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Sitronix Annual Report 2021

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Name of overseas securities dealers and methods to inquire into overseas securities:

Not Applicable

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Directory of the Annual Report

Chapter 1	Letter to Shareholders	1
Chapter 2	Company Profile	3
Chapter 3	Corporate Governance Report	
	I. Organization	7
	II. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assistants and Heads of Departments and Branches	9
	III. Remuneration Paid during the Most Recent Fiscal Year to Directors, Supervisors, the General Manager, and Assistant General Managers	18
	IV. The State of the Company's Implementation of Corporate Governance	23
	V. Information on CPA Professional Fees	49
	VI. Information on Replacement of CPA	50
	VII. The State of the Company's Chairman, General Manager, or any Manager in Charge of Finance or Accounting Matters Has in the Most Recent Year Held a Position at the Accounting Firm of Its Certified Public Accountant or at an Affiliated Enterprise of Such Accounting Firm	51
	VIII. The Status of any Transfer of Equity Interests And/or Pledge of or Change in Equity Interests by a Director, Supervisor, Manager, or Shareholder With a Stake of More Than 10 Percent during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report	52
	IX. Information about the Domestic Relation Among the Shareholders Whose Shareholding Ratio is Within the Top Ten, Whether They are Related Persons or Their Spouses or Second Cousins	54
	X. The Number of Shares Held by the Company, Directors, Supervisors, Managers, and Entities Directly or Indirectly Controlled by the Company in the Same Investee Enterprise, and the Calculation of the Consolidated Shareholding Ratio of the above Categories	55
Chapter 4	Capital and Shares	
	I. Capital and Shares	56
	II. Issuance of Corporate Bonds	64
	III. Issuance of Preferred Stocks	64
	IV. Overseas Depositary Receipts	64
	V. Employee Stock Option Certificate	64
	VI. The Section on New Restricted Employee Shares	64
	VII. The Section on New Share Issuance in Connection with Mergers and Acquisitions	64
	VIII. The State of Implementation of The Company's Capital Allocation Plans	64
Chapter 5	Operations Overview	
	I. Business Activities	65
	II. Overview of Market and Production and Marketing	78
	III. Employees	85
	IV. Information on Environmental Protection Expenditure	85

V. Labor Relations	85
VI. Information Security Management	88
VII. Important Contracts	92
Chapter 6 Financial Conditions	
I. Condensed Balance Sheet and Comprehensive Income Statement of the Most Recent Five Fiscal Years	93
II. Financial Analysis of the Most Recent Five Fiscal Years	97
III. Audit Committee's Review Report for the Most Recent Annual Financial Report	100
IV. Consolidated Financial Statements of the Most Recent Year with Independent Auditors' Report and Notes	101
V. Parent Company Only Financial Statements of the Most Recent Year with Independent Auditors' Report and Notes	101
VI. If the Company or Its Affiliates have Experienced Financial Difficulties in the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report, the Annual Report Shall Explain how Said Difficulties will Affect the Company's Financial Situation	101
Chapter 7 Review, Analysis, and Risks of Financial Conditions and Performance	
I. Review and Analysis of Financial Conditions	102
II. Review and Analysis of Financial Performance	103
III. Review and Analysis of Cash Flow	104
IV. Impact of Any Major Capital Expenditures during the Most Recent Fiscal Year	104
V. Reinvestment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits/Losses Generated thereby, the Plan for Improving Re-Investment Profitability, and Investment Plans for the Coming Year	105
VI. Risk matters and Assessment	105
VII. Other Important Matters	108
Chapter 8 Special Notes	
I. Affiliates Information	109
II. Any Private Placement of Securities Carried out by the Company During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report	113
III. Holding or Disposal of Shares in the Company by The Company's Subsidiaries during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report	114
IV. Other Matters that Require Additional Description	116
V. Matters that Materially Affect Shareholders' Equity or the Price of the Company's Securities Specified in Article 36, Paragraph 3, Item 2 of Securities and Exchange Act, Occurred during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report	116

Chapter 1 Letter to Shareholders

Dear shareholders,

I Operating Performance in 2021

(I) Implementation results of the business plan

In 2021, the annual consolidated operating revenue of Sitronix totaled about NT\$22.2 billion, the consolidated operating gross profit was NT\$12.3 billion, the consolidated net profit after tax was NT\$7.07 billion, and the after-tax EPS was NT\$50.03 per share.

Despite the impact of the epidemic on the consumer market in the first half of 2020, the Company's revenue has regained momentum since the second half of the year and continued to grow in 2021, where the Company's revenue and gross profit have greatly increased with market demand exceeding supply. We also look forward to continuing to achieve peak performance with the continuous efforts of all our colleagues and the support of our shareholders in the future.

(II) Budget performance

Sitronix did not disclose the financial forecasting for the year 2021; thus it is unnecessary to disclose the budget performance.

(III) Profitability analysis

Year		2021 (Note 2)	2020 (Note 2)
Items Analyzed			
Return on Assets (%)		38.79%	17.65%
Return on Equity (%)		57.79%	27.24%
Ratio in Paid-in Capital (%)	Operating Profit	678.96%	198.36%
	Income before Tax	695.35%	210.06%
Net Profit Rate (%)		31.78%	15.67%
Net Profit Per Share (NT\$) (Note 1)		50.03	11.53

Note 1: Calculated by the weighted average number of shares outstanding in the current year.

Note 2: Consolidated financial information using IFRS.

(IV) The condition of research and development

As the feature phone display driver ICs (DDI) market leader, Sitronix is also committed to expanding the DDI categories of smartphones. In addition, the Company has continued to strengthen the development of non-mobile DDI products such as automobile and industrial DDIs, touch controllers, ambient light sensing chips, distance sensors, and MEMS sensors. The future growth can be well expected.

II Business Plan Summary for 2022

In 2022, Sitronix will persistently adhere to the strategy of product differentiation and diversification.

In terms of product diversification, the Company has been involved in various DDI markets such as feature phone, smart phone, Internet of Things (IoT), wearable device, automobile and industrial device, and also engaged in non-DDI products such as MCU, power management IC, distance sensor, optical sensor and MEMS sensor.

As for product differentiation, Sitronix continuously innovates and develops, such as launching zero capacitor and low-power consumption products, and upholds to the principle of research and development innovation, providing competitive and differentiated products for customers.

III Future Development Strategies of the Company

Looking forward to the future, in addition to continuously strengthening the R&D and sales capabilities and adhering to the strategy of developing product differentiation and diversification, the Company will also strive to improve the design to reduce costs and maintain a good gross margin. Furthermore, the Company will continue to strengthen the control and management of expenses and enhance profitability. In general, Sitronix will continue to maintain sustained and steady growth and share the fruitful operating results with our shareholders, customers, and employees. Thank you again for your long-term support and care.

IV Impacts of External Competition, Regulatory and Overall Business Environment

In order to strengthen the grasp of the external competition, regulatory and overall business environment, the Company attaches great importance to corporate governance and corporate social responsibility and implements environmental protection laws and regulations.

Thank you for the support and care, Sitronix will make greater efforts to achieve maximum success and share it with you all.

Wishing you good health and happiness!

Sitronix Technology Corp.

Chairman: Vincent Mao

Chapter 2 Company Profile

I Company Profile

(I) Date of Incorporation

The Company was established on July 9, 1992.

(II) Company History

1992	✦ Guanlin Technology was incorporated in Taipei with a capital of NT\$5 million.
1993	✦ Established a microcontroller software design team.
1994	✦ Made a cash capital increase of NT\$5 million.
1995	✦ Established a computer peripheral software design team.
1996	✦ Established a consumer electronics software R&D team.
1997	✦ Made a cash capital increase of NT\$10 million.
1998	✦ Made a cash capital increase of NT\$50 million.
	✦ Guanlin Technology officially changed its name to "Sitronix Technology" and reconstructed and transformed it into an IC design company.
	✦ Established a consumer IC design team and set up the System-on-Chip (SOC) Business Unit.
	✦ Gained the investment incentive of "Important Technology Enterprise" from the Industrial Development Bureau, Ministry of Economic Affairs.
1999	✦ Completely transformed into an IC design company.
	✦ Launched a SOC-based consumer IC product.
	✦ Established the Liquid Crystal Drive (LCD) Business Unit.
	✦ Made a cash capital increase of NT\$110 million.
2000	✦ Mr. Chen-Chang Hsu, the corporate representative of Wintek Corporation, served as the chairman of the Company.
	✦ Public offering approved by the Securities and Futures Commission, Ministry of Finance.
	✦ Launched electronic dictionary ICs and LCD Driver for OA.
2001	✦ Successfully developed the LCD Driver displaying Chinese fonts and LCD Driver for PDAs.
	✦ Gained the investment incentive of the "Important Emerging Strategic Industry" from the Industrial Development Bureau, Ministry of Economic Affairs.
2002	✦ The first LCD Driver for mobile phones was mass-produced and delivered.
	✦ Launched a new generation electronic dictionary platform.
	✦ Launched a HIFAS series of LCD drivers.
	✦ Made a cash capital increase of NT\$35 million.
	✦ Listing and transactions on the Emerging Market approved by Taipei Exchange (TPEX), under the stock code of R246.
2003	✦ Obtained the "Letter of Opinion on Successfully Developed Product/Technology with Market Potential by a Technology Enterprise" from Technology Enterprise Commission, Industrial Development Bureau.
	✦ Approved by the Ministry of Economic Affairs to invest and set up factories in mainland China.
	✦ Launched the LCD Driver for color mobile phones.
	✦ Officially listed on the Technology Sector of Taiwan Stock Exchange (TWSE) under the stock code of 8016 on December 25, 2003.
2004	✦ Indirectly invested in Sitronix Technology (Shenzhen) LLC to engage in the development, sales, and after-sales service of computer hardware and software products and provide related technical consulting services.
	✦ Successfully developed the TFT-LCD driver chips for mobile phones.
	✦ Successfully launched the high-end electronic dictionary chipset.
	✦ Started mass production and delivery of the CSTN Driver IC for mobile phones.

2005	✦ Reinvested in Sida Technology Corporation with a 55% shareholding.
	✦ Completed a new generation architecture platform for electronic dictionary.
	✦ Established the technology of hardware and software for music players.
	✦ Completed the research and development of the educational toy product line.
	✦ Completed the CSTN Driver for the HIFAS architecture.
	✦ Introduced TFT Mobile Driver for mass production.
	✦ Built the technical capability for the Large Panel Driver.
2006	✦ Reinvested in Sifa Technology Corporation with a 25% shareholding.
	✦ Passed the global quality certification SGS ISO-9001.
	✦ Completed the audio DSP software and hardware development.
	✦ Built the software and hardware platform for 32-bit CPUs.
	✦ Introduced the HIFAS Color STN Driver for mass production.
	✦ Built the technology for LCD Driver for automobiles.
	✦ Introduced the Mobile and Monitor TFT Driver for mass production.
	✦ Built the R&D technology for LCD TV Driver.
2007	✦ Named as one of the top 50 IC design houses in IC Insights' Strategic Reviews for the first time in 2007.
	✦ Made a cash capital increase of 3.5 million common shares by private placement and successfully introduced strategic partners.
	✦ Monthly sales broke through NT\$600 million for the first time.
	✦ Built an 8-bit and 32-bit digital photo frame system.
	✦ USB interface single chip for wafer reader was recognized by the international manufacturers and introduced for mass production.
	✦ Introduced the Green Driver MSTN/CSTN for mass production and built the R&D technology for Green Driver TFT.
	✦ Introduced the automobiles LCD Driver for mass production.
	✦ Completed the new technology of Crosstalk compensating circuit and introduced for mass production.
	✦ Introduced the Monitor TFT Driver for mass production.
	✦ Completed the verification of 8 bits Source Driver for LCD TV.
	✦ Completed the verification of 400 Channels Gate Driver for LCD monitors.
	✦ Completed the verification of 1200 Channels Source with 480/600 Channels Gate for AV monitor.
2008	✦ Built a multi-functional personal karaoke player.
	✦ Introduced the Palette Driver for mass production.
	✦ Researched and developed the E-Paper driver chip.
	✦ Introduced the LCD driver IC for CABC & Dot Inversion TFT mobile phones.
	✦ Started the mass production of 6 bits 642/720 Channels Source Driver/400 Channels Gate Driver for LCD monitors.
	✦ Completed the verification of 6 bits 960 Channels Source Driver/8 bits Source Driver for LCD monitors.
	✦ Started the mass production of 1200 Channels Source Driver and 600 Channels Gate Driver for low-price notebook panels and completed the verification of 480 Channels Gate Driver.
2009	✦ Started the mass production of products with small-size TFT LCD driver single-chip built-in capacitor technology.
	✦ Started the mass production of products with small-size TFT LCD driver single-chip built-in backlight power-saving technology.
	✦ Researched and developed the TFT LCD drive single-chip Green Driver technology for mobile phones.

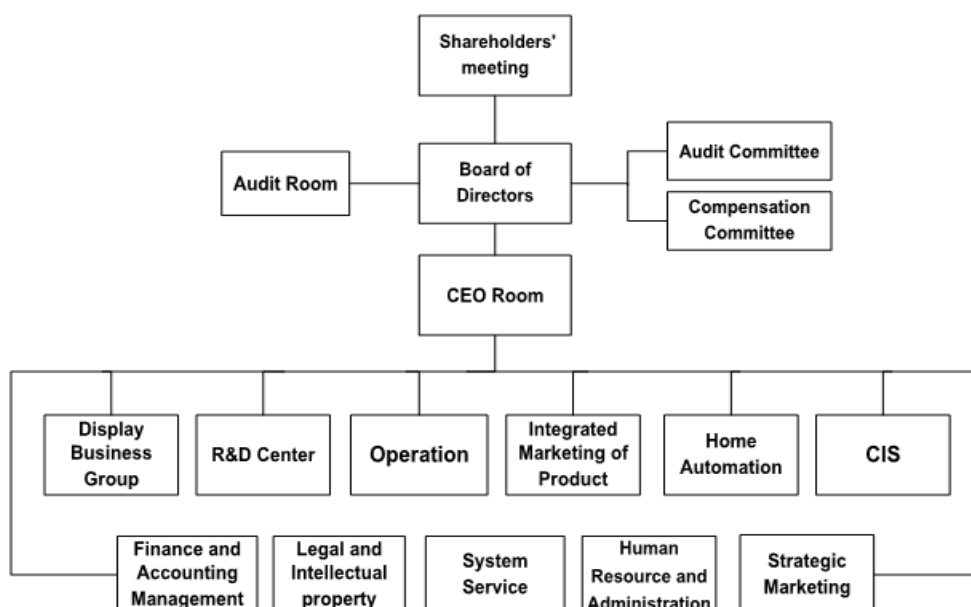
2009	✦ Started the mass production of mini-LVDS/RSDS 6 bits 960 channels COF source driver for LCD monitors.
	✦ Completed the verification of mini-LVDS 6 bits 1026 channels COF source driver for LCD monitors.
	✦ Completed the verification of mini-LVDS 768 channels COG source driver for notebook panels.
	✦ Started the mass production of 2 Channels protection ICs for game console power adapters.
	✦ Completed the verification of 4 Channels/3 Channels protection ICs for switching power supplies.
	✦ Started the mass production of source driver for 1200 Channels built-in Timing Controller for digital photo frame panels.
	✦ Multimedia e-cards.
2010	✦ A new generation of multi-functional control chips and processing platform.
	✦ Portable music singing solution.
	✦ Audio and sound control platform.
	✦ The program of 32-bit processor applied in the learning machine market.
	✦ A new generation of 32-bit processor chips.
	✦ The controller chips for Apple accessories products.
	✦ Expanded the driver chips built-in capacitor products for mobile phones.
	✦ Built the small-size, medium, and high-resolution drive chip technology without capacitor.
	✦ Researched and developed the small-size driver chips of integrated circuit for reducing memory unit.
	✦ Built the driver chip high-speed single-channel interface technology for mobile phones.
	✦ Started the mass production of mini-LVDS 768 channels COG source driver for notebook panels.
	✦ Completed the verification of the 960ch gate driver supporting Dual gate architecture for medium-size panels.
	✦ Completed the verification of source driver with 1200 channels built-in Timing Controller for automotive panels.
	✦ Started the mass production of mini-LVDS 6 bits 1026 channels COF source driver for LCD monitors.
	✦ Started the mass production of Source/Gate driver for industrial panels.
2011	✦ Expanded the TFT LCD single-chip driver built-in capacitor products for mobile phones.
	✦ Expanded the TFT LCD single-chip driver built-in capacitor products for mobile phones.
	✦ Built the TFT LCD medium and high-resolution drive single-chip technology without capacitor for mobile phones.
	✦ Built the driver single-chip high-speed single-channel interface technology for mobile phones.
	✦ Introduced the new STN Driver IC for customer testing and successfully introduced for mass production at the end of the year.
	✦ Completely developed the TN Driver COG IC and introduced it to the market for promotion.
	✦ Developed the medium-sized TFT 800*480 resolution 2 chip solution, high pin count gate driver, built-in timing generation circuit, driver IC supporting 1024*768 resolution, and arbitrary resolution timing generation circuit.
	✦ Developed the driver IC built-in timing generation circuits, real 8-bit driver chips, and temperature compensation circuits for automotive TFT panels.
	✦ Started the mass production of multi-finger touch solutions for tablet computers.
	✦ Passed the certification of Win7 10-finger touch Logo.
	✦ Built the Single-layer ITO touch sensing technology.
	✦ Started the mass production of a new generation of five-finger touch single chip for 2012 2013 smartphones.
	✦ Launched a multi-finger touch single chip designed specifically for tablet computers.
	✦ Completed the support of OGS (One Glass Solution) multi-finger touch technology.
	✦ Built the multi-touch technology that is resistant to high noise of power adapters.
2012	✦ Built the drive single-chip technology with small-size, TFT LCD, medium and high resolution, without capacitor.
	✦ Developed the driver chip with built-in timing generation circuits and power circuits.
	✦ Developed the control chip for 3D glasses.

	✦ Mono-STN Green Driver external power supply system.
	✦ Developed the 1024*600 resolution 2 Chip solution.
2013	✦ Built the TFT LCD driver IC with high-speed interface, high-speed SRAM, Line buffer technology for mobile phones.
	✦ HD720(800*1280) for LTPS LCD Driver.
	✦ Built the small-size drive single-chip technology with TFT LCD, medium and high resolution without capacitor for feature phones.
	✦ Developed the ES of PND 480x272 0C driver ICs.
	✦ Researched and developed the STN DRIVER NEW BOOST SYSTEM WITH ZERO CAPS.
2014	✦ 2/4 direction gesture control proximity sensor.
	✦ Small sensor hole proximity sensor.
	✦ 320*240 resolution STN display driver chip for industrial control instrument.
	✦ 480*272 resolution color TFT display driver chip for Smart Home product.
	✦ HVGA(480*320) Zero Cap a_Si TFT LCD driver IC.
	✦ HD720(1280*800) a_Si TFT LCD driver IC.
	✦ WVGA Burst Out DC/DC Convertor for Zero Cap Driver IC.
	✦ MIPI with 1.5G pbs Lane Speed.
	✦ Touch IP for TDDI (Touch + display driver) Integrated IC.
2015	✦ 320*240 STN with LVDS display driver chip for industrial control instrument.
	✦ 800*480 STN display driver chip for industrial control instrument.
	✦ 1.5 m/m small-sensor-hole proximity sensors.
	✦ 1920*720 1440-channel TFT display driver chip for automotive center stack/instrument cluster.
2016	✦ Announced to launch the HD720 Zero capacitor version.
	✦ Announced to launch the FHD Zero capacitor version.
2017	✦ Started the mass production of automotive touch controller.
	✦ Launched the upgraded version of the proximity sensor.
2018	✦ Launched the low-power consumption industrial control DDI products.
	✦ Launched the micro-gap distance sensor and under-screen distance sensor.
2019	✦ Launched the upgraded version of the distance and ambient light sensors.
	✦ Launched the advanced drive chip for industrial control displays.
	✦ Launched the drive chip for wearable display.
2020	✦ Launched the RGB + Flicker sensor for mobile phones and cameras.
2021	✦ High sensitivity slit-type light sensor.
	✦ HD TFT integrated display driver and capacitive touch control chip
	✦ TFT display driver chip with QSPI interface for wearable devices.
	✦ MCU-based generator voltage regulator control chip for automobiles.
	✦ Capacitive touch control chip for advanced wearable devices.
	✦ Display driver chip for smart meters.
	✦ Executed the division of the Company's Vehicle Business Division to Forcelead Technology Corp.

Chapter 3 Corporate Governance Report

I Organization

(I) Chart of Organization Structure (December 31, 2021)



(II) The Business of Each Major Department

CEO Room and Auditing Room	<ol style="list-style-type: none"> 1. Establish the Company's operating policies, major strategies and formulate operational objectives. Planning and implementation of strategic investment cooperation. 2. Implement and manage internal audits and improve the performance of management.
Finance and Accounting Management	<ol style="list-style-type: none"> 1. Comprehensively allocate financial funds, establish and maintain the relevant accounting business. 2. Handle related affairs of the shareholders' meeting and shareholder services.
Legal and Intellectual Property	Manage the legal affairs and intellectual property rights related affairs.
System Service	Responsible for the automation of the Company's operating system and the delivery management of electronic messages.
Human Resources and Administration	<ol style="list-style-type: none"> 1. Implement the planning and development of the human resource, employee training, and reward and welfare services of employee. 2. Comprehensively handle the general affairs, procurement, insurance, occupational safety and health, and property management.
Strategic Marketing	<ol style="list-style-type: none"> 1. Application technology survey, feasibility evaluation and implementation of strategy. 2. Survey, feasibility evaluation and implementation of technical team investment. 3. Evaluation and promotion of the research institution cooperation project. 4. Management of investment corporation and media relations

Integrated Marketing of Product	<ol style="list-style-type: none"> 1. Promotion of new product market. 2. Strategic research and analysis of product market. 3. Cross-industry analysis and planning research. 4. Strategic research of product integrating promotion.
Home Automation	Design and produce intelligent switch, intelligent socket, home automation related products.
Operation	<ol style="list-style-type: none"> 1. Responsible for product sales and service, domestic and international market development and marketing plan. 2. Responsible for analysis and management of customer claims, development of application software of related products and functional verification. 3. Management of the delivery reply, delivery reminder and customer service. 4. Planning and execution of product development engineering activities. 5. Planning and implementing mass production and product delivery. 6. Monitoring and improving product and supplier quality. 7. Planning and implementing product cost improvement.
Display Business Group	<ol style="list-style-type: none"> 1. Responsible for specification planning, product development, market information collection, production and customer support for the display driver product. 2. Responsible for specification planning, product development, market information collection, production and customer support for products of touch control technology. 3. development of application software of related products and functional verification. 4. Development and maintenance of the product system verification tools and methods. 5. Drawing IC layout graphics and its data archive and backup. 6. Development and maintenance of core tools of various circuit architectures, software and hardware related to the preceding task.
R&D Center	<ol style="list-style-type: none"> 1. Responsible for specification planning, product development, market information collection, production and customer support for products of automotive electronics technology. 2. development of application software of related products and functional verification. 3. Development and maintenance of the product system verification tools and methods. 4. Drawing IC layout graphics and its data archive and backup. 5. Development and maintenance of core tools of various circuit architectures, software and hardware related to the preceding task.
CIS	<ol style="list-style-type: none"> 1. Responsible for specification planning, product development, market information collection, marketing, production and customer support for the CIS product. 2. Promotion of platform related application software to customers and the development and maintenance of hardware. 3. Development of application software and functions of FPGA verification related platforms. 4. Perform ISP tuning and image optimization according to the needs of platform manufacturers and end customers.

II. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assistants and Heads of Departments and Branches

(I) Information of directors

April 25, 2022; Unit: share, %

Title	Nationality or Place of Registration	Name	Gender Age	Selected (Entered Office) Date	Tenure	Date First Elected	Shareholding at the Time of Appointment		Current shareholding		Shareholding by Spouse and Minor Children		Shareholding through Nominees		Major Education and Work Experience	Position(s) Held Concurrently in the Company and/or in Any Other Company	Other Managers, Directors and Supervisors Roles Held by Spouse or Second-degree Relations			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Chairman	R.O.C.	Vincent Mao	Male 61-70	7/27/2021	3 years	7/9/1992	1,771,699	1.47%	1,771,699	1.47%	81,243	0.07%	-	-	EMBA, National Taiwan University Institute of Microelectronics, Cheng Kung University General Manager, Sitronix Technology Corp. Market Planning, United Microelectronics Corp.	Chairman & CEO, Sitronix Technology Corp. Chairman, Sitronix Holding International Limited. Director, mCore Technology Corp. Director, Sensortek Technology Corp. Chairman & CEO, Forcelead Technology Corp. Director, INFOSitronix Technology Corp. Chairman, Sitronix Investment Corp. Director, Sync-Tech System Corp. Director, Silicon Power Computer & Communications Inc. Independent Director, Compal Broadband Networks Inc. Director, ezGlobal Corp.	-	-	-	(Note 2)
Director	R.O.C.	Wen-Bin Lin	Male 61-70	7/27/2021	3 years	1/5/1999	2,200,000	1.83%	2,200,000	1.83%	1,100,000	0.92%	-	-	Electronics, Taipei Tech	None	-	-	-	-
Director	R.O.C.	I-Hsi Cheng (Note 1)	Male 51-60	7/27/2021	3 years	1/5/1999	411,052	0.34%	411,052	0.34%	189,617	0.16%	-	-	Department of Electronics Engineering, NCTU Deputy Manager, Design Department, Novatek Microelectronics Corp.	CRO, Sitronix Technology Corp. Chairman, mCore Technology Corp.	-	-	-	-
Director	R.O.C.	Silicon Power Computer & Communications Inc.	-	7/27/2021	3 years	6/11/2014	3,150,000	2.62%	3,150,000	2.62%	-	-	-	-	-	-	-	-	-	-
	R.O.C.	Representative: Hui-Min Chen	Male 51-60	7/27/2021	3 years	6/11/2014	-	-	20	0.00%	20	0.00%	-	-	MBA, University of Central Oklahoma (U.S.) Assistant General Manager, Sales Division, Transcend Information, Inc.	Chairman & CEO, Silicon Power Computer & Communications Inc. Chairman, Silicon Power Computer & Communications Netherlands B.V Director, Wang Xin Investment Corp. Director, Silicon Power Investment Co., Ltd. Supervisor, Silicon Power Japan Co., Ltd.	-	-	-	-

Note 1: Director I-Hsi Cheng holds 1,200,000 shares of trust shares reserved with the right to decide utilization.

Note 2: Where the Chairman of the Board of Directors and the General Manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.

At present, the Chairman of the Board of Directors concurrently holds the post of CEO, which is reasonable and necessary to improve the decision-making efficiency of the operation and improve the performance of operation to create higher value for the Company. The Company has added one independent director in 2021 to strengthen the supervisory function of the Board.

Title	Nationality or Place of Registration	Name	Gender Age	Selected (Entered Office) Date	Tenure	Date First Elected	Shareholding at the Time of Appointment		Current shareholding		Shareholding by Spouse and Minor Children		Shareholding through Nominees		Major Education and Work Experience	Position(s) Held Concurrently in the Company and/or in Any Other Company	Other Managers, Directors and Supervisors Roles Held by Spouse or Second-degree Relations			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Director	R.O.C.	Sheng-Su Lee (Note 3)	Male 61~70	7/27/2021	3 years	6/22/2015	259,821	0.22%	259,821	0.22%	-	-	-	-	Graduate Institute of Electrical Engineering, National Taiwan University General Manager, Corporation.	Deputy Chairman & Deputy CEO, Silicon Power Computer & Communications Inc. Chairman & CEO, Sensortek Technology Corp. Director, Silicon Power Investment Co., Ltd.	-	-	-	-
Independent Director	R.O.C.	Cheng-Chieh Dai	Male 61~70	7/27/2021	3 years	6/10/2010	1,019	0.00%	18,688	0.02%	-	-	-	-	Institute of Electrical Engineering, State University of New York at Stony Brook Assistant General Manager, Accusys, Inc. Business Manager, Elitegroup Computer Systems Inc.	General Manager, Accuvision Technology Inc. Director, Accuvision Technology Inc. Independent Director, NEXCOM International Co., Ltd. Director, STL Technology Ltd. Director, Cheng Yu Investment Co., Ltd.	-	-	-	-
Independent Director	R.O.C.	Yu-Nu Lin	Female 51~60	7/27/2021	3 years	6/27/2018	-	-	-	-	-	-	-	-	EMBA, Taiwan University Department of Accounting, Chengchi University Taiwan Securities Co., Ltd. Sales Deputy Manager KPMG Taiwan Intermediate auditor Passing the Accounting Entrance Exam	Financial Assistant General Manager, Chin-Poon Industrial Co., Ltd.	-	-	-	-
Independent Director	R.O.C.	Jui-Hsiang Lo	Male 61~70	7/27/2021	3 years	7/27/2021	-	-	10,000	0.01%	4,000	0.00%	-	-	MBA, National Chengchi University Department of Communications Engineering, National Chiao Tung University; Manager, Consumer Communications Products Department, United Microelectronics Corporation	Chairman, IC PLUS Corp. Director, Dadi Kid Education Co., Ltd. Independent Director & remuneration committee member, Silicon Integrated Systems Director, Cloudberry Consultant Corp.	-	-	-	-
Independent Director	R.O.C.	Ching-Jung Hsu	Male 71~80	7/27/2021	3 years	7/27/2021	-	-	-	-	460	0.00%	-	-	Accounting and Statistics Department of Aletheia University	General Manager, Shin Hwa Clock Industry Co., Ltd.	-	-	-	-

Note 3: Director Sheng-Su Lee holds 591,874 shares of trust shares reserved with the right to decide utilization.

(II) Major shareholders of the institutional shareholders

Name of Institutional	Top 10 Institutional Shareholders	Shareholding Ratio (%)
Silicon Power Computer & Communications Inc.	Sitronix Technology Corp.	6.61%
	Chin-Cheng Huang	5.92%
	Wang Xin Investment Corp.	5.90%
	Guang-sheng Investment LTD.	3.80%
	Pei-Jung Yuan	1.51%
	Trust Property Account Entrusted by Hui-Min Chen in Mega International Commercial Bank	1.50%
	Shao-Li Huang	1.28%
	Hui-Min Chen	1.15%
	H&Z TECHNOLOGY LIMITED	1.14%
	Trust Property Account Entrusted in Mega International Commercial Bank by Pei-Jung	0.96%

Note: The shareholding information of Silicon Power Computer & Communications Inc. as of April 26 2022.

(III) Where major shareholder is legal person and its major shareholders:

Name of Institutional Shareholders	Top 10 Institutional Shareholders	Shareholding Ratio(%)
Sitronix Technology Corp.	Please refer to the information on top ten shareholders in the Company's annual report	—
Wang Xin Investment Corp.	Hui-Min Chen	99.7%
	Sin-Sin Yang	0.3%
Guang-sheng Investment LTD.	Li-Li Su	12%
	Sheng-Su Lee	12%
	Jui-Huan Lee	76%
H&Z TECHNOLOGY LIMITED	Shu-Nuan Hou	15%
	Hsi Pin Lee	15%
	Shao-Hui Lee	35%
	Jou-Wei Lee	35%

(IV) Disclosure of information on the professional qualifications of the directors and supervisors and the independence of the independent directors

Condition Name	Professional Qualifications & Experience (Note 1)	Meets the Independence (Note 2)	Hold concurrent post of Independent Director of other publicly owned corporations
Chairman Vincent Mao	<ol style="list-style-type: none"> 1. Acquired work experience in business, technology, practice of industry knowledge, and operational decision making. 2. Chairman and CEO (for consecutive terms), Sitronix Technology Corp.; Chairman, Sitronix Holding International Limited; Director, mCore Technology Corp; Director, Sensortek Technology Corp.; Chairman & CEO, Forcelead Technology Corp.; Director, INFSitronix Technology Corp.; Chairman, Sitronix Investment Corp.; Director, Sync-Tech System Corp.; Director, Silicon Power Computer & Communications Inc.; Independent Director, Compal Broadband Networks Inc.; Director, ezGlobal Corp. 3. Not subject to any of the matters under Article 30 of the Company Act. 	Not applicable	1
Director Wen-Bin Lin	<ol style="list-style-type: none"> 1. Has the work experience required in the business sector and that requires operational judgement. 2. Director of Gu Ming Investment Corp. for consecutive terms 3. Not subject to any of the matters under Article 30 of the Company Act. 	Not applicable	0
Director I-Hsi Cheng	<ol style="list-style-type: none"> 1. Acquired work experience in business, technology, practice of industry knowledge, and operational decision making. 2. CRO (for consecutive terms), Sitronix Technology Corp.; Chairman, mCore Technology Corp. 3. Not subject to any of the matters under Article 30 of the Company Act. 	Not applicable	0
Director Silicon Power Computer & Communications Inc. Representative : Hui-Min Chen	<ol style="list-style-type: none"> 1. Acquired work experience in business, technology, and operational decision making. 2. Chairman and CEO (for consecutive terms), Silicon Power Computer & Communications Inc.; Chairman, Silicon Power Computer & Communications Netherlands B.V; Chairman, Silicon Power Computer & Communications USA Inc.; Director, Wang Xin Investment Corp.; Director, Silicon Power Investment Co., Ltd.; Supervisor, Silicon Power Japan Co., Ltd. 3. Not subject to any of the matters under Article 30 of the Company Act. 	Not applicable	0

Condition Name	Professional Qualifications & Experience (Note 1)	Meets the Independence (Note 2)	Hold concurrent post of Independent Director of other publicly owned corporations
Director Sheng-Su Lee	<ol style="list-style-type: none"> 1. Acquired work experience in business, technology, practice of industry knowledge, and operational decision making. 2. Deputy Chairman and Deputy CEO (for consecutive terms), Silicon Power Computer & Communications Inc.; Chairman & CEO, Sensortek Technology Corp.; Director, Silicon Power Investment Co., Ltd. 3. Not subject to any of the matters under Article 30 of the Company Act. 	Not applicable	0
Independent Director Cheng-Chieh Dai	<ol style="list-style-type: none"> 1. Acquired work experience in business, technology, and operational decision making. 2. General Manager (for consecutive terms), Accuvision Technology Inc.; Director, Accuvision Technology Inc.; Independent Director, NEXCOM International Co., Ltd.; Director, STL Technology Ltd.; Director, Cheng Yu Investment Co., Ltd. 3. Not subject to any of the matters under Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Neither the principal, his/her spouse or his/her relative within the second degree of kinship is a director, supervisor or an employee of the Company or any of its affiliates. 2. A total of 18,688 shares of the Company were held by the principal, his/her spouse and relatives within the second degree of kinship (or in the name of others). 3. Not serving as a director, supervisor or an employee of a company with a specific relationship with the Company. 4. No business, legal, finance, or accounting services were provided to the Company or its affiliates in the past two years. 	1
Independent Director Yu-Nu Lin	<ol style="list-style-type: none"> 1. Acquired work experience in accounting and operational decision making and passed the national exam required by certified accountant and obtained certification of the professionals and technologists examination. 2. Assistant Business Manager (for consecutive terms), Taiwan Securities Co., Ltd.; Financial Assistant General Manager, Chin-Poon Industrial Co., Ltd. 3. Not subject to any of the matters under Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Neither the principal, his/her spouse or his/her relative within the second degree of kinship is a director, supervisor or an employee of the Company or any of its affiliates. 2. No shares of the Company were held by the principal, his/her spouse and relatives within the second degree of kinship (or in the name of others). 3. Not serving as a director, supervisor or an employee of a company with a specific relationship with the Company. 4. No business, legal, finance, or accounting services were provided to the Company or its affiliates in the past two years. 	0

Condition Name	Professional Qualifications & Experience (Note 1)	Meets the Independence (Note 2)	Hold concurrent post of Independent Director of other publicly owned corporations
Independent Director Jui-Hsiang Lo	<ol style="list-style-type: none"> 1. Acquired work experience in business, technology, and operational decision making. 2. Chairman (for consecutive terms), IC PLUS Corp.; Director, Dadi Early-Childhood Education Group Ltd.; Independent Director and Remuneration Committee Member, Silicon Integrated Systems Corp.; Director, Cloudberry Consultant Corp. 3. Not subject to any of the matters under Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Neither the principal, his/her spouse or his/her relative within the second degree of kinship is a director, supervisor or an employee of the Company or any of its affiliates. 2. A total of 14,000 shares of the Company were held by the principal, his/her spouse and relatives within the second degree of kinship (or in the name of others). 3. Not serving as a director, supervisor or an employee of a company with a specific relationship with the Company. 4. No business, legal, finance, or accounting services were provided to the Company or its affiliates in the past two years. 	1
Independent Director Ching-Jung Hsu	<ol style="list-style-type: none"> 1. Acquired work experience in business, technology, and operational decision making. 2. General Manager (for consecutive terms), Shin Hwa Clock Industry Co., Ltd. 3. Not subject to any of the matters under Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Neither the principal, his/her spouse or his/her relative within the second degree of kinship is a director, supervisor or an employee of the Company or any of its affiliates. 2. A total of 460 shares of the Company were held by the principal, his/her spouse and relatives within the second degree of kinship (or in the name of others). 3. Not serving as a director, supervisor or an employee of a company with a specific relationship with the Company. 4. No business, legal, finance, or accounting services were provided to the Company or its affiliates in the past two years. 	0

Note 1: Professional qualifications and experience: Description shall be provided on the professional qualifications and experience of individual directors and supervisors. For those who are members of the Audit Committee and have accounting or financial expertise, their accounting or financial background and working experience shall be described. Any non-compliance with the provisions of Article 30 of the Company Act shall be made explicit.

Note 2: An independent director's status of meeting independence shall be made explicit, including but not limited to whether the person, his/her spouse or a relative within the second degree of kinship is a director, supervisor, or an employee of the Company or its affiliates; Number and ratio of shares of the Company held by the person, his/her spouse and relatives within the second degree of kinship (or in the name of others); whether the

person is a director, supervisor, or an employee of a company that has a specific relationship with the Company (with reference to the stipulations set out in paragraphs 5 to 8 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); the remuneration received upon provision of commercial, legal, financial, or accounting services to the Company and its affiliates in the past two years.

(V) Board Diversity and Independence

- (1) Board Diversity: Description of the Board's diversity policy, objectives and achievements. The diversity policy refers to, but is not limited to, the selection criteria of the Directors, the professional qualifications and experience required of the Board of Directors (hereinafter "the Board"), and the composition or ratio of the Board in terms of gender, age, nationality, and cultural background. Descriptions are provided on the Company's specific objectives and the status of its achievements in accordance with the aforementioned policy.

The Company's Board shall guide the corporate strategy, supervise the management, and be accountable to the Company and the shareholders. The corporate governance system shall operate and be arranged in a way that ensures the Board exercises its powers in accordance with the laws and regulations, the Articles of Association, and the resolutions of the shareholders' meetings.

The specific management objectives of the Board's diversity policy are as follows:

1. The Company's Board respects gender equality, where it ensures there is at least one female director on the Board.
2. The Company's Board prioritizes operational decision making, operation management, and crisis management capabilities, where it ensures at least 2/3 of the members of the Board possess relevant core abilities.
3. For the purpose of supervision, the number of members of the Board who are employees of the Company, its parent, subsidiary, or brother companies shall be less than (including) 1/3 of the number of directors.
4. For the purpose of supervision, the number of independent directors shall represent more than 1/3 of the Board's seats.

