission shall be deemed to have attended the said shareholders’ meeting in person. However, he or she shall be deemed to have waived his or her voting power in respective of any extempore motion(s) and/or the amendment(s) to the contents of the original proposal(s) at the said shareholders’ meeting. Therefore, it is advisable that the Company avoids proposing any extempore motion(s) and amendment(s) to the contents of the original proposal(s).

In case a shareholder elects to exercise his/her/its voting power in writing or by way of electronic transmission, his or her declaration of intention shall be served to the company two days prior to the scheduled meeting date of the shareholders' meeting, whereas if two or more declarations of the same intention are served to the company, the first declaration of such intention received shall prevail. However, the foregoing does not apply where an explicit statement to revoke the previous declaration is made in the declaration which comes later.

In case a shareholder who has exercised his/her/its voting power in writing or by way of electronic transmission intends to attend the shareholders' meeting in person, he or she shall, two days prior to the meeting date of the scheduled shareholders' meeting and in the same manner previously used in exercising his or her voting power, serve a separate declaration of intention to rescind his or her previous declaration of intention made in exercising the voting power under the preceding section. In the absence of a timely rescission of the previous declaration of intention, the voting power exercised in writing or by way of electronic transmission shall prevail. In case a shareholder has exercised his or her voting power in writing or by way of electronic transmission, and has also authorized a proxy to attend the shareholders' meeting in his or her behalf, then the voting power exercised by the authorized proxy for the said shareholder shall prevail.

Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act and the Company's Articles of Incorporation, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares. At the time of voting, the shareholders shall vote on the proposals one by one after the chairperson or its designee announces the total number of voting power of the present shareholders, and the shareholders’ consent, objection and waiver shall be entered into the Market Observation Post System on the same day after the shareholders’ meeting is convened.

When there is an amendment or an alternative to a proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Scrutineers and vote counting personnel for the voting on a proposal shall be appointed by the chairperson, provided that all scrutineers shall be shareholders of the Company.

The recording procedure of issues of shareholder meetings shall be processing publicly in shareholder meetings and the results including statistical weights shall be reported on the spot and shall be recorded into the minutes of the meeting.

Article 14 The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules of the Company, and the election results shall be announced on-site immediately, including the names of those elected as directors and the numbers of voting rights with which they were elected.

The ballots for the election under the preceding paragraph shall be sealed with the signatures of the scrutineers and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit based on Article 189 of the Company Act, the recordings shall be retained until the conclusion of the litigation.

Article 15 Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the company within twenty days after the close of the meeting. The preparation and distribution of the minutes of shareholders' meeting may be effected by means of electronic transmission.

The Company may distribute the meeting minutes as described in the preceding paragraph by entering the same to the Market Observation Post System for public announcement.

The minutes of shareholders’ meeting shall record the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. When a director is election, the number of votes casted to each candidate shall be disclosed. The meeting minutes shall be retained for as long as the Company is in existence.

Article 16 On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders' meeting.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

The chairperson may direct the inspectors or security personnel to help maintain order at the meeting place. The pickets or security personnel shall wear armbands with the word "Picket" when maintaining order.

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chairperson may stop the shareholder from so doing.

If the shareholder violates the rules of procedures and defies the chairperson's instruction, and obstructs the proceedings and refuses to stop, the chairperson may direct the pickets or security personnel to escort the shareholder out of the venue.

Article 18 When a meeting is in progress, the chairperson may announce a break based on time considerations. If a force majeure event occurs, the chairperson may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

Before the completion of agendas (including extraordinary motions) of the shareholders' meeting, if the meeting venue is not available for continued use, the shareholders' meeting may decide to seek a new venue to resume the meeting.

The shareholders' meeting may, in accordance with the provisions of Article 182 of the Company Act, decide to postpone or resume the assembly within five days.

Article 19 The Rules, along with any amendments hereto, shall be implemented after adoption by shareholders' meetings.

❖SDI Corporation Shareholdings of Directors:

Upon the date share transfer is stopped for this shareholders' meeting (April 1, 2023), the shareholding held by all directors:

Title	Name	Shares held as of the book closure date	
		Shares	Shareholding ratio
Chair of the Board	S.J. Chen	6,944,794	3.81%
Director	Jerome Chen	3,058,707	1.68%
Director	Weite Chen	6,196,614	3.40%
Director	Wilson Investment Co., Ltd. Representative: Wei-Shun Chen	1,805,000	0.99%
Director	Chieh-hsuan Chen	0	0.00%
Independent Director	Wen-i Chiang	0	0.00%
Independent Director	Tsung-ting Chung	0	0.00%
Independent Director	Kuo-tsao Tseng	0	0.00%
Independent Director	Wen-Cheng Cheng	0	0.00%

Note 1: The Company has more than 2 independent directors. According to Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the share ownership requirement shall be decreased to 80%.

Note 2: The statutory minimum number of shares held by all directors is 10,928,414. As of April 1, 2023, the number of shares held by all directors is 18,005,115.

Note 3: The Company has established an Audit Committee, and therefore the shareholding requirement prescribed by laws for supervisors is not applicable.