Board diversity achievements are as follows:

There are 9 Directors of Sitronix this year, with 4 Independent Directors, accounting for 44%. 3 Directors are aged between 51 to 60, 5 Directors are aged between 61 to 70, and 1 Director is aged between 71 to 80.

Among the Independent Directors, there is one female with professional qualification of accountant and is proficient at financial accounting, The 3 other Independent

Directors have accumulated the work experience of being a chairman and/or a general manager in the technology sector. They are all proficient at business, technology, and operational decision making and can contribute their expertise to the improvement of corporate governance and planning of future business strategies of the Company.

Among the non-independent directors, there are 3 Directors with employee status, accounting for 33% of the total number of Directors. All 3 Directors are proficient at business, technology, industry knowledge, and operational decision making. 1 Director is a legal person director of the information electronics industry, who is able to provide different industry experience insights and advices while being equipped with the work experience in business, technology, and operational decision making; 1 Director has extensive industry knowledge and expertise in finance; all Directors are able to adopt an international perspective to implement the action plans of board diversity.

- (2) Independence of the Board: Description shall be provided on the number and ratio of independent directors and the status of independence of the Board. Explanations shall be provided with reasons on the Board's compliance with paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act, including the existence of spousal relationship and second-degree family kinship among or between directors and supervisors. There are 9 Directors of Sitronix this year, with 4 Independent Directors, accounting for 44%. The Board is independent. There is only one legal person Director, and the rest are natural person Directors; None of the Directors has any relationship with each other as stipulated in paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act, or spousal relationship or second degree family kinship.

(VI) President, Vice Presidents, Associate Managers, and Supervisors of All the Company's Divisions and Branch Units

April 25, 2022; Unit: share, %

Title	Nationality	Name	Gender	Selected (Entered Office) Date	Shareholding		Shareholding by Spouse and Minor Children		Shareholding through Nominees		Major Education and Work Experience	Titles Currently hold concurrent posts in other companies	Managers Held by Spouse or Second-degree Relations			Remarks
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Chairman & CEO	R.O.C.	Vincent Mao	Male	4/28/2003	1,771,699	1.47%	81,243	0.07%	-	-	EMBA, National Taiwan University Institute of Microelectronics, Cheng Kung University General Manager, Corporation. Market Planning, United Microelectronics Corp.	Chairman, Sitronix Holding International Limited. Director, mCore Technology Corp. Director, Sensortek Technology Corp. Chairman & CEO, Forcelead Technology Corp. Director, INFOSitronix Technology Corp. Chairman, Sitronix Investment Corp. Director, Sync-Tech System Corp. Director, Silicon Power Computer & Communications Inc. Independent Director, Compal BroadbandNetworks Inc. Director, ezGlobal Corp.	None	None	None	(Note 3)
General Manager	R.O.C.	Wei Wang	Male	3/13/2013	65,719	0.05%	-	-	-	-	Department of Electronic, Chung Yuan Christian University Market Division Deputy General Manager, Holtek Semiconductor Inc.	None	None	None	None	None
CRO	R.O.C.	I-Hsi Cheng (Note 1)	Male	4/1/2004	411,052	0.34%	189,617	0.16%	-	-	Department of Electronics Engineering, NCTU United Microelectronics Corp. Deputy Manager, Design Department, Novatek Microelectronics Corp.	Chairman, mCore Technology Corp.	None	None	None	None
CRO	R.O.C.	Chun-Sheng Lin (Note 2)	Male	2/1/2005	787	0.00%	26,313	0.02%	-	-	Department of Electronics, Feng Chia University Executive Manager, R&D Division, EPSON	Director, INFOSitronix Technology Corp. Director, Forcelead Technology Corp.	None	None	None	None
Chief Operating Officer	R.O.C.	Meng-Huang Liu	Male	3/13/2013	1,005	0.00%	-	-	-	-	Ph. D., Institute of Microelectronics, Cheng Kung University Senior Deputy Assistant General Manager, Analog Design Division, Sentelic Corporation Deputy Manager, Macronix International Co., Ltd	Director, Sync-Tech System Corp.	None	None	None	None
Supervisor of Financial Division	R.O.C.	Shu-Fang Hsu	Female	7/1/2014	49,430	0.04%	-	-	-	-	Department of Accounting, Soochow University	Director, Sitronix Investment Corp. Supervisor, Sync-Tech System Corp. Supervisor, INFOSitronix Technology Corp. Supervisor, mCore Technology Corp. Supervisor, Forcelead Technology Corp.	None	None	None	None
Supervisor of Accounting Division	R.O.C.	Shu-Fang Hsu	Female	10/26/2011	49,430	0.04%	-	-	-	-	Department of Accounting, Soochow University	Director, Sitronix Investment Corp. Supervisor, Sync-Tech System Corp. Supervisor, INFOSitronix Technology Corp. Supervisor, mCore Technology Corp. Supervisor, Forcelead Technology Corp.	None	None	None	None

Note 1: CRO I-Hsi Cheng holds 1,200,000 shares of trust shares reserved with the right to decide utilization.

Note 2: CRO Chun-Sheng Lin holds 200,000 shares of trust shares reserved with the right to decide utilization.

Note 3: Where the Chairperson of the Board of Directors and the General Manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto:

At present, the Chairman of the Board of Directors concurrently holds the post of CEO, which is reasonable and necessary to improve the decision-making efficiency of the operation and improve the performance of operation to create higher value for the Company. The Company has added one independent director in 2021 to strengthen the supervisory function of the Board.

III. Remuneration Paid during the Most Recent Fiscal Year to Directors, Supervisors, the General Manager, and Assistant General Managers

1. Remuneration of general Directors and Independent Directors

December 31, 2021; Unit: NT\$ thousand

Title	Name	Remuneration of Directors								Ratio of Total Remuneration of A, B, C and D in Net Income After Tax		Compensations Paid to Concurrent Employees								Ratio of Total Remuneration of A, B, C, D, E, F and G in Net Income After Tax(%)		Remuneration from an Invested Company Other than The Company's Subsidiary or from the Parent Company
		Base Compensation (A)		Retirement Pension (B)		Remuneration to Directors (Note 1)		Business Execution Expenses (D) (Note 2)				Salary, Bonus and Allowances (E)		Retirement Pension (F)		Employee's Remuneration (G) (Note 1)						
		The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidate d Financial Statements	The Company	All Companies in the Consolidate d Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidate d Financial Statements	The Company	All Companies in the Consolidate d Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company		All Companies in the Consolidated Financial Statements		The Company	All Companies in the Consolidated Financial Statements	
																Cash	Stock amount	Cash Amount	Stock Amount			
Chairman & CEO	Vincent Mao	-	-	-	-	85,363	85,363	48	48	85,411	85,411	10,512	21,659	207	207	10,357	-	14,849	11,394	106,487	133,520	None
Director	Wen-Bin Lin																					
Director & CRO	I-Hsi Cheng																					
Director	Silicon Power Computer & Communications Inc. Company Representative: Hui-Min Chen																					
Director	Sheng-Su Lee																					
Director	Yan-Chiang Fan (Note 3)																					
Independent Director	Cheng-Chieh Dai	-	-	-	-	10,800	10,800	570	570	11,370	11,370	-	-	-	-	-	-	-	11,370	11,370	None	
Independent Director	Yu-Nu Lin																					
Independent Director	Ching-Jung Hsu (Note 4)																					
Independent Director	Jui-Hsiang Lo (Note 4)																					
<div>1. Please state the policies, systems, standards, and structure for the remuneration of the Independent Directors, and state the correlation to the remuneration according to the responsibilities, risks time commitment and other factors: The Independent Directors of the Company is also members of the Remuneration Committee and Audit Committee, and is responsible for independent supervision of the corporate governance, and is liable for presumed fault. The Independent Directors of the Company shall receive a fixed remuneration from the Remuneration Committee on a monthly basis. And If the Company has gained profits within a fiscal year, less than 3% of the profits shall be reserved as the Director's remuneration in accordance with the current Articles of Incorporation. The annual remuneration for each Independent Director of the Company accounts for 3-5% of the remuneration for Directors approximately. In addition to attending the Remuneration Committee, the Audit Committee and the Board of Directors in person each year, the Independent Director shall also understand the operating conditions of the Company and master the trends of the industry so as to make a correct assessment and judgment and achieve the objectives of supervision and review.</div> <div>2. Unless disclosed in the above table, the remuneration received in the most recent year by the Directors for providing services (e.g. serving as a non-employee consultant) to the companies listed in the consolidated financial report: NTS 0 thousands.</div>																						

Note 1: The remuneration of Directors and employees in this table was approved by the Board of Directors in March 2022, and the proposed allocation was calculated according to the proportion of the actual amount allocated in the previous year and the term of office.

Note 2: Hui-Min Chen is an Institutional Director - Representative of Silicon Power Computer & Communications Inc. The business execution expenses was paid to the individual, and the surplus was distributed as remuneration to the Institutional Director. The business execution fees received by the Independent Directors refers to the remuneration received from the Remuneration Committee.

Note 3: Yan-Chiang Fan was dismissed in full on 27 July 2021.

Note 4: Ching-Jung Hsu and Jui-Hsiang Lo were re-elected on 27 July 2021.

Ranges of Remuneration Paid to Each Director of the Company	Name of Director			
	Total Remuneration for the First Four Items (A+B+C+D)		Total Remuneration for the First Seven Items (A+B+C+D+E+F+G)	
	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements
Less than 1,000,000	Corporate representative of Silicon Power Computer & Communications Inc.: Hui-Min Chen	Corporate representative of Silicon Power Computer & Communications Inc.: Hui-Min Chen	Corporate representative of Silicon Power Computer & Communications Inc.: Hui-Min Chen	Corporate representative of Silicon Power Computer & Communications Inc.: Hui-Min Chen
1,000,000 (inclusive) ~ 2,000,000 (exclusive)	Ching-Jung Hsu, Jui-Hsiang Lo	Ching-Jung Hsu, Jui-Hsiang Lo	Ching-Jung Hsu, Jui-Hsiang Lo	Ching-Jung Hsu, Jui-Hsiang Lo
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	-	-	-	-
3,500,000 (inclusive) ~ 5,000,000 (exclusive)	Cheng-Chieh Dai, Yu-Nu Lin	Cheng-Chieh Dai, Yu-Nu Lin	Cheng-Chieh Dai, Yu-Nu Lin	Cheng-Chieh Dai, Yu-Nu Lin
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	Yan-Chiang Fan	Yan-Chiang Fan	Yan-Chiang Fan	Yan-Chiang Fan
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	Wen-Bin Lin, I-Hsi Cheng, Silicon Power Computer & Communications Inc., Sheng-Su Lee	Wen-Bin Lin, I-Hsi Cheng, Silicon Power Computer & Communications Inc., Sheng-Su Lee	Wen-Bin Lin, Silicon Power Computer & Communications Inc., Sheng-Su Lee	Wen-Bin Lin, Silicon Power Computer & Communications Inc.
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	Vincent Mao	Vincent Mao	I-Hsi Cheng	I-Hsi Cheng, Sheng-Su Lee
30,000,000 (inclusive) ~ 50,000,000 (exclusive)	—	—	Vincent Mao	Vincent Mao
50,000,000 (inclusive) ~ 100,000,000 (exclusive)	—	—	—	—
More than 100,000,000	—	—	—	—
Total	11	11	11	11

2. Remuneration for Supervisors: The Company has set up an Audit Committee, thus it is not applicable.

3. Remuneration of General Manager and Deputy General Manager

December 31, 2021; Unit: NT\$ thousand

Title	Name	Pay (A)		Retirement Pension (B) (Note 1)		Bonuses and Allowances (C)		Employees' Remuneration (D) (Note 2)				Ratio of Total Remuneration of A, B, C and D in Net Income After Tax(%)		Remuneration from an Invested Company Other than The Company's Subsidiary or from the Parent Company
								The Company		All Companies in the Consolidated Financial Statements				
		The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	Cash	Stock amount	Cash	Stock amount	The Company	All Companies in the Consolidated Financial Statements	
Chairman & CEO	Vincent Mao	13,673	13,673	757	757	18,495	24,393	23,334	-	24,364	19,421	56,259 0.94%	82,608 1.38%	None
General Manager	Wei Wang													
CRO	I-Hsi Cheng													
CRO	Chun- Sheng Lin													
Assistant General Manager	Meng- Huang Liu													
Finance/Accounting Supervisor	Shu-Fang Hsu													

Ranges of Remuneration paid to General Manager and Assistant General Managers of the Company	Name of General Manager and Assistant General Manager	
	The Company	All Companies in the Consolidated Financial Statements
Less than 1,000,000	-	-
1,000,000 (inclusive) ~ 2,000,000 (exclusive)	-	-
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	-	-
3,500,000 (inclusive) ~ 5,000,000 (exclusive)	-	-
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	-	-
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	Wei Wang, Chun-Sheng Lin I-Hsi Cheng, Meng-Huang Liu, Vincent Mao	Wei Wang, Chun-Sheng Lin I-Hsi Cheng, Meng-Huang Liu
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	-	Vincent Mao
30,000,000 (inclusive) ~ 50,000,000 (exclusive)	-	-
50,000,000 (inclusive) ~ 100,000,000 (exclusive)	-	-
More than 100,000,000	-	-
Total	5	5

Note 1: The retirement pensions in this table was set aside by the expensed of the 2021 fiscal year.

Note 2: The remuneration of employees in this table was approved by the Board of Directors in March 2022, and the proposed distribution was calculated according to the proportion of the actual amount distributed in the previous year.

4. Names of Managers and the Allocation of Employee's Remuneration:

December 31, 2021; Unit: NT\$ thousand

Title		Name	Stock amount	Cash	Total	Ratio of total amount to net income after tax (%)
Manager	Chairman & CEO	Vincent Mao	-	23,334	23,334	0.39%
	General Manager	Wei Wang				
	CRO	I-Hsi Cheng				
	CRO	Chun-Sheng Lin				
	Assistant General Manager	Meng-Huang Liu				
	Finance Supervisor/Accounting Supervisor	Shu-Fang Hsu				

Note: The remuneration of employees in this table was approved by the Board of Directors in March 2022, and the proposed distribution was calculated according to the proportion of the actual amount distributed in the previous year.

5. Separate Comparisons and Descriptions of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company-only Financial Reports or Individual Financial Reports, as Paid by the Company and All Other Companies Included in the Consolidated Financial Statements During the Past Two Fiscal Years to Directors, Supervisors, the President, and Vice Presidents, with Analysis and Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Link

(1) Total Remuneration as a Percentage of Net Income Stated in the Parent Company-only Financial Reports or Individual Financial Reports, as Paid by the Company During the Past Two Fiscal Years to Directors, Supervisors, the President, and Vice Presidents

Item Title Category	Total Remuneration as A Proportion of Net Income After Tax (%)			
	2020		2021	
	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements
Director(Including Concurrent Managers)	3.36%	4.18%	1.96%	2.41%
Supervisors	-	-	-	-
General Manager and Assistant General Manager	2.01%	2.12%	0.94%	1.38%

(2) Remuneration policies, standards, and packages, procedure for determining remuneration, and linkage thereof to operating performance and future risk exposure:

In accordance with Article 18-1 of the current Articles of Incorporation, if the Company has gained profits within a fiscal year, less than

3% of the profits shall be reserved as the Director's remuneration. Except for the remuneration of Directors and the payment of business execution costs, the Company has no other remuneration payment items. In addition to the Questionnaire of Self-Evaluation of Performance of Board Members (for Themselves or Peers), the results of board performance evaluation, attendance on board meetings and the continuing education status of Directors shall also be used as the reference for the remuneration allocation. The remuneration to Directors of the Company shall be reviewed by the Remuneration Committee and submitted to the Board of Directors for approval upon resolution, and shall be reported to the shareholders' meeting.

The remuneration paid to the General Manager and Assistant General Managers was based on their positions, with reference to the remuneration standard of the same trade concerned, including fixed salary, performance bonus, employee remuneration and other remuneration, in which the performance bonus and employee remuneration are linked to business performance. The Company conducts performance evaluation on the Managers twice a year, including the aspects of the positions held, management effectiveness and achievement rate of annual performance targets, etc. Meanwhile, the overall profit of the Company in the current year is taken into consideration to calculate the amount of remuneration, which shall be submitted to the Remuneration Committee for review and approved by the Board of Directors. When paying the remuneration referred to in the preceding paragraph, the Company also evaluates the changes in the global economy, the international financial environment and the industrial climate to predict the Company's future operation development, profit situation and operation risks, so as to minimize the possibility of future risks and strike a balance between the Company's sustainable operation and risk control.

IV. The State of the Company's Implementation of Corporate Governance

(I) The Operation of the Board of Directors

A total of six meetings (A) have been held by the Board in the most recent fiscal year and the attendance of the Directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) 【B/A】	Remarks
Chairman	Vincent Mao	6	0	100%	None
Director	I-Hsi Cheng	6	0	100%	None
Director	Wen-Bin Lin	6	0	100%	None
Director	Silicon Power Computer & Communications Inc. Corporate representative: Hui-Min Chen	6	0	100%	None
Director	Sheng-Su Lee	6	0	100%	None
Director	Yan-Chiang Fan	3	0	100% (required to attend 3 meetings)	2021.07.27 Fully dismissed
Independent Director	Cheng-Chieh Dai	6	0	100%	None
Independent Director	Yu-Nu Lin	6	0	100%	None
Independent Director	Jui-Hsiang Lo	3	0	100% (required to attend 3 meetings)	2021.07.27 Fully re-elected
Independent Director	Ching-Jung Hsu	3	0	100% (required to attend 3 meetings)	2021.07.27 Fully re-elected

Other matters that shall be reported:

- I. Where one of the following circumstances apply for the operations of the Board of Director meetings, the date, session, proposal contents, opinions of all Independent Directors, and the Company's actions in response to the opinions of the Independent Directors shall be stated:
 - (I) Matters specified in Article 14-3 of the Securities and Exchange Act: please refer to pages 46 to 49.
 - (II) In addition to the matters set out above, other resolutions of the Board where an independent director expressed a dissenting or qualified opinion that have been recorded or stated in writing: None.
- II. During the execution process where the Director avoid from interested proposal, the name of the Director, the content of proposal, the reason of avoidance and the results of the voting should be stated:

03-18-2021 Board Meeting: Vincent Mao, I-Hsi Cheng recused and did not participate in the discussion and voting of the "Distribution Plan of Operation and Project Bonus for Managers for the 2020 Fiscal Year Reviewed by the Remuneration Committee" for the prevention of conflict of interests involved.

03-18-2021 Board Meeting: Vincent Mao, I-Hsi Cheng, Wen-Bin Lin, Corporate representative of Silicon Power Computer & Communications Inc.: Hui-Min Chen, Sheng-Su Lee, Yan-Chiang Fan, Cheng-Chieh Dai, Yu-Nu Lin, on the discussion and voting of the "Distribution Plan of Remuneration for Employees, Directors and

- Supervisors for the 2020 Fiscal Year", the interested Directors took turns to avoid, and the other Directors present expressed unanimous consent.
- 05-06-2021 Board Meeting: Vincent Mao, I-Hsi Cheng recused and did not participate in the discussion and voting of the "Compensation Adjustment Plan of Managers Reviewed by the Remuneration Committee" for the prevention of conflict of interests involved.
- 08-05-2021 Board Meeting: Vincent Mao, I-Hsi Cheng recused and did not participate in the discussion and voting of the "Distribution Plan of Remuneration for Managers in Cash for the 2020 Fiscal Year Reviewed by the Remuneration Committee" for the prevention of conflict of interests involved.

III. A company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEX) shall disclose the cycles, periods, scope, method, contents and other matters of the self-evaluation by the board members of themselves (or peers), and state the implementation status of the board members' evaluation:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Once a year	Board Performance Evaluation from 1 January 2021 to 31 December 2021	Performance self-evaluation of the board as a whole and individual directors, performance evaluation of functional committees	Carry out once a year by questionnaire: (1)The agenda working group of the Board of Directors shall carry out the internal self-evaluation of the Board of Directors. (2)The board members shall fill in the questionnaire of self-evaluation. (3)Members of functional committees shall fill in the questionnaire of self-evaluation.	(1)The overall performance evaluation of the Board of Directors covers the following five aspects: participation in the operation of the Company, improvement of the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the Directors and internal control. The evaluation results were excellent. (2)The self-evaluation of the performance of the board members covers the following six aspects: alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationships and communication, professionalism and continuing education of the Directors and internal control. The evaluation results were excellent. (3)The performance evaluation of the functional committee covers the following five aspects: participation in the operation of the

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
				Company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, makeup of the functional committee and election of its members and internal control. The evaluation results were excellent.

IV. An evaluation of objectives and implementation status in the area of strengthening the functions of the Board of Directors for current and most recent fiscal year:

Targets for Strengthening of the Functions of the Board of Directors	The Evaluation of Implementation Status
Improve the quality of the Board of Directors	Improve the function of the Board of Directors, adopt a candidate nomination system for Directors, with members of diversify and profession. Arrange the Directors to participate in advanced courses every year and regularly advocate policies and regulations to enhance the Board's operational and decision-making capabilities.
Establish a sound structure of the Board of Directors	The Company has set up an Audit Committee, with review by each Independent Director on all important proposals in their professional capacity. Besides, the Company has set up the Remuneration Committee to evaluate and review the Remuneration Committee system of the Company's Directors and Managers every year, and make recommendations to the Board of Directors for decision-making.
The compliance of Directors recuse himself to avoid conflicts of interest	Where a Director is required to refuse the proposal involving a conflict of interest, the Director refused voluntarily from the proposal.
Evaluate the independence of the CPA	The Company's current entrusted "Deloitte & Touche" is one of the four major domestic firms. The Board of Directors regularly evaluates the independence of the CPA on the following matters to enhance the trustworthiness of the Company's financial reports: I. An independent declaration issued by the CPA. II. Ensure that the CPA has no material financial interests or potential employment relationships with the Company and subsidiaries, which will affects his independence. III. The same CPA has not continuously performed attesting services for more than seven years.
The compliance of laws and policies	The Board of Directors has indeed complied with the operation of the "Rules of Procedure for Board of Directors Meetings" and adhered to the information transparency. The material resolutions of the Board of Directors were publicly announced and filed on the Market Observation Post System (MOPS) and the Company's website in accordance with the regulations, and the implementation was in a good condition.

	Targets for Strengthening of the Functions of the Board of Directors	The Evaluation of Implementation Status	
	Internal control	The auditing unit shall supervise the Company's internal control and risk management, and the auditing Supervisor shall attend the Board of Directors and report the implementation of the Company.	

(II) The Operation of the Audit Committee

A total of four meetings (A) have been held by the Audit Committee were held in the most recent year and the attendance of independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) 【B/A】	Remarks
Independent Director	Cheng-Chieh Dai	4	0	100%	None
Independent Director	Yu-Nu Lin	4	0	100%	None
Independent Director	Jui-Hsiang Lo	2	0	100% (required to attend 2 meetings)	2021.07.27 Fully re-elected
Independent Director	Ching-Jung Hsu	2	0	100% (required to attend 2 meetings)	2021.07.27 Fully re-elected

Other matters that shall be reported:

- I. Where one of the matters listed in Article 14-5 of the Securities and Exchange Act and the matters are not approved by the Audit Committee, but had the consent of more than two-thirds of all Directors, the date, session, proposal contents and resolutions of the Audit Committee, and the Company's actions in response to the opinions of the Audit Committee shall be stated:

Date of Meeting	Major Resolutions	Resolutions passed by more than two-thirds of all Directors but without approval of the Audit Committee
2021.3.18 The 11th Board Meeting of The 1st Session	Passed the proposal on self-evaluation report and the declaration of internal control system for the year 2020.	None
	Passed the proposal on the 2020 Financial Statements and Business Report.	None
	Passed the proposal on the formulation of the Company's "Accounting System".	None
	Passed the proposal on the Company's "Operational Procedures for Loaning Funds to Others".	None
	Passed the proposal on the division of the Company's Vehicle Business Division to Forcelead Technology Corp.	None
2021.5.6 The 12th Board Meeting of The 1st Session	Passed the proposal on the amendment to the Company's "Handling Procedure to Engage in the Transaction of Derivative Products."	None
	Passed the proposal on the amendment to partial provisions of "Sale and Receipt Cycle" of the Company's internal control system.	None
	Passed the proposal on the increase of the amount of endorsement and guarantee for the subsidiary (Forcelead Technology Corp.).	None
2021.8.5 The 1st Board Meeting of The 2nd Session	Passed the proposal on the amendment to partial provisions of the Company's "Internal Audit Implementation Guidelines."	None
	Passed the proposal on loaning funds to the subsidiary (Forcelead Technology Corp.).	None

	Passed the proposal on loaning funds to the subsidiary (INFSitronix Technology Corp.).	None
	Passed the proposal on loaning funds to the subsidiary (mCore Technology Corp.).	None
	Passed the proposal on the endorsement and guarantee for the subsidiary (mCore Technology Corp.) to invest in the production of wafer products at Hejian Technology (Suzhou) Co.,Ltd..	None
2021.11.4 The 2nd Board Meeting of The 2nd Session	Passed the proposal on the Internal Audit Plan for the year 2022.	None
	Passed the proposal on the evaluation of the independence of the CPA.	None
	Passed the proposal on the review of the CPA's professional fees.	None
	Passed the proposal on the amendment to partial provisions of "Procurement and Payment Cycle" of the Company's internal control system.	None
	Passed the proposal on the endorsement and guarantee for the subsidiary (mCore Technology Corp.) to invest in the production of wafer products at Hejian Technology (Suzhou) Co.,Ltd..	None
	Passed the proposal on the Company's payment of deposits to reserve production capacity of wafer products at Nexchip Semiconductor Corporation.	None

II. Implementation Status of the Independent Director's refusal of proposal involved in conflicts of interest: None.

III. Communication between Independent Directors, Supervisor of internal audit and CPA:

1. Communication between Independent Directors and the Head of Internal Audit:

The audit Supervisor shall send the audit report of the previous month to the Independent Directors via E-mail every month and communicate as necessary. The important contents of the communication and interaction between the Independent Directors and the Supervisor of internal audit within the Audit Committee shall be recorded in the Audit Committee's proceedings.

Date	Communication Method	Communication Matters, Opinions of Independent Directors and Follow-up Measures
03/18/2021	The 11th Audit Committee Meeting of The 1st Session	The Audit Supervisor reported the performance and results of the internal audit in the fourth quarter of 2020: the Independent Director expressed consent on the content of the report.
05/06/2021	The 12th Audit Committee Meeting of The 1st Session	The Audit Supervisor reported the performance and results of the internal audit in the first quarter of 2021: the Independent Director expressed consent on the content of the report.
08/05/2021	The 1st Audit Committee Meeting of The 2nd Session	The Audit Supervisor reported the performance and results of the internal audit in the second quarter of 2021: the Independent Director expressed consent on the content of the report.
11/04/2021	The 2st Audit Committee Meeting of The 2nd Session	The Audit Supervisor reported the performance and results of the internal audit in the third quarter of 2021: the Independent Director expressed consent on the content of the report.

2. Communication between Independent Directors and CPA:

The CPA attended the Audit Committee Meeting in March 2021, reporting the audit results of the annual financial reports, audit report of key matters, and communicated with the Audit Committee about the audit situation.

(III) State of corporate governance implementation and differences from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons

Assessed Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
I. Does the Company set and disclose corporate governance code of practice according to the "Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies"?	✓		In order to establish a good corporate governance system, the Company has formulated the "Corporate Governance Best-Practice Principles" according to the "Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies", which has been approved by the Board of Directors and disclosed on the Company's website.	No material difference
II. Ownership structure and the rights and interests of shareholders				
(I) Has the Company set internal operating procedures to deal with shareholder proposals, doubts, disputes and litigation matters, and does it implement these in accordance with its procedures?	✓		(I) The Company has formulated the "Rules of Procedure for Shareholders' Meetings" and set up a speech system in accordance with the regulations, in which the spokesperson can properly handle issues such as the shareholders' Suggestions or disputes. The Company has set up a spokesperson contact e-mail on the Company's website to facilitate good communication between the Company and investors.	No material difference
(II) Does the Company have a list of those who ultimately control the major shareholders of the Company?	✓		(II) The Company has controlled the list of its shareholders provided by the shareholder services agent, and has reported the information of the changes in the shareholding of Directors and major shareholders on a monthly basis in accordance with the provisions.	
(III) How does the Company establish its risk management mechanism and firewalls involving related enterprises?	✓		(III) The Company has formulated the "Supervision Measures for Subsidiary", "Operational Procedures for Transactions of Affiliates, Specific Companies and Enterprise Groups", and transactions within the affiliated enterprises were carried out in accordance with the Measures and Procedures.	
(IV) Has the Company set internal standards to prohibit insiders from using the undisclosed information in the market to trade securities?	✓		(IV) The Company has formulated the "Procedures for Handling Material Inside Information" to prohibit corporate insiders from using the undisclosed information in the market to trade securities, and has held a digital course of "Introduction to the Laws and Regulations on Insider Trading" for 37 executives above division level in 2020.	

Assessed Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
<p>III. Organization and responsibilities of the Board of Directors</p> <p>(I) Does the Board of Directors set and implement a diversity policy?</p> <p>(II) Has the Company established other functional committees besides the Remuneration Committee and Audit Committee?</p> <p>(III) Has the Company set performance assessment rules and methods for the Board of Directors and does it perform this evaluation every year, report the results of the performance appraisal to the Board of Directors and apply them to the remuneration of individual Directors and their nomination for reappointment?</p> <p>(IV) Does the Company regularly evaluate the independence of the CPA?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) Please refer to page 15 to 16 for the Board of Director's formulation, objective management, and implementation of diversity policy.</p> <p>(II) The Company has set up the Remuneration Committee and Audit Committee. In the future, the Company will evaluate and set up other functional committees in the direction of corporate governance.</p> <p>(III) The Company has formulated the "Self-Evaluation and Peer Evaluation of Performance of the Board" and the assessment method, which have been disclosed on the Company's website. The Company conducts the evaluation of the performance of the Board of Directors once a year and reports the results to the Board of Directors. The performance evaluation report for 2021 has been reported to the Board of Directors on March 17, 2022.</p> <p>(IV) The Audit Committee of the Company regularly evaluates the independence and adequacy of the CPA once a year, and submits to the board the conclusion of such evaluation. The independence of CPAs shall be evaluated by:</p> <p>I. An independent declaration issued by the CPA.</p> <p>II. Ensure that he CPA has no material financial interests or potential employment relationships with the Company and subsidiaries, which will affects his independence.</p> <p>III. The same CPA has not continuously performed attesting services for more than seven years.</p> <p>The proposal on the evaluation of the independence of the CPA for this year was resolved by the Board of Directors on November 4, 2021.</p>	No material difference

Assessed Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
IV. Does the TWSE/TPEX listed company dedicate an eligible and appropriate number of personnel for corporate governance and have appointed a Supervisor in charge of the Company' corporate governance affairs (including but not limited to providing information required for Director/Supervisor's operations, assisting Directors and Supervisors to comply with laws and regulations, convening board/shareholder meetings in compliance with the law, and producing meeting minutes of board/shareholder meetings)?	✓		The finance and accounting Supervisor of the Company is concurrently the corporate governance Supervisor, who has more than 10 years' management experience in accounting, finance, stock affairs or proceedings in a public company. And the finance and accounting department is jointly responsible for corporate governance related affairs, with the main responsibilities of providing information required for Director's operations and latest legal developments relating to operating companies, to assist Directors to comply with laws and regulations, including company registration, shareholders' meeting/board of Directors/Audit Committee, amendment of corporate governance related codes, updating of corporate governance related laws and regulations, and regular arrangement of refresher course of compliance with corporate governance related laws and regulations for Directors	No material difference
V. Has the Company established communication channels and dedicate section for stakeholders (including but not limited to shareholders, employees, customers and suppliers) on its website, and responded appropriately to interested parties concerning important corporate social responsibility issues?	✓		(I) Stakeholders can communicate with the Company through our spokesperson and acting spokesperson. The Company's website also provides session for stakeholders, with e-mail address and contact telephone number available for stakeholders. (II) The Company's website provides a technical support service mailbox, and the dedicated person is responsible for handling the application issues of the product. (III) The Company's website has also disclosed the contact information of the shareholder services agent and CPA, providing investors with contact information.	No material difference
VI. Has the Company appointed a professional stock affairs agency for shareholders affairs?	✓		The Company has appointed the Share Agency Department of Taishin Securities Co., Ltd. for the agent of shareholders' meeting affairs.	No material difference

Assessed Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
VII. Information Disclosure				
(I) Does the Company set up website to disclose financial operations and corporate governance information?	✓		(I) The Company has set up a website to disclose information related to the Company, and related information on the Company's financial business and corporate governance are also available on the MOPS.	No material difference
(II) Has the Company adopted other measures (such as English website, a designated person responsible for the collection and disclosure of information, implementation of the spokesman system, the legal entities announcements uploaded to website, etc.) to disclose information?	✓		(II) The Company website provides information in both Chinese and English. The Company has dedicated a spokesman and acting spokesman. The Company's operational information is disclosed on the Company's website and the MOPS and investor conference briefing is disclosed on the Company website. In accordance with the regulations of the competent authority, the Company has fulfilled its responsibilities and obligations for information disclosure in accordance with laws and the provisions of the competent authority.	
(III) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year? Does it announce and declare the first, second and third quarter financial reports and operating conditions of each month as soon as possible before the prescribed period?	✓		(III) The Company did not announce and declare its annual financial reports within two months after the end of the fiscal year. However, it has announced and declared the quarterly financial report in advance within the prescribed period, as well as the operating status of each month.	
VIII. Does the Company have any other important information for better understanding the Company's corporate governance system (including but not limited to interests and rights of employees, care for employees, relation with investors, relation with suppliers, relation with interested parties, continuing education of Directors and Supervisors, execution of risk management policies and risk measuring standards, execution of customer	✓		(I) Employee rights and interests, employee care: please refer to the statement of "V. Labor Management Relations of Chapter V. Operations Overview" in this annual report. (II) Investor relations: the Company has designated personnel to timely announce relevant financial, business information, shareholding changes of insiders and other information at the MOPS, expecting to achieve information disclosure and transparency. (III) Supplier relationship: the Company has established supplier management procedures, and only those who pass the audit can become the cooperative	No material difference

Assessed Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
policies, liability insurance for the Company's Directors and Supervisors)?			<p>partner of the Company. And the Company regularly evaluates the quality, delivery time, price and cooperation condition of major raw material suppliers to ensure that the suppliers can provide products of stable quality to the Company.</p> <p>(IV) Rights of stakeholders: for stakeholders, the Company's website provides a session for stakeholders as the communication channels to safeguard the rights and interests of both parties.</p> <p>(V) Advanced studies of Directors and Supervisors: the Company has disclosed the situation of the advanced studies of Directors and Supervisors on the MOPS- Summary Table of Directors and Supervisors' Attendance on the Board of Directors and Situation of Their Advanced Studies.</p> <p>(VI) Implementation of risk management policies and risk measurement standards: please refer to the description of "Chapter VII. Review, Analysis, and Risks of Financial Conditions and Performance"</p> <p>(VII) Implementation of customer policy: the Company always keeps close contact with customers, devotes itself to providing the best products for customers, and emphasizes on differentiation and value creation.</p> <p>(VIII) The Company buys liability insurance for Directors and major Managers every year, evaluate the insurance limit regularly every year and report to the Board of Directors on the renewal of liability insurance for Directors.</p>	No material difference
IX. Please specify the measures adopted by the Company to improve the items listed in the corporate governance review result from Taiwan Stock Exchange's Corporate Governance Center and the improvement plans for items yet to be improved (not applicable where a company is not included as be evaluated): Not applicable.				

(IV) Where a remuneration committee is established, the Company shall disclose its composition and operation status

1. Information on Members of the Remuneration Committee

December 31, 2021

Title	Name	Condition	Professional qualifications and experiences (Note 1)	Meets the Independence (Note 2)	Concurrent remuneration committee position in other publicly listed companies
Independent Director (Convener)	Cheng-Chieh Dai		Please refer to page 13 for the information on the Directors and Supervisors.	Please refer to page 13 for the information on the Directors and Supervisors.	0
Independent Director	Yu-Nu Lin		Please refer to page 13 for the information on the Directors and Supervisors.	Please refer to page 13 for the information on the Directors and Supervisors.	0
Independent Director	Jui-Hsiang Lo		Please refer to page 14 for the information on the Directors and Supervisors.	Please refer to page 14 for the information on the Directors and Supervisors.	1

Note 1: Professional qualifications and experiences: Please state the professional qualifications and experiences of individual members of the Remuneration Committee.

Note 2: State of Independence: Descriptions shall be provided on whether the members of the Remuneration Committee meet the status of independence, which include, but are not limited to, whether the person, his/her spouse or relatives within the second degree of kinship are directors, supervisors or employees of the Company or its affiliates; the number and proportion of shares of the Company held by the person, his/her spouse and relatives within the second degree of kinship (or in the name of others); director, supervisor or employee of a company that is specifically related to the Company (with reference to subparagraphs 5 to 8 of paragraph 1 of Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the provision of commercial, legal, financial, or accounting service to the Company or its affiliates in the past two years.

2. Operational Status of the Remuneration Committee

I. There are 3 members in the Company's Remuneration Committee.

II. Current Term: From July 27, 2021 to July 26, 2024. The Remuneration Committee held four meetings (A) in the recent year, the qualifications and attendance of the committee members are shown as follows:

Title	Name	Attendance in Person (B)	By Proxy	Rate of Actual Presence (%) (B/A)	Remarks
Convener	Cheng- Chieh Dai	4	–	100%	None
Member	Yu-Nu Lin	4	–	100%	None
Member	Jui-Hsiang Lo	4	–	100%	None
Other matters that shall be reported:					
1. If the Board of Directors does not adopt or amend recommendations proposed by the Remuneration Committee, the date, session, proposal contents and resolutions of the Board of Directors, and the Company's actions in response to the opinions of the Audit Committee shall be stated (also, where the remuneration approved by the Board of Directors is superior to that recommended by the Remuneration Committee, the differences and reasons shall be stated): None.					
2. Where resolutions of the Remuneration Committee include dissenting or qualified opinion which is on record or stated in a written statement, the date, session, proposal contents, opinions from every member, and actions in response to the opinions of the members shall be stated:					
Item	Matters for discussion	Resolution Results	Handling of Members' Opinions by the Company		
2021.02.04 The 13th of the Fourth Session	Proposal on the Distribution of the Remuneration to Employees and Directors for the Year 2020	Except for the members who did not participate in the discussion and vote because of conflicts of interest, the proposal was passed with consent of the rest attending members.	None		
2021.03.31 The 14th of the Fourth Session	Compensation Adjustment Plan of Managers of the Company.	Passed by all attending members of the Remuneration committee.	None		
2021.05.26 The 15th of the Fourth Session	Discussion on the Distribution Plan of Remuneration for Managers in Cash for the 2020 Fiscal Year of the Company.	Passed by all attending members of the Remuneration committee.	None		
2021.12.21 The 1st of the Fifth Session	(1) Discussion on the Structural Compensation Adjustment Plan of Managers of the Company. (2) Discussion on the Company's Distribution Plan of Managers Operation and Project Bonus for the Year 2021.	Passed by all attending members of the Remuneration committee.	None		

(V) The State of The Company's Performance of Social Responsibilities, Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance

Assessed Items	Implementation Status			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
I. Does the Company formulate a framework and set up exclusively (or concurrently) dedicated units to promote corporate social responsibility, and authorize high level managers to handle and report to the Board of Directors?	✓		The Company's Human Resources and Administration Department, as a professional unit to promote corporate social responsibility, is responsible for the proposal and implementation of corporate social responsibility policies and regulations. The Department also serves as the cross-departmental communication platform, which, under the supervision of the Chairman, consolidates the sustainability issues faced by different departments and stakeholders and formulate relevant strategies to ensure the Company's implementation of sustainable development strategies in its operation, its relationships with the suppliers, and on environmental protection. The Department reports to the Board of Directors on the handling situation from time to time. The latest reporting date was November 4, 2021.	No material difference
II. Does the Company conduct risk evaluation on environmental, social and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	✓		According to the nature of the Company's business, all relevant units shall take precautionary measures in advance for risk management to minimize the loss caused by risks, regularly carry out relevant assessment, monitoring, reporting and handling, and submit reports to the CEO's office. Please refer to Appendix I on page 40 for information on relevant risk management policies.	No material difference
III. Environmental matters (I) Does the Company establish proper environment management systems based on the characteristics of its industries?	✓		(I) IC products, active components, passive components in the semiconductor industry are the key components of various electronic terminal products on the market, which are widely used in computers, communications, consumer electronics, industrial electronics and many other applications. The European Union Framework Program FP7 (LCA to GO Program) points out that in extreme cases, IC products account for about one-third of the carbon footprint of electronic products, which is a significant contribution to global warming. From the perspective of environmental protection, customers of the Sitronix Group using zero capacitance technology can promote FPC to be free from external passive components (capacitors), which can save billions of ceramic capacitor components and achieve a large carbon reduction, contributing to the environmental protection of the earth. The Company also has formulated the "Procedures for the Management of Environmental Restricted Substances", which stipulate that the raw materials and packaging materials used by suppliers shall fully comply with the EU RoHS (Directive 2011/65/EU)/REACH SVHC/ Packaging and Packaging Waste	No material difference

Assessed Items	Implementation Status			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance									
	Yes	No	Description										
			(Directive 94/62/EC)/Hogen-free Directive and the green environmental protection requirements of customers, to jointly enhance corporate social responsibility.										
(II) Does the Company endeavor to utilize all resources more efficiently and uses renewable materials which have a low impact on the environment?	✓		The Company promotes the electronic signature verification system to reduce the printing of correspondence and official letters, issues the publicity documents by E-mail to reduce the use of large amounts of paper, and also advocates the policies of using recycled paper and energy saving and carbon reduction to minimize the impact of the Company's operations on the environment.	No material difference									
(III) Does the Company evaluate the present and future potential risks and opportunities of climate change to the Company, and taken measures to respond to climate-related issues?	✓		"Energy Saving and Carbon Reduction" is one of the Company's environmental policies. Through measures such as energy-saving lamps and air-conditioned environmental control devices, the Company enables employees to deeply embed in the concept of energy saving and carbon reduction in their working environment, continuously reduce electricity consumption and achieve the reduction of carbon emissions.	No material difference									
(IV) Does the Company calculate greenhouse gas emissions, water consumption and total waste weight over the past two years, and formulate policies for energy conservation and carbon emissions reduction, greenhouse gas emissions reduction, water consumption reduction or other waste management?	✓		<p>Since greenhouse gas emissions have seriously affected the global climate, the Company has conducted a comprehensive inventory and record analysis on the electricity sector, the largest source of greenhouse gas emissions in the operation.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Emissions</th> <th>Electricity consumption</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>1,001,370 kg</td> <td>1, 911, 653</td> </tr> <tr> <td>2021</td> <td>977,503 kg</td> <td>1, 926, 997</td> </tr> </tbody> </table> <p>The electricity consumption increased for a slight 1% from 2020 to 2021. For the main air conditioning equipment with the largest electricity consumption, the Company adjusts the water outlet temperature of ice water and timely operate in parallel to raise the temperature of indoor cooling room to reduce the electricity consumption of air conditioning, thus reducing the greenhouse gas emissions. In terms of utilization of water resources, the Company has installed sensor faucets, water economizers and two-stage toilets to save appropriate amount of water and put up water-saving reminder notices at each water source. Meanwhile, the Company has developed an "Environmental Control Procedures" to implement the resource recovery mechanism for general wastes and enterprise wastes respectively.</p>	Year	Emissions	Electricity consumption	2020	1,001,370 kg	1, 911, 653	2021	977,503 kg	1, 926, 997	No material difference
Year	Emissions	Electricity consumption											
2020	1,001,370 kg	1, 911, 653											
2021	977,503 kg	1, 926, 997											

Assessed Items	Implementation Status			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
IV. Social matters (I) Does the Company establish proper management methods and procedures in accordance with the relevant regulations and the international conventions on human rights?	✓		The Company recognizes and supports internationally recognized human rights norms and principles, including the "Universal Declaration of Human Rights", "The United Nations Global Compact", and the "ILO (International Labor Organization) Declaration on Fundamental Principles and Rights at Work". To fulfill corporate social responsibility and implement human rights protection, the Company hereby formulates the human rights policies applicable to the Company, and treat and respect all colleagues with a fair and equitable attitude, prevents any violation of human rights, providing a reasonable and safe workplace and reasonable and dignified treatment for the Company's current colleagues. Moreover, the Company held a workshop on the "Prevention and Management of Unlawful Infringement in the Workplace" in 2021, which was attended by 396 employees, each completed 198 hours of training. The Company also has a dedicated sexual harassment complaint mailbox.	No material difference
(II) Does the Company establish and implement reasonable employee benefits measures (including remuneration, leave and other benefits, etc.) and reflect the corporate business performance or achievements appropriately in the employee remuneration?	✓		<u>Employee remuneration</u> The Company regularly adjusts the level of remuneration and benefits by referring to the results of salary survey in the same industry and relevant welfare measures. The Company distributes the remuneration and performance bonus according to the profit situation and the employee performance evaluation system every year. <u>Employee benefits</u> The Company provides a leave system that entitles the employees to an additional 3-5 days' leave per year, which is superior to the Labor Standards Act. Employees can also apply for maternity leave or leave without payment with justifiable causes. The Company also provides free health checkup and group insurance annually for the employees. In order to take care of the needs of employees at different important stages of life and help them achieve a work-life balance, the Company focused on promoting healthy sports among employees through various activities, such as sports family day, pedometer-walking challenges that has been running for eight consecutive years, and different ball games and matches. The success in launching the sports initiative has allowed the Company to earn the Taiwan iSports certification from the Sports Administration of the Ministry of Education for two consecutive years.	No material difference

Assessed Items	Implementation Status			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance																																
	Yes	No	Description																																	
(III) Does the Company provide a safe and healthful work environments for its employees and organize training on safety and health for employees on a regular basis?	✓		The Company has passed the ISO45001 certification. In addition to the annual health examination for employees, the Company also regularly organizes occupational safety and health related training to develop employees' emergency response ability and correct safety concepts, so as to reduce the occurrence and loss of accidents caused by unsafe behaviors.	No material difference																																
(IV) Does the Company establish effective career development training programs for its employees?	✓		<div>The Company has formulated an "Education and Training Management Procedure" and a complete training framework, developed perfect training courses according to the professional functions and career needs of employees, and is committed to building a diversified, autonomous and high-quality learning culture to strengthen the development ability of employees.</div> <table><tr><td rowspan="6">Leadership Development Program</td><td>Management Level</td><td>Advanced Leadership Development</td><td>Advanced Management Capacity</td><td>Advanced Professional Career Development</td><td>Chief Engineer</td><td rowspan="6">Professional Competency Development Program</td></tr><tr><td>Senior Management</td><td>Advanced Leadership</td><td>Personal Effectiveness</td><td>Advanced Skill Development</td><td>Senior Engineer (Manager)</td></tr><tr><td></td><td></td><td>Quality Management</td><td></td><td></td></tr><tr><td>Department Supervisors</td><td>Basic Managerial Ability</td><td>Patent Course</td><td>Professional Engineering Skill</td><td>Engineer (Manager)</td></tr><tr><td></td><td></td><td>General Course</td><td></td><td></td></tr><tr><td colspan="5">New Staff Development Program</td></tr></table>	Leadership Development Program	Management Level	Advanced Leadership Development	Advanced Management Capacity	Advanced Professional Career Development	Chief Engineer	Professional Competency Development Program	Senior Management	Advanced Leadership	Personal Effectiveness	Advanced Skill Development	Senior Engineer (Manager)			Quality Management			Department Supervisors	Basic Managerial Ability	Patent Course	Professional Engineering Skill	Engineer (Manager)			General Course			New Staff Development Program					No material difference
Leadership Development Program	Management Level	Advanced Leadership Development	Advanced Management Capacity		Advanced Professional Career Development	Chief Engineer	Professional Competency Development Program																													
	Senior Management	Advanced Leadership	Personal Effectiveness		Advanced Skill Development	Senior Engineer (Manager)																														
			Quality Management																																	
	Department Supervisors	Basic Managerial Ability	Patent Course		Professional Engineering Skill	Engineer (Manager)																														
			General Course																																	
	New Staff Development Program																																			
(V) Is the Company in compliance with relevant laws and regulations as well as international standards when it comes to customer health and safety, customer privacy, marketing and labeling of products and services, and make relevant policies and appeal procedures on the protection of consumer rights and interests?	✓		The Company is in compliance with relevant laws and regulations as well as international standards when it comes to marketing and labeling of products and services to ensure the quality of its products and services and protect the rights and interests of customers. The Company attaches great importance to the quality of its products and the rights and interests of its customers, and has established the "Customer Service and Complaint Handling Procedures" and the "Customer Satisfaction Operation Procedures" to strive to provide quality customer service. In terms of protecting customer privacy, the Company has mandated every newly recruited employee to attend the training on “Internal Handling Procedures for Major Events”, which educates the employees their responsibility towards confidentiality and the protection of customers’ private information.	No material difference																																
(VI) Does the Company has established a supplier management policy that requires suppliers to comply with the	✓		The Company introduces the ISO 9001 quality management system, and conducts quarterly evaluation and annual audit on all suppliers in accordance with the "Supplier Management Procedures" of the Company. The Company stipulates	No material difference																																

Assessed Items	Implementation Status			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
relevant standards on issues such as environmental protection, occupational safety and health, or labor and human rights? And the implementation status.			that suppliers must pass the ISO 45001 evaluation, or comply with relevant laws and regulations such as occupational health, safety and hygiene, labor laws and regulations, and the labor human rights standards such as not employing child labor. The results of the supplier evaluation from Q3/2020 to Q2/2021 are 100% passed. In addition to all suppliers having obtained the ISO9001 and ISO14001 certification, as of September 2021, there are 72.22% of the suppliers who have also passed the ISO45001 certification.	
V. Does the Company adopt internationally widely recognized standards or guidelines when producing corporate social responsibility report and other reports that disclose non-financial information of the Company? Whether assurance or guarantee opinions have been obtained for the aforementioned reports by a third party certification unit?		✓	The Company has not yet prepared the corporate social responsibility report, and will prepare in the future based on the actual needs.	The Company has not yet prepared the corporate social responsibility report, but will continue to execute sustainable development initiatives in accordance with the principles and values of the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.”
VI. For companies who have formulated their own sustainable development guidelines in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe the Company’s variance in operation, if any, from the aforementioned standard The Company has formulated its own “Sustainable Development Best Practice Principles” in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, with the Human Resource Department in charging of the promotion of relevant practices. The Company’s operation has no material difference with its stipulated set of principles.				
VII. Other important information helpful in understanding the implementation of sustainable development: (I) Implementing corporate governance: The Company has established a designated section for stakeholders on the Company website, understands the reasonable expectations and demands of stakeholders through proper communication with them, and adequately responds to the important corporate social responsibility issues which they are concerned about. (II) Developing a sustainable environment: The employee portal website promotes the Sitronix Green+, driving energy saving and carbon reduction and other environmental protection operations. (III) Public welfare preservation (1) Organize regular gift donation activities for children in nurseries every December. In 2021, the Company has funded a total of 3 nurseries to fulfill the Christmas wishes of 69 children. (2) Donate computers to Green Miracle and ASUS Foundation from time to time. (3) Hire visually-impaired friends from time to time to provide staff massage services.				

Appendix I

Material Issue	Risk Assessment Items	Description
Environment	Environmental Impacts and Management	<ol style="list-style-type: none"> 1. The Company's products is in compliance with the RoHS regulations of the European Union and are free of any hazardous substances. The Company has also established an "Management Procedure for Environmentally Restricted Substance" to perform a systematic management of raw materials, under which the suppliers are required to provide a third-party inspection report, known as the ICP Report, that has a good standing of one year. This means that the suppliers will have to conduct inspection annually to monitor if their raw materials comply with environmental regulations. 2. An internal audit is conducted in the fourth quarter of each year to ensure that the Company complies with the stipulated environmental regulations and operating procedures.
Social	Occupational Safety	<ol style="list-style-type: none"> 1. The Company completed the ISO 45001 Occupational Health and Safety Management System Verification in 2021. The Company also organizes regular fire drills, general safety and health educational training, training courses on hazardous chemicals labeling and general rules and regulations as a part of the safety management of its employees. 2. Moreover, the Company also conducts regular inspection of the working environment to inspect the emission level of carbon dioxide, lead and isopropanol emission to ensure the safety of employees in the offices and experimental sites.
	Product Safety	<ol style="list-style-type: none"> 1. The Company has purchased cargo transportation insurance, and product liability insurance for some of its products to transfer product liability risks, mitigate financial losses and improve product safety.
Corporate Governance	Strengthening the functions of the Directors	<ol style="list-style-type: none"> 1. Each member of the Board is required to receive at least 6 hours of training each year to update on new knowledge and gain understanding of their roles, functions, responsibilities and obligations on the Board to effectively implement the corporate governance system. 2. The Company has purchased liability insurance for the Directors and Supervisors to indemnify them against legal actions or claims arising from their performance of duties.
	Stakeholders Communication	<ol style="list-style-type: none"> 1. The Company has a diverse Board. When discussing the Company's operation management, a wide range of opinions can be derived from the different experience of the members, thereby improving corporate governance and operation performance. Therefore, issues of concern to various stakeholders can also be properly analyzed and discussed. 2. The Company has set up a stakeholders' section, which includes a specific contact window for investors, company spokesperson, and support services for equity matters and technical issues to serve as a channel for active communication with stakeholders.

(VI) The state of the Company's performance in the area of ethical corporate management, any variance from the ethical corporate management best practice principles for TWSE/TPEX listed companies, and the reason for any such variance

Assessed Items	Implementation Status			Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
<p>I. Adopting ethical corporate management policy and programs</p> <p>(I) Has the Company formulated its ethical management policy approved by the Board of Directors, clarified it in its regulations and external documents and the commitment of board of Directors and senior Managers to active implementation?</p> <p>(II) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include preventive measures against the behaviors as stipulated in item 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?</p> <p>(III) Has the Company in the prevention programs for unethical conduct clearly prescribed the operation procedures, conduct guidelines and disciplinary and appeal system for violations of the ethical corporate management rules and implemented them, and conducted review and amendment on the aforementioned programs on a regular basis?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company has formulated the "Ethical Corporate Management Best Practice Principles", which shall be submitted to the shareholders' meeting after being adopted by the Board of Directors and shall be disclosed on the Company's website, stating that Directors, Managers, employees, appointees or persons with material control shall abide by the principle of good faith, the commitment that they shall not engage in unethical conduct and shall actively implement the policy of good faith, and shall follow in their internal management and external business activities.</p> <p>(II) In order to prevent any unethical conduct, the Company requires all suppliers not to engage in any illegal business conduct and not to provide improper benefits and bribes to the Company's employees, and regularly conduct audits and evaluations on the suppliers. In case of a manufacturer engaging in unethical conduct of high risk, the Company may terminate or rescind the contract with it at any time, and if the case is serious, the Company will notify the judicial unit. The Company's "Ethical Corporate Management Best Practice Principles" explicitly states that it shall strengthen the prevention of business activities within its business scope which are at a higher risk of being involved in unethical conduct, and strengthen the relevant preventive measures against the behaviors as stipulated in Paragraph 2, Article 7 of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</p> <p>(III) The Company's "Ethical Corporate Management Best Practice Principles" stipulates the prohibitions against unethical conduct, reporting system and disciplinary system, which shall be implemented in the operation of each unit, and the relevant contents shall be regularly educated, publicized and reviewed and revised.</p>	No material difference

Assessed Items	Implementation Status			Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
			<p>corporate governance training courses every year as required.</p> <p>In 2021, there were a total of 127 participants who attended ethical corporate management courses organized by the Company. The number of trainees in 2021 is as follows:</p> <p>Ethical Corporate Management Best Practice Principles: 45 persons</p> <p>Procedures for Handling Material Inside Information: 45 persons</p> <p>Prohibition of Insider Trading: 37 persons</p>	
<p>III. Operation of the Company's Whistle-blowing System</p> <p>(I) Has the Company set specific whistle-blowing and reward system to facilitate the whistle-blowing channel and assign appropriate specialist accepting to spot the whistle-blowing object?</p> <p>(II) Has the Company set the standard operating procedures, follow-up measures shall be adopted depending on the severity of the circumstances after investigations of cases reported are completed and relevant confidentiality mechanism to investigate reported misconducts?</p> <p>(III) Has the Company taken measures to protect whistle-blowers from inappropriate disciplinary actions due to their whistleblowing?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company has set up the "Regulations for the Whistle-blowing of Fraudulent Conduct", and provides an independent whistle-blowing mailbox (report@sitronix.com.tw) for external and internal whistle-blower of the Company. This whistle-blowing channel is publicly disclosed on the website of the Company, and a dedicate unit is designated to handle reporting cases according to the prescribed procedures.</p> <p>(II) The Company clearly stipulates in the "Regulations for the Whistle-blowing of Fraudulent Conduct" the standard operating procedures, and that it will keep the whistle-blowers' identity and contents of information confidential.</p> <p>(III) The Company clearly stipulates in the "Regulations for the Whistle-blowing of Fraudulent Conduct" that it will keep the whistle-blowers' identity and contents of information confidential. The Company also undertakes to protect the whistle-blowers from improper treatment due to their whistle-blowing.</p>	No material difference
<p>IV. Strengthening information disclosure</p> <p>Does the Company disclose the information of implementation and results of ethical management on its website and the MOPS?</p>	✓		The Company has established its ethical corporate management best practice principles and disclosed it on its website.	No material difference
<p>V. If the Company develops its own ethical management rules according to the Integrity Operation Best Practice Principles for TWSE/GTSM-Listed Companies, please state the differences: No difference.</p>				

Assessed Items	Implementation Status			Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
VI. Other important information for better understanding of the ethical management : (such as review and amendment of the regulations on ethical management)				
<div>1. The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest , and the relevant rules and regulations on TWSE/GTSM-Listed Companies and business conduct as the foundation for implementing ethical corporate management.</div> <div>2. The Company’s “Rules of Procedure for Board of Directors Meetings” provides for a system of recusal of Directors from participation in discussion and voting, and shall not act as a proxy for other Directors to exercise voting rights in respect of board resolutions which are in conflict with the interests of the Company or the legal person represented thereby and are likely to prejudice the interests of the Company.</div> <div>3. The Company has formulated the “Operating Procedures for Handling Material Inside Information” and disclosed it on the Company’s website in order to establish a good internal material information processing and disclosure mechanism for the Company. It is also to avoid improper disclosure of information and ensure the consistency and accuracy of information disseminated to the public.</div> <div>4. The Company regularly arranges corporate governance courses for the Directors and Managers to enhance their ability to supervise and manage the Company, with a view to enhancing the effectiveness of corporate governance and the implementation of ethical management.</div>				

(VII) If the Company has formulated its Corporate Governance Code and other relevant regulations, the directory to such information shall be disclosed. The sector "Investors" on the Company's website provides a "Corporate Governance" section for investors to inquire and download the relevant rules and regulations of corporate governance.

(VIII) Other important information that can further the understanding of the Company's corporate governance status may be disclosed together.

1. The Company continues to strengthen the operation of corporate governance. The website of the Company provides investors with relevant rules and regulations on corporate governance and important resolutions of the Board of Directors for their reference.
2. In order to continuously enrich the corporate governance information, the Company has taken the initiative to inform the Company's Directors of the relevant education information, and all the eight Directors have met the requirements of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies".
3. The information on the Company's website (www.sitronix.com.tw) is collected and maintained by designated personnel, and is regularly disclosed and updated to provide investors with access to financial and business information.

(IX) Implementation of Internal Control System

1. Statement of Internal Control System

Sitronix Technology Corp. Statement of Internal Control System

Date: March 17, 2022

Based on the findings of a self-assessment, the following statement is made with regard to the Company's internal control systems during the 2021 fiscal year:

- I. Sitronix has established an adequate internal control system. Sitronix's Board of Directors and Managers are responsible for establishing, implementing, and maintaining the internal control systems. Our internal control system is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable laws, regulations and bylaws.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the preceding three objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to the changing environment or circumstances that are beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and we will take immediate remedial actions in response to any identified deficiencies.
- III. Sitronix evaluates the design and operating effectiveness of its internal control systems based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter below, the "Regulations"). The criteria adopted by the Regulations identify five constituent elements of internal control systems based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. For the preceding five constituent elements, please refer to the provisions for the aforesaid "Regulations".
- IV. Sitronix has evaluated the design and operating effectiveness of its internal control system according to the aforesaid "Regulations".
- V. Based on the findings of such evaluation, Sitronix believes that, on December 31, 2021, it has maintained, in all material respects, an effective internal control system (including the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable laws, regulations and bylaws.
- VI. This Statement is the essential content of Sitronix's annual report and prospectus, and will be made public. Any misrepresentation and omission, or other illegality in the content publicly disclosed will entail a legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement was passed by the Board of Directors in their meeting held on March 17, 2022, with none of the nine attending directors expressing dissenting opinions, and the rest all agreed the content of this Statement.

Sitronix Technology Corp.

Chairman: Vincent Mao

General Manager: Wei Wang

2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None.

(X) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the Company or its internal personnel, any sanctions imposed by the Company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: None.

(XI) Material resolutions of a shareholders meeting or a board of Directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

1. Major resolutions of the Board of Shareholders and state of implementation

Major Resolutions of the 2021 Regular Shareholders' Meeting	Implementation Status
1. 2020 Earning Distribution Plan.	By the resolution of the shareholders' meeting, the cash dividend of NT\$ 7.5 per share was distributed to the shareholders, with the total amount of NT\$ 901,026,570. The date of cash dividend payment: August 6, 2021
2. 2020 Business Reports and Financial Statements.	After being recognized by the shareholders' meeting, it has been announced to the public information observatory as required.
3. Amendment Proposal for the Company's "Operational Procedures for Loaning Funds to Others".	Upon approval by the regular shareholders' meeting, the new amended provisions shall apply.
4. Amendment Proposal for the Company's "Handling Procedures to Engage in the Transaction of Derivative Products".	Upon approval by the regular shareholders' meeting, the new amended provisions shall apply.
5. Removal of Competition Restrictions for New Directors and Their Representatives.	Passed the proposal on the removal of competition restrictions for new Directors and their representatives.

2. Major Resolutions of the Board of Directors

Date of Meeting	Major Resolutions	Matters specified in Article 14-3 of the Securities and Exchange Act
2021/03/18 The 12th of the Ninth Session	1. Passed the Distribution Plan of Operation and Project Bonus for Managers for the 2020 Fiscal Year Reviewed by the Remuneration Committee of the Company.	✓
	2. Passed the Distribution Plan of the Remuneration to Employees and Directors for the Year 2020.	✓

Date of Meeting	Major Resolutions	Matters specified in Article 14-3 of the Securities and Exchange Act
	3. Passed the Statement of Internal Control System for the Year 2020.	✓
	4. Passed the proposal on the 2020 Financial Statements and Business Report.	
	5. Passed the proposal on the 2020 Earning Distribution Plan.	
	6. Passed the proposal on the formulation of the Company's "Accounting System".	✓
	7. Passed the proposal on the Company's "Operational Procedures for Loaning Funds to Others".	✓
	8. Passed the Company's 2021 Operating Plan.	
	9. Passed the proposal on the election of the 10th Board of Directors of the Company.	
	10. Passed the proposal on the candidate nomination of Directors and Independent Director.	
	11. Passed the proposal on the removal of competition restrictions for new Directors and their representatives.	
	12. Passed the convening of the Company's regular shareholders' meeting in the year 2021 and related matters.	
	13. Passed the proposal on the division of the Company's Vehicle Business Division to Forcelead Technology Corp.	✓
	All Independent Directors' opinions: None. The Company's actions in response to the opinions all Independent Directors' opinions: None. Resolution outcome: approved by all the Directors present.	
	1. Passed the Compensation Adjustment Plan of Managers Reviewed by the Remuneration Committee of the Company.	✓
	2. Passed the proposal on the amendment to the Company's "Handling Procedure to Engage in the Transaction of Derivative Products."	✓
2021/05/06 The 13th of the Ninth Session	3. Passed the proposal on the amendment to partial provisions of the Company's "Asset Management Procedures".	✓
	4. Passed the proposal on the amendment to partial provisions of "Sale and Receipt Cycle" of the Company's internal control system.	✓
	5. Passed the proposal on the subsidiary's formulation of the "Operational Procedures for Loaning Funds to Others" and "Operational Procedures for Endorsements/Guarantees".	✓
	6. Passed the supplementary for convening the 2021 regular shareholders' meeting and related matters.	
	7. Passed the proposal on the increase of the amount of endorsement and guarantee for the subsidiary (Forcelead Technology Corp.).	✓
	All Independent Directors' opinions: None. The Company's actions in response to the opinions all Independent Directors' opinions: None. Resolution outcome: approved by all the Directors present.	
	1. Passed the proposal on the setting of the Company's regular shareholders' meeting in the year 2021 and related matters.	
	All Independent Directors' opinions: None. The Company's actions in response to the opinions all Independent Directors' opinions: None. Resolution outcome: approved by all the Directors present.	
2021/07/08 The 14th of the Ninth Session		

Date of Meeting	Major Resolutions	Matters specified in Article 14-3 of the Securities and Exchange Act
2021/07/27 The 1st of the Tenth Session	1. Passed the proposal on the election of Chairman.	
	2. Passed the proposal on the appointment of members of the Remuneration Committee.	✓
	All Independent Directors' opinions: None. The Company's actions in response to the opinions all Independent Directors' opinions: None. Resolution outcome: approved by all the Directors present.	
2021/08/05 The 2nd of the Tenth Session	1. Passed the Distribution Plan of Remuneration for Managers in Cash for the 2020 Fiscal Year Reviewed by the Remuneration Committee of the Company.	✓
	2. Passed the proposal on the amendment to partial provisions of the Company's "Internal Audit Implementation Guidelines."	✓
	3. Passed the proposal on loaning funds to the subsidiary (Forcelead Technology Corp.).	✓
	4. Passed the proposal on loaning funds to the subsidiary (INFSitronix Technology Corp.).	✓
	5. Passed the proposal on loaning funds to the subsidiary (mCore Technology Corp.).	✓
	6. Passed the proposal on the endorsement/guarantee of the subsidiary (mCore Technology Corp.) to invest in the production of wafer products at Hejian Technology (Suzhou) Co.,Ltd.	✓
	All Independent Directors' opinions: None. The Company's actions in response to the opinions all Independent Directors' opinions: None. Resolution outcome: approved by all the Directors present.	
2021/11/04 The 3rd of the Tenth Session	1. Passed the proposal on the Internal Audit Plan for the year 2022.	✓
	2. Passed the proposal on the amendment to partial provisions of "Procurement and Receipt Cycle" of the Company's internal control system.	✓
	3. Passed the proposal on the evaluation of the independence of the CPA.	✓
	4. Passed the proposal on the review of the CPA's professional fees.	✓
	5. Passed the proposal on the endorsement and guarantee for the subsidiary (mCore Technology Corp.) to invest in the production of wafer products at Hejian Technology (Suzhou) Co.,Ltd..	✓
	6. Passed the proposal on the Company's payment of deposits to reserve production capacity of wafer products at Nexchip Semiconductor Corporation.	✓
	All Independent Directors' opinions: None. The Company's actions in response to the opinions all Independent Directors' opinions: None. Resolution outcome: approved by all the Directors present.	
2022/03/17 The 4th of the Tenth Session	1. Passed the Structural Compensation Adjustment Plan of Managers Reviewed by the Remuneration Committee of the Company.	✓
	2. Passed the Distribution Plan of Operation and Project Bonus for Managers for the 2021 Fiscal Year Reviewed by the Remuneration Committee of the Company.	✓
	3. Passed the Distribution Plan of the Remuneration to Employees and Directors for the Year 2021.	✓
	4. Passed the Statement of Internal Control System for the Year 2021.	✓

Date of Meeting	Major Resolutions	Matters specified in Article 14-3 of the Securities and Exchange Act
2022/03/17 The 4th of the Tenth Session	5. Passed the proposal on the 2021 Financial Statements and Business Report.	
	6. Passed the proposal on the 2021 Earning Distribution Plan.	
	7. Passed the proposal on the formulation of the Company's "Handling Procedures for the Acquisition and Disposal of Assets".	✓
	8. Passed the Company's 2022 Operating Plan.	
	9. Passed the proposal on the Company's long-term equity investment.	✓
	10. Passed the proposal on the new endorsement and guarantee for the subsidiary (He Fei Sitronix Co., Ltd).	✓
	11. Passed the proposal on the removal of the Company's endorsement and guarantee for the subsidiary (Forcelead Technology Corp.)	✓
	12. Passed the proposal on allowing the competition among Managers.	
	13. Passed the convening of the Company's regular shareholders' meeting in the year 2022 and related matters.	
	All Independent Directors' opinions: None. The Company's actions in response to the opinions all Independent Directors' opinions: None. Resolution outcome: approved by all the Directors present.	
2022/05/05 The 5th of the Tenth Session	1. Passed the Compensation Adjustment Plan of Managers Reviewed by the Remuneration Committee of the Company.	✓
	2. Passed the replacement of the certified accountant and the independent assessment of the certified accountant.	✓
	3. Passed the consolidated financial report for the first quarter of 2022.	
	4. Passed the proposal on the amendment to partial provisions of the Company's "Internal Audit Implementation Guidelines."	✓
	All Independent Directors' opinions: None. The Company's actions in response to the opinions all Independent Directors' opinions: None. Resolution outcome: approved by all the Directors present.	

(XII) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a Director or Supervisor has expressed a dissenting opinion with respect to a material resolution passed by the Board of Directors, and said dissenting opinion has been recorded or prepared as a written declaration, the main content: None.

(XIII) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the Company's Chairman, General Manager, Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D: None.

V. Information on CPA Professional Fees

(I) The amounts of audit and non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm as well as details of non-audit services that shall be disclosed:

Unit: NT\$ thousand

Name of Accounting Firm	Name of the CPA	Audit Period	Audit Fee	Non-audit Fee	Total	Remarks
Deloitte & Touche Taipei, Taiwan Republic of China	Cheng-Chih Lin	2021.01.01~2021.12.31	\$4,210	\$400	\$4,610	
	Yu-Feng Huang	2021.01.01~2021.12.31				

Please state the content of non-audit services in detail: Non-Audit Fees for Transfer Pricing Report

(II) When the Company changes its accounting firm and the audit fee paid for the year is less than previous year, the reduction in the amount, percentage, and reasons shall be disclosed: None.

(III) When the audit fee paid for the current year is less than previous year by 10 percent or more, the reduction in the amount, percentage, and reasons shall be disclosed: None.

VI. Information on Replacement of CPA

(I) Regarding the former CPA:

Replacement Date	The replacement was approved by the Company's board of directors on May 5, 2022.		
Replacement reasons and explanations	Due to Deloitte & Touche Taipei, Taiwan Republic of China, the accounting firm's job rotation in accordance with relevant regulations, the CPA for auditing financial statements will be changed from Cheng-Chih Lin and Yu-Feng Huang to Cheng-Chih Lin and Mei-Chen Tsai from the first quarter of 2022.		
Describe whether the Company terminated or the CPA did not accept the appointment	Parties	CPA	The Company
	Status		
	Termination of appointment	Not applicable	Not applicable
	No longer accepted (continued) appointment	Not applicable	Not applicable
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the company	None		
Other Revealed Matters (Those who should be disclosed in Article 10, Paragraph 6, Item 1-4 to Item 1-7)	None		

(II) Regarding the successor CPA:

Name of Accounting Firm	Deloitte & Touche Taipei, Taiwan Republic of China
Name of CPA	Cheng-Chih Lin, Mei-Chen Tsai
Date of appointment	May 5, 2022
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	Not applicable
Succeeding CPA's written opinion of disagreement toward the former CPA	Not applicable

(III) Reply letter from the former CPA on item 1 and item 2-3 of Article 10, paragraph 6 of this standard: Not applicable.

VII. The State of the Company's Chairman, General Manager, or any Manager in Charge of Finance or Accounting Matters Has in the Most Recent Year Held a Position at the Accounting Firm of Its Certified Public Accountant or at an Affiliated Enterprise of Such Accounting Firm

The company's Chairman, General Manager, or any Manager in charge of finance or accounting matters has not held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm in the most recent year.

VIII. The Status of any Transfer of Equity Interests And/or Pledge of or Change in Equity Interests by a Director, Supervisor, Manager, or Shareholder With a Stake of More Than 10 Percent during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report

(I) The Status of any Transfer of Equity Interests And/or Pledge of or Change in Equity Interests by a Director, Supervisor, Manager, or Shareholder With a Stake of More Than 10 Percent

Unit: Share

Title	Name	2021		The Current Fiscal Year up to April 25, 2022	
		Increase/Decrease of Shareholding	Increase/Decrease of Pledged Shares	Increase/Decrease of Shareholding	Increase/Decrease of Pledged Shares
Chairman & CEO	Vincent Mao	800,000	-	-	-
Director	Wen-Bin Lin	-	-	-	-
Director & CRO	I-Hsi Cheng	-	-	-	-
Director	Silicon Power Computer & Communications Inc.	-	-	-	-
	Representative: Hui-Min Chen	-	-	-	-
Director	Sheng-Su Lee	-	-	-	-
Director	Yan-Chiang Fan (Note 1)	28,000	-	-	-
Independent Director	Cheng-Chieh Dai	-	-	17,669	-
Independent Director	Yu-Nu Lin	-	-	-	-
Independent Director	Jui-Hsiang Lo (Note 2)	10,000	-	-	-
Independent Director	Ching-Jung Hsu (Note 3)	-	-	-	-
General Manager	Wei Wang	(44,000)	-	(5,000)	-
CRO	Chun-Sheng Lin	(90,000)	-	-	-
Assistant General Manager	Meng-Huang Liu	-	-	-	-
Supervisor of Finance/Accounting Division	Shu-Fang Hsu	-	-	-	-

Note 1:Yan-Chiang Fan was dismissed from the position of Director on July 27, 2021.

Note 2:Ching-Jung Hsu was appointed as the Independent Director on July 27, 2021.

Note 3:Jui-Hsiang Lo was appointed as the Independent Director on July 27, 2021.

(II) Information on Equity Transfer (Where the counterparty is a related party)

Information on the transfer of or change in equity interests incurred to the counterparty that is a related party by a Director, Supervisor, Manager, or Shareholder with a stake of more than 10 percent of the Company.

Unit: NT\$; Shares

Name	Reasons for Equity Transfer	Transaction Date	Counterparty	Counterparty that is a related party by a Director, Supervisor, Manager, or Shareholder with a stake of more than 10 percent of the company.	Number of Shares	Trading Price
Cheng-Chieh Dai	Grant	3/24/2022	Pi-Yu Chen	Spouse of Director	17,669	284.49

(III) Information on Pledge of or Change in Equity (Where the counterparty is a related party)

No pledge or change in equity interests incurred to the counterparty that is a related party by a Director, Supervisor, Manager, or Shareholder with a stake of more than 10 percent of the Company.

IX. Information about the Domestic Relation Among the Shareholders Whose Shareholding Ratio is Within the Top Ten, Whether They are Related Persons or Their Spouses or Second Cousins

April 25, 2022

Unit: Share; %

NAME	Shareholding		Shareholding by spouse and minor children		Total shareholding through nominees		Top 10 shareholders where they are related parties or relatives within the second degree of kinship		Remarks
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Title (or Name)	Relationship	
Gu Ming Investment Corp.	3,358,339	2.80%	-	-	-	-	Wen Long Lin	Chairman	-
Silicon Power Computer & Communications Inc.	3,150,000	2.62%	-	-	-	-	-	-	-
New labor pension fund	2,591,000	2.16%	-	-	-	-	-	-	-
Wen Bin Lin	2,200,000	1.83%	1,100,000	0.92%	-	-	Wen Long Lin	brother	-
Vincent Mao	1,771,699	1.47%	81,243	0.07%	-	-	-	-	-
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	1,387,070	1.15%	-	-	-	-	-	-	-
Wen Long Lin	1,344,345	1.12%	-	-	-	-	Wen Bin Lin	brother	-
HSBC Hosting The Jaketti Emerging Markets Small Equity Capital Fund	1,299,000	1.08%	-	-	-	-	-	-	-
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1,283,567	1.07%	-	-	-	-	-	-	-
Fubon Taiwan Index high dividend 30 ETF	1,263,000	1.05%	-	-	-	-	-	-	-

X. The Number of Shares Held by the Company, Directors, Supervisors, Managers, and Entities Directly or Indirectly Controlled by the Company in the Same Investee Enterprise, and the Calculation of the Consolidated Shareholding Ratio of the above Categories

December 31, 2021

Unit: Share; %

Investee business (Note)	Ownership by the Company		Investment by Directors, Supervisors, Managers, Direct or Indirect Control Groups		Total Ownership	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Sitronix Holding International Ltd.	2,000,000	100%	-	-	2,000,000	100%
Sitronix Technology (Shenzhen) Co., Ltd.	Capital contribution USD 400,000	100%	-	-	Capital contribution USD 400,000	100%
HeFei ezGreen Co., Ltd.	Capital contribution RMB 5,000,000	100%	-	-	Capital contribution RMB 5,000,000	100%
HeFei Sitronix Co., Ltd.	Capital contribution RMB 22,500,000	90%	-	-	Capital contribution RMB 22,500,000	90%
HeFei Sitronix Technology Co., Ltd.	Capital contribution RMB 30,000,000	100%	-	-	Capital contribution RMB 30,000,000	100%
mCore Technology Corp.	9,583,010	91%	-	-	9,583,010	91%
INFSitronix Technology Corp.	9,796,220	58%	607,928	4%	10,404,148	62%
Sensortek Technology Corp.	22,529,596	46%	1,892,420	4%	24,422,016	50%
Forcelead Technology Corp.	24,336,545	83%	796,000	3%	25,132,545	86%
Sitronix Investment Corp.	33,249,060	100%	-	-	33,249,060	100%
Sync-Tech System Corp.	11,364,771	46%	1,914,332	8%	13,279,103	54%
ezGreen Inc.	10,000,000	100%	-	-	10,000,000	100%

Note: Long-term investments accounted for using the equity method by the company.

Chapter 4 Capital and Shares

I. Capital and Shares

(I) Source of Capital Stock

April 25, 2022

Year/ Month	Issue Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares (Thousand share)	Amount (NT\$ thousand)	Number of Shares (Thousand share)	Amount (NT\$ thousand)	Sources of Capital Stock (NT\$ thousand)	Capital Increase by Assets Other than Cash	Others
1998/08	10	4,500	45,000	4,500	45,000	Capital increase 25,000 by cash	None	Jian Yi No. 87329500
1998/12	10	7,000	70,000	7,000	70,000	Capital increase 25,000 by cash	None	Jian Yi No. 88256462
1999/12	10	16,000	160,000	16,000	160,000	Capital increase 90,000 by cash	None	Jing (089) Shang No. 089101284
1999/12	10	18,000	180,000	18,000	180,000	Capital increase 20,000 by cash	None	Jing (089) Shang No. 089101157
2000/08	10	21,500	215,000	21,500	215,000	Capital increase 35,000 by cash	None	Jing (089) Shang No. 130952
2002/11	10	30,000	300,000	25,000	250,000	Capital increase 35,000 by cash	None	Jing-Shou-Shang No. 09101479070
2003/06	10	66,800	668,000	33,432	334,325	Capital increase 84,325 transferred from earnings, capital reserve and employee bonus	None	Jing-Shou-Jhong No. 0923228806
2004/07	10	66,800	668,000	46,668	466,680	Capital increase 132,355 transferred from earnings, capital reserve and employee bonus	None	Jing-Shou-Jhong No. 09332442630
2005/01	10	66,800	668,000	47,303	473,035	Employee stock option certificates converted to common stocks 6,355	None	Jing-Shou-Jhong No. 09431572610
2005/04	10	66,800	668,000	47,488	474,880	Employee stock option certificates converted to common stocks 1,845	None	Jing-Shou-Jhong No. 09431949940
2005/07	10	100,000	1,000,000	63,704	637,044	Capital increase 162,164 transferred from earnings, capital reserve and employee bonus	None	Jing-Shou-Shang No. 09401122960
2005/07	10	100,000	1,000,000	66,785	667,855	Employee stock option certificates converted to common stocks 1,255 Domestic convertible bonds converted to common stocks 29,556	None	Jing-Shou-Shang No. 09401145870
2005/10	10	100,000	1,000,000	68,513	685,135	Employee stock option certificates converted to common stocks 8,175 Domestic convertible bonds converted to common stocks 9,105	None	Jing-Shou-Shang No. 09401213050
2006/01	10	100,000	1,000,000	69,520	695,206	Employee stock option certificates converted to common stocks 1,545 Domestic convertible bonds converted to common stocks 8,526	None	Jing-Shou-Shang No. 09501006430
2006/04	10	100,000	1,000,000	71,008	710,078	Employee stock option certificates converted to common stocks 4,680 Domestic convertible bonds converted to common stocks 10,193	None	Jing-Shou-Shang No. 09501069740

Year/ Month	Issue Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares (Thousand share)	Amount (NT\$ thousand)	Number of Shares (Thousand share)	Amount (NT\$ thousand)	Sources of Capital Stock (NT\$ thousand)	Capital Increase by Assets Other than Cash	Others
2006/07	10	100,000	1,000,000	71,232	712,318	Employee stock option certificates converted to common stocks 353 Domestic convertible bonds converted to common stocks 1,887	None	Jing-Shou-Shang No. 09501144330
2006/09	10	150,000	1,500,000	88,260	882,595	Capital increase 170,277 transferred from earnings, capital reserve and employee bonus	None	Jing-Shou-Shang No. 09501200340
2006/11	10	150,000	1,500,000	89,388	893,882	Employee stock option certificates converted to common stocks 7,638 Domestic convertible bonds converted to common stocks 3,649	None	Jing-Shou-Shang No. 09501254780
2007/01	10	150,000	1,500,000	90,451	904,508	Employee stock option certificates converted to common stocks 3,977 Domestic convertible bonds converted to common stocks 6,649	None	Jing-Shou-Shang No. 09601010850
2007/05	10	150,000	1,500,000	90,773	907,728	Employee stock option certificates converted to common stocks 3,220	None	Jing-Shou-Shang No. 09601106890
2007/09	10	150,000	1,500,000	103,764	1,037,639	Capital increase 128,523 transferred from earnings, capital reserve and employee bonus Employee stock option certificates converted to common stocks 1,388	None	Jing-Shou-Shang No. 09601224560
2007/12	10	150,000	1,500,000	107,635	1,076,351	Capital increase 35,000 by private placement Employee stock option certificates converted to common stocks 3,712	None	Jing-Shou-Shang No. 09601295620 Jing-Shou-Shang No. 09601307070
2008/04	10	150,000	1,500,000	107,641	1,076,414	Employee stock option certificates converted to common stocks 63	None	Jing-Shou-Shang No. 09701090630
2008/08	10	150,000	1,500,000	103,028	1,030,284	Employee stock option certificates converted to common stocks 3,870 Cancel treasury shares 50,000	None	Jing-Shou-Shang No. 09701192540 Jing-Shou-Shang No. 09701205760
2008/09	10	150,000	1,500,000	111,100	1,110,998	Capital increase 80,714 transferred from earnings, capital reserve and employee bonus	None	Jing-Shou-Shang No. 09701245290
2008/11	10	150,000	1,500,000	111,244	1,112,438	Employee stock option certificates converted to common stocks 1,440	None	Jing-Shou-Shang No. 09701300130
2009/04	10	150,000	1,500,000	111,336	1,113,365	Employee stock option certificates converted to common stocks 927	None	Jing-Shou-Shang No. 09801071590
2009/07	10	150,000	1,500,000	111,341	1,113,415	Employee stock option certificates converted to common stocks 50	None	Jing-Shou-Shang No. 09801132660
2009/09	10	150,000	1,500,000	115,258	1,152,581	Capital increase 39,028 transferred from earnings, capital reserve and employee bonus Employee stock option certificates converted to common stocks 138	None	Jing-Shou-Shang No. 09801211170
2009/12	10	150,000	1,500,000	115,316	1,153,161	Employee stock option certificates converted to	None	Jing-Shou-Shang No. 09801275030

Year/ Month	Issue Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares (Thousand share)	Amount (NT\$ thousand)	Number of Shares (Thousand share)	Amount (NT\$ thousand)	Sources of Capital Stock (NT\$ thousand)	Capital Increase by Assets Other than Cash	Others
						common stocks 580		
2010/04	10	150,000	1,500,000	115,487	1,154,871	Employee stock option certificates converted to common stocks 1,710	None	Jing-Shou-Shang No. 09901079490
2010/06	10	150,000	1,500,000	115,524	1,155,241	Employee stock option certificates converted to common stocks 370	None	Jing-Shou-Shang No. 09901132430
2010/09	10	150,000	1,500,000	117,835	1,178,346	Capital increase 23,105 transferred from earnings and capital reserve	None	Jing-Shou-Shang No. 09901200640
2010/12	10	150,000	1,500,000	117,889	1,178,886	Employee stock option certificates converted to common stocks 540	None	Jing-Shou-Shang No. 09901268170
2011/04	10	150,000	1,500,000	118,062	1,180,616	Employee stock option certificates converted to common stocks 1,730	None	Jing-Shou-Shang No. 10001067760
2011/05	10	150,000	1,500,000	118,148	1,181,476	Employee stock option certificates converted to common stocks 860	None	Jing-Shou-Shang No. 10001105470
2013/10	10	150,000	1,500,000	119,148	1,191,476	New restricted employee shares 10,000	None	Jing-Shou-Shang No. 10201211420
2014/08	10	150,000	1,500,000	119,118	1,191,176	Cancel new restricted employee shares 300	None	Jing-Shou-Shang No. 10301179340
2014/12	10	150,000	1,500,000	119,138	1,191,376	Employee stock option certificates converted to common stocks 200	None	Jing-Shou-Shang No. 10301248020
2016/08	10	150,000	1,500,000	120,638	1,206,376	New restricted employee shares 15,000	None	Jing-Shou-Shang No. 10501208560
2017/11	10	150,000	1,500,000	120,518	1,205,176	Cancel new restricted employee shares 1,200	None	Jing-Shou-Shang No. 10601149850
2018/04	10	150,000	1,500,000	120,503	1,205,026	Cancel new restricted employee shares 150	None	Jing-Shou-Shang No. 10701037000
2018/11	10	150,000	1,500,000	120,227	1,202,273	Cancel new restricted employee shares 2,753	None	Jing-Shou-Shang No. 10701148560
2019/04	10	150,000	1,500,000	120,223	1,202,226	Cancel new restricted employee shares 47.5	None	Jing-Shou-Shang No. 10801040290
2019/11	10	150,000	1,500,000	120,137	1,201,369	Cancel new restricted employee shares 857	None	Jing-Shou-Shang No. 10801174420

Unit: Share
April 25, 2022

Type of Shares	Authorized Capital			Remarks
	Outstanding Shares	Un-issued Shares	Total	
Registered common stock	120,136,876	29,863,124	150,000,000	Outstanding shares is listed stock

(II) Composition of Shareholder

April 25, 2022

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Legal Persons	Individuals	Foreign Institutions and Foreigners	Total
Number (people)	4	35	228	30,576	302	31,145
Number of Shares Held (share)	4,062,000	5,787,353	8,961,050	69,368,700	31,957,773	120,136,876
Shareholding Ratio	3.38%	4.82%	7.46%	57.74%	26.60%	100.00%

(III) Distribution of Ownership (par value of NT\$ 10 each share)

April 25, 2022

Shareholding Range	Number of Shareholders	Number of Shares Held (share)	Shareholding Ratio %
1 to 999	13,346	1,131,891	0.94%
1,000 to 5,000	15,508	27,587,155	22.96%
5,001 to 10,000	1,159	9,088,121	7.57%
10,001 to 15,000	389	5,031,371	4.19%
15,001 to 20,000	205	3,772,978	3.14%
20,001 to 30,000	168	4,243,898	3.53%
30,001 to 40,000	76	2,702,782	2.25%
40,001 to 50,000	48	2,203,620	1.83%
50,001 to 100,000	102	7,404,336	6.16%
100,001 to 200,000	71	10,176,627	8.47%
200,001 ~ 400,000	41	11,793,966	9.82%
400,001 ~ 600,000	9	4,325,111	3.60%
600,001 ~ 800,000	6	4,152,000	3.46%
800,001 ~ 1,000,000	3	2,505,000	2.09%
1,000,001 above	14	24,018,020	19.99%
Total	31,145	120,136,876	100.00%

(IV) List of Major Shareholders

Name, number of shares held, and shareholding ratio of shareholders who hold more than 5% of the shares or the top 10 shareholders

April 25, 2022

Share	Number of Shares Held	Shareholding Ratio
Name of Major Shareholders		
Gu Ming Investment Corp.	3,358,339	2.80%
Silicon Power Computer & Communications Inc.	3,150,000	2.62%
New labor pension fund	2,591,000	2.16%
Wen Bin Lin	2,200,000	1.83%
Vincent Mao	1,771,699	1.47%
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	1,387,070	1.15%
Wen Long Lin	1,344,345	1.12%
HSBC Hosting The Jaketti Emerging Markets Small Equity Capital Fund	1,299,000	1.08%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1,283,567	1.07%
Fubon Taiwan Index high dividend 30 ETF	1,263,000	1.05%

(V) Market Prices, Net Worth Per Share, Earnings Per Share, Dividends Per Share and Related Information in the Most Recent 2 Fiscal Years

Unit: NT\$ thousand; thousand share

<div>Year</div> <div>Item</div>			2020	2021	The Current Fiscal Year up to March 31, 2022
Market Price Per Share	Highest		171.5	416.5	323.5
	Lowest		98	156.5	273.5
	Average		144.11	264.91	296.82
Net Worth Per Share	Before Distribution		55.28	97.85	109.55
	After Distribution		47.78	65.85	77.55
Earnings Per Share	Weighted Average Number of Shares (thousand shares)		120,131	120,036	119,977
	Earnings Per Share		11.53	50.03	11.82
Dividends Per Share	Cash Dividend		7.5	32.0	-
	Stock Dividends	Stock Dividends from Retained Earnings	-	-	-
		Stock Dividends from Capital Reserve	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Investment Return Analysis	Price-to-Earnings Ratio (Note 1)		12.50	5.30	-
	Price-to-Dividends Ratio (Note 2)		19.21	8.28	-
	Yield on cash dividend (%) (Note 3)		5.20	12.08	-

Note 1: Price/Earnings ratio = Average closing price per share for the current fiscal year/earnings per share.

Note 2: Price/dividend ratio = Average closing price per share for the current fiscal year/cash dividend per share.

Note 3: Cash dividend yield = Cash dividend per share/Average closing price per share for the current fiscal year.

(VI) Company's Dividend Policy and Implementation thereof

1. Dividend policy

The overall working capital needs and financial planning of the Company are taken into account in the Company's dividend distribution. In the absence of other special circumstances, the dividend shall be distributed at 50% or more of the net profit after tax of the current year.

Dividend policy stipulated in the Company's Articles of Incorporation:

Article 19 Any profit of the Company after annual closing of the books shall be

distributed in the following order:

- (1) Pay all taxes and dues.
- (2) Make up for accumulated losses.
- (3) Appropriate 10% of the remaining net profits as legal surplus reserve. Where such legal reserve amounts to the total paid-in capital of the company, this provision shall not apply.
- (4) Appropriate or reverse special surplus reserve as prescribed by law.
- (5) If there is still remaining balance, the Board of Directors shall draw up an earnings distribution proposal on the balance and the accumulated undistributed earnings of previous years, and submit to the Board of Shareholders to resolve the dividends distribution to the shareholders.

Article 19-1 Dividends to shareholders of the Company shall be distributed in the form of cash or shares, provided that the proportion of cash dividends distributed shall not be less than 10% of the total dividends. The policy of dividend distribution shall be based on the company's current and future investment environment, capital needs, domestic and foreign competition, capital budget and other factors, taking into account the interests of shareholders, balance of dividends, and long-term financial planning of the company. The Board of Directors shall prepare a distribution plan and report to the shareholders' meeting on a yearly basis according to laws.

Article 19-2 The Company may authorize the distributable dividends and bonuses, in whole or in part, to be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of Directors; and in addition thereto a report of such distribution shall be submitted to the latest shareholders' meeting.

Article 19-3 Where the company incurs no loss, it may, authorize the legal surplus reserve (a part that exceeds 25 percent of the paid-in capital) and capital surplus reserve (pursuance to the Company Act), in whole or in part, to be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

2. The proposed dividend distribution of Shareholders' Meeting this year:

- (1) According to the Article of Incorporation, the Board of Directors was authorized to resolve specifically to distribute all or part of the dividends payable and bonus in cash, which was reported at the shareholders' meeting.
- (2) Allocate the shareholders dividends of NT\$3,844,380,032 for the distribution of cash dividends of NT\$32 per share. The calculation method of "unconditional leaving out the number less than NT\$1" was adopted for the distribution of cash dividends, and the total number of decimal fraction less than NT\$1 shall be adjusted on the decimal number from big to small and the account number from front to back to accord with the total cash dividend distribution.

3. Any expected material changes in the dividend policy: None.

(VII) Effects upon the Company's business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent Shareholders' Meeting

Since the Company did not disclose financial forecasts in 2022 fiscal year, there is no relevant information to calculate the impact of the stock grants on the Company's business performance, and earnings per share.

(VIII) Remuneration to the Employee, Directors and Supervisors

1. The percentages or ranges with respect to the remuneration of the employee, Directors and Supervisors, as set forth in the Company's the Articles of Incorporation

As prescribed by the Articles of Incorporation, if the Company has gained profits within a fiscal year, 1% to 25% of the profits shall be reserved as the employees' compensation, and less than 3% as the Director's remuneration. However, if the Company has accumulated losses, it shall reserve the compensation amount in advance and then allocate employee remuneration and Director remuneration in accordance with the aforesaid proportion.

Employee compensation shall be resolved by the Board of Directors to be distributed in the form of shares or in cash. Qualification requirements of employees shall include the employees of parents or subsidiaries of the Company meeting certain specific requirements.

Prior to the establishment of the Audit Committee of the Company, the remuneration of Supervisors shall be allocated in accordance with the ratio prescribed in the first paragraph.

2. The basis for estimating the amount of employee, director, and supervisor remuneration, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount

and the estimated figure, for the current period.

The basis for estimating the amount of employee, director, and supervisor remuneration of this year is calculated according to the Articles of Incorporation of the Company. Any discrepancy between the actual distributed amount and the estimated figure has been handled in accordance with the relevant laws and regulations.

3. Information on the remuneration distribution approved by the Board of Directors

The Board of Directors of the Company adopted the following resolutions on March 17, 2022:

- (1) The amount of any employee compensation distributed in cash or stocks and compensation for Directors and Supervisors.

The employee remuneration distributed in cash is of NT\$539,474,407, and NT\$96,163,342 for the directors, which has no discrepancy with the estimated figure for the current fiscal year.

- (2) The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee remuneration: Not applicable.

4. The actual distribution remuneration of employees, Directors, and Supervisors for the previous fiscal year (including the distributed number, amount and shares price), and where is any discrepancy between the actual distribution and the recognized remunerations for employees, Directors and Supervisors, the discrepancy, cause, and how it is treated shall be stated:

Item	2020 Fiscal Year (distributed in 2021)		
	Amount Recognized in Financial Statements	Actual Distribution	Differences
Employee remuneration	NT\$124,371,960	NT\$124,371,960	None
Remuneration to Directors	NT\$37,311,588	NT\$37,311,588	None

(IX) Share Repurchases

None.

II. The Annual Report Shall Provide Information on the Company's Issuance of Corporate Bonds, Including Unretired Bonds and Unissued Bonds for which an Issue is currently Under Preparation, and in Accordance with Article 248 of the Company Act the Report Shall Disclose all the Matters Set Forth Thereunder and Explain Their Effect upon shareholders' Equity

None.

III. The Section on Preferred Shares Shall Include Both Outstanding and Unissued Shares for Which an Issue is Currently under Preparation, and Shall Disclose Any Conditions Attaching to Issuance and Their Effect upon Shareholders' Equity. The Information on Preferred Shares Shall Also Specify the Matters Listed under Article 157 of the Company Act

None.

IV. The Section on Global Depository Receipts Shall Include Information on Receipts Issues that Remain Partially Outstanding, and on Unissued Receipts for Which an Issue is Currently under Preparation. Also to be Disclosed are the Date of Issue, Total Value of Issue, the Rights and Responsibilities of the Holders of Global Depository Receipts and Related Matters

None.

V. The Section on Employee Stock Option Certificates

None.

VI. The Section on New Restricted Employee Shares

None.

VII. The Section on New Share Issuance in Connection with Mergers and Acquisitions

None.

VIII. The State of Implementation of The Company's Capital Allocation Plans

None.

Chapter 5 Operations Overview

I. Business Activities

(I) Business scope

1. Major contents of business

The main business items as stated in the Certificate of Incorporation and Business Registration Certificate are as follows:

- (1) Design, manufacture, test and sale of various integrated circuits.
- (2) Design, manufacture, test and sale of various integrated modules.
- (3) Research, development and sales of various integrated circuit applications.
- (4) Trading and agency business of various integrated circuits.

2. Major lines of business and percentage of each line

Unit: NT\$ thousand

Major Product	2021	
	Sales Volume	Percentage (%)
Integrated Circuit Design Products	21,609,644	97.10%
Others	646,026	2.90%
Total	22,255,670	100.00%

Note: "Others" refer to other products purchased on behalf of the customers.

3. New products (services) planned for development

- (1) High-end smartphone display driver and capacitive touch control chips (TDDI).
- (2) Medium-size color automotive display driver chips.
- (3) AIOT integrated display driver and capacitive touch control chips (TDDI).
- (4) AMOLED integrated display driver and capacitive touch control chips (TDDI) for wearables.
- (5) High-end distance and ambient light sensors.
- (6) Gyroscope sensors.

(II) Industrial overview

1. The current status and development of the industry

Sitronix Technology provided a wide range of applications, from display driver ICs (DDIs) for AIoT-related products, feature phones, smart phones, automotive and industrial control category, to non-DDI products such as MCU, power management IC, sensors, etc., covering a variety of industries, applications, markets, and customer groups. We can classify these products into several categories: AIoT and mobile phone DDI, industrial control and on-board DDI, and SoC (System on a Chip). Among them, the industrial control category covers hundreds of applications, which is difficult to analyze one by one. As for the SoC, sensors are the biggest category, thus we will focus on the product categories of sensors, AIoT applications DDI, mobile phone DDI and automotive DDI, and emphasize on the recent developments that are more likely to be associated with the Company business.

(1) **Sensors and Artificial Intelligence of Things (AIoT)**

Sitronix has been devoted to the development of AIoT-related products in recent years. Today, the Group's DDI and sensors have been successfully introduced into the products of major brands. The sensors, designed by its subsidiary, Sensortek, have also made significant breakthroughs in recent years. From the perspective of the overall market, with the development of IoT, the application of various sensors and DDIs are increasingly diversified, which can be roughly classified from the three levels of individuals, families and society.

A. Personal consumer products: mobile phones, wearable devices, etc.

Manufacturers are trying to differentiate themselves in an increasingly competitive market by diversifying the capabilities of mobile phones and wearable devices, including biometrics, gesture control, emotion and health management applications, which have been applied to a variety of sensors. Sensors can also be used to track the user's finger movements, such as tapping or sliding, to control true wireless bluetooth headphones (TWS), smart home devices, automobiles, etc.

In terms of physical and mental management, sensors can be used in mobile phones, wearable devices, or medical and health devices to detect body indexes such as heartbeat, facial expression and skin temperature, and record the psychological and physiological state of the user. Among them, the measurement of blood oxygen changes has become a common application in wearable devices.

In terms of DDIs, there has been a significant growth in the demand for

medical products, such as temperature measurement devices, amidst COVID-19. In addition, the products are moving away from screenless and small-sized displays to screen-based and mid-sized displays, which have further driven the shipping of DDIs.

B. Family sharing device: smart home applications

In addition to the personal consumer products mentioned in the previous section, sensors are also widely applied in smart home applications. Internationally-renowned manufacturers and many startups have launched all kinds of products one after another, flourishing throughout the market. Smart air conditioners, refrigerators, door locks, lighting devices, sockets, security monitors, stew pots, toothbrushes, shutters, and other applications are springing up in succession. A variety of sensors can be used to detect indoor temperature, humidity, air quality, human movement, item movement, breakage of doors and windows, water leakage and icing, users' return to home (which leads to an automotive release of the smart lock) and many other purposes.

One of the most high-profile products of the smart home is the latest superstar, smart speakers. As Amazon announced its smart speaker in 2014, its main rivals, such as Google Home and Apple's HomePod, also joined the market later on, aggressively seizing their shares. Smart speakers can be called the hub of smart families, enabling consumers to easily control the air conditioning, lighting, door locks, and the car (users can ask smart speakers about the use status of their own car, such as the parking position and the amount of remaining oil of different vehicles) and other products. The popularity of smart speakers is a boon for other makers of smart devices since they complement each other. Many manufacturers have already integrated their products with smart speaker brands in the market, so consumers have plenty of options when buying smart home products. Sitronix Group has also been eagerly developing ICs for smart speakers, where the sensors designed by its subsidiary, Sensortek, and DDIs developed by the parent company (for the display of smart speakers) have entered mass production in collaboration with major brands.

C. Large-scale application of smart factories and smart cities

The important aspects of smart factories and smart cities include collecting information by using various devices such as equipment with sensors and integrating the information with big data and cloud technology for active detection, prevention in advance, and post-incident quick judgment and treatment, which are widely applied in business, energy, transportation, safety,

and other fields to make life more safety, eco-friendly, and efficient.

In the public domain, energy-related applications have been one of the most common smart city constructions. Many cities in the world have invested in the construction of smart power grid, smart water meter, smart gas meter and so on. According to power manufacturers, the global market volume for smart electric meters is estimated as high as about 600 million sets. Sitronix has tapped into the market with its DDIs for the display of smart electric meters.

(2) Market Growth and Technological Breakthroughs of Mobile Phones

According to the Topology Research Institute (TRI), 1.335 billion units of the global smartphone were shipped in 2021, up 6.5% year-over-year as COVID-19 began to slow down. As such, 1.386 billion or more units of mobile phones are expected to ship in 2022, 3.8% up year-over-year.

Under the situation that the high-end mobile phone market is becoming increasingly saturated and the competition is heating up, the mobile phone manufacturers mainly respond to it with several strategies: (a) Seizing markets other than high-end ones: launch more middle and low end mobile phones of cost-effective and actively explore emerging markets. (b) Promote subtle product differentiation in established high-end markets. (C) Develop a complete ecosystem, such as home appliances, VR, wearable devices and other products, with the use of mobile phones to increase brand stickiness. Sitronix Group has successfully launched products compatible with mobiles phones of different levels. For instance, its DDIs are targeted at middle and low-end mobile phones, while its sensors cover the whole spectrum from low, middle, to high-end mobile phones.

A. Middle and low-end mobile phones of cost-effective and emerging markets

Brands are aggressively seizing the emerging markets, such as the Southeast Asian and Latin American markets. Among them, India is the second largest smart phone market globally, second only to China, where low-cost mobile phones still dominate. MIUI is still dominating the Indian market, while other brands such as Samsung and Vivo are catching up.

B. High-end product differentiation

High-end features, like 5G and foldable screens, are the directions that smart phone manufacturers will focus on. According to the Topology Research Institute (TRI), the global 5G smartphone penetration rate is expected to reach 37% in 2021 and exceed 50% in 2023. Meanwhile, the demand for foldable phones reached 9.3 million units in 2021, up 437% year-over-year. However, the penetration rate is still relatively low, which means there will be

a huge room for growth in the future.

In addition, various manufacturers have also demonstrated various products that can be matched with mobile phones, such as home appliances, aerial cameras' remote controls, etc. It also reflects the efforts made by mobile phone companies in recent years to expand the brand's ecological chain to increase consumer stickiness.

C. Collaboration across the industry and development of a complete ecosystem to increase brand stickiness

Despite mobile phone manufacturers' consistent efforts on making innovative mobile phones, in order to adapt to the mature stage of mobile hardware, brands have invested in the development of the ecosystem successively and made investment or multi-industry alliances, in an attempt to expand the momentum and reach into every area of life of consumers, such as mobile payment, virtual reality devices and other applications.

(3) Automotive Market

The auto market is expected to grow by 7% year-on-year to 79.6 million units in 2021, according to the estimates from Topology Research Institute (TRI). Generally, vehicle-mounted products are more profitable than consumer products such as mobile phones. Partly owing to the high standard test specifications of vehicle-mounted products, which have to be able to endure various traveling conditions such as a wide temperature range and high vibration. Also, the products' life cycles are longer and they need to be durable over multiple times of use. As a result, the vehicle market is relatively closed and there is difficulty in obtaining the certification, but once it is certified, basically it can have a long-term stable order. Sitronix's vehicle-mounted DDIs are highly-trusted by our customers. Moving forward, the Company will continue to collaborate closely with major brands.

While the market volume is increasing, the automobile industry is also developing towards the demands of convenience, safety, and environmental protection in terms of technology and widely uses sensors, automotive DDIs and other products.

A. Convenience: the important role that mobile phones play in the Internet of Vehicles

Each major automaker has introduced more convenient services, such as allowing drivers to use basic mobile phone functions like dialing, SMS, and map navigation on the auto screen, as well as third-party apps, making the driving experience increasingly personalized.

Furthermore, some automakers have set up their own smart systems to provide more intimate services to consumers, including allowing the address on the

mobile phone to be directly transmitted to the vehicle to avoid the trouble of entering the destination, sending directions to the mobile phone after parking, and locking or unlocking the car remotely with the mobile phone at any time, etc. Other than using the mobile phone, multiple functions can be operated by other devices such as smart watches, giving the driver greater freedom of operation.

B. Safety: driving assistance, tire pressure detection, HUD and other equipment

The convenience of various new features mentioned above is appealing, but driving safety on the road is still the most important part of the automotive industry and one of the ultimate goals of vehicle intelligence. The concept of smart vehicles covers such items as a relatively basic auxiliary system and more advanced fully autonomous driving, in which the development planning of Advanced Driver Assistance System (ADAS) has reached a certain degree. The applications of sensors in this system include lane departure detection, blind zone warning, parking assistance, driving fatigue detection, etc.

What's more, HUD is also an application closely related to driving safety. It can display vehicle information in the driver's front field of vision, such as driving path, speed, etc., thus reducing the driver's sight movement and ensuring driving safety. HUD is to project a light source from the inside of the dashboard to the front windshield and present information in a reflective way. Originally, this technology is mainly used in military applications. However, some cars are also equipped with HUD devices, and there is still great room for HUD development.

C. Environmental protection: the growth of electric vehicles

In the case of increasingly strict standards of vehicle carbon emissions, hybrid or pure electric vehicles can effectively solve the problem of vehicle carbon emissions. The market for electric cars is in its early stages of growth, and governments around the world are offering subsidies to help make them more affordable by offsetting relatively high prices. In addition to the vehicles themselves, electric vehicles can also drive the business opportunities for the construction of charging piles or charging stations, and the screens on the charging piles are expected to grow simultaneously.

(4) Overview of the Major Industries in which Sitronix is Involved

From the perspective of the product categories of sensors, AIoT, mobile phones, and vehicle-mounted products, the recent development of the industry mostly emphasizes on the key points such as everything is connected, cross-domain

cooperation, the expansion of medium and low-end markets, and the technical improvement of high-end markets, so as to lead a safer, more convenient, environmentally friendly and efficient life. Besides, a huge demand for sensors and DDIs and other technological products has been spawned in the process of this development. One of the current challenges is the integration of standards within the domain and cross-domain and the compatibility of information content across different systems and brands. If all kinds of information can flow seamlessly in the same domain and cross-domain in the whole ecosystem, the society can truly benefit from the intelligence of all things. As an IC design company with several display technologies, diversified products of a wide range of industrial customers, and the pursuit of steady R&D strength, we are optimistic about this trend.

2. The relevance among the upstream, midstream and downstream of the industry

The general relevance among the upstream, midstream and downstream of the domestic semiconductor industry is shown in the following table, which can be roughly divided into the upstream of chip design, the midstream of mask and wafer manufacturing, and the downstream of wafer testing and packaging. Sitronix is an IC design company in the upstream.

<u>Upstream</u>	<u>Midstream</u>	<u>Downstream</u>	<u>Application Users</u>
IC Design (Design House)	Mask and Wafer Manufacturing (Foundry)	Packaging and Testing	Brand Manufacturers Communication manufacturers Computer developers

3. Product development trend

(1) Zero capacitor technology

The zero capacitor technology used by Sitronix is ahead of the market, and the Company's R&D team is continuing to push this product feature and competitive advantage into the medium to high-resolution display driver chip, enabling Sitronix to maintain the lead of the industry in terms of specifications and raising the technological threshold to ensure product advantages.

(2) Medium-size vehicle panel driver ICs

In recent years, Sitronix has been strengthening the development of medium-size vehicle panel driver IC, which has been continuously adopted by major customers and is expected to gradually increase its share in the automotive display driver IC market.

(3) Sensors

The sensors produced by Sensortek, a subsidiary of Sitronix, have been constantly upgraded, which has successfully entered the high-end market and has won many customer support and recognition.

4. Industrial competition

Product	Industrial Peers	Product Technology Difference and Market Positioning Analysis
LCD Driver IC (Mono)	Ultrachip Epson	<p>A. Product Technology Difference: Sitronix holds a number of patents strengthening the Company's competitive advantage in many aspects.</p> <p>B. Market Position Analysis: In terms of shipments of black and white display driver IC, Sitronix is the market leader, which also means Sitronix is one of the few manufacturers that can provide one-stop services on a large scale. The Company can supply ICs of black and white and color, with resolution from low to high to customers according to the demand of different product positioning in each industry.</p>
LCD Driver IC (Color)	Novatek Himax Ilitek Focaltech Gcoreinc New Vision	<p>A. Product Technology Difference: Innovative patented circuit design to provide the best quality to customers.</p> <p>B. Market Position Analysis: Sitronix is the current market leader in display drive IC for feature phones. And in the smartphone display driver IC market, we still have a lot of room for growth. Sitronix will continue to improve its competitive advantage through product differentiation.</p>
Touch Control IC	Synaptics Goodix Focaltech	<p>A. Product Technology Difference: The anti-noise technology of Sitronix can effectively resist interference sources, such as charger, LCM, etc.</p> <p>B. Market Position Analysis: Sitronix is a new entrant in the touch control market and has a lot of room for growth.</p>
Sensors	AMS Bosch	<p>A. Product Technology Difference: In addition to producing the standard version of the proximity sensors, Sensortek, a subsidiary of Sitronix Group, has also successively launched multiple versions such as small aperture, under-screen and different sensitivity to meet the different needs of various customers.</p>

Product	Industrial Peers	Product Technology Difference and Market Positioning Analysis
		B. Market Position Analysis: Sensortek's proximity sensors and ambient light sensors continuously adopted by each big customer, and the acceleration sensor (accelerometers) is a new entrant in the smartphone application market, has great room for growth.

(III) Overview of technology and research and development

1. Research and development expenses that have been invested

Unit: NT\$ thousand

Year	2021	2020
R&D Expenses	2,928,328	1,677,211
As a Percentage of Operating Revenue in Current Fiscal Year	13%	12%

2. Technology and products that have been successfully developed

Year	Content of Technologies
1999	Established the SOC architecture based on W65C02.
2000	Completed the electronic dictionary chip with fully integration, and set up the IP with a total of 16Mbit Mask ROM, 32Kbit SRAM, Dual port SRAM, DMA, LCD controller, low voltage detector circuit, etc.
	Established the self-developed text LCD Controller/ Driver architecture; Researched and developed and improved the anti-static damage capability to an industrial level.
	Completed power-saving SOC chip with standby current less than three microamps.
2001	Completed the super power-saving (60 microamps) LCD Controller/Driver for mobile phones, with the output voltage variation of various display graphics less than 1%.
	Completed the built-in Chinese font LCD Controller.
	Designed high voltage (40V) related IP, e.g. Power hoist protection circuit, high voltage ESD protection circuit, Level shift circuit, etc.
2002	Electronic dictionary, LCD Driver for electronic dictionary, LCD Driver for mobile phone, LCD Driver for PDA.
	Built-in power-saving OP and Booster circuit, which can greatly improve the display quality of the electronic dictionary and save 300 microamps.
	Built-in partial voltage capacitor and double voltage capacitor, saving external parts of the phones.
	Completed the LCD Drive with HI FAS drive mode, saving 40% power compared with traditional circuits.
2003	Built 0.35μ design.
	Built DSP technology.
	Built Audio application technology.
	Built CSTN color technology.
	Started to build TFT color technology.
	Built Shared Pixel Rendering color technology.
	Built Color Dithering color technology.
	Built white LED driver technology.

Year	Content of Technologies
2004	Completed an electronic dictionary platform with USB and Flash reading interface.
	Completed the research and development of DSP voice chips.
	Completed 26XX series of educational toy products.
	Completed the research and development of 4K Color STN Driver, mass-produced and delivered.
	Completed the research and development of 65K Color STN Driver, mass-produced and delivered.
	Completed the product research and development of TFT LCD Driver for mobile phone.
2005	Completed a new generation architecture platform for electronic dictionary.
	Established the technology of hardware and software for music players.
	Completed the research and development of the educational toy product line.
	Completed the CSTN Driver for the HIFAS architecture.
	Introduced the TFT Mobile Driver for mass production.
	Built the technical capability of Large Panel Driver.
	Continued the cost down work of STN and CSTN products.
2006	Built VoIP control integrated circuit technology.
	Built the integrated circuit technology of the chip card reader with a USB interface.
	Built an 8-bit microprocessor development system based on a USB interface.
	Successfully introduced the Green Driver technology into STN and CSTN products.
	Successfully introduced TFT IC into MP4 and high-end mobile phone market and smoothly introduced it to mass production.
	Built a complete small and medium-size TFT product line.
	Completed the development of automotive LCD Driver IC.
	Started the mass production of 6 bits 384 Channels Source Driver for LCD monitors.
	Started the mass production of 256 Channels Gate Driver for LCD monitors.
	Started the mass production of 6 bits 642 Channels Source Driver for LCD monitors.
2007	Built an 8-bit and 32-bit digital photo frame system.
	USB interface single chip for wafer reader was recognized by the international manufacturers and introduced for mass production.
	Established a complete and quick multimedia playback platform.
	Successfully introduced Green Driver MSTN/CSTN to mass production.
	Successfully introduced vehicle LCD Driver to mass production.
	Completed the new technology of Crosstalk compensating circuit and introduced for mass production.
	Built the research and development technology of Green Driver TFT.
	Started the mass production of 6 bits 384/642 Channels Source Driver for LCD monitors.
	Started the mass production of 256/300/350 Channels Gate Driver for LCD monitors.
	Completed the verification of 6 bits 720/840 Channels Source Driver for LCD monitors.
	Completed the verification of 8 bits Source Driver and 400 Channels Gate Driver for LCD monitors.
	Completed the verification of 1200 Channels Source with 480/600 Channels Gate for AV monitors.
2008	Established a complete digital photo frame product system.
	Built a multi-functional personal karaoke player.
	Introduced the Palette Driver for mass production.
	Researched and developed the E-Paper driver chip.
	Introduced the LCD driver IC for CABC & Dot Inversion TFT mobile phones.
	Started the mass production of 6 bits 642/720 Channels Source Driver for LCD monitors.
	Started the mass production of 400 Channels Gate Driver for LCD monitors.
	Completed the verification of 6 bits 960 Channels Source Driver for LCD monitors.
	Completed the verification of 88 bits Source Driver for LCD TV.
	Started the mass production of 1200 Channels Source Driver and 600 Channels Gate Driver for low-price notebook panels and completed the verification of 480 Channels Gate Driver.

Year	Content of Technologies
	Completed the output of the Source Driver Engineering Sample of the 1200 Channels built-in Timing controller for digital photo frame panels.
2009	Personal portable Karaoke Audio Player product.
	Completed the design of speech book system and development of software.
	Developed the TFT LCD drive single-chip Green Driver technology for mobile phones.
	Started the mass production of small-size TFT LCD driver single-chip built-in capacitor technology.
	Started the mass production of small-size TFT LCD driver single-chip built-in backlight power-saving technology.
	Started the mass production of mini-LVDS 6 bit 960 channels COF driver for LCD monitors.
	Started the mass production of RSDS 6 bit 960 channels COF driver for LCD monitors.
	Completed the verification of mini-LVDS 6 bit 1026 channels COF driver for LCD monitors.
	Completed the verification of mini-LVDS 768 channels COG source driver for Notebook panel.
	Completed the verification 800 ch and 600 ch COG gate driver supporting Dual gate architecture for Notebook panel.
	Completed the output of the Source Driver of 1200 Channels built-in Timing controller for digital photo frame panels.
2010	A new generation of multi-functional control chips and processing platform.
	Portable music singing solution.
	Audio and sound control platform.
	The program of 32-bit processor applied in the learning machine market.
	A new generation of 32-bit processor chips.
	The controller chips for Apple accessories products.
	Expanded the driver chips built-in capacitor products for mobile phones.
	Built the small-size, medium, and high-resolution drive chip technology without capacitor.
	Researched and developed the small-size driver chips of integrated circuit for reducing memory unit.
	Built the driver chip high-speed single-channel interface technology for mobile phones.
	Started the mass production of mini-LVDS 768 channels COG source driver for notebook panels.
	Completed the verification of the 960ch gate driver supporting Dual gate architecture for medium-size panels.
	Completed the verification of source drive with 1200 channels built-in Timing Controller for automotive panels.
	Started the mass production of mini-LVDS 6 bits 1026 channels COF source driver for LCD monitors.
	Started the mass production of Source/Gate driver for industrial panels.
2011	Expanded the TFT LCD single-chip driver built-in capacitor products for mobile phones.
	Built the TFT LCD medium and high-resolution drive single-chip technology without capacitor for mobile phones.
	Built the driver single-chip high-speed single-channel interface technology for mobile phones.
	Introduced the new STN Driver IC for customer testing and successfully introduced for mass production at the end of the year.
	Completed the research and development of TN Driver COG IC and introduced it to marketing promotion.
	Developed the medium-sized TFT 800*480 resolution 2 chip solution, high pin count gate driver, built-in timing generation circuit, driver IC supporting 1024*768 resolution, and arbitrary resolution timing generation circuit.
	Developed the driver IC built-in timing generation circuits, real 8-bit driver chips, and temperature compensation circuits for automotive TFT panels.
	Started the mass production of multi-finger touch solutions for tablet computers.
	Passed the certification of Win7 10-finger touch Logo.
	Built the Single-layer ITO touch sensing technology.
	Started the mass production of a new generation of five-finger touch single-chip for smartphones.
	Launched a multi-finger touch single chip designed specifically for tablet computers.

Year	Content of Technologies
	Completed the support of OGS (One Glass Solution) multi-finger touch technology.
	Built the multi-touch technology that is resistant to high noise of power adapters.
2012	Built the drive single-chip technology with small-size, TFT LCD, medium and high resolution, without capacitor.
	Developed the driver chip with built-in timing generation circuits and power circuits.
	Developed the control chip for 3D glasses.
	Mono-STN Green Driver external power supply system.
	Developed the 1024*600 resolution 2 Chip solution.
2013	Built the technology of TFT LCD driver IC with a high-speed interface, high-speed SRAM, Line buffer for mobile phones.
	HD720(800*1280) For LTPS LCD Driver.
	Built the small-size drive single-chip technology with TFT LCD, medium and high resolution without capacitor for feature phones.
	Developed the ES of PND 480x272 0C driver ICs.
	Researched and developed the STN DRIVER NEW BOOST SYSTEM WITH ZERO CAPS.
2014	2/4 direction gesture control proximity sensor.
	Small sensor hole proximity sensor.
	320*240 resolution STN display driver chip for industrial control instrument.
	480*272 resolution color TFT display driver chip for Smart Home products.
	HVGA(480*320) Zero Cap a_Si TFT LCD driver IC.
	HD720(1280*800) a_Si TFT LCD driver IC.
	WVGA Burst Out DC/DC Convertor for Zero Cap Driver IC.
	MIPI with 1.5G pbs Lane Speed.
	Touch IP for TDDI (Touch + display driver) Integrated IC.
2015	320*240 STN with LVDS display driver chip for industrial control instrument.
	800*480 STN display driver chip for industrial control instrument.
	1.5 m/m small-sensor-hole proximity sensors.
	1920*720 1440-channel TFT display driver chip for automotive center stack/instrument cluster.
2016	Announced to launch the HD720 zero-capacity version.
	Announced to launch the FHD Zero capacitor version.
2017	Started the mass production of automotive touch controller.
	Launched the upgraded version of the proximity sensor.
2018	Launched the low-power consumption industrial control DDI products.
	Launched the micro-gap proximity sensor and under-screen proximity sensor.
2019	Launched the upgraded version of the distance and ambient light sensors.
	Launched the advanced drive chip for industrial control displays.
	Launched the drive chip for wearable display.
2020	Launched the RGB + Flicker sensor for mobile phones and cameras.
	Launched the drive chip for AMOLED wearable display.
	Launched the drive chip for PMOLED industrial control display.
2021	High sensitivity slit-type light sensor.
	TFT display driver chip with QSPI interface for wearable devices.
	MCU-based generator voltage regulator control chip for automobiles.
	Capacitive touch control chip for advanced wearable devices.
	HD TFT integrated display driver and capacitive touch control chip.
	Display driver chip for smart meters.

(IV) Long-term and short-term business development plans

1. Short-term business development plans

(1) Marketing Strategy:

Continuing to expand the channels and strengthening overseas marketing to increase the market share of LCD driver chips.

(2) Production Strategy:

Strengthening the layout and development of cooperation with domestic and foreign foundries, packaging plants, test plant and other outsourcing manufacturers, to enhance and stabilize the supply source and flexibility. Actively establishing the information network connection with the cooperative supply chain manufacturers, so as to facilitate immediate control of the production schedule and quantity.

(3) Product Strategy:

Continuously diversifying the application of product and balance the development of all product lines to reduce the impact of the product's economic cycle on the Company's operations and profitability.

2. Long-term business development plans

- (1) Continuously improving the breadth and depth of product application and establishing a complete sales base. Cooperating with the international development strategy to enhance the international brand customers and market awareness.
- (2) Developing new processes and technologies with supply chain plants to spread risks.
- (3) Fully grasping the market impulse, developing towards the high profit, high growth niche products, and continuing to invest in research and development, master the key technology and aim for maximum profit.
- (4) Providing a complete analysis of the growth and market development of the Company and conducting comprehensive financial planning and regular audits accordingly, in order to reduce operational risks and enhance the competitiveness of the Company.
- (5) Adhering to the concept of sustainable management, establishing a good corporate culture, continuing the direction of short-term development plan to respond to the growth of scale of operation.

II. Overview of Market and Production and Marketing

(I) Market Analysis

1. Sales area of major products

Unit: NT\$ thousand

Sales Area	2020		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Taiwan	897,710	6.50	1,395,909	6.27
Hong Kong and Others	12,906,852	93.50	20,859,761	93.73
Total	13,804,562	100.00	22,255,670	100.00

2. Market share

At present, the Company's main products include small-size display driver IC, proximity sensors, ambient light sensors, etc. Sitronix is the market leader in display driver IC for feature phones and wearable devices, with a global market share of more than 70%. We expect to continuously consolidate the market position of our existing products and simultaneously, increase the global market share of display driver IC and sensors in smartphones.

3. Future supply and demand and growth of the market

The small-size panel drive IC designed by Sitronix is mainly applied in mobile phones but has also been used in other products such as smart speakers and wearable devices in recent years, and shipments of such products are expected to grow steadily in the future. As for the sensors, the Company is planning to continuously introduce upgraded versions and new product lines so as to drive growth steadily.

4. Competitive niche

(1) Professional and stable management team

Sitronix's market positioning is completely specific and its strategy focuses on long-term and steady development. The Group's management team is of rich and comprehensive experience and can make rigorous and definite decisions, thus it can effectively grasp the cooperation between the upstream and downstream supply chains, as well as the key technologies of products, and has the strength to self-develop new products, so as to maintain its good competitive advantage.

(2) Complete product portfolio

In terms of the main product driver IC (DDI), Sitronix offers a complete product portfolio, various from black and white TN and STN to color TFT, from low

resolution to medium and high-resolution.

In addition to DDIs, Sitronix also provides touch control chips, MCUs, power management chips, ambient light sensors, proximity sensors, accelerometers, etc. On the whole, Sitronix Group is involved in a wide range of industries, including feature phones, smart mobile phones, wearable devices, vehicle-mounted products, industrial control, etc., in which industrial control covers hundreds of applications, including U-key, multi-function printers (printers, etc.), smart electric meters and other products.

The advantages of a diversified product portfolio include: (a) a one-stop service for customers with many product lines and different needs. (b) reduce the risks brought to the Company by a single product and a single industry. (c) different industries have the trends of different revenue and gross margin which can balance each other.

(3) Maintaining good relationship with foundries

The Group has a long history of good cooperation with well-known foundries. In addition to fully grasping the timing of product production process, it also can effectively reduce costs and ensure quality. During the off-season, we can allocate the production capacity to reduce the cost of foundry, which can provide good competitiveness for the cost, quality and efficiency of our products.

5. Advantages and disadvantages for future development and response strategies

(1) Advantages

A. Sustainable growth of AIoT

The wide range of related applications of AIoT, coupled with the rapid development of peripherals, has continued to bring new demands for DDI and related sensors.

B. Growth of panel size and quantity

In addition to the growing demand for consumer electronics such as smartphones and wearable devices, the use of panels is also expected to increase in other markets such as vehicle-mounted, medical, and digital signage. Moreover, there is also a tendency to increase the size of existing panels, such as the for automotive panels, it develops gradually from the traditional less than six inches to seven to nine inches, or even more than nine inches, and the larger the panel size, the more DDI needed, and thus promote the overall market growth.

C. Industrial structure of specialization

The IC industry adopts the operation mode based on specialization, with IC design companies focusing on design rather than manufacturing. Therefore, in the rapidly changing industrial environment, IC design companies can enjoy greater flexibility to upgrade existing products or plan new products.

(2) Disadvantages and Response Strategies

A. The functions required to drive ICs tend to become more complex

As the requirements of all aspects of panels for electronic products increase, and the panel types include different types such as LCD and OLED, the design of driver IC also needs to upgrade accordingly. This trend increases the complexity of driver IC.

Response Strategies

- The Company's market positioning is very specific that it will continue to strengthen product layout and communication with customers, grasp the most advanced technology development trends and develop corresponding strategies to reduce the risk.

B. Product prices are under downward pressure

Consumer products, such as mobile phones are under relatively high pressure of prices falling. Under the pressure of price reduction, if the driver IC manufacturer is unable to control costs, its profitability level will be affected.

Response Strategies

- a. Continuously invest in research and development and establish differentiated technical barriers to increase the distance from competitors.
- b. Diversifying product portfolio, taking into account products with low price falling pressure and high gross margin, such as the AIoT-related applications that Sitronix has been developing in recent years.
- c. Continuously and rigorously manage the upstream and downstream industrial chain to control product cost.
- d. Continuously improve production process and design, increase grain output per wafer, and strategically adjust inventory during off-season.
- e. Enhance customer service and explore new market opportunities to maintain the Company's competitive advantage.

C. The market product changes rapidly and the product life cycle becomes shorter

The rapid progress of semiconductor technology, the increased demand for product functions and the peers' successively development on new products have accelerated the pace of replacement.

Response Strategies

- a. Continuing to decentralize the application and developing niche products to respond to rapid market changes.
- b. Strengthening product planning, making full use of accumulated

achievements and experience to maintain the leading position in product R&D, widening the technological gap with competitors, and getting rid of the situation of price competition.

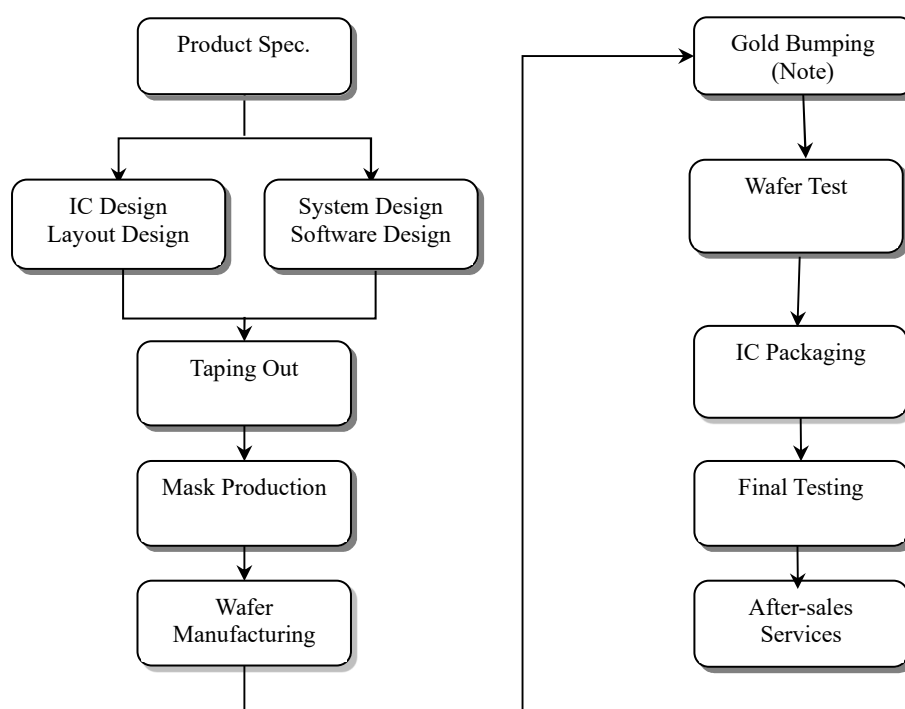
- c. Continuing to maintain a good cooperative relationship with the downstream wafer foundry and packaging test plant to optimize the IC production schedule.

(II) Important applications and manufacturing processes of main products

1. Important applications of main products

- (1) Display panel driver chips for feature phones, smartphones, AIoT, various portable consumer products, etc.
- (2) Display panel driver chips for multi-function printers, office automation equipment, industrial control products, POS machines, etc.
- (3) Chips of ambient light sensors, proximity sensors, accelerometers for smartphones and wearable devices.
- (4) Driver chips for vehicle-mounted display panels.
- (5) Touch control chips for wearable devices, industrial controls and automotive applications.

2. Manufacturing processes of main products



Note: The gold bumping process is subject to requirements of products or customers

In the aforesaid process of grain production, the Company is responsible for the specification, IC design, system design and after-sales services. The mask production,

wafer manufacturing, gold bumping, wafer testing, IC packaging, and final testing are commissioned to professional manufacturers.

(III) Supply situation of major raw materials

The main raw materials of the Group are wafers, which are mainly provided by Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC) and Vanguard International Semiconductor Corporation. With the stable quality of their products and high cooperation on capacity of supply and demand and delivery time, the Group has a good relationship with these two suppliers and has cooperated for a long time, thus there is no risk on the shortage of supply.

(IV) Names of customers who have accounted for more than 10% of the total amount of goods purchased (sold) in any of the most recent two years and the amount and proportion of the goods purchased (sold), and state the reasons for the increase or decrease

1. Information of major suppliers in the most recent two years

Unit: NT\$ thousand

	2020				2021				Up to Previous Quarter of 2022 Fiscal Year			
Item	Name	Amount	As a Percentage of the Annual Net Purchases [%]	Relationship with the Issuer	Name	Amount	As a Percentage of the Annual Net Purchases [%]	Relationship with the Issuer	Name	Amount	As a Percentage of the Net Purchases up to the Previous Quarter of the Year [%]	Relationship with the Issuer
1	Manufacturer A	2,920,627	56%	None	Manufacturer A	3,387,517	50%	None	Manufacturer A	1,124,757	44%	None
2	Manufacturer B	847,027	16%	None	Manufacturer B	1,526,242	23%	None	Manufacturer B	663,510	26%	None
3	Others	1,461,046	28%	None	Others	1,827,312	27%	None	Others	784,323	30%	None
Total	Net purchases	5,228,700	100%	None	Net purchases	6,741,071	100%	None	Net purchases	2,572,590	100%	None

Reasons for increase or decrease:

The main purchased products of Sitronix and its subsidiaries are wafers. As a result of the changes in the sales portfolio and the manufacturing process, there are some changes in the suppliers, amounts and proportions.

2. Information of major customers in the most recent two years

Unit: NT\$ thousand

	2020				2021				Up to Previous Quarter of 2022 Fiscal Year			
Item	Name	Amount	As a Percentage of the Annual Net Purchases [%]	Relationship with the Issuer	Name	Amount	As a Percentage of the Annual Net Purchases [%]	Relationship with the Issuer	Name	Amount	As a Percentage of the Net Purchases up to the Previous Quarter of the Year [%]	Relationship with the Issuer
Total	Net sales	13,804,562	100%	None	Net sales	22,255,670	100%	None	Net sales	5,593,610	100%	None

Note: No customer accounted for more than 10% of the total amount of goods sold in any of the most recent two years, hence only the total amount is disclosed herein.

(V) Table of production output for the most recent two years

Unit: NT\$ thousand/thousand pieces

Production Quantity Major Commodities	Year	2020			2021		
		Capacity	Yield	Output Value	Capacity	Yield	Output Value
Integrated Circuit Design Products		-	1,901,786	8,767,300	-	1,918,609	10,099,878
Others		-	-	255,069	-	-	336,616
Total		-	1,901,786	9,022,369	-	1,918,609	10,436,494

Note: The main products of Sitronix and its subsidiaries are IC design of integrated circuit, which are commissioned by semiconductor factory for manufacturing, and outsourced for testing, packaging and shipment. The Company itself does not have the production capacity, thus is not applicable.

(VI) Table of sales volume for the most recent two years

Unit: NT\$ thousand/thousand pieces

Sales Quantity Major Commodities	Year	2020				2021			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Sales Volume	Sales Volume	Sales Volume	Sales Volume	Sales Volume	Sales Volume	Sales Volume	Sales Volume
Integrated Circuit Design Products		63,332	492,775	1,784,343	12,884,191	70,808	791,800	1,749,164	20,817,844
Others		-	404,935	-	22,661	-	604,109	-	41,917
Total		63,332	897,710	1,784,343	12,906,852	70,808	1,395,909	1,749,164	20,859,761

III. Employees

Year		2020	2021	The Current Fiscal Year up to March 31, 2022
Numbers of Employees	Management	182	193	191
	Professional	538	555	568
	Assistant	101	108	119
	Technician	106	131	133
Total		927	987	1,011
Average Age		38.39	38.52	38.92
Average Years of Services		6.39	6.51	6.57
0 Educational Ratio at All Levels	Doctor Degree	1.8%	1.6%	1.6%
	Master Degree	41.9%	39.3%	39.3%
	College Degree	50.5%	52.9%	52.9%
	High School	5.5%	6.0%	5.9%
	Below High School	0.3%	0.2%	0.3%
Total		100%	100%	100%

IV. Information on Environmental Protection Expenditure

Any Losses Suffered by the Company in the Most Recent Fiscal Year and up to the Annual Report Publication Date due to Environmental Pollution Incidents (Including Any Compensation Paid and Any Violations of Environmental Protection Laws or Regulations Found in Environmental Inspection, Specifying the Disposition Dates, Disposition Reference Numbers, the Articles of Law Violated, and the Content of the Dispositions), and Disclosing an Estimate of Possible Expenses that Could be Incurred Currently and in the Future and Measures Being or to be Taken. If a Reasonable Estimate Cannot be Made, an Explanation of the Facts of Why It Cannot be Made Shall be Provided: None.

V. Labor Relations

- (I) Employee Benefits, Continuing Education, Training, Retirement Systems, and the Status of their Implementation, as Well as the Status of Agreements Between Labor and Management, and All Measures Aimed at Preserving the Rights and Interests of Employees.

1. Benefits from the Company:

Providing staff with diversified and considerate benefits, so that colleagues can focus on work without any worries, as well as a variety of leisure and entertainment and rich club activities, enabling employees to balance work and life and always maintain full vitality. The Company provides employee benefits as follows:

- (1) Humanized management and a comfortable working environment.
- (2) Weekends off, flexible leave system, leave calculation method better than that of the Labor Standards Act.
- (3) Annual travel subsidies.
- (4) Employee parking subsidies.
- (5) Providing high-value group insurances, ensuring medical quality and household economy.
- (6) Regular free and comprehensive health check every year, benefiting employees' physical and mental health.
- (7) Festival gift certificates and bonuses; Birthday gift certificates; marriage and funeral subsidies.
- (8) Organizing team-building activities occasionally.
- (9) Club activities and financial subsidies.
- (10) Comprehensive education and training system and subsidies.

In order to improve employees' relations, the Company holds various ball games, sports meetings, family days, life lectures and other activities to enhance the interaction and connection among the Company and employees, supervisors and colleagues.

2. Benefits from the Employee Welfare Committee:

The Company has established the Employee Welfare Committee according to regulations and made allocations to the employee welfare funds on a monthly basis. The Employee Welfare Committee plans and organizes annual domestic travel for employees, issues annual festival gift certificates, celebrates father's day and mother's day, and organizes the Company's year-end parties, etc.

3. Education and Training:

In order to improve the quality of human resources and meet the needs of the Company's future internationalization and enterprise operation and management, the Company has established Measures for the Administration of Education and Training and provides a complete on-the-job training system, increases on-the-job professional skills and management training, provides subsidies for training expenses, provides a complete training system for new employees to help them quickly integrate into the organizational team, to meet the needs of personal development, enabling employees to enjoy a full range of growth environment and space.

4. Retirement System and Implementation:

In accordance with the provisions of the "Labor Pension Act", the Company contributes 6% of the monthly salary as labor pension funds to individual labor pension accounts at the Bureau of Labor Insurance, Ministry of Labor (hereinafter "the Bureau") for employees covered by the Act. Employees may voluntarily submit pension deposits within 6% of their monthly income from professional practice. The employee's pension deposits voluntarily contributed by themselves may be deducted in full from his/her annual comprehensive income of the year. In addition, if the employee meets the retirement eligibility stipulated in the "Labor Standards Act" and applies for retirement, the Company will, according to the previous standards, pay the pension equivalent to two months' average wages for every full year of employment, pay the pension equivalent to one month's average wages for every full year of employment to whom has seniority of more than 15 years, up to a maximum of 45 months. In accordance with the Labor Standards Act, the Group allocates 2% of the total salary of the employees as the pension fund, which is deposited in the special account of Bank of Taiwan in the name of the Supervisory Committee of Workers' Retirement Reserve Fund.

5. Agreements between Labor and Management:

The Company attaches great importance to labor relations, and adopts mostly communication and coordination methods to deal with labor and management so that both parties can get a common understanding to promote all work smoothly.

- (II) Any Losses Suffered by the Company in the Most Recent Fiscal Year and up to the Annual Report Publication Date due to Labor Disputes (Including Any Violations of the Labor Standards Act Found In Labor Inspection, Specifying the Disposition Dates, Disposition Reference Numbers, the Articles of Law Violated, the Substance of the Legal Violations, and the Content of the Dispositions), and Disclosing an Estimate of Possible Expenses that could be Incurred Currently and in the Future and Measures Being or to be Taken. If a Reasonable Estimate Cannot be Made, an Explanation of the Facts of Why It Cannot be Made Shall be Provided: None.

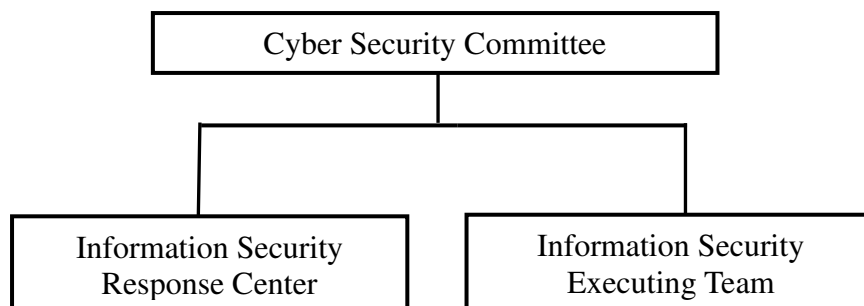
VI. Information Security Management

- (I) The Company shall clearly describe its risk management framework, policies, specific management solutions, and resources invested in information security management.

Information Security Organization Management

The Company has implemented clear information security policies to fulfill its responsibilities in ensuring the robustness of the Company's information security management system. A management framework has been established within the organization to initiate and monitor the implementation of information security. A management task force involving the management executives has been established to approve information security policies, delegate information security management responsibilities, and facilitate the implementation of information security across the whole organization. The Cyber Security Committee of the Company is convened by the CRO, under which an Information Security Response Center and an Information Security Executing Team are established to manage, plan, oversee, and implement information security. The Cyber Security Committee holds regular meetings annually to review matters related to the information security management of the Company and the implementation of the information security policies. The findings are then reported to the Board of Directors.

Information Security Organization Structure and Responsibilities:



Cyber Security Committee:

Convened by the CRO with an Information Security Response Center and an Information Security Executing Team established under it to manage, plan, oversee, and implement information security.

Information Security Executing Team:

Formed of members appointed by the convener of the Cyber Security Committee, who are responsible for the planning and execution of various information security operations.

Information Security Response Center:

Generate solutions for unexpected information security incidents as well as track and identify

such incidents. Consolidate and control all “risk improvement projects”, where all projects are followed until the improvement targets are achieved.

Information Security Policies and Specific Management

In order to strengthen the information security and stable operation of the Company and provide reliable information services, including the use of the Internet and information systems, several security precautions must be observed to protect the Company’s information systems and data against operational risks and hazards, such as improper usage, leakage, tampering, and damage, at the same time enhancing the users’ information security awareness. To this end, the Company is devoted to developing all-round information security capabilities in three aspects. Below are the specific management approaches:

1. Personnel management

The Company provides regular educational training to the employees to enhance their understanding of information security and establish users’ awareness of information security concepts. For those who come into contact with the Company’s information systems, the restrictions to individual access and the vested management of individual responsibility are as follows:

(1) Users

The access to information systems shall only be granted to users performing legal tasks. Any violation of information security regulations shall be reported to competent personnel to proceed with the compliance procedures. When a personnel of the user unit resigns or is suspended, all access to the information resources of the Company granted to the personnel shall be cancelled in accordance with relevant regulations. The personnel of the user unit shall comply with the relevant confidentiality requirements of the Company and agree to not disclose confidential information during or after employment.

(2) Information system administrators

Information system administrators provide users with individual security attributes, including factors such as personnel levels and departments that affect their data accessibility. The access rights granted to the Company’s internal users of information systems must match the authority of their actual duties. The creation, termination, and deletion of internal user accounts of the Company’s information systems shall be approved by the competent department head.

(3) Online users

Users are not allowed to share their log-in identities and passwords with the others or steal the log-in identities and passwords of other legitimate users by any means.

Users are also prohibited to access unauthorized documents online or attempt to do so; hold pornographic or obscene files; and spread pornography text, pictures, videos, or sounds on the Internet.

(4) Network system administrators

Network system administrators shall be responsible for the formulation and implementation of network information security policies and the setting-up and operation of network management tools system to ensure the security and integrity of the system hosts and data in each unit. In case of any information security violation, the network system administrators should immediately report to the unit head. Network system administrators must not add, delete or modify audit data files to avoid complicating the process of tracking in case of security breaches.

2. Software and data management

(1) Software maintenance

Designated personnel are responsible for maintaining the normal operation of the Company's information systems. Any changes to the information systems shall be approved by the competent unit and the process of modification shall be properly documented for future reference. Software may be installed upon application and shall be conducted by information personnel. The process shall be documented for future reference.

(2) Data management

Different types of data are assigned different periods of public disclosure or retention before destruction depending on their nature and content. When outsourcing is required due to the large volume of data to be processed, approvals from the authority shall be obtained in advance. If the data files are lent out externally for justifiable reasons, it is necessary to ensure that the security attributes of the external borrowers are in line with the security level of the data being accessed. Any data previously retained shall be deleted immediately in the event of new resources allocation.

(3) Information flow control countermeasures

The information flow in the Company's systems are closely monitored to ensure their security. In particular, the legality of information flow in the systems will be monitored by the information system to prevent illegal transmission or flow of information.

(4) Internal data transfer

Control of access and information flow are implemented within the Company's systems to ensure the security of user data. The information system administrators

are responsible for providing data protection methods in accordance with different principles of authorization to ensure the security of each discrete system during the transmission of information.

(5) Data security system

Backup: Performed through regular scheduling or manual operations to ensure that there are copies of raw data available for system response when the original data is damaged, thereby reducing the impact of damage to data.

Redundancy: Using hardware or software technology, specific data is copied to ensure there is replication of data for system use in the event of damage to the original data, thereby maintaining the continuity of system service without disruption.

3. Physical and network management

Physical and network management includes management of hardware resources and computer networks:

(1) Computer equipment protection

Hardware equipment for the information systems should be kept in appropriate locations. Specific personnel shall be designated to take charge of maintaining the security in the computer room. The access to important hardware facilities for information systems shall be restricted to specific personnel, and surveillance or access controls may be installed if necessary. Voltage regulating equipment or uninterrupted power systems shall be installed in areas with unstable voltage.

(2) Online connection operation

External connections of the entities in the Company's information systems shall be subject to proper control and audit. Firewalls shall be installed on the networks to protect internal systems and data. Each unit's provision of remote access to the Company's internal network systems to the internal personnel and business personnel of each unit shall be conducted with strict user identification.

(3) Password management for network log-in

Each legitimate user shall own a unique set of log-in code and password. A password must meet complexity requirements. A log-in password file must be stored in a secure and private spot and encrypted. A log-in password needs to be changed regularly to improve security.

After failing to log in for several attempts, the respective user account shall be suspended and the failed attempts shall be recorded in the audit file for future reference. If an account remains dormant within a prescribed period, the network

system administrator shall suspend the user account.

(4) Encryption of data in transmission

The information systems are provided with different encryption mechanisms which can be adjusted or selected for use.

(5) Software input control

Network users of each unit are prohibited from using illegal software. All units are required to install anti-virus software on each web server to prevent viruses from spreading online. If a virus attack is detected, the user should notify the network administrators immediately. Network administrators shall inform users of the data and programs that have been affected by the virus to avoid further spread of the virus. If a machine receives a virus attack, it should be disconnected from the network immediately. It can only be reconnected to the network after being confirmed by the network administrators that the virus has been removed.

- (II) Any Losses Suffered due to Material Information Security Incidents, Estimated Impact and Countermeasures, or the Reasons for Why the Impact Cannot be Reasonably Estimated, if any, in the most recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report shall be stated: None.

VII. Important Contracts: None.

Chapter 6 Financial Conditions

I. Condensed Balance Sheet and Comprehensive Income Statement of the Most Recent Five Fiscal Years

(I) Condensed Balance Sheet - adopting IFRSs

1. Consolidated Financial Statements

Unit: NT\$ thousand

Year Item		Financial Data for the Most Recent Five Fiscal Years (Note 2)					Financial Data for the Current Fiscal Year up to March 31, 2022 (Note 3)
		2017	2018	2019	2020	2021	
Current assets		5,057,965	6,415,599	8,626,168	11,544,737	18,086,920	21,049,198
Property, Plant and Equipment		782,145	810,304	854,126	1,022,534	1,460,550	1,544,547
Intangible Assets		55,789	47,875	37,986	43,766	48,574	45,669
Other Assets		1,135,096	1,092,733	1,242,624	1,205,123	3,076,733	3,234,609
Total Assets		7,030,995	8,366,511	10,760,904	13,816,160	22,672,777	25,874,023
Current Liabilities	Before Distribution	1,903,937	2,940,851	3,845,836	4,195,622	6,978,570	9,266,036
	After Distribution	2,566,784	3,541,964	4,626,726	5,096,648	10,822,950 (Note 1)	13,110,416 (Note 1)
Non-current Liabilities		128,814	219,988	309,376	341,461	497,140	548,667
Total Liabilities	Before Distribution	2,032,751	3,160,839	4,155,212	4,537,083	7,475,710	9,814,703
	After Distribution	2,695,598	3,761,952	4,936,102	5,438,109	11,320,090 (Note 1)	13,659,083 (Note 1)
Equity Attributable to the Shareholders of the Parent		4,679,659	4,712,266	5,465,900	6,641,138	11,755,175	9,316,843
Share Capital		1,205,176	1,202,226	1,201,369	1,201,369	1,201,369	1,201,369
Capital Surplus		785,875	761,304	772,321	1,662,839	1,610,911	1,611,204
Retained Earnings	Before Distribution	2,766,102	3,026,335	3,569,736	3,966,033	9,080,141	10,499,513
	After Distribution	2,103,255	2,425,222	2,788,846	3,065,007	5,235,761 (Note 1)	6,655,133 (Note 1)
Other Equities		(77,494)	(277,599)	(77,526)	(180,224)	(105,463)	(115,116)
Treasury Shares		-	-	-	(8,879)	(31,783)	(35,747)
Non-controlling Interest		318,585	493,406	1,139,792	2,637,939	3,441,892	2,898,097
Total Equity	Before Distribution	4,998,244	5,205,672	6,605,692	9,279,077	15,197,067	16,059,320
	After Distribution	4,335,397	4,604,559	5,824,802	8,378,051	11,352,687 (Note 1)	12,214,940 (Note 1)

Note 1: The amount approved by Board of Directors on March 17, 2022.

Note 2: The financial data from 2017 to 2021 has been audited and certified by the CPAs.

Note 3: The financial data for the first quarter of 2022 is reviewed by the CPAs.

(I) Condensed Balance Sheet - adopting IFRSs

2. Parent Company Only Financial Statements

Unit: NT\$ thousand

Year Item		Financial Data for the Most Recent Five Fiscal Years (Note 2, Note 3, and Note 4)				
		2017	2018	2019	2020	2021
Current assets		3,573,205	4,022,086	3,999,315	4,016,406	8,583,706
Property, Plant and Equipment		429,248	454,410	416,017	402,314	390,531
Intangible Assets		50,246	40,400	30,291	18,002	21,520
Other Assets		2,173,676	2,405,849	3,470,418	4,459,638	7,074,765
Total Assets		6,226,375	6,922,745	7,916,041	8,896,360	16,070,522
Current Liabilities	Before Distribution	1,476,132	2,135,760	2,348,613	2,148,548	4,110,676
	After Distribution	2,138,979	2,736,873	3,129,503	3,049,574	7,955,056 (Note 1)
Non-current Liabilities		70,584	74,719	101,528	106,674	204,671
Total Liabilities	Before Distribution	1,546,716	2,210,479	2,450,141	2,255,222	4,315,347
	After Distribution	2,209,563	2,811,592	3,231,031	3,156,248	8,159,727 (Note 1)
Equity Attributable to the Shareholders of the Parent		4,679,659	4,712,266	5,465,900	6,641,138	11,755,175
Share Capital		1,205,176	1,202,226	1,201,369	1,201,369	1,201,369
Capital Surplus		785,875	761,304	772,321	1,662,839	1,610,911
Retained Earnings	Before Distribution	2,766,102	3,026,335	3,569,736	3,966,033	9,080,141
	After Distribution	2,103,255	2,425,222	2,788,846	3,065,007	5,235,761 (Note 1)
Other Equities		(77,494)	(277,599)	(77,526)	(180,224)	(105,463)
Treasury Shares		-	-	-	(8,879)	(31,783)
Non-controlling Interest		-	-	-	-	-
Total Equity	Before Distribution	4,679,659	4,712,266	5,465,900	6,641,138	11,755,175
	After Distribution	4,016,812	4,111,153	4,685,010	5,740,112	7,910,795 (Note 1)

Note 1: The amount approved by Board of Directors on March 17, 2022.

Note 2: The financial data from 2017 to 2021 has been audited and certified by the CPAs.

Note 3: The financial data from 2017 to 2019 has not been restated retrospectively.

Note 4: The financial data from 2020 to 2021 has been restated retrospectively on a pro forma basis.

(II) Condensed Comprehensive Income Statement - adopting IFRSs

1. Consolidated Financial Statements

Unit: NT\$ thousand

Item \ Year	Financial Data for the Most Recent Five Fiscal Years (Note 1)					Financial Data for the Current Fiscal Year up to March 31, 2022 (Note 2)
	2017	2018	2019	2020	2021	
Net Revenue	9,431,062	10,330,505	13,802,738	13,804,562	22,255,670	5,593,610
Gross Profit	2,514,333	2,870,026	4,385,345	4,785,825	12,351,136	3,011,343
Income from Operations	853,537	1,042,514	2,086,426	2,383,048	8,156,897	1,947,900
Non-Operating Income and Expenses	134,731	79,416	116,996	140,578	196,875	119,636
Income before Income Tax	988,268	1,121,930	2,203,422	2,523,626	8,353,772	2,067,536
Income from Continuing Operations	891,234	1,013,820	1,938,157	2,164,113	7,073,018	1,668,053
Loss from Discontinuing Operations	-	-	-	-	-	-
Net Income (Loss)	891,234	1,013,820	1,938,157	2,164,113	7,073,018	1,668,053
Other Comprehensive Income (Net of Tax)	(18,662)	(143,054)	194,609	(194,887)	92,566	(6,412)
Total Comprehensive Income	872,572	870,766	2,132,766	1,969,226	7,165,584	1,661,641
Net Income Attributable to Shareholders of the Parent	873,158	840,363	1,230,588	1,384,818	6,005,760	1,417,887
Net Income Attributable to Non-controlling Interests	18,076	173,457	707,569	779,295	1,067,258	250,166
Total Comprehensive Income Attributable to Shareholders of the Parent	854,496	697,847	1,425,752	1,190,501	6,089,895	1,409,719
Total Comprehensive Income Attributable to Non-controlling Interests	18,076	172,919	707,014	778,725	1,075,689	251,922
Earnings Per Share	7.32	7.03	10.27	11.53	50.03	11.82

Note 1: The financial data from 2017 to 2021 has been audited and certified by the CPAs.

Note 2: The financial data for the first quarter of 2022 is reviewed by the CPAs.

II Condensed Comprehensive Income Statement - adopting IFRSs

2. Parent Company Only Financial Statements

Unit: NT\$ thousand

Item \ Year	Financial Data for the Most Recent Five Fiscal Years (Note 1, Note 2, and Note 3)				
	2017	2018	2019	2020	2021
Net Revenue	7,553,780	7,503,697	8,306,120	6,796,970	12,570,005
Gross Profit	1,923,918	1,806,085	1,820,241	1,765,710	6,892,487
Income from Operations	750,120	550,252	375,051	531,114	4,456,843
Non-Operating Income and Expenses	210,404	354,344	917,431	975,600	2,229,326
Income before Income Tax	960,524	904,596	1,292,482	1,506,714	6,686,169
Income from Continuing Operations	873,158	840,363	1,230,588	1,384,818	6,005,760
Loss from Discontinuing Operations	-	-	-	-	-
Net Income (Loss)	873,158	840,363	1,230,588	1,384,818	6,005,760
Other Comprehensive Income (Net of Tax)	(18,662)	(142,516)	195,164	(194,317)	84,135
Total Comprehensive Income	854,496	697,847	1,425,752	1,190,501	6,089,895
Earnings Per Share	7.32	7.03	10.27	11.53	50.03

Note 1: The financial data from 2017 to 2021 has been audited and certified by the CPAs.

Note 2: The financial data from 2017 to 2019 has not been restated retrospectively.

Note 3: The financial data from 2020 to 2021 has been restated retrospectively on a pro forma basis.

(III) Name of CPAs and Their Opinions for Most Recent Five Years

Year	Accounting Firm	Name of CPA	Auditor's Opinion
2017	Deloitte & Touche Taipei, Taiwan Republic of China	Cheng-Chih Lin, Yu-Feng Huang	Unqualified Opinion
2018	Deloitte & Touche Taipei, Taiwan Republic of China	Cheng-Chih Lin, Yu-Feng Huang	Unqualified Opinion
2019	Deloitte & Touche Taipei, Taiwan Republic of China	Cheng-Chih Lin, Yu-Feng Huang	Unqualified Opinion
2020	Deloitte & Touche Taipei, Taiwan Republic of China	Cheng-Chih Lin, Yu-Feng Huang	Unqualified Opinion
2021	Deloitte & Touche Taipei, Taiwan Republic of China i	Cheng-Chih Lin, Yu-Feng Huang	Unqualified Opinion

II. Financial Analysis of the Most Recent Five Fiscal Years

(I) Financial Data adopting IFRSs

1. Consolidated Financial Statements

Item \ Year		Financial Analysis of the Most Recent Five Fiscal Years					The Current Fiscal Year up to March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Financial Structure	Debt-To-Asset Ratio	28.91	37.77	38.61	32.83	32.97	52.79
	Long-Term Capital to Property, Plant and Equipment Ratio	655.51	669.58	809.60	940.85	1074.54	826.36
Solvency	Current Ratio	265.65	218.15	224.29	275.16	259.17	160.55
	Quick Ratio	170.62	143.43	170.12	234.20	221.02	132.71
	Times Interest Earned	257.16	122.06	204.66	356.74	1631.64	1884.00
Operating Ability	Receivables Turnover (Times)	9.74	8.72	10.00	9.94	13.36	11.08
	Average Collection Days	37.47	41.85	36.50	36.72	27.32	32.94
	Inventory Turnover (Times)	4.12	3.92	4.73	5.22	4.95	3.52
	Payables Turnover (Times)	5.50	5.51	5.16	4.53	4.52	3.86
	Average Inventory Turnover Days	88.59	93.11	77.16	69.92	73.73	103.69
	Property, Plant and Equipment Turnover (Times)	11.46	12.97	16.58	14.71	17.92	14.89
	Total Asset Turnover (Times)	1.31	1.34	1.44	1.12	1.21	0.92
Profitability	Return on Assets (%)	12.42	13.26	20.35	17.65	38.79	27.88
	Return on Equity (%)	17.79	19.87	32.81	27.24	57.79	48.68
	Pre-tax Income to Paid-in Capital Ratio (%)	82.00	93.32	183.40	210.06	695.35	688.39
	Net Profit Margin (%)	9.44	9.81	14.04	15.67	31.78	29.82
	Earnings Per Share (NT\$)	7.32	7.03	10.27	11.53	50.03	11.82
Cash flow	Cash Flow Ratio (%)	30.72	35.43	88.52	72.49	120.67	13.55
	Cash Flow Adequacy Ratio (%)	88.11	100.47	134.79	159.58	219.48	234.30
	Cash Flow Reinvestment Ratio (%)	(2.41)	6.28	36.79	21.66	44.71	12.86
Leverage	Operating Leverage	2.64	2.43	2.01	1.93	1.50	1.51
	Financial Leverage	1.00	1.00	1.00	1.00	1.00	1.00
Please state the reasons for the changes in financial ratio within the most recent two years: (exempt from analysis if the change is less than 20%)							
<ol style="list-style-type: none"> Solvency: As a result of the growth of profits in 2021 and a sharp decrease in interest expenses, the times interest earned increased. Operating ability: As a result of the increase in net sales, the receivables turnover (times) has increased and the average collection days has been reduced. As a result of the increase in net sales, the property, plant and equipment turnover (times) is greater than that of the same period last year. Profitability: As a result of the substantial growth of operating revenue and profits in 2021, the profitability was higher than that of the same period last year. Cash flow: As a result of the substantial growth of profits in 2021 and the increase of net profit before tax from the same period last year, the net cash inflow from operating activities was higher than that of the same period last year, and the cash flow ratio, cash flow adequacy ratio, and cash flow reinvestment ratio were higher than that of the same period last year. Leverage: The decrease of the operating leverage is caused by the increase in the net operating profit was higher than that in the operating revenue. 							

Note 1: The financial data for the first quarter of 2022 is reviewed by the CPAs.

(I) Financial Data adopting IFRSs

2. Parent Company Only Financial Statements

Item		Year	Financial Analysis for the Most Recent Five Fiscal Years (Note 1 and Note 2)				
			2017	2018	2019	2020	2021
Financial Structure	Debt-To-Asset Ratio		24.84	31.93	30.95	25.34	26.85
	Long-Term Capital to Property, Plant and Equipment Ratio		1,106.64	1,053.45	1,338.26	1,677.25	3,062.45
Solvency	Current Ratio		242.06	188.32	170.28	186.93	208.81
	Quick Ratio		155.61	120.23	122.95	147.95	186.86
	Times Interest Earned		296.36	115.41	162.70	352.54	2,922.00
Operating Ability	Receivables Turnover (Times)		8.32	8.15	9.08	8.64	13.36
	Average Collection Days		43.87	44.78	40.19	42.24	27.32
	Inventory Turnover (Times)		4.55	4.39	5.41	5.66	7.28
	Payables Turnover (Times)		5.35	5.60	5.14	4.28	4.57
	Average Inventory Turnover Days		80.21	83.14	67.46	64.48	50.13
	Property, Plant and Equipment Turnover (Times)		15.58	16.98	19.08	16.61	31.70
	Total Asset Turnover (Times)		1.18	1.14	1.11	0.80	1.00
Profitability	Return on Assets (%)		13.72	12.87	16.67	16.51	48.12
	Return on Equity (%)		18.64	17.89	24.18	22.87	65.29
	Pre-tax Income to Paid-in Capital Ratio (%)		79.69	75.24	107.58	125.41	556.54
	Net Profit Margin (%)		11.55	11.19	14.81	20.37	47.77
	Earnings Per Share (NT\$)		7.32	7.03	10.27	11.53	50.03
Cash flow	Cash Flow Ratio (%)		47.76	29.47	58.25	34.55	130.35
	Cash Flow Adequacy Ratio (%)		91.48	97.82	97.30	89.15	195.09
	Cash Flow Reinvestment Ratio (%)		(0.35)	(0.62)	12.53	(0.52)	35.61
Leverage	Operating Leverage		2.28	2.65	3.87	2.81	1.48
	Financial Leverage		1.00	1.01	1.02	1.00	1.00
<p>Please state the reasons for the changes in financial ratio within the most recent two years: (exempt from analysis if the change is less than 20%)</p> <ol style="list-style-type: none"> 1. Financial structure: As a result of the substantial growth of profits in 2021 and the increase of retained earnings transferred accordingly, the ratio of long-term funds to fixed assets increased. 2. Solvency: As a result of the substantial growth of profits in 2021 the current assets and current liabilities increased; as a result of a decrease in interest expenses, the quick ratio and the times interest earned increased. 3. Operating ability: As a result of the substantial growth of operating revenue and profits in 2021, the related turnover rates were higher than that of the same period last year. 4. Profitability: As a result of the substantial growth of operating revenue and profits in 2021, the profitability was substantially higher than that of the same period last year. 5. Cash flow: As a result of the substantial growth of profits in 2021 and the increase of net profit before tax from the same period last year, the net cash inflow from operating activities was higher than that of the same period last year, and the cash flow ratio, cash flow adequacy ratio, and cash flow reinvestment ratio were higher than that of the same period last year. 6. Leverage: As a result of the increase in the operating profit in 2021 from the same period last year, the operating leverage decreased. 							

Note 1: The financial data from 2017 to 2019 has not been restated retrospectively.

Note 2: The financial data from 2020 to 2021 has been restated retrospectively on a pro forma basis.

The formula for calculating the financial ratio is as follows:

1. Financial Structure
 - (1) Debt-to-asset ratio = total liabilities / total assets.
 - (2) Long term capital to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets / current liabilities.
 - (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
 - (3) Times interest earned = Earnings before interest expense and taxes / Interest expense.
3. Operating Ability
 - (1) Receivables (including accounts receivable and notes receivable arising from business operations) = Net sales / average accounts receivables of each period (including accounts receivable and notes receivable arising from business operations).
 - (2) Average collection days = 365 / receivables turnover.
 - (3) Inventory turnover = cost of sales / average inventories.
 - (4) Payables (including accounts payable and notes payable arising from business operations) turnover ratio = cost of sales / average payables for each period (including accounts payable and notes payable arising from business operations).
 - (5) Average inventory turnover days = 365 / inventory turnover.
 - (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
 - (7) Total asset turnover = net sales / average total assets.
4. Profitability
 - (1) Return on assets = [net income + interest expense x (1 – tax rate)] / average total assets.
 - (2) Return on equity = net income / average total equity.
 - (3) Net profit margin = net income / net sales.
 - (4) Earnings per share = (net income attributable to shareholders of the parent – preferred stock dividend) / weighted average number of shares outstanding.
5. Cash flow
 - (1) Cash flow ratio = net cash flow rising from operating activities / current liabilities.
 - (2) Net cash flow adequacy ratio = net cash flow rising from operating activities in the most recent five years / (capital expenditure + inventory increase + cash dividend) in the most recent five years.
 - (3) Cash reinvestment ratio = (net cash flow rising from operating activities – cash dividend) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital).
6. Leverage
 - (1) Operating leverage = (net operating income – variable operating costs and expenses) / operating income.
 - (2) Financial leverage = operating profit / (operating profit – interest expense).

III. Audit Committee's Review Report for the Most Recent Annual Financial Report

Sitronix Technology Corp.

Audit Committee's Review Report

The Board of Directors has prepared the Company's business report, financial statements, and the earnings distribution proposal for 2021, in which the financial statements have been audited by Deloitte & Touche Taipei, Taiwan Republic of China with the audit report issued. The above business statement, financial statement, and earnings distribution proposal have been verified by the Audit Committee and deemed as appropriate and reported as above in accordance with the relevant provisions of the Securities Exchange Act and the Company Act for approval.

Sincerely,

2022 Regular Shareholders' Meeting of Sitronix Technology Corp.

Sitronix Technology Corp.

Convener of the Audit Committee: Cheng-Chieh Dai

March 17, 2022

IV. Consolidated Financial Statements of the Most Recent Year with Independent Auditors' Report and Notes

Please refer to Page 117~201 of the Annual Report.

V. Parent Company Only Financial Statements of the Most Recent Year with Independent Auditors' Report and Notes

Please refer to Page 202~280 of the Annual Report.

VI. If the Company or Its Affiliates have Experienced Financial Difficulties in the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report, the Annual Report shall Explain how Said Difficulties will Affect the Company's Financial Situation: None.

Chapter 7 Review, Analysis, and Risks of Financial Conditions and Performance

I. Review and Analysis of Financial Conditions

Unit: NT\$ thousand

Item \ Year	2021	2020	Differences		Remarks
			Amount	Ratio (%)	
Current assets	18,086,920	11,544,737	6,542,183	57%	
Property, Plant and Equipment	1,460,550	1,022,534	438,016	43%	
Intangible Assets	48,574	43,766	4,808	11%	
Other Assets	3,076,733	1,205,123	1,871,610	155%	
Total Assets	22,672,777	13,816,160	8,856,617	64%	
Current Liabilities	6,978,570	4,195,622	2,782,948	66%	
Non-current Liabilities	497,140	341,461	155,679	46%	
Total Liabilities	7,475,710	4,537,083	2,938,627	65%	
Share Capital	1,201,369	1,201,369	0	0%	
Capital Surplus	1,610,911	1,662,839	(51,928)	-3%	
Retained Earnings	9,080,141	3,966,033	5,114,108	129%	
Other Equities	(105,463)	(180,224)	74,761	41%	
Treasury Shares	(31,783)	(8,879)	(22,904)	-258%	
Non-controlling Interest	3,441,892	2,637,939	803,953	30%	
Total Equity	15,197,067	9,279,077	5,917,990	64%	
<p>Explanation on the change of 20% or more in the current period over the previous period, and the amount of change up to NT\$10 million or more:</p> <ol style="list-style-type: none"> 1. Increase in current assets: it is mainly due to increase in profits of the Group, capital increase of its subsidiaries, and the issuance of new common stocks upon the execution of employees' stock options. The Group had relatively adequate capital. As a result, cash and financial assets at amortized cost increased, and current assets increased accordingly. 2. Increase in property, plant, and equipment: it is due to the purchase of new offices by subsidiaries. 3. Increase in other assets: it is mainly due to the increase in guarantee deposits and prepayment for purchase made to ensure production capacity. 4. Increase in total assets: it is due to the increase in current and non-current assets. 5. Increase in current liabilities: as a result of the price increase of raw materials and the increase in profits of the Group, the accounts payable, payable remuneration of employees, Directors and Supervisors, other payables, and tax liabilities increased accordingly. 6. Increase of non-current liabilities: it is due to the increase in guarantee deposits. 7. Increase in total liabilities: it is due to the increase in current and non-current liabilities. 8. Increase in retained earnings: it is due to the increase in profits of the Company in 2021. 9. Increase in other equities: it is mainly due to the impact of changes in the unrealized valuation gains and loss from financial assets measured at fair value through other comprehensive income. 10. Increase in treasury stocks: it is mainly due to the purchase of parent company's stocks by the subsidiaries. 11. Increase in non-controlling interest: it is due to the increase in the profits of the Company's subsidiaries. 12. Increase in total equity: it is mainly due to increase in profits of the Group and the capital increase in subsidiaries. 					

Note: The financial position for the years 2021 and 2020 is presented with the consolidated financial data.

II. Review and Analysis of Financial Performance

Unit: NT\$ thousand

Item \ Year	2021	2020	Increase (Decrease) Amount	Changes Ratio (%)
Net Revenue	22,255,670	13,804,562	8,451,108	61%
Gross Profit	12,351,136	4,785,825	7,565,311	158%
Income from Operations	8,156,897	2,383,048	5,773,849	242%
Non-Operating Income and Expenses	196,875	140,578	56,297	40%
Income before Income Tax	8,353,772	2,523,626	5,830,146	231%
Net Profit for the Current Period	7,073,018	2,164,113	4,908,905	227%
Other Comprehensive Income (Net of Tax)	92,566	(194,887)	287,453	147%
Total Comprehensive Income	7,165,584	1,969,226	5,196,358	264%
Net Income Attributable to Shareholders of the Parent	6,005,760	1,384,818	4,620,942	334%
Net Income Attributable to Non-controlling Interests	1,067,258	779,295	287,963	37%
Total Comprehensive Income Attributable to Shareholders of the Parent	6,089,895	1,190,501	4,899,394	412%
Total Comprehensive Income Attributable to Non-controlling Interests	1,075,689	778,725	296,964	38%
<p>1. Explanation on the change of 20% or more in the current period over the previous period, and the amount of change up to NT\$10 million or more:</p> <p>(1) Increase in revenue and gross profit: It is the result of an increase in demand and price hikes due to the presence of a strong global semiconductor market in 2021.</p> <p>(2) Increase in operating income and expenses: It is due to the increase in operating profit as a result of an increase in revenue and gross profit of the Company and a good control of its operating expenses</p> <p>(3) Increase in non-operating income and expenses: It is due to the increase in foreign exchange gain and net gain on fair value changes of financial assets at fair value through profit or loss.</p> <p>(4) Increase in net profit before tax, net profit for the current period, total comprehensive income for the current period and net profit attributable to the shareholders of the parent. It is caused by the growth of operating revenue, and the increase in operating gross margin and non-operating income.</p> <p>(5) Increase in other comprehensive income in the current period: It is due to decrease in the unrealized losses from financial assets measured at fair value through other comprehensive income.</p> <p>(6) Increase in net profit and total comprehensive income attributable to non-controlling interests: It is due to the increase in the profits of the Company's subsidiaries.</p> <p>2. The sales volume forecast and the basis thereof, and the possible impacts on the Company's future financial operations and response plans: The sales volume forecast in the next year depends on the industrial boom and the changes in market supply and demand. The Company has been actively developing new products to prepare a complete product line and provide customer solutions for future growth and development.</p>				

Note: The financial position for the years 2021 and 2020 is presented with the consolidated financial data.

III. Review and Analysis of Cash Flow

(I) Changes in Cash Flow of the Current Year

Unit: NT\$ thousand

Beginning Cash Balance	Net Cash Flow From Operating Activities Throughout	Net Cash Flow from Investment and Financing Activities	Exchange Influence	Cash Surplus (Deficit)	Remedial Measures for Cash Deficit	
					Investment Plan	Financial Plan
5,586,541	8,421,531	(6,037,037)	(40,527)	7,930,508	-	-

Analysis of changes:

1. Operating activities: net cash inflow generated from operating activities is mainly cash income from net revenue.
2. Investment activities and financing activities: mainly include continuing investments in the cost of masks and other equipments for the research and development of new products this year, purchasing property, plant and equipment, financial assets and bond investments, depositing the time deposits of more than 3 months and paying cash dividends.

(II) Remedial Measures for Cash Deficit and Liquidity Analysis: Not applicable.

(III) Cash Liquidity Analysis for the Coming Year:

Unit: NT\$ thousand

Beginning Cash Balance	Projected Net Cash Flow From Operating Activities Throughout The Year	Projected Net Cash Flow From Investment and Financing Activities Throughout The Year	Projected Cash Surplus (Deficit)	Remedial Measures for Projected Cash Deficit	
				Investment Plan	Financial Plan
7,930,508	10,519,710	(8,157,775)	10,292,443	-	-

Analysis of changes:

1. Operating activities: mainly include the projected continued growth of operating profit in 2022 and the active control of related expenses and losses and inventory turnover.
2. Investment activities and financing activities: mainly include projected activities such as continuous investments in the cost of masks and other types of equipment for the research and development of new products in 2022, purchase of property, plant, and equipment, financial assets investments, cash capital increase in subsidiaries and the payment of cash dividends.

IV. Impact of Any Major Capital Expenditures during the Most Recent Fiscal Year

(I) The Use and Funding Sources of Major Capital Expenditures: None.

(II) Projected benefits: None.

V. Reinvestment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits/Losses Generated thereby, the Plan for Improving Re-Investment Profitability, and Investment Plans for the Coming Year

The reinvestment policy of the Group is to focus on the core business, carry out investments in line with the business strategy, business expansion and long-term development, in order to increase operating revenue and profits. To conduct investment evaluation on the location, organization, shareholding ratio, financial condition and other aspects of the reinvestment in another enterprise as the basis for the reinvestment of the management; The Group also regularly evaluates the investment profit and loss status of the invested enterprises. In addition, the Company has enacted "Supervisory Measures for Subsidiaries" to supervise the operation status of the subsidiary company and set up an operation management mechanism in order to maximize the synergy of the Group.

The Company adopted the equity method to recognize the investment gains of NT\$2,089,618 thousand in the year 2021. Please refer to the "Parent Company Only Financial Statements of the Most Recent Year with Independent Auditors' Report and Notes" in "Chapter VI Financial Conditions" for the recognition of profit and loss.

The investment plan for the coming year will be evaluated separately according to the overall industrial situation and the Company's business needs.

VI. Risk matters and Assessment

(I) The Effect upon the Company's Profits (Losses) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Response Measures to be Taken in the Future

1. The Effect upon the Company's Profits (Losses) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate

The Group mostly uses its own funds to support its operation needs, thus has low demand for bank loans. Any loans it made is based on the consideration of the risk hedging of exchange rate with modest amount, and the borrowing cost increase from rising interest rate will not have greatly impact on the Group.

The Group's purchases and sales are mainly in US dollars, thus some exchange risks have been automatically avoided. In view of the impact of dollar exchange rate fluctuations on the Company's profits and losses, forward foreign exchange contracts and dollar loans are mainly adopted, so as to lower the risk of exchange rate fluctuations.

There was no material impact on the Group's annual profit or loss due to inflation.

2. Response Measures to be Taken in the Future for the Effect of Interest and Exchange

Rate Fluctuations and Changes in the Inflation Rate

In the future, the Group will continue to collect information on exchange rate fluctuations and pay attention to the global trend of favorable exchange rate, timely adjust foreign currency positions to reduce the impact of exchange rate fluctuations, and choose low-cost foreign exchange hedging instruments to avoid exchange rate risks according to the relevant regulations of the Company.

(II) The Company's Policy Regarding High-Risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements, Guarantees, and Derivatives Transactions; the Main Reasons for the Profits/Losses Generated thereby; and Response Measures to be Taken in the Future.

1. The Group is not engaged in high-risk and highly leveraged financial investments.
2. The Group has formulated "Operational Procedures for Loaning Funds to Others", "Operational Procedures for Endorsements/Guarantees" and "Handling Procedure to engage in the Transaction of Derivative Products", and the relevant operations are conducted in accordance with the above procedures.
3. The Company is engaged in the trading of derivative products, mainly for the purpose of risk hedging, or engaged in the trading financial products related to the Company's business operations, to ensure the Company's operating profit.

(III) Research and Development Work to be Carried out in the Future, and Further Expenditures Expected for Research and Development Work

Please refer to the description of "Chapter V Operations Overview - New Products (Services) Planned for Development" in this annual report for the research and development plan for this year. The R&D manpower and expenditure that the Group continues to invest in the coming year are estimated to account for approximately 10%~15% of the net revenue. The Group will carefully assess the market risks and expected investment returns before investing in various R&D expenses.

(IV) Effect on the Company's Financial Operations of Important Policies Adopted and Changes in the Legal Environment at Home and Abroad, and Measures to be Taken in Response

There is no material impact on the Company's financial operations from important policies adopted and changes in the legal environment at home and abroad. In the future, the Company will obtain relevant information from time to time and develop necessary countermeasures to meet the Company's operational needs.

(V) Effect on the Company's Financial Operations of Developments in Science and Technology (including Information Security Risks) as well as Industrial Change, and Measures to be Taken in Response

The IC industry is changing rapidly, as well as the technology advancing, which will affect the members of the industry to a certain extent. If the Company fails to timely adjust its strategy or launch competitive products in line with technology changes or industry changes, it may have a negative impact on the Company's financial business. In order to avoid adverse effects caused by changes in industry and technology, the Group always pays attention to and evaluates the possible impact of those changes, and proposes effective response strategies and develops products that meet market demand, so that the Group is able to timely launch competitive products, maintain and improve the Company's competitive strategy.

Based on the requirements of risk control, the Company adopts a complete set of control measures for information security, including policies, organizations, processes, software and hardware tools to meet the management requirements, and by planning, operation, supervision and continuous improvement measures, ensures that the Company is protected from improper threats, so as to reduce management risk.

The information security strategy of the Company is as follows:

1. Strengthen protection: Use new protection technologies to cope with the constantly changing information application environment, and build up the awareness of colleagues on information security, so as to construct a comprehensive information security protection network.
2. Risk-oriented: Identify environmental management intensity and potential impacts to determine the investment of information security management resources based on the overall objectives of the Company's operations and considering the internal and external risk status.
3. Continuous improvement: Continuously review and improve the methods and practices of security management through external intelligence gathering and internal security incidents.

(VI) Effect on the Company's Crisis Management of Changes in the Company's Corporate Image, and Measures to be Taken in Response

The Company is currently a public company with good reputation and business performance, and will continue to improve the product quality and service to maintain a good corporate image in the future, thus there is no effect on the Company's crisis management.

(VII) Expected Benefits and Possible Risks Associated with Any Merger and Acquisitions, and Mitigation Measures being or to be Taken

The Group has no plans for mergers or acquisitions.

(VIII) Expected Benefits and Possible Risks Associated with Any Plant Expansion, and Mitigation Measures being or to be Taken

The Group is an IC design company, with all manufacturing outsourced, thus it is not applicable.

(IX) Risks Associated with Any Consolidation of Sales or Purchasing Operations, and Mitigation Measures being or to be Taken

For a professional IC design company without wafer manufacturing plant, it is necessary to consider the capacity, equipment, quality yield, process technology and confidentiality to select a suitable foundry. Therefore, the consolidation of purchasing is the characteristics of domestic IC design industry. The Company has distributed the source of purchase to TSMC, UMC and VIS, and maintained a long-term stable cooperative relationship with the packaging and testing manufacturers to eliminate the risk of consolidation of purchasing.

In terms of sales, the Group's products are widely applied in multiple aspects, with two modes of sales counterparty: agents and manufacturers. The Group distinguishes different agents according to sales area and sales conditions, has dedicated application engineers to directly contact the end customers and provide technical services for the products sold through agents. Therefore, there is no risk of consolidation of sales based on calculation for end-customers.

(X) Effect upon and Risk to the Company in the Event a Major Quantity of Shares Belonging to a Director, Supervisor, or Shareholder Holding Greater than a 10 Percent Stake in the Company has been Transferred or has otherwise Changed Hands, and Mitigation Measures being or to be Taken: None.

(XI) Effect upon and Risk to Company Associated with Any Change in Governance Personnel or Top Management, and Mitigation Measures being or to be Taken: None.

(XII) Litigious and Non-Litigious Matters. List Major Litigious, Non-Litigious or Administrative Disputes That Involve the Company and/or Any Company Director, Any Company Supervisor, the General Manager, Any Person with Actual Responsibility for the Firm, Any Major Shareholder Holding a Stake of Greater than 10 Percent, and/or Any Company or Companies Controlled by the Company; and Have Been Concluded by Means of a Final and Unappealable Judgment, or are still under Litigation. Where Such a Dispute Could Materially Affect Shareholders' Equity or the Prices of the Company's Securities, the Annual Report Shall Disclose the Facts of the Dispute, Amount of Money at Stake in the Dispute, the Date of Litigation Commencement, the Main Parties to the Dispute, and the Status of the Dispute as of the Date of Publication of the Annual Report.

As of the date of publication of the annual report, the Company did not incur any such matters.

(XIII) Other Important Risks, and Mitigation Measures being or to be Taken: None.

VII. Other Important Matters: None.

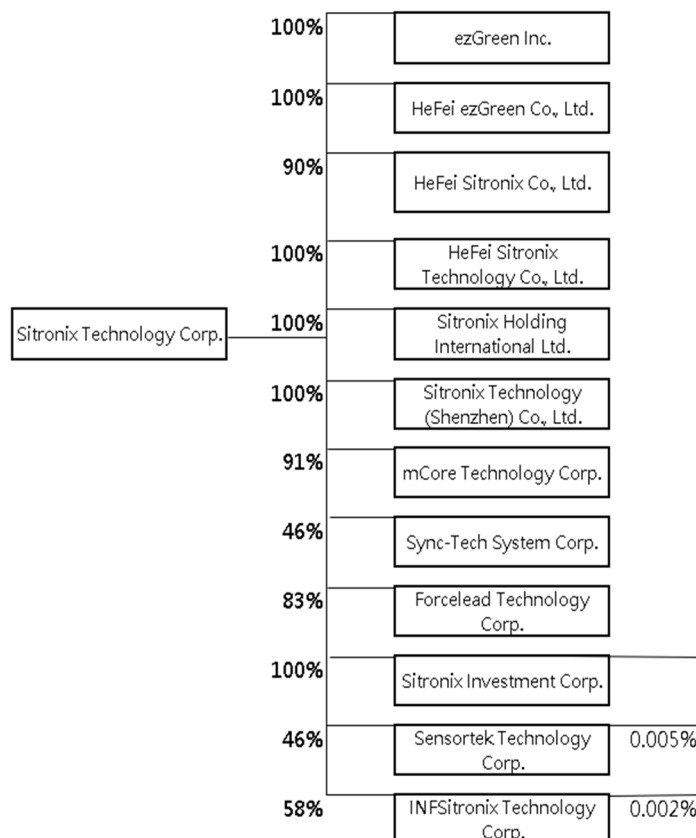
Chapter 8 Special Notes

I. Affiliates Information

(I) Consolidated Business Reports Covering Affiliated Enterprises

1. Overview of Affiliated Enterprises

(1) Organizational Chart of the Affiliates (December 31, 2021)



(2) Basic Information of Affiliates

Name of Affiliates	Date of Establishment	Place of Registration	Paid-in Capital (NT\$ thousand)	Main Business Items
mCore Technology Corp.	2009.12.03	Hsinchu, Taiwan	NT\$ 105,627	Providing solutions for consumer display and voice/audio related applications.
INFSitronix Technology Corp.	2009.12.02	Hsinchu, Taiwan	NT\$ 167,690	Comprehensive line of Power supervisor IC design
Sensortek Technology Corp.	2009.12.01	Hsinchu, Taiwan	NT\$ 489,126	R&D, design and sales of sensor integrated circuit products
Forcelead Technology Corp.	2009.12.11	Hsinchu, Taiwan	NT\$ 291,530	R&D and sale of multi-functional integrated automotive display driver ICs
Sitronix Investment Corp.	2012.12.21	Hsinchu, Taiwan	NT\$ 332,491	Investment

Name of Affiliates	Date of Establishment	Place of Registration	Paid-in Capital (NT\$ thousand)	Main Business Items
Sync-Tech System Corp.	2014.02.06	Hsinchu, Taiwan	NT\$ 248,502	Design, manufacturing and maintenance of semiconductor consumables and testing equipment
ezGreen Inc.	2019.01.17	New Taipei City, Taiwan	NT\$ 100,000	Software design and electronic information supply services
Sitronix Holding International Ltd.	2017.12.05	Samoa	US\$ 2,000	Investment
Sitronix Technology (Shenzhen) Co., Ltd.	2003.11.24	Shenzhen, Mainland China	US\$ 400	Computer software and hardware development, sales and after-sales service business and related technical consulting services
HeFei Sitronix Co., Ltd.	2018.03.22	HeFei, Mainland China	RMB 25,000	R&D, design, sales and technical services of integrated circuits and system hardware and software
HeFei ezGreen Co., Ltd.	2018.03.22	HeFei, Mainland China	RMB 5,000	Design, sales and technical services of Supplier management software development
HeFei Sitronix Technology Co., Ltd.	2021.10.18	HeFei, Mainland China	RMB 30,000	R&D and sale of integrated circuits; R&D, service and sales of integrated circuits chip

(3) Where Companies Presumed to Have a Relationship of Control and Subordination under Article 369-3 of the Company Act: None.

(4) The Industries Covered by the Business Operated by the Affiliates Overall

Name of Affiliates	Main Business Items
mCore Technology Corp.	Providing solutions for consumer display and voice/audio related applications.
INFSitronix Technology Corp.	Comprehensive line of Power supervisor IC design
Sensortek Technology Corp.	R&D, design and sales of sensor integrated circuit products
Forcelead Technology Corp.	R&D and sale of multi-functional integrated automotive display driver ICs
Sitronix Investment Corp.	Investment
Sync-Tech System Corp.	Design, manufacturing and maintenance of semiconductor consumables and testing equipment
ezGreen Inc.	Software design and electronic information supply services

Name of Affiliates	Main Business Items
Sitronix Holding International Ltd.	Investment
Sitronix Technology (Shenzhen) Co., Ltd.	Computer software and hardware development, sales and after-sales service business and related technical consulting services
HeFei Sitronix Co., Ltd.	R&D, design, sales and technical services of integrated circuits and system hardware and software
HeFei ezGreen Co., Ltd.	Design, sales and technical services of Supplier management software development
HeFei Sitronix Technology Co., Ltd.	R&D and sale of integrated circuits; R&D, service and sales of integrated circuits chip

(5) The Names of the Directors, Supervisors or General Managers of Each Affiliates, and their Shareholding or Capital Contribution in Such Affiliate

December 31, 2021

Name of Affiliates	Title	Name or Representative	Shareholding	
			Number of Shares (thousand share)	Shareholding Ratio
mCore Technology Corp.	Director	Sitronix Technology Corp.	9,583	91%
	Director Chairman & General Manager	Representative: Vincent Mao	-	-
	Director	Representative: I-Hsi Cheng	-	-
	Supervisors	Representative: Ju-Hung Chen	-	-
		Shu-Fang Hsu	-	-
INFSitronix Technology Corp.	Director	Sitronix Technology Corp.	9,796	58%
	Chairman	Representative: Vincent Mao	315	2%
	Director	Representative: Ju-Hung Chen	25	-
	Supervisors	Representative: Chun-Sheng Lin	-	-
		Shu-Fang Hsu	-	-
		Compal Electronics, Inc.	4,648	28%
	Director	Representative: Tsung-Pin Weng	186	1%
Sensortek Technology Corp.	Director	Representative: Cheng-Chiang Wang	-	-
	Director	Chiu-Jui Wei	-	-
	Supervisors			
	Director	Sitronix Technology Corp.	22,530	46%
	Chairman	Representative: Vincent Mao	327	1%
	Director & General Manager	Representative: Sheng-Su Lee	174	-
	Director	Representative: Jhu-Yuan Yang	38	-
	Independent Director	Hua-Cheng Tseng	-	-
	Independent Director	Jen-Chi Lu	-	-
	Independent Director	Chun-I Hsu	-	-
	Independent Director	Shu-Chun Huang	-	-

Name of Affiliates	Title	Name or Representative	Shareholding	
			Number of Shares (thousand share)	Shareholding Ratio
Forcelead Technology Corp.	Chairman	Sitronix Technology Corp.	24,337	83%
	Director & General Manager	Representative: Vincent Mao	381	1%
	Manager	Representative: Cheng-Lung Chiang	184	1%
	Director	Representative: Chun-Sheng Lin	37	-
	Supervisors	Shu-Fang Hsu	37	-
Sitronix Investment Corp.	Chairman	Sitronix Technology Corp.	33,249	100%
	Director & General Manager	Representative: Vincent Mao	-	-
	Manager	Representative: Min-Hui Chang	-	-
	Director	Representative: Shu-Fang Hsu	-	-
	Supervisors	Representative: Ju-Hung Chen	-	-
Sync-Tech System Corp.	Chairman	Ju-Hung Chen	703	3%
	Director	Sitronix Technology Corp.	11,365	46%
	Director & General Manager	Representative: Vincent Mao	214	1%
	Manager	Representative: Tsung-Jun Li	593	2%
	Director	Representative: Meng-Huang Liu	32	-
	Supervisors	Shu-Fang Hsu	-	-
Sitronix Holding International Ltd.	Director	Vincent Mao	-	-
Sitronix Technology (Shenzhen) Co., Ltd.	Director	Sitronix Technology Corp. Representative: Chien-Yuan Chao	Capital contribution -	100% -
HeFei Sitronix Co., Ltd.	Director	Sitronix Technology Corp.	Capital contribution	90%
	Director	Representative: Ju-Hung Chen	-	-
	Director	Representative: Chien-Yuan Chao	-	-
	Supervisor	Representative: Te-Yun Chou	-	-
	Director	Shenzhen Qianhai Zhisheng Investment Co., Ltd.	Capital contribution	8%
		Representative: Chang-Kai Wang	-	-
HeFei ezGreen Co., Ltd.	Director	Sitronix Technology Corp. Representative: Ying-Lun Mao	Capital contribution	100%
ezGreen Inc.	Director	Sitronix Technology Corp. Representative: Ying-Lun Mao	10,000	100%
HeFei Sitronix Technology Co., Ltd.	Director	Sitronix Technology Corp. Representative: Chien-Yuan Chao	Capital contribution -	100% -

2. Operations Overview of Affiliates

December 31, 2021

Unit: NT\$ thousand except earnings per share in NT\$

Name of Affiliates (Note1)	Paid-in Capital	Total Assets	Total Liabilities	Net Value	Net Revenue	Operating Profit (Loss)	Profit after Tax for the Current Period	Earnings Per Share (after Tax)
HeFei Sitronix Technology Co., Ltd.	130,680	130,388	30	130,358	-	(28)	38	-
Sitronix Technology (Shenzhen) Co., Ltd.	15,916	68,727	46,538	22,189	126,725	5,019	3,038	-
Sitronix Holding International Ltd.	58,510	78,927	-	78,927	-	-	2,568	1.28
mCore Technology Corp.	105,627	229,020	86,885	142,135	271,355	37,053	32,878	3.11
INFSitronix Technology Corp.	167,690	244,046	107,593	136,453	253,757	29,067	28,575	1.70
Sensortek Technology Corp.	489,126	7,220,887	2,063,124	5,157,763	5,873,003	1,900,070	1,661,349	33.97
Forcelead Technology Corp.	291,530	2,765,278	1,093,595	1,671,683	3,532,757	1,351,304	1,119,210	33.72
Sitronix Investment Corp.	332,491	292,991	1,892	291,099	-	(5,000)	(4,929)	(0.15)
Sync-Tech System Corp.	248,502	866,904	243,788	623,116	701,388	219,325	175,711	7.07
HeFei Sitronix Co., Ltd.	114,990	475,528	113,579	361,949	463,113	165,177	171,760	-
HeFei ezGreen Co., Ltd.	22,308	7,374	1,392	5,982	1,612	(7,331)	(7,183)	-
ezGreen Inc.	100,000	42,743	5,009	37,734	1,888	(26,548)	(26,560)	(2.66)

Note 1: If an affiliate is a foreign company, the related number of assets, liabilities and profit and loss are shown in NT dollars exchanged at the exchange rate on the reporting date.

(II) Consolidated Financial Statements Covering Affiliated Enterprises

Please refer to "IV Consolidated Financial Statements of the Most Recent Year with Independent Auditors' Report and Notes" in "Chapter VI Financial Conditions" for the consolidated financial statements of the affiliated enterprises and refer to the Declaration in the subsequent page.

(III) Affiliation Reports

Not applicable.

II. Any Private Placement of Securities Carried out by the Company During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report:

Unit: NT\$ thousand

Subsidiary name	Paid-in Capital	Source of Capital	Shareholding Ratio of the Company	Date of Acquisition or Disposal	Number of Shares and Amount Acquired (Note 1)	Number of Shares and Amount Disposed of (Note 2)	Returns on Investment (Note 3)	Number of Shares Held and Amount up to the Date of Publication of the Annual Report (Note 3)	Pledge	The Company's Endorsements/ Guarantees to Subsidiary	The Company's Loaning of Funds to Subsidiary
Sensortek Technology Corp.	489,126	Private Capital	46.06%	4/9/2021	Number of shares 18,000 shares Amount 4,560	-	-	Number of shares 18,000 shares Amount 4,518	-	-	-
				4/12/2021	Number of shares 14,000 shares Amount 3,343	-	-	Number of shares 14,000 shares Amount 3,514	-	-	-
				5/10/2021	Number of shares 26,000 shares Amount 7,010	-	-	Number of shares 26,000 shares Amount 6,526	-	-	-
				5/12/2021	Number of shares 5,000 shares Amount 1,125	-	-	Number of shares 5,000 shares Amount 1,255	-	-	-
				6/10/2021	Number of shares 10,000 shares Amount 2,915	-	-	Number of shares 10,000 shares Amount 2,510	-	-	-
				6/16/2021	Number of shares 10,000 shares Amount 2,910	-	-	Number of shares 10,000 shares Amount 2,510	-	-	-
				7/15/2021	Number of shares 3,000 shares Amount 891	-	-	Number of shares 3,000 shares Amount 753	-	-	-
				8/27/2021	Number of shares 10,000 shares Amount 2,950	-	-	Number of shares 10,000 shares Amount 2,510	-	-	-
				8/31/2021	Number of shares 5,000 shares Amount 1,475	-	-	Number of shares 5,000 shares Amount 1,255	-	-	-
				9/6/2021	Number of shares 15,000 shares Amount 3,860	-	-	Number of shares 15,000 shares Amount 3,765	-	-	-
				9/8/2021	Number of shares 5,000 shares Amount 1,325	-	-	Number of shares 5,000 shares Amount 1,255	-	-	-
				9/10/2021	Number of shares 5,000 shares Amount 1,325	-	-	Number of shares 5,000 shares Amount 1,255	-	-	-

Subsidiary name	Paid-in Capital	Source of Capital	Shareholding Ratio of the Company	Date of Acquisition or Disposal	Number of Shares and Amount Acquired (Note 1)	Number of Shares and Amount Disposed of (Note 2)	Returns on Investment (Note 3)	Number of Shares Held and Amount up to the Date of Publication of the Annual Report (Note 3)	Pledge	The Company's Endorsements/ Guarantees to Subsidiary	The Company's Loaning of Funds to Subsidiary
Sensortek Technology Corp.	489,126	Private Capital	46.06%	9/15/2021	Number of shares 5,000 shares Amount 1,275	-	-	Number of shares 5,000 shares Amount 1,255	-	-	-
				10/6/2021	Number of shares 10,000 shares Amount 2,280	-	-	Number of shares 10,000 shares Amount 2,510	-	-	-
				10/12/2021	Number of shares 5,000 shares Amount 1,135	-	-	Number of shares 5,000 shares Amount 1,255	-	-	-
				10/18/2021	Number of shares 10,000 shares Amount 2,250	-	-	Number of shares 10,000 shares Amount 2,510	-	-	-
				11/1/2021	Number of shares 5,000 shares Amount 1,285	-	-	Number of shares 5,000 shares Amount 1,255	-	-	-
				11/2/2021	Number of shares 20,000 shares Amount 4,980	-	-	Number of shares 20,000 shares Amount 5,020	-	-	-
				11/23/2021	Number of shares 10,000 shares Amount 2,830	-	-	Number of shares 10,000 shares Amount 2,510	-	-	-
				1/12/2022	Number of shares 10,000 shares Amount 2,880	-	-	Number of shares 10,000 shares Amount 2,510	-	-	-
				1/13/2022	Number of shares 5,000 shares Amount 1,400	-	-	Number of shares 5,000 shares Amount 1,255	-	-	-
				2/7/2022	Number of shares 5,000 shares Amount 1,403	-	-	Number of shares 5,000 shares Amount 1,255	-	-	-
				2/22/2022	Number of shares 5,000 shares Amount 1,460	-	-	Number of shares 5,000 shares Amount 1,255	-	-	-
				3/30/2022	Number of shares 5,000 shares Amount 1,465	-	-	Number of shares 5,000 shares Amount 1,255	-	-	-
				4/19/2022	Number of shares 5,000 shares Amount 1,380	-	-	Number of shares 5,000 shares Amount 1,255	-	-	-

Subsidiary name	Paid-in Capital	Source of Capital	Shareholding Ratio of the Company	Date of Acquisition or Disposal	Number of Shares and Amount Acquired (Note 1)	Number of Shares and Amount Disposed of (Note 2)	Returns on Investment (Note 3)	Number of Shares Held and Amount up to the Date of Publication of the Annual Report (Note 3)	Pledge	The Company's Endorsements/ Guarantees to Subsidiary	The Company's Loaning of Funds to Subsidiary
Sensortek Technology Corp.	489,126	Private Capital	46.06%	4/22/2022	Number of shares 4,000 shares Amount 1,044	-	-	Number of shares 4,000 shares Amount 1,004	-	-	-
				4/25/2022	Number of shares 5,000 shares Amount 1,290	-	-	Number of shares 5,000 shares Amount 1,255	-	-	-
				4/27/2022	Number of shares 5,000 shares Amount 1,210	-	-	Number of shares 5,000 shares Amount 1,255	-	-	-
				The current fiscal year up to the date of publication of the annual report	Number of shares 240,000 shares Amount 63,256	-	-	Number of shares 378,000 shares Amount 94,878 (Note 4)	-	-	-

Note 1: "Amount" refers to the amount actually acquired or disposed of.

Note 2: The shareholding and disposing of shall be presented separately.

Note 3: Returns on investment refer to unrealized gains and losses as evaluated in accordance with IFRS9.

Note 4: The number of shares includes the number of shares purchased in the previous year

IV. Other Matters that Require Additional Description: None.

V. Matters that Materially Affect Shareholders' Equity or the Price of the Company's Securities Specified in Article 36, Paragraph 3, Item 2 of Securities and Exchange Act, Occurred during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of affiliates of Sitronix Technology Corporation for the year ended December 31, 2021 under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are all the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, the relevant information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Sitronix Technology Corporation

By

Vincent Mao
Chairman

March 17, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
Sitronix Technology Corporation

Opinion

We have audited the accompanying consolidated financial statements of Sitronix Technology Corporation and its subsidiaries (the "Group"), which comprise the balance sheets as of December 31, 2021 and 2020, the related 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 (collectively referred to as the "consolidated financial statements").

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, 2021 and 2020, 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 of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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.

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, 2021. 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.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2021 is described as follows:

Recognition of sales revenue

The Group's main source of revenue comes from the sale of goods. For the year ended December 31, 2021, the revenue recognized was NT\$22,255,670 thousand, please refer to Notes 4, 22 and 37 for information on the accounting policies of revenue recognition. Such revenue is recognized when the goods are transferred to the customer and the performance obligations are met. The revenue recognition process is that after receiving

customers' order and checking the transaction conditions, the business unit creates a manufacturing notice in the system, and enters into the production schedule after obtaining the approval from the supervisor. As soon as the production is completed, the production unit would issue packing lists and invoices from the system, the Group would obtain signed packing list or the bill of lading on sight from the shipping companies when those shipping companies pick up the goods, then the system would check the shipping-related information, to generate the sales details. The accounting officers would recognize sales revenue according to the sales details.

We have assessed that the customers of the Group whose revenue had changed significantly for 2021 to be subject to the risk of validity of revenue recognition. Therefore, in order to confirm the validity of the Group's revenue recognition, we performed the following audit procedures on the sales transactions of these customers:

1. We understood the internal controls over revenue recognition, evaluated the design of the key controls, determined whether the controls have been implemented and tested the operating effectiveness of the controls.
2. We sampled and inspected whether an original purchase order existed for each sale and whether it had been appropriately approved.
3. We inspected product names and quantities on notifications of manufacturing, invoices and goods receipt and inspected the amounts to ensure they were consistent.
4. We inspected the reasonableness of collection of accounts receivable and whether the collection amounts and counterparties were consistent with the revenue recognized.

Other Matter

We have also audited the parent company only financial statements of Sitronix Technology Corporation as of and for the years ended December 31, 2021 and 2020 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 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 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 operations, or has no realistic alternative but to do so.

Those charged with governance, including 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 auditing standards generally accepted in 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 auditing standards generally accepted in 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 and appropriate audit evidence regarding the financial information of 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, 2021 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 audits resulting in this independent auditors' report are Cheng-Chih Lin and Yu-Feng Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2022

Notice to Readers

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

For the convenience of readers, the independent auditors' 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.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020		LIABILITIES AND EQUITY	2021		2020	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 4, 6 and 30)	\$ 7,930,508	35	\$ 5,586,541	41	Short-term borrowings (Notes 4, 18, 28 and 30)	\$ 55,360	-	\$ 267,776	2
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 30)	737,137	3	630,694	5	Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 30)	1,228	-	4,390	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 30)	723,885	3	606,903	4	Trade payables (Note 30)	2,480,335	11	1,893,923	14
Financial assets at amortized cost - current (Notes 4, 9, 30 and 32)	3,978,720	18	1,530,290	11	Accrued profit sharing bonus to employees' compensation and remuneration of directors (Note 23)	1,102,781	5	338,113	2
Notes receivables and trade receivables (Notes 4, 10, 22 and 30)	1,951,395	9	1,377,691	10	Other payables (Notes 19 and 30)	1,832,532	8	1,132,495	8
Notes receivables and trade receivables from related parties (Notes 4, 22, 30 and 31)	715	-	872	-	Other payables to related parties (Notes 30 and 31)	210	-	1,051	-
Other receivables (Notes 4, 10 and 30)	90,899	-	73,643	1	Current tax liabilities (Notes 4 and 24)	1,365,698	6	426,345	3
Inventories (Notes 4, 5 and 11)	2,450,568	11	1,543,734	11	Lease liabilities - current (Notes 4, 14, 28 and 30)	44,125	-	29,899	-
Prepayments (Notes 17 and 31)	212,207	1	174,507	1	Other current liabilities (Notes 19, 22 and 30)	<u>96,301</u>	<u>1</u>	<u>101,630</u>	<u>1</u>
Other current assets (Notes 4, 17 and 30)	<u>10,886</u>	<u>-</u>	<u>19,862</u>	<u>-</u>	Total current liabilities	<u>6,978,570</u>	<u>31</u>	<u>4,195,622</u>	<u>30</u>
Total current assets	<u>18,086,920</u>	<u>80</u>	<u>11,544,737</u>	<u>84</u>	NON-CURRENT LIABILITIES				
NON-CURRENT ASSETS					Deferred tax liabilities (Notes 4 and 24)	10,706	-	6,850	-
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 30)	168,352	1	7,036	-	Lease liabilities - non-current (Notes 4, 14, 28 and 30)	121,400	1	52,274	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 30)	950,057	4	718,693	5	Net defined benefit liabilities - non-current (Notes 4 and 20)	38,277	-	44,877	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 30)	28,019	-	58,534	-	Other non-current liabilities (Notes 28, 30, 31 and 33)	<u>326,757</u>	<u>1</u>	<u>237,460</u>	<u>2</u>
Property, plant and equipment (Notes 4 and 13)	1,460,550	6	1,022,534	7	Total non-current liabilities	<u>497,140</u>	<u>2</u>	<u>341,461</u>	<u>3</u>
Right-of-use assets (Notes 4 and 14)	163,826	1	82,998	1	Total liabilities	<u>7,475,710</u>	<u>33</u>	<u>4,537,083</u>	<u>33</u>
Investment properties (Notes 4 and 15)	673,098	3	246,339	2	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Notes 4, 21, 26 and 27)				
Intangible assets (Notes 4 and 16)	48,574	-	43,766	-	Share capital				
Deferred tax assets - non-current (Notes 4 and 24)	12,993	-	15,214	-	Ordinary shares	<u>1,201,369</u>	<u>5</u>	<u>1,201,369</u>	<u>8</u>
Other non-current assets (Notes 4, 17, 30 and 33)	<u>1,080,388</u>	<u>5</u>	<u>76,309</u>	<u>1</u>	Capital surplus	<u>1,610,911</u>	<u>7</u>	<u>1,662,839</u>	<u>12</u>
Total non-current assets	<u>4,585,857</u>	<u>20</u>	<u>2,271,423</u>	<u>16</u>	Retained earnings				
					Legal reserve	1,200,307	5	1,082,588	8
					Special reserve	180,223	1	77,526	1
					Unappropriated earnings	<u>7,699,611</u>	<u>34</u>	<u>2,805,919</u>	<u>20</u>
					Total retained earnings	<u>9,080,141</u>	<u>40</u>	<u>3,966,033</u>	<u>29</u>
					Other equity				
					Exchange differences on translating the financial statements of foreign operations	(14,086)	-	(10,444)	-
					Unrealized gain (loss) on financial assets at fair value through other comprehensive income	<u>(91,377)</u>	<u>-</u>	<u>(169,780)</u>	<u>(1)</u>
					Total other equity	<u>(105,463)</u>	<u>-</u>	<u>(180,224)</u>	<u>(1)</u>
					Treasury shares	<u>(31,783)</u>	<u>-</u>	<u>(8,879)</u>	<u>-</u>
					Total equity attributable to owners of the Company	11,755,175	52	6,641,138	48
					NON-CONTROLLING INTERESTS (Notes 12, 21 and 27)	<u>3,441,892</u>	<u>15</u>	<u>2,637,939</u>	<u>19</u>
					Total equity	<u>15,197,067</u>	<u>67</u>	<u>9,279,077</u>	<u>67</u>
TOTAL	<u>\$ 22,672,777</u>	<u>100</u>	<u>\$ 13,816,160</u>	<u>100</u>	TOTAL	<u>\$ 22,672,777</u>	<u>100</u>	<u>\$ 13,816,160</u>	<u>100</u>

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

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
NET REVENUE (Notes 4, 22, 31 and 37)	\$ 22,255,670	100	\$ 13,804,562	100
OPERATING COSTS (Notes 4, 11 and 23)	<u>9,904,534</u>	<u>44</u>	<u>9,018,737</u>	<u>66</u>
GROSS PROFIT	<u>12,351,136</u>	<u>56</u>	<u>4,785,825</u>	<u>34</u>
OPERATING EXPENSES (Notes 4, 10, 23 and 31)				
Selling and marketing expenses	423,043	2	257,452	2
General and administrative expenses	850,467	4	560,635	4
Research and development expenses	2,928,328	13	1,677,211	12
Expected credit loss	<u>849</u>	<u>-</u>	<u>3</u>	<u>-</u>
Total operating expenses	<u>4,202,687</u>	<u>19</u>	<u>2,495,301</u>	<u>18</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 23)	<u>8,448</u>	<u>-</u>	<u>92,524</u>	<u>1</u>
INCOME FROM OPERATIONS	<u>8,156,897</u>	<u>37</u>	<u>2,383,048</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 23 and 31)				
Interest income	50,897	-	43,698	-
Other income	60,964	-	51,550	-
Other gains and losses	90,137	1	52,424	1
Finance costs	<u>(5,123)</u>	<u>-</u>	<u>(7,094)</u>	<u>-</u>
Total non-operating income and expenses	<u>196,875</u>	<u>1</u>	<u>140,578</u>	<u>1</u>
INCOME BEFORE INCOME TAX	8,353,772	38	2,523,626	18
INCOME TAX EXPENSE (Notes 4 and 24)	<u>1,280,754</u>	<u>6</u>	<u>359,513</u>	<u>2</u>
NET INCOME FOR THE YEAR	<u>7,073,018</u>	<u>32</u>	<u>2,164,113</u>	<u>16</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 20 and 21)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	4,358	-	(2,836)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	93,840	-	(193,447)	(2)

(Continued)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	\$ (3,729)	-	\$ (443)	-
Unrealized gain on investments in debt instruments at fair value through other comprehensive income	<u>(1,903)</u>	<u>-</u>	<u>1,839</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>92,566</u>	<u>-</u>	<u>(194,887)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 7,165,584</u>	<u>32</u>	<u>\$ 1,969,226</u>	<u>14</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 6,005,760	27	\$ 1,384,818	10
Non-controlling interests	<u>1,067,258</u>	<u>5</u>	<u>779,295</u>	<u>6</u>
	<u>\$ 7,073,018</u>	<u>32</u>	<u>\$ 2,164,113</u>	<u>16</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 6,089,895	27	\$ 1,190,501	8
Non-controlling interests	<u>1,075,689</u>	<u>5</u>	<u>778,725</u>	<u>6</u>
	<u>\$ 7,165,584</u>	<u>32</u>	<u>\$ 1,969,226</u>	<u>14</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 50.03</u>		<u>\$ 11.53</u>	
Diluted	<u>\$ 49.29</u>		<u>\$ 11.44</u>	

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

(Concluded)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Company (Notes 4, 21 and 26)											
	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Treasury Share	Total	Non-controlling Interests (Notes 12, 21 and 27)	Total Equity
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2020	120,137	\$ 1,201,369	\$ 772,321	\$ 959,529	\$ 251,947	\$ 2,358,260	\$ (9,688)	\$ (67,838)	\$ -	\$ 5,465,900	\$ 1,139,792	\$ 6,605,692
Appropriation of 2019 earnings												
Legal reserve	-	-	-	123,059	-	(123,059)	-	-	-	-	-	-
Special reserve.	-	-	-	-	(174,421)	174,421	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(780,890)	-	-	-	(780,890)	-	(780,890)
The Company's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	(8,879)	(8,879)	(10,398)	(19,277)
Other changes in capital surplus												
Actual acquisition or disposal of interests in subsidiaries	-	-	-	-	-	(116,012)	-	-	-	(116,012)	-	(116,012)
Changes in percentage of ownership interests in subsidiaries	-	-	890,518	-	-	-	-	-	-	890,518	(890,518)	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(88,783)	-	88,783	-	-	-	-
Net income for the year ended December 31, 2020	-	-	-	-	-	1,384,818	-	-	-	1,384,818	779,295	2,164,113
Other comprehensive income (loss) for year ended December 31, 2020, net of income tax	-	-	-	-	-	(2,836)	(756)	(190,725)	-	(194,317)	(570)	(194,887)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	1,381,982	(756)	(190,725)	-	1,190,501	778,725	1,969,226
Increase in non- controlling interests	-	-	-	-	-	-	-	-	-	-	2,090,853	2,090,853
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(470,515)	(470,515)
BALANCE AT DECEMBER 31, 2020	120,137	1,201,369	1,662,839	1,082,588	77,526	2,805,919	(10,444)	(169,780)	(8,879)	6,641,138	2,637,939	9,279,077
Appropriation of 2020 earnings												
Legal reserve	-	-	-	117,719	-	(117,719)	-	-	-	-	-	-
Special reserve	-	-	-	-	102,697	(102,697)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(901,026)	-	-	-	(901,026)	-	(901,026)
The Company's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	(22,904)	(22,904)	(26,821)	(49,725)
Other changes in capital surplus												
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	1,658	-	-	-	-	-	-	1,658	-	1,658
Changes in percentage of ownership interests in subsidiaries	-	-	(53,586)	-	-	-	-	-	-	(53,586)	53,586	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	5,016	-	(5,016)	-	-	-	-
Net income for the year ended December 31, 2021	-	-	-	-	-	6,005,760	-	-	-	6,005,760	1,067,258	7,073,018
Other comprehensive income (loss) for year ended December 31, 2021, net of income tax	-	-	-	-	-	4,358	(3,642)	83,419	-	84,135	8,431	92,566
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	6,010,118	(3,642)	83,419	-	6,089,895	1,075,689	7,165,584
Increase in non- controlling interests	-	-	-	-	-	-	-	-	-	-	302,816	302,816
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(601,317)	(601,317)
BALANCE AT DECEMBER 31, 2021	120,137	\$ 1,201,369	\$ 1,610,911	\$ 1,200,307	\$ 180,223	\$ 7,699,611	\$ (14,086)	\$ (91,377)	\$ (31,783)	\$ 11,755,175	\$ 3,441,892	\$ 15,197,067

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

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 8,353,772	\$ 2,523,626
Adjustments for:		
Depreciation expense	319,180	292,127
Amortization expense	41,563	32,815
Expected credit loss recognized on trade receivables	849	3
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	(115,795)	(97,317)
Finance costs	5,123	7,094
Interest income	(50,897)	(43,698)
Dividend income	(28,225)	(6,937)
Compensation costs of share-based payments	8,605	34,735
Gain on disposal of property, plant and equipment	(6,383)	(29,019)
Gain on disposal of investment properties	-	(62,396)
Loss on disposal of financial instruments	1,797	-
Write-down of inventories	59,881	65,255
Unrealized net loss on foreign currency exchange	29,661	33,084
Gain on modification of lease agreements	(961)	-
Changes in operating assets and liabilities		
Notes receivable and trade receivables	(582,130)	16,509
Receivables from related parties	157	(418)
Other receivables	(6,315)	(5,280)
Inventories	(966,715)	300,675
Prepayments	(457,527)	(706)
Other current assets	8,976	(14,164)
Trade payables	600,599	(191,812)
Other payables	688,669	303,064
Other payables to related parties	(841)	953
Other current liabilities	(5,329)	70,620
Net defined benefit liabilities	(2,242)	(4,605)
Accrued profit sharing bonus to employees' compensation and remuneration of directors	811,991	46,952
Cash generated from operations	8,707,463	3,271,160
Interest received	50,534	40,598
Interest paid	(1,784)	(5,838)
Income tax paid	(334,682)	(264,446)
Net cash generated from operating activities	8,421,531	3,041,474
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(229,348)	(603,621)
Disposal of financial assets at fair value through other comprehensive income	28,562	171,113

(Continued)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Purchase of financial assets measured at cost	\$ (6,840,173)	\$ (3,763,186)
Proceeds from the return of principal of financial assets at amortized cost	4,423,168	3,887,995
Acquisitions of financial assets at fair value through profit or loss	(491,969)	(736,154)
Disposal of financial assets at fair value through profit or loss	326,777	383,019
Increase in prepayments for investment	-	(60,000)
Acquisition of property, plant and equipment	(835,529)	(384,754)
Proceeds from disposal of property, plant and equipment	9,115	30,765
Increase in refundable deposits	(637,862)	(9,765)
Decrease in refundable deposits	1,629	12,318
Payment of intangible assets	(40,792)	(38,575)
Acquisition of investment properties	(308,857)	-
Proceeds from disposal of investment properties	-	113,710
Dividends received	<u>28,225</u>	<u>6,937</u>
Net cash used in investing activities	<u>(4,567,054)</u>	<u>(990,198)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	2,574,315	4,700,520
Repayments of short-term borrowings	(2,786,785)	(4,716,174)
Increase in guarantee deposits	152,331	59,916
Decrease in guarantee deposits	(60,589)	(39,377)
Repayment of the principal portion of lease liabilities	(45,733)	(38,456)
Cash dividends distributed	(899,368)	(780,890)
Payments for buy back of treasury shares	(49,725)	(19,277)
Dividends paid to non-controlling interests	(601,317)	(470,515)
Net cash inflow on disposal of subsidiaries	-	884,938
Increase in non-controlling interests	244,519	1,032,503
Employee compensation issued in the form of stock that are not vested	<u>2,369</u>	<u>20,633</u>
Net cash generated from (used in) financing activities	<u>(1,469,983)</u>	<u>633,821</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(40,527)</u>	<u>(31,203)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,343,967	2,653,894
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,586,541</u>	<u>2,932,647</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 7,930,508</u>	<u>\$ 5,586,541</u>

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

(Concluded)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sitronix Technology Corporation (the “Company”) was incorporated in Taipei City, Taiwan (ROC) in July 1992 and commenced operations in the same year. The principal place of business is located in Tai Yuen Hi-Tech Industrial Park, Hsinchu County. The Company operates principally as a designer, manufacturer and supplier of integrated circuits (ICs) and memory chips and focuses on display driver ICs (DDIs) for entry-level mobile phones, industrial displays and automotive systems.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since December 25, 2003.

In order to improve the Company’s overall operating performance and increase market competitiveness, the Company reorganized the Group’s structure, carried out a professional division of labor and coordinated the allocation of the Group’s resources. On March 18, 2021, according to the Business Mergers And Acquisitions Act and the Company Act, the Company’s board of directors resolved to spin off the automotive business division to the Company’s subsidiary, Forcelead Technology Corp., which issued new ordinary shares as consideration for the transfer. The spin-off completion date is June 1, 2021.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on March 17, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

- 1) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”

The Group elected to apply the practical expedient provided in the amendments to deal with the changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities resulting from the interest rate benchmark reform. The changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

2) Amendment to IFRS 16 “Covid-19 - Related Rent Concessions beyond 30 June 2021”

The Group elected to apply the amendment that extends the availability of the practical expedient to lease payments due on or before June 30, 2022. Refer to Note 4 for the relevant accounting policies of the practical expedient.

The Group applies the amendment from January 1, 2021.

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

1) Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 “Financial Instruments”, were amended in the annual improvements. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

2) Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 “Levies” to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

3) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Group shall restate its comparative information when it initially applies the aforementioned amendments.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17-Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated.

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

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

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

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

4) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

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

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and recognize the cumulative effect of initial application in retained earnings at that date. The Group will apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

See Note 12 and Tables 6 and 7 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and the entities in the Group (including subsidiaries and associates or those that use currencies different from the currency of the Company) are translated into the presentation currency - the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

Inventories consist of raw materials, work in progress, finished goods and merchandise, and are stated at the lower of cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Property, plant, and equipment

Property, plant and equipment are initially stated at cost and subsequently stated at cost less recognized accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Investment properties of the Group's depreciation is recognized using the straight-line method.

Depreciation is recognized using the straight-line method.

Investment properties is transferred to property, plant and equipment at the carrying amount on the day when the supply for self-use begins.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

- j. Impairment of property, plant and equipment, right-of-use assets, investment properties, intangible assets and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

- k. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

- 1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

- a) Measurement category

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, investments in debt instruments at FVTOCI and investments in equity instruments at FVTOCI.

- i. Financial assets at FVTPL

Financial assets measured at FVTPL include financial assets mandatorily measured or designated as at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, accounts receivable, other receivables measured at amortized cost, time deposits with original maturities of over 3 months, pledged fixed deposits, and refundable deposits) and are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

A credit-impaired financial asset is one where the issuer or debtor has experienced significant financial difficulties, defaults, the debtor is likely to file for bankruptcy or other financial reorganization, or the active market for the financial asset has disappeared due to financial difficulties.

Cash equivalents include short-term investments or time deposits with original maturities of three months or less, which are highly liquid, readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends are recognized in profit and loss when the Group's right to receive the dividends is established, unless they clearly represent a recovery of part of the cost of the investment, in which case, they are included in OCI.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Group are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all financial liabilities are measured at amortized cost using the effective interest method.

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading as at FVTPL.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss.

Fair value is determined in the manner described in Note 30.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including cross currency swaps and foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

1. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Sale of goods

Revenue from the sale of goods comes from sales of integrated circuits. Sales of integrated circuits are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Rendering of services

Service income is recognized when services are provided.

m. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contain a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying the recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in the lease terms, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

n. Borrowing costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Government grants

Government grants are recognized only when it is reasonably certain that the Group will comply with the conditions attached to the government grant and that the grant will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities are recognized as employee benefit expenses in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represents the actual deficit in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in non-controlling interests. The expense is recognized in full at the grant date if the grants are vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to non-controlling interests and capital surplus - employee share options.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, research and development expenditures and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner

in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Write-down of inventories

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value was based on current market conditions and the historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Bank deposits	\$ 5,406,834	\$ 4,132,739
Cash on hand	246	310
Cash equivalents	<u>2,523,428</u>	<u>1,453,492</u>
	<u>\$ 7,930,508</u>	<u>\$ 5,586,541</u>

The market rate intervals of bank deposits and cash equivalents at the end of the reporting period were as follows:

	December 31	
	2021	2020
Bank deposits	0.001%-1.80%	0.001%-1.035%
Cash equivalents	0.25%-2.50%	0.22%-0.60%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	December 31	
	2021	2020
<u>Financial assets at FVTPL - current</u>		
Mandatorily measured at FVTPL		
Derivative financial assets		
Credit linked notes - linked with Convertible bonds	\$ 143,929	\$ 74,097
Foreign exchange forward contracts (a)	26,044	24,483
Non-derivative financial assets		
Domestic mutual fund investments	478,632	481,295
Convertible bonds	85,696	50,819
Domestic listed shares	<u>2,836</u>	<u>-</u>
	<u>\$ 737,137</u>	<u>\$ 630,694</u>

Financial assets at FVTPL - non-current

Mandatorily measured at FVTPL		
Derivative financial assets		
Credit linked notes - linked with Convertible bonds	\$ 150,285	\$ 7,036
Non-derivative financial assets		
Limited partnership	<u>18,067</u>	<u>-</u>
	<u>\$ 168,352</u>	<u>\$ 7,036</u>

Financial liabilities at FVTPL - current

Mandatorily measured at FVTPL		
Derivative financial liabilities		
Foreign exchange forward contracts (a)	<u>\$ 1,228</u>	<u>\$ 4,390</u>

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2021</u>			
Sell forward exchange contracts	USD/NTD	2022.01.20-2022.12.21	US\$52,000/NT\$1,441,886
Buy forward exchange contracts	NTD/USD	2022.01.18-2022.12.19	NT\$1,444,750/US\$53,000

December 31, 2020

Sell forward exchange contracts	USD/NTD	2021.01.08-2021.03.24	US\$42,000/NT\$1,194,603
Buy forward exchange contracts	NTD/USD	2021.01.06-2021.03.22	NT\$1,174,510/US\$42,000

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
<u>Current</u>		
Investments in equity instruments at FVTOCI	\$ 723,885	\$ 592,527
Investments in debt instruments at FVTOCI	<u>-</u>	<u>14,376</u>
	<u>\$ 723,885</u>	<u>\$ 606,903</u>
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	\$ 790,532	\$ 553,404
Investments in debt instruments at FVTOCI	<u>159,525</u>	<u>165,289</u>
	<u>\$ 950,057</u>	<u>\$ 718,693</u>

a. Investments in equity instruments at FVTOCI

	December 31	
	2021	2020
<u>Current</u>		
Domestic investments		
Listed shares (1) and (2)	\$ 683,740	\$ 555,680
Foreign investments		
Listed shares (1) and (2)	<u>40,145</u>	<u>36,847</u>
	<u>\$ 723,885</u>	<u>\$ 592,527</u>
<u>Non-current</u>		
Domestic investments		
Unlisted equity investments (1) and (5)	\$ 213,829	\$ 37,485
Foreign investments		
Unlisted equity investments (1)	<u>576,703</u>	<u>515,919</u>
	<u>\$ 790,532</u>	<u>\$ 553,404</u>

- 1) These investments in equity instruments are not held for trading. Instead, they are held for strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for purposes.
- 2) In 2021 and 2020, the Group acquired the ordinary shares of domestic and foreign listed companies at NT\$129,348 thousand and NT\$435,892 thousand for strategic investment purposes. The management designated these investments as at FVTOCI.
- 3) In order to manage credit concentration risk, the Group sold its ordinary shares of domestic listed companies in 2021 in the amounts of NT\$14,700 thousand; and companies transferred a gain of \$5,016 thousand from other equity to retained earnings.

- 4) In order to manage credit concentration risk, the Group sold its ordinary shares of domestic listed companies and ordinary shares of foreign unlisted companies in 2020 in the amounts of NT\$141,913 thousand and NT\$24,596 thousand, respectively; and transferred a loss of \$(88,783) thousand from other equity to retained earnings.
- 5) During 2021 and 2020, the Group purchased domestic unlisted equity investments at NT\$160,000 thousand and NT\$30,000 thousand, respectively, for strategic investment purposes. The management designated the investment as at FVTOCI, and prepaid NT\$60,000 and NT\$30,000 for the investment in December 31, 2020 and 2019, respectively.
- 6) Dividends of \$28,225 thousand and \$6,810 thousand were recognized for the years ended December 31, 2021 and 2020, respectively. Those related to investments held at December 31, 2021 and 2020 were \$28,225 thousand and \$6,810 thousand, respectively.

b. Investments in debt instruments at FVTOCI

	December 31	
	2021	2020
<u>Current</u>		
Foreign corporate bonds	\$ -	\$ 14,376
<u>Non-current</u>		
Foreign corporate bonds	\$ 159,525	\$ 165,289

In 2020, the Group purchased foreign corporate bonds for \$167,729 thousand with a coupon rate of 3.375%-5.65%.

In October 2020, the Group sold foreign corporate bonds for US\$166 thousand.

In September 2016, the Group purchased foreign corporate bonds for \$15,654 thousand with a coupon rate of 2.25%. The bond has been matured in September, 2021 and the repayment of principal were received.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months (a)	\$ 3,257,000	\$ 924,700
Pledged fixed deposits (b)	<u>721,720</u>	<u>605,590</u>
	<u>\$ 3,978,720</u>	<u>\$ 1,530,290</u>

(Continued)

	December 31	
	2021	2020
<u>Non-current</u>		
Foreign investments		
Foreign corporate bonds (c)	\$ 28,019	\$ 28,923
Domestic investments		
Restricted bank deposits (d)	<u>-</u>	<u>29,611</u>
	<u>\$ 28,019</u>	<u>\$ 58,534</u>
		(Concluded)

- a. The interest rates for time deposits with original maturities of more than 3 months ranged from 0.10%-0.80% and 0.15%-0.77% per annum as of December 31, 2021 and 2020, respectively.
- b. Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.
- c. In August 2016, the Group purchased the priority unsecured US dollar debt issued by Formosa Group (Cayman) Limited at \$32,675 thousand, with an expiry date of April 22, 2025 and the coupon rate of 3.375%.
- d. In accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act, the Group applied to the authorities to remit the earnings of foreign subsidiaries to a special bank account. As the aforementioned act restricts the use of deposits in the special account, the management recognized the deposits in the special account as financial assets at amortized cost - non-current.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2021	2020
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ -	\$ 4,274
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 4,274</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,975,184	\$ 1,396,360
Less: Allowance for impairment loss	<u>(23,789)</u>	<u>(22,943)</u>
	<u>\$ 1,951,395</u>	<u>\$ 1,373,417</u>
		(Continued)

	December 31	
	2021	2020
<u>Other receivables</u>		
Income tax refund receivable	\$ 67,133	\$ 59,953
Interest receivables	11,709	10,834
Others	<u>12,057</u>	<u>2,856</u>
	<u>\$ 90,899</u>	<u>\$ 73,643</u>
		(Concluded)

The credit period of sales of goods was 5-135 days. No interest was charged on trade receivables. The Group adopted a policy of obtaining advance payment or sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own historical trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Group annually.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix:

December 31, 2021

	Not Past Due	Up to 60 Days	61 to 90 Days	Over 90 Days	Total
Gross carrying amount	\$ 1,959,680	\$ 4,878	\$ 4,259	\$ 6,367	\$ 1,975,184
Loss allowance (Lifetime ECLs)	<u>(15,995)</u>	<u>(155)</u>	<u>(1,272)</u>	<u>(6,367)</u>	<u>(23,789)</u>
Amortized cost	<u>\$ 1,943,685</u>	<u>\$ 4,723</u>	<u>\$ 2,987</u>	<u>\$ -</u>	<u>\$ 1,951,395</u>

December 31, 2020

	Not Past Due	Up to 60 Days	61 to 90 Days	Over 90 Days	Total
Gross carrying amount	\$ 1,388,858	\$ 1,225	\$ -	\$ 6,277	\$ 1,396,360
Loss allowance (Lifetime ECLs)	<u>(15,441)</u>	<u>(1,225)</u>	<u>-</u>	<u>(6,277)</u>	<u>(22,943)</u>
Amortized cost	<u>\$ 1,373,417</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,373,417</u>

The movements of the loss allowance of trade receivables were as follows:

	2021	2020
Balance at January 1	\$ 22,943	\$ 22,940
Add: Net remeasurement of loss allowance	849	3
Change in exchange rates or others	<u>(3)</u>	<u>-</u>
Balance at December 31	<u>\$ 23,789</u>	<u>\$ 22,943</u>

Compared with January 1, 2021, the total carrying amount of accounts receivable as of December 31, 2021 increased by a net amount of \$578,824 thousand, and the loss allowance increased by \$849 thousand; the total carrying amount of accounts receivable as of December 31, 2020 decreased by a net amount of \$24,958 thousand, and the loss allowance increased by \$3 thousand, which was due to changes in accounts receivable of different risk groups.

11. INVENTORIES

	December 31	
	2021	2020
Finished goods	\$ 1,057,090	\$ 525,773
Work in progress	1,137,427	815,667
Raw materials	250,686	200,634
Merchandise	<u>5,365</u>	<u>1,660</u>
	<u>\$ 2,450,568</u>	<u>\$ 1,543,734</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$9,904,534 thousand and \$9,018,737 thousand, respectively.

The cost of goods sold included inventory write-downs of \$59,881 thousand and \$65,255 thousand for the years ended December 31, 2021 and 2020, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	Proportion of Ownership (%)	
			December 31	
			2021	2020
Sitronix Technology Corporation	Sitronix Technology (Belize) Corp. (Belize Corp.)	International trade	-	100.00
	Sitronix Investment Corp.	Investment	100.00	100.00
	Sensortek Technology Corp.	R&D, design and sales of sensor integrated circuit products	46.06	46.06
	INFSitronix Technology Corp.	Comprehensive line of Power supervisor IC design	58.42	63.99
	mCore Technology Corp.	Providing solutions for consumer display and voice/audio related applications.	90.73	90.73
	Forcelead Technology Corp.	R&D and sale of multi-functional integrated automotive display driver ICs	83.48	100.00

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)	
			December 31	
			2021	2020
Sitronix Technology Corporation	Sync-Tech System Corp.	Design, manufacturing and maintenance of semiconductor consumables and testing equipment	45.73	48.75
	Sitronix Holding International Ltd. (Holding Ltd.)	Investment	100.00	100.00
	HeFei ezGreen Co., Ltd.	Design, sales and technical services of Supplier management software development	100.00	100.00
	HeFei Sitronix Co., Ltd.	R&D, design, sales and technical services of integrated circuits and system hardware and software	90.00	90.00
	ezGreen Inc.	Software design and electronic information supply services	100.00	100.00
	Sitronix Technology (Shenzhen) Co., Ltd.	Computer software and hardware development, sales and after-sales service business and related technical consulting services	100.00	100.00
	HeFei Sitronix Technology Co., Ltd.	R&D, sale and provision of after-sales services and related technical consultancy services of integrated circuits and system hardware and software	100.00	-
Sitronix Investment Corp.	Sensortek Technology Corp.	R&D, design and sales of sensor integrated circuit products	-	-
	INFSitronix Technology Corp.	Comprehensive line of Power supervisor IC design	-	-
Belize Corp.	Sitronix Technology (Mauritius) Corp. (Mauritius Corp.)	International trade	-	100.00

(Concluded)

As of December 31, 2021, the Group's shareholding ratio of Sensortek Technology Corp. was 46.06%. Since Sensortek Technology Corp. is a TPEx listed company in the Republic of China, the remaining 53.94% of the shares held are widely dispersed. After considering the absolute number, relative size and distribution of shareholding held by the other shareholders, the Group was judged to have the substantive ability to dominate the relevant activities of Sensortek Technology Corp., therefore, it is classified as a subsidiary.

As of December 31, 2021, the Group's shareholding ratio of Sync-Tech System Corp. was 45.73%, and was the largest single shareholder of the latter. After considering the absolute number, relative size and distribution of shareholding held by the other shareholders, the Group was judged to have the substantive ability to dominate the relevant activities of Sync-Tech System Corp., therefore, it is classified as a subsidiary.

In February 25, the Group received approval letter in regards of the Belize Corp. and Mauritius Corp. liquidation and dissolution from MOEAIC, and the Group also received the liquidation certificates from each jurisdiction.

The Group invested CNY30,000 thousand to establish HeFei Sitronix Technology Co., Ltd. on October 18, 2021, with a shareholding ratio of 100.00%.

Refer to Note 27 for the acquisitions and disposals of investments in subsidiaries.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
		December 31	
		2021	2020
Sensortek Technology Corp.	Taiwan	53.94%	53.94%
INFSitronix Technology Corp.	Taiwan	41.58%	36.01%
Forcelead Technology Corp.	Taiwan	16.52%	-
Sync-Tech System Corp.	Taiwan	54.27%	51.25%

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2021	2020	2021	2020
Sensortek Technology Corp.	\$ 896,039	\$ 712,052	\$ 2,725,019	\$ 2,440,844
INFSitronix Technology Corp.	11,769	(5,535)	56,735	17,231
Forcelead Technology Corp.	46,089	18,541	276,184	-
Sync-Tech System Corp.	93,137	48,044	334,584	148,616
Others	<u>20,224</u>	<u>6,193</u>	<u>49,370</u>	<u>31,248</u>
Total	<u>\$ 1,067,258</u>	<u>\$ 779,295</u>	<u>\$ 3,441,892</u>	<u>\$ 2,637,939</u>

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations:

	December 31	
	2021	2020
Current assets	\$ 9,235,863	\$ 6,256,725
Non-current assets	1,861,252	614,308
Current liabilities	(3,227,258)	(1,785,896)
Non-current liabilities	<u>(280,842)</u>	<u>(191,171)</u>
Equity	<u>\$ 7,589,015</u>	<u>\$ 4,893,966</u>
Equity attributable to:		
Owners of the Company	\$ 4,196,493	\$ 2,287,275
Non-controlling interests of subsidiaries	<u>3,392,522</u>	<u>2,606,691</u>
	<u>\$ 7,589,015</u>	<u>\$ 4,893,966</u>

	For the Year Ended December 31	
	2021	2020
Revenue	\$ 10,360,906	\$ 6,870,823
Profit for the year	\$ 2,984,846	\$ 1,577,255
Other comprehensive income for the year	<u>48,831</u>	<u>1,290</u>
Total comprehensive income for the year	\$ <u>3,033,677</u>	\$ <u>1,578,545</u>
Profit attributable to:		
Owners of the Company	\$ 1,937,812	\$ 804,153
Non-controlling interests of the subsidiaries	<u>1,047,034</u>	<u>773,102</u>
	\$ <u>2,984,846</u>	\$ <u>1,577,255</u>
Total comprehensive income attributable to:		
Owners of the Company	\$ 1,944,994	\$ 803,179
Non-controlling interests of the subsidiaries	<u>1,055,552</u>	<u>772,218</u>
	\$ <u>3,000,546</u>	\$ <u>1,575,397</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 2,944,248	\$ 2,218,299
Investing activities	(2,234,645)	(1,028,878)
Financing activities	(1,012,193)	1,185,715
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	<u>(14,579)</u>	<u>(21,087)</u>
Net cash (outflow) inflow	\$ <u>(317,169)</u>	\$ <u>2,354,049</u>
Dividends paid to non-controlling interests	\$ <u>599,302</u>	\$ <u>470,063</u>

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Test Equipment	Office Equipment	Property Under Construction	Total
<u>Cost</u>							
Balance at January 1, 2020	\$ 132,476	\$ 505,766	\$ 132,636	\$ 774,884	\$ 12,431	\$ -	\$ 1,558,193
Additions	-	2,066	49,921	232,659	939	133,308	418,893
Disposals	-	(62)	(8,517)	(131,377)	(1,440)	-	(141,396)
Effect of foreign currency exchange differences	<u>-</u>	<u>250</u>	<u>30</u>	<u>282</u>	<u>65</u>	<u>-</u>	<u>627</u>
Balance at December 31, 2020	\$ <u>132,476</u>	\$ <u>508,020</u>	\$ <u>174,070</u>	\$ <u>876,448</u>	\$ <u>11,995</u>	\$ <u>133,308</u>	\$ <u>1,836,317</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2020	\$ -	\$ 153,419	\$ 78,603	\$ 460,913	\$ 11,132	\$ -	\$ 704,067
Additions	-	17,598	23,206	206,582	1,384	-	248,770
Disposals	-	(62)	(7,493)	(130,479)	(1,407)	-	(139,441)
Effect of foreign currency exchange differences	<u>-</u>	<u>137</u>	<u>18</u>	<u>174</u>	<u>58</u>	<u>-</u>	<u>387</u>
Balance at December 31, 2020	\$ <u>-</u>	\$ <u>171,092</u>	\$ <u>94,334</u>	\$ <u>537,190</u>	\$ <u>11,167</u>	\$ <u>-</u>	\$ <u>813,783</u>
Carrying amount at December 31, 2020	\$ <u>132,476</u>	\$ <u>336,928</u>	\$ <u>79,736</u>	\$ <u>339,258</u>	\$ <u>828</u>	\$ <u>133,308</u>	\$ <u>1,022,534</u>

(Continued)

	Freehold Land	Buildings	Machinery Equipment	Test Equipment	Office Equipment	Property Under Construction	Total
<u>Cost</u>							
Balance at January 1, 2021	\$ 132,476	\$ 508,020	\$ 174,070	\$ 876,448	\$ 11,995	\$ 133,308	\$ 1,836,317
Additions	136,686	433,599	70,291	171,434	17,298	-	829,308
Disposals	-	(7,583)	(10,505)	(23,753)	(1,077)	-	(42,918)
Reclassification	-	5,308	-	-	-	(133,308)	(128,000)
Effect of foreign currency exchange differences	-	(111)	(16)	(149)	(28)	-	(304)
Balance at December 31, 2021	\$ 269,162	\$ 939,233	\$ 233,840	\$ 1,023,980	\$ 28,188	\$ -	\$ 2,494,403
<u>Accumulated depreciation</u>							
Balance at January 1, 2021	\$ -	\$ 171,092	\$ 94,334	\$ 537,190	\$ 11,167	\$ -	\$ 813,783
Additions	-	22,617	32,428	203,318	2,033	-	260,396
Disposals	-	(7,175)	(8,181)	(23,753)	(1,077)	-	(40,186)
Effect of foreign currency exchange differences	-	(50)	(7)	(57)	(26)	-	(140)
Balance at December 31, 2021	\$ -	\$ 186,484	\$ 118,574	\$ 716,698	\$ 12,097	\$ -	\$ 1,033,853
Carrying amount at December 31, 2021	\$ 269,162	\$ 752,749	\$ 115,266	\$ 307,282	\$ 16,091	\$ -	\$ 1,460,550

(Concluded)

The Group's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	40-50 years
Renovation construction / Lease improvement	1-15 years
Machinery equipment	3-6 years
Test equipment	2-6 years
Office equipment	5-6 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	2021	2020
<u>Carrying amount</u>		
Buildings	\$ 154,556	\$ 73,057
Office equipment	8,836	9,941
Machinery equipment	434	-
	<u>\$ 163,826</u>	<u>\$ 82,998</u>
<u>For the Year Ended December 31</u>		
	2021	2020
Additions to right-of-use assets	<u>\$ 137,985</u>	<u>\$ 53,710</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 43,032	\$ 35,799
Office equipment	5,606	3,586
Machinery equipment	48	-
	<u>\$ 48,686</u>	<u>\$ 39,385</u>

Except for the addition and recognition of depreciation expenses listed above, there was no significant sublease or impairment of the Group's right-of-use assets in 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amount</u>		
Current	\$ 44,125	\$ 29,899
Non-current	\$ 121,400	\$ 52,274

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings	1.250%-4.750%	1.504%-4.750%
Office equipment	1.250%-1.895%	1.204%-1.895%
Machinery equipment	1.250%	-

c. Material lease activities and terms (the Group is lessee)

The Group leases certain buildings for the use of plants and offices, rental cars, and machinery equipment with lease terms between 3-6 years. The Group does not have bargain purchase or renewal options to acquire or renew the leases when they expire.

Due to the impact of the COVID-19 on the market economy in 2020, the Group's lessor in China agreed to unconditionally reduce the rental amount of the Group's lease of office space from February 1 to December 31, 2020. The Group recognized the impact of the aforementioned rent reduction of \$105 and \$1,081 thousand in 2021 and 2020, respectively (accounted for as other income).

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 15.

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	\$ 1,874	\$ 1,307
Expenses relating to low-value asset leases	\$ 50	\$ 70
Total cash outflow for leases	\$ 47,657	\$ 39,833

The Group's leases of certain parking spaces qualify as short-term leases and leases of machinery qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 119,011	\$ 218,771	\$ 337,782
Transferred to properties, plant and equipment	<u>(38,951)</u>	<u>(16,888)</u>	<u>(55,839)</u>
Balance at December 31, 2020	<u>\$ 80,060</u>	<u>\$ 201,883</u>	<u>\$ 281,943</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2020	\$ -	\$ 36,157	\$ 36,157
Depreciation expense	-	3,972	3,972
Transferred to properties, plant and equipment	<u>-</u>	<u>(4,525)</u>	<u>(4,525)</u>
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 35,604</u>	<u>\$ 35,604</u>
Carrying amount at December 31, 2020	<u>\$ 80,060</u>	<u>\$ 166,279</u>	<u>\$ 246,339</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 80,060	\$ 201,883	\$ 281,943
Additions	130,588	178,269	308,857
Transferred from properties, plant and equipment	<u>-</u>	<u>128,000</u>	<u>128,000</u>
Balance at December 31, 2021	<u>\$ 210,648</u>	<u>\$ 508,152</u>	<u>\$ 718,800</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ -	\$ 35,604	\$ 35,604
Depreciation expense	<u>-</u>	<u>10,098</u>	<u>10,098</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 45,702</u>	<u>\$ 45,702</u>
Carrying amount at December 31, 2021	<u>\$ 210,648</u>	<u>\$ 462,450</u>	<u>\$ 673,098</u>

The above-mentioned investment properties were leased out for 1 to 5 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The future minimum lease payments of operating lease commitments in 2021 and 2020 were as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Year 1	\$ 13,288	\$ 5,520
Year 2	<u>8,910</u>	<u>2,088</u>
	<u>\$ 22,198</u>	<u>\$ 7,608</u>

Investment properties are depreciated using the straight-line method over their estimated useful lives of 50 years.

The determination of fair values of the Group's investment properties was performed by independent qualified professional vaulters of the China Real Estate Appraising Firm using Level 3 inputs. The evaluation is based on the cost method and the weighted average of the income method and the market comparison method. The significant unobservable input used include the discount rate, and the fair values as appraised are as follows:

	December 31	
	2021	2020
Fair value	<u>\$ 822,144</u>	<u>\$ 350,306</u>

All of the Group's investment properties were held under freehold interests.

16. INTANGIBLE ASSETS

	Royalty	Computer Software	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 110,419	\$ 81,041	\$ 191,460
Additions	16,513	22,062	38,575
Effect of foreign currency exchange differences	<u>-</u>	<u>34</u>	<u>34</u>
Balance at December 31, 2020	<u>\$ 126,932</u>	<u>\$ 103,137</u>	<u>\$ 230,069</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2020	\$ 90,065	\$ 63,409	\$ 153,474
Amortization expenses	17,162	15,653	32,815
Effect of foreign currency exchange differences	<u>-</u>	<u>14</u>	<u>14</u>
Balance at December 31, 2020	<u>\$ 107,227</u>	<u>\$ 79,076</u>	<u>\$ 186,303</u>
Carrying amount at December 31, 2020	<u>\$ 19,705</u>	<u>\$ 24,061</u>	<u>\$ 43,766</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 126,932	\$ 103,137	\$ 230,069
Additions	9,287	37,095	46,382
Disposals	-	(1,452)	(1,452)
Effect of foreign currency exchange differences	<u>-</u>	<u>(16)</u>	<u>(16)</u>
Balance at December 31, 2021	<u>\$ 136,219</u>	<u>\$ 138,764</u>	<u>\$ 274,983</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2021	\$ 107,227	\$ 79,076	\$ 186,303
Amortization expenses	16,033	25,530	41,563
Disposals	-	(1,452)	(1,452)
Effect of foreign currency exchange differences	<u>-</u>	<u>(5)</u>	<u>(5)</u>
Balance at December 31, 2021	<u>\$ 123,260</u>	<u>\$ 103,149</u>	<u>\$ 226,409</u>
Carrying amount at December 31, 2021	<u>\$ 12,959</u>	<u>\$ 35,615</u>	<u>\$ 48,574</u>

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Royalty	2-8 years
Computer software	2-10 years

17. OTHER ASSETS

	December 31	
	2021	2020
<u>Other current assets</u>		
Provisional payments	\$ 6,081	\$ 17,699
Others	<u>4,805</u>	<u>2,163</u>
	<u>\$ 10,886</u>	<u>\$ 19,862</u>
<u>Prepayments</u>		
Input tax and offset against business tax	\$ 119,204	\$ 101,576
Prepayments	48,384	40,682
Prepaid probe cards	30,546	27,965
Prepayment for purchase (a)	8,172	-
Others	<u>5,901</u>	<u>4,284</u>
	<u>\$ 212,207</u>	<u>\$ 174,507</u>
<u>Other non-current assets</u>		
Refundable deposits (a)	\$ 644,679	\$ 12,715
Prepayment for purchase (b)	419,185	-
Prepayments for equipment	16,524	3,594
Prepayments for investments	<u>-</u>	<u>60,000</u>
	<u>\$ 1,080,388</u>	<u>\$ 76,309</u>

- Please refer to Note 33 for details of the contract terms related to the long-term capacity guarantee agreements.
- The Group has signed long-term purchase agreements with fabs, and the prepayment has been made in advance according to the agreements, please refer to Note 33 for the details.

18. SHORT-TERM BORROWINGS

	December 31	
	2021	2020
<u>Short-term unsecured borrowings</u>		
Bank loans	<u>\$ 55,360</u>	<u>\$ 267,776</u>

The range of weighted average effective interest rates on bank loans was 0.58% and 0.64%-0.90% as of December 31, 2021 and 2020, respectively.

19. OTHER LIABILITIES

	December 31	
	2021	2020
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 1,428,733	\$ 789,514
Payables for equipment	64,055	57,582
Payables for research	36,259	23,061
Others	<u>303,485</u>	<u>262,338</u>
	<u>\$ 1,832,532</u>	<u>\$ 1,132,495</u>
Other liabilities		
Contract liabilities	\$ 75,623	\$ 25,163
Temporary receipts	11,182	68,973
Others	<u>9,496</u>	<u>7,494</u>
	<u>\$ 96,301</u>	<u>\$ 101,630</u>

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Group in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts based on the actuarial report of the Group's defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 94,994	\$ 98,281
Fair value of the plan assets	<u>(56,717)</u>	<u>(53,404)</u>
Net defined benefit liabilities	<u>\$ 38,277</u>	<u>\$ 44,877</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2020	<u>\$ 95,776</u>	<u>\$ (49,130)</u>	<u>\$ 46,646</u>
Service cost			
Past service cost	(2,621)	-	(2,621)
Net interest expense (income)	<u>715</u>	<u>(374)</u>	<u>341</u>
Recognized in profit or loss	<u>(1,906)</u>	<u>(374)</u>	<u>(2,280)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,575)	(1,575)
Actuarial loss - change in demographic assumptions	532	-	532
Actuarial gain - change in financial assumptions	5,047	-	5,047
Actuarial gain - experience adjustments	<u>(1,168)</u>	<u>-</u>	<u>(1,168)</u>
Recognized in other comprehensive income	<u>4,411</u>	<u>(1,575)</u>	<u>2,836</u>
Contributions from the employer	<u>-</u>	<u>(2,325)</u>	<u>(2,325)</u>
Balance at December 31, 2020	<u>98,281</u>	<u>(53,404)</u>	<u>44,877</u>
Net interest expense (income)	<u>292</u>	<u>(162)</u>	<u>130</u>
Recognized in profit or loss	<u>292</u>	<u>(162)</u>	<u>130</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(779)	(779)
Actuarial loss - change in demographic assumptions	471	-	471
Actuarial gain - change in financial assumptions	(4,092)	-	(4,092)
Actuarial loss - experience adjustments	<u>42</u>	<u>-</u>	<u>42</u>
Recognized in other comprehensive income	<u>(3,579)</u>	<u>(779)</u>	<u>(4,358)</u>
Contributions from the employer	<u>-</u>	<u>(2,372)</u>	<u>(2,372)</u>
Balance at December 31, 2021	<u>\$ 94,994</u>	<u>\$ (56,717)</u>	<u>\$ 38,277</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2021	2020
Selling and marketing expenses	\$ 15	\$ 34
General and administrative expenses	32	(2,488)
Research and development expenses	<u>83</u>	<u>174</u>
	<u>\$ 130</u>	<u>\$ (2,280)</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	2020
Discount rate	0.70%	0.30%
Expected rate of salary increase	4.00%	4.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2021	2020
Discount rate		
0.25% increase	\$ (2,470)	\$ (2,786)
0.25% decrease	\$ 2,564	\$ 2,898
Expected rate of salary increase/decrease		
0.25% increase	\$ 2,475	\$ 2,786
0.25% decrease	\$ (2,399)	\$ (2,695)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	2020
Expected contributions to the plan for the next year	\$ 2,391	\$ 2,312
Average duration of the defined benefit obligation	10 years	11 years

21. EQUITY

a. Share capital

	December 31	
	2021	2020
Number of shares authorized (in thousands)	200,000	200,000
Share capital	\$ 2,000,000	\$ 2,000,000
Number of shares issued and fully paid (in thousands)	120,137	120,137
Shares issued	\$ 1,201,369	\$ 1,201,369

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

The authorized shares include 20,000 thousand shares reserved for the exercise of employee stock options.

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 401,995	\$ 401,995
Conversion of bonds	335,041	335,041
Treasury share transactions	1,658	-
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interests in subsidiaries (2)	872,217	925,803
	<u>\$ 1,610,911</u>	<u>\$ 1,662,839</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital. (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

The shareholders of the Company held their regular meeting on June 26, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the board of directors is authorized to adopt a special resolution to distribute all or part of the dividends and bonuses in cash, and a report of such distribution should be submitted in the latest shareholders' meeting.

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be distributed in the following order:

- 1) Utilized for paying taxes.
- 2) Offsetting losses of previous years.
- 3) Setting aside as a legal reserve of 10% of the remaining profit (legal reserve that has reached the company's paid-in capital is not subject to this condition).
- 4) Setting aside or reversing a special reserve in accordance with the laws and regulations.
- 5) Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 23(h).

The distribution of dividends to shareholders of the Company can be made in cash or shares, but the proportion of cash dividends distributed should not be less than 10% of the total dividends distributed. The dividends policy is dependent on the Company's current and future investment environment, capital needs, domestic and international competition and capital budget, etc., taking into account the interests of shareholders, balance of dividends and long-term financial planning of the Company, the board of directors plans to distribute the case to the shareholders' meeting.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2020 and 2019 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2020	2019
Legal reserve	\$ 117,719	\$ 123,059
Appropriations (reversals) special reserve	\$ 102,697	\$ (174,421)
Cash dividends	\$ 901,026	\$ 780,890
Cash dividends per share (NT\$)	\$ 7.5	\$ 6.5

The above appropriations for cash dividends were resolved by the Company's board of directors on March 18, 2021 and March 13, 2020, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on July 27, 2021 and June 24, 2020, respectively.

The appropriation of earnings for 2021 had been proposed by the Company's board of directors on March 17, 2022. The appropriation and dividends per share were as follows:

	2021
Legal reserve	\$ 601,513
Reversals special reserve	\$ (74,759)
Cash dividends	\$ 3,844,380
Cash dividends per share (NT\$)	\$ 32

The aforementioned distribution of cash dividends has been resolved by the board of directors, and the rest has yet to be resolved at the shareholders' meeting to be held on June 23, 2022.

d. Special reserve

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 77,526	\$ 251,947
Appropriations (reversals) in respect of Debits to other equity items	<u>102,697</u>	<u>(174,421)</u>
Balance at December 31	<u>\$ 180,223</u>	<u>\$ 77,526</u>

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (10,444)	\$ (9,688)
Exchange differences on translating the financial statements of foreign operations	<u>(3,642)</u>	<u>(756)</u>
Balance at December 31	<u>\$ (14,086)</u>	<u>\$ (10,444)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (169,780)	\$ (67,838)
Recognized for the year		
Unrealized (loss) gain - debt instruments	(542)	1,848
Unrealized gain (loss) - equity instruments	83,961	(192,573)
Cumulative unrealized (loss) gain of equity instruments transferred to retained earnings due to disposal	<u>(5,016)</u>	<u>88,783</u>
Balance at December 31	<u>\$ (91,377)</u>	<u>\$ (169,780)</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 2,637,939	\$ 1,139,792
Share attributable to non-controlling interests:		
Share in profit for the year	1,067,258	779,295
Exchange difference on translating the financial statements of foreign operations	(87)	313
Financial assets at FVTOCI	8,518	(883)
The Company's shares held by its subsidiaries treated as treasury shares	(26,821)	(10,398)
Cash dividends distributed by subsidiaries	(601,317)	(470,515)
Changes in non-controlling interests in the current period (Note 27)	<u>356,402</u>	<u>1,200,335</u>
Balance at December 31	<u>\$ 3,441,892</u>	<u>\$ 2,637,939</u>

g. Treasury shares

Purpose of Buy-Back	Shares Held by Subsidiary
Number of shares at January 1, 2021	138,000
Increase during the year	<u>191,000</u>
Number of shares at December 31, 2021	<u>329,000</u>

The Company's shares held by its subsidiary at the end of the reporting period were as follows:

Name of Subsidiary	Number of Shares Held	Carrying Amount	Market Price
<u>December 31, 2021</u>			
Sensortek Technology Corp.	329,000	\$ 105,280	\$ 105,280
<u>December 31, 2020</u>			
Sensortek Technology Corp.	138,000	\$ 22,425	\$ 22,425

The Company's shares held by its subsidiary are treated as treasury shares.

22. REVENUE

a. Disaggregation of revenue

	For the Year Ended December 31	
	2021	2020
<u>Product</u>		
Integrated circuits	\$ 21,609,644	\$ 13,376,966
Others	<u>646,026</u>	<u>427,596</u>
	<u>\$ 22,255,670</u>	<u>\$ 13,804,562</u>
<u>Primary geographical markets</u>		
Hong Kong	\$ 19,217,111	\$ 12,003,719
Taiwan	1,395,909	897,710
Vietnam	714,887	428,111
China	428,136	211,671
Others	<u>499,627</u>	<u>263,351</u>
	<u>\$ 22,255,670</u>	<u>\$ 13,804,562</u>

The basis of calculation of the Group's revenue segregated by geographical location is mainly based on the location the goods were shipped as designated by the customers.

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Accounts receivable (Note 10)	\$ 1,951,395	\$ 1,373,417	\$ 1,398,378
Accounts receivable from related parties (Note 31)	<u>715</u>	<u>872</u>	<u>454</u>
	<u>\$ 1,952,110</u>	<u>\$ 1,374,289</u>	<u>\$ 1,398,832</u>
Contract liabilities - current (Note 19)			
Sales of goods	<u>\$ 75,623</u>	<u>\$ 25,163</u>	<u>\$ 8,152</u>

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year is as follows:

	<u>For the Year Ended December 31</u>	
	2021	2020
<u>From contract liabilities at the start of the year</u>		
Sales of goods	<u>\$ 15,175</u>	<u>\$ 5,809</u>

Changes in contract liabilities are mainly due to the timing difference between the satisfaction of performance obligations and customer payment.

23. NET PROFIT

a. Other operating income and expense

	<u>For the Year Ended December 31</u>	
	2021	2020
Gain on disposal of property, plant and equipment	\$ 6,383	\$ 29,019
Gain on sublease of right-of-use assets	1,104	1,109
Gain on modification of lease agreements	961	-
Gain on disposal of investment properties	<u>-</u>	<u>62,396</u>
	<u>\$ 8,448</u>	<u>\$ 92,524</u>

b. Interest income

	<u>For the Year Ended December 31</u>	
	2021	2020
Financial assets at amortized cost	\$ 42,415	\$ 40,898
Financial asset at FVTPL	2,687	1,005
Investments in debt instruments at FVTOCI	5,716	1,658
Others	<u>79</u>	<u>137</u>
	<u>\$ 50,897</u>	<u>\$ 43,698</u>

c. Other income

	For the Year Ended December 31	
	2021	2020
Dividend income	\$ 28,225	\$ 6,937
Rental income	13,299	10,235
Government grants	5,365	18,140
Others	<u>14,075</u>	<u>16,238</u>
	<u>\$ 60,964</u>	<u>\$ 51,550</u>

d. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Gain on financial assets designated as at FVTPL	\$ 115,795	\$ 97,317
Loss on disposal of financial instruments	(1,797)	-
Depreciation of investment property	(10,098)	(3,972)
Net foreign exchange losses	(13,122)	(40,771)
Other losses	<u>(641)</u>	<u>(150)</u>
	<u>\$ 90,137</u>	<u>\$ 52,424</u>

e. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on lease liabilities	\$ 3,354	\$ 1,474
Interest on loans	1,566	5,262
Other interest expenses	<u>203</u>	<u>358</u>
	<u>\$ 5,123</u>	<u>\$ 7,094</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	\$ 260,396	\$ 248,770
Investment properties	10,098	3,972
Right-of-use assets	48,686	39,385
Intangible assets	<u>41,563</u>	<u>32,815</u>
	<u>\$ 360,743</u>	<u>\$ 324,942</u>
An analysis of depreciation by function		
Operating expenses	\$ 244,632	\$ 203,302
Operating costs	64,450	84,853
Depreciation of investment property	<u>10,098</u>	<u>3,972</u>
	<u>\$ 319,180</u>	<u>\$ 292,127</u>

(Continued)

	For the Year Ended December 31	
	2021	2020
An analysis of amortization by function		
Operating expenses	\$ 39,751	\$ 32,663
Operating costs	<u>1,812</u>	<u>152</u>
	<u>\$ 41,563</u>	<u>\$ 32,815</u>
		(Concluded)

g. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term benefits	\$ 3,674,150	\$ 1,926,845
Post-employment benefits		
Defined contribution plans	49,484	45,497
Defined benefit plans (Note 20)	153	(2,257)
Share-based payments		
Equity-settled	<u>8,605</u>	<u>34,735</u>
Total employee benefits expense	<u>\$ 3,732,392</u>	<u>\$ 2,004,820</u>
An analysis of employee benefits expense by function		
Operating expenses	\$ 3,452,200	\$ 1,783,291
Operating costs	<u>280,192</u>	<u>221,529</u>
	<u>\$ 3,732,392</u>	<u>\$ 2,004,820</u>

h. Employees' compensation and remuneration of directors

According to the articles of incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 25%, and rates of no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The employees' compensation and the remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 17, 2022 and March 18, 2021, respectively, are as follows:

Amount

	For the Year Ended December 31			
	2021		2020	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 539,474	\$ -	\$ 124,372	\$ -
Remuneration of directors	96,163	-	37,311	-

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate. There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	\$ 188,212	\$ 159,628
Foreign exchange losses	<u>(201,334)</u>	<u>(200,399)</u>
Net losses	<u>\$ (13,122)</u>	<u>\$ (40,771)</u>

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 1,274,990	\$ 362,993
Income tax on unappropriated earnings	5,299	22,090
Adjustments for prior years	<u>(5,612)</u>	<u>(12,070)</u>
	1,274,677	373,013
Deferred tax		
In respect of the current year	<u>6,077</u>	<u>(13,500)</u>
Income tax expense recognized in profit or loss	<u>\$ 1,280,754</u>	<u>\$ 359,513</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2021	2020
Profit before tax	<u>\$ 8,353,772</u>	<u>\$ 2,523,626</u>
Income tax expense calculated at the statutory rate	\$ 2,054,062	\$ 667,819
Deductible expenses in determining taxable income	(429,299)	(188,836)
Tax-exempt income	-	(122,750)
Income tax on unappropriated earnings	5,299	22,090
Impact of the temporary differences	(13,034)	1,461
Effects of investment credits	(319,223)	(7,582)
Unrecognized tax-deductible loss	(11,439)	(619)
Adjustments for prior years' tax	<u>(5,612)</u>	<u>(12,070)</u>
Income tax expense recognized in profit or loss	<u>\$ 1,280,754</u>	<u>\$ 359,513</u>

In addition, in accordance with Rule No. 10904558730 issued by the MOF, the Group has deducted the amount of dividends distributed in 2020 attributable to the increase in the beginning retained earnings

for 2018 as a result of initial adoption of IFRS 9 when calculating the tax on unappropriated earnings for 2018.

b. Current tax liabilities

	December 31	
	2021	2020
Current tax liabilities		
Income tax payable	<u>\$ 1,365,698</u>	<u>\$ 426,345</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences	<u>\$ 15,214</u>	<u>\$ (2,221)</u>	<u>\$ 12,993</u>
Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences	<u>\$ 6,850</u>	<u>\$ 3,856</u>	<u>\$ 10,706</u>

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences	<u>\$ -</u>	<u>\$ 15,214</u>	<u>\$ 15,214</u>
Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences	<u>\$ 5,136</u>	<u>\$ 1,714</u>	<u>\$ 6,850</u>

d. Deductible temporary differences for which no deferred assets have been recognized in the consolidated balance sheets

	December 31	
	2021	2020
Deductible temporary differences	<u>\$ 198,167</u>	<u>\$ 214,951</u>

e. The tax exemption periods for the Group's manufacture of high-order integrated circuit design-SOC, LCD Driver IC and other products are as follows:

Sensortek Technology Corp.

Expansion of Construction Project	Tax-exemption Period
The first issuance of shares	2016.01.01-2020.12.31

- f. Information on unrecognized deferred income tax liabilities associated with investments

As of December 31, 2021 and 2020, there were no recognized taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities were recognized.

- g. Income tax assessments

The Company's tax returns through 2018 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share	\$ 50.03	\$ 11.53
Diluted earnings per share	\$ 49.29	\$ 11.44

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Income for the Year

	For the Year Ended December 31	
	2021	2020
Net income for the year	\$ 6,005,760	\$ 1,384,818
Earnings used in the computation of basic earnings per share	\$ 6,005,760	\$ 1,384,818
Effect of potentially dilutive ordinary shares		
Employees' compensation	-	-
Earnings used in the computation of diluted earnings per share	\$ 6,005,760	\$ 1,384,818

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares in computation of basic earnings per share	120,036	120,131
Effect of potentially dilutive ordinary shares:		
Employees' compensation	1,803	924
Weighted average number of ordinary shares used in the computation of diluted earnings per share	121,839	121,055

Since the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. SHARE-BASED PAYMENT ARRANGEMENTS

Issuance of shares from cash capital increase reserved for employees' subscription - Sensortek Technology Corp.

The board of directors of Sensortek Technology Corp. decided to increase its cash capital for the initial listing of shares in ordinary shares on OTC market on March 17, 2020, and reserved 393 thousand shares for employees' subscription. The grant date of the shares is May 25, 2020.

The Black-Scholes pricing model was used to calculate the fair value of the shares; the input values used in the option pricing model are as follows:

	May 2020
Measurement date share price (NT\$)	\$ 583.89
Exercise price (NT\$)	\$ 498
Expected volatility rate	53.39%
Option life	0.02 years
Risk-free interest rate	0.25%
Fair value of stock options (NT\$)	\$ 86.27

Compensation costs recognized that are related to the Group's issuance of shares from the cash capital increase reserved for employees' subscription amounted to \$33,904 thousand for the year ended December 31, 2020.

Employee share option plan of Sync-Tech System Corp.

On June 25, 2019 and December 9, 2015, the board of directors of Sync-Tech System Corp. approved the issuance of 2,000 thousand and 3,000 thousand units of employee share option certificates, respectively, and each unit of share option certificate can be exchanged for 1 ordinary share. The share option certificates can be issued all at once or split into several issues after the approval date of the board of directors, the actual issuance date is to be fixed by the Chairman. Eligible employees are limited to full-time employees within Sync-Tech System Corp. The holder of the share option certificates can exercise the options at any time after the date of issuance.

The information on employee share option is summarized as follows:

	<u>2019-Year Share Option Plan</u>		<u>2015-Year Share Option Plan</u>	
	Number of Shares (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Shares (In Thousands)	Weighted- average Exercise Price (NT\$)
<u>2020</u>				
Balance at January 1	-	\$ -	-	\$ -
Options granted	132	10.00	759	10.00
Options exercised	(116)	10.00	(699)	10.00
Options forfeited	<u>(16)</u>	-	<u>(60)</u>	-
Balance at December 31	<u>-</u>	-	<u>-</u>	-

Per the employee share option plan of 2019, Sync-Tech System Corp. distributed 132 thousand units of employee share option certificates to its employees on June 23, 2020. The Black-Scholes pricing Model was used to calculate the fair values of the employee share options, and the input values used are summarized as follows:

	June 2020
Grant date share price (NT\$)	\$ 10.93
Exercise price (NT\$)	\$ 10.00
Expected volatility rate	12.31%
Option life	0.09 years
Dividend yield	-
Risk-free interest rate	0.35%
Share options fair value (NT\$)	\$ 0.93

Per the employee share option plan of 2015, Sync-Tech System Corp. distributed 759 thousand units of employee share option certificates to its employees on June 23, 2020. The Black-Scholes pricing Model was used to calculate the fair values of the employee share options, and the input values used are summarized as follows:

	June 2020
Grant date share price (NT\$)	\$ 10.93
Exercise price (NT\$)	\$ 10.00
Expected volatility rate	12.31%
Option life	0.09 years
Dividend yield	-
Risk-free interest rate	0.35%
Share options fair value (NT\$)	\$ 0.93

Compensation costs of the Group's employee share option plans were \$829 thousand for the year ended December 31, 2020.

Issuance of shares from cash capital increase reserved for employee subscription of Sync - Tech System Corp.

The board of directors of Sync-Tech system Corp. decided to increase the capital in cash on December 18, 2020, and reserved 200 thousand shares for employees to subscribe. The grant date is December 18, 2020.

The Black-Scholes pricing model was used to calculate the fair values, the input values used in the option pricing model are as follows:

	December 2020
Measurement date share price (NT\$)	\$ 55.73
Exercise price (NT\$)	\$ 70.00
Expected volatility rate	31.18%
Option life	0.083 years
Dividend yield	-
Risk-free interest rate	0.1787%
Stock options fair value(NT\$)	\$ 0.0102

Compensation costs related to the Group's issuance of shares from the cash capital increase reserved for employee subscription recognized were \$2 thousand for the year ended December 31, 2020.

Issuance of shares from cash capital increase reserved for employee subscription of INFSitronix Technology Corp.

The board of directors of INFSitronix Technology Corp. decided to increase the capital in cash on March 31, 2021, and reserved 600 thousand shares for employees to subscribe. The grant date is April 20, 2021.

The Black-Scholes pricing model was used to calculate the fair values, the input values used in the option pricing model are as follows:

	April 2021
Measurement date share price (NT\$)	\$ 9.78
Exercise price (NT\$)	\$ 10.00
Expected volatility rate	34.07%
Option life	0.083 years
Dividend yield	-
Risk-free interest rate	0.1241%
Stock options fair value(NT\$)	\$ 0.0427

Compensation costs related to the Group's issuance of shares from the cash capital increase reserved for employee subscription recognized were \$25 thousand for the year ended December 31, 2021.

Employee share option plan of Forcelead Technology Corp.

On November 2, 2021, the board of directors of Forcelead Technology Corp. approved the issuance of 3,000 thousand units of employee share option certificates, and each unit of share option certificate can be exchanged for 1 ordinary share. The share option certificates can be issued all at once or split into several issues after the approval date of the board of directors, the actual issuance date is to be fixed by the Chairman. Eligible employees are limited to full-time employees within Forcelead Technology Corp. and the employees of controlling or controlled entity who meet certain terms. The holder of the share option certificates can exercise the options at any time after the date of issuance.

The information on employee share option is summarized as follows:

	<u>2021-Year Share Option Plan</u>	
	Number of Shares (In Thousands)	Weighted- average Exercise Price (NT\$)
<u>2021</u>		
Balance at January 1	-	\$ -
Options granted	3,000	45.00
Options exercised	(3,000)	45.00
Options forfeited	<u>-</u>	-
Balance at December 31	<u>-</u>	-

Per the employee share option plan of 2021, Forcelead Technology Corp. distributed 3,000 thousand units of employee share option certificates to its employees on November 2, 2021. The Black-Scholes pricing Model was used to calculate the fair values of the employee share options, and the input values used are summarized as follows:

	November 2021
Grant date share price (NT\$)	\$ 46.92
Exercise price (NT\$)	\$ 45.00
Expected volatility rate	47.28%
Option life	0.04 years
Dividend yield	-
Risk-free interest rate	0.21%
Share options fair value (NT\$)	\$ 2.86

Compensation costs of the Group's employee share option plans were \$8,580 thousand for the year ended December 31, 2021.

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On June 4, 2020, the Group subscribed for additional new shares of Sensortek Technology Corp. at a percentage different from its existing ownership percentage, decreasing its continuing interest from 50.34% to 46.06%.

Due to partial disposal of Sensortek Technology Corp.'s shares on June 1, 2020, the shareholding ratio decreased from 50.44% to 50.34%.

On December 6, 2021, due to the Forcelead Technology Corp.'s employees execute options to issue new shares, the Group's shareholding percentage decreased from 93.05% to 83.48%.

Due to the distribution of employees' compensation in the form of shares by Forcelead Technology Corp. on August 11, 2021, the Group's shareholding percentage decreased from 100% to 93.05%.

On December 24, 2020, as the Group repurchased all of the shares of Forcelead Technology Corp., the shareholding ratio increased from 83.86% to 100%.

Due to the distribution of employees' compensation in the form of shares by Forcelead Technology Corp. on June 24, 2020, the Group's shareholding percentage decreased from 84.14% to 83.86%.

Due to the distribution of employees' compensation in the form of shares by Sync-Tech system Corp. on July 13, 2021, the Group's shareholding percentage decreased from 48.31% to 45.73%.

On January 31, 2021, the Group subscribed for additional new shares of Sync-Tech system Corp. at a percentage different from its existing ownership percentage, decreasing its continuing interest from 48.75% to 48.31%.

On July 27, 2020, due to the Sync-Tech system Corp.'s employees execute options to issue new shares, the Group's shareholding percentage decreased from 50.80% to 48.75%.

On April 27, 2021, the Group subscribed for additional new shares of INFSitronix Technology Corp. at a percentage different from its existing ownership percentage, decreasing its continuing interest from 63.99% to 58.42%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

2021

	Sync-Tech System Corp.	INFSitronix Technology Corp.	Forcelead Technology Corp.
Cash consideration received	\$ 79,387	\$ 30,946	\$ 136,555
Non-cash transaction	19,587	25	33,736
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to (from) non-controlling interests	<u>(98,566)</u>	<u>(27,735)</u>	<u>(227,521)</u>
Differences recognized from equity transactions	<u>\$ 408</u>	<u>\$ 3,236</u>	<u>\$ (57,230)</u>

Line items adjusted for equity transactions

Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ 408</u>	<u>\$ 3,236</u>	<u>\$ (57,230)</u>
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2020

	Sensortek Technology Corp.	Forcelead Technology Corp.	Sync-Tech System Corp.
Cash consideration paid	\$ -	\$ (228,550)	\$ -
Cash consideration received	2,158,474	-	8,150
Non-cash transaction	33,904	2,032	831
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to (from) non-controlling interests	<u>(1,284,809)</u>	<u>93,921</u>	<u>(9,447)</u>
Differences recognized from equity transactions	<u>\$ 907,569</u>	<u>\$ (132,597)</u>	<u>\$ (466)</u>

Line items adjusted for equity transactions

Capital surplus - changes in percentage of ownership interests in subsidiaries	\$ 890,637	\$ 347	\$ (466)
Capital surplus - the difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	16,932	(16,932)	-
Retained earnings	<u>-</u>	<u>(116,012)</u>	<u>-</u>
	<u>\$ 907,569</u>	<u>\$ (132,597)</u>	<u>\$ (466)</u>

28. CASH FLOW INFORMATION

a. Changes in liabilities arising from financing activities

2021

	Opening Balance	Cash Flows	Non-cash Changes				Closing Balance
			Foreign Exchange Movement	New Leases	Lease Modification	Others (Note)	
<u>Cost</u>							
Short-term borrowings	\$ 267,776	\$ (212,470)	\$ 54	\$ -	\$ -	\$ -	\$ 55,360
Lease liabilities	82,173	(45,733)	(410)	135,177	(9,036)	3,354	165,525
Guarantee deposits received	<u>230,065</u>	<u>91,742</u>	<u>(5,339)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316,468</u>
	<u>\$ 580,014</u>	<u>\$ (166,461)</u>	<u>\$ (5,695)</u>	<u>\$ 135,177</u>	<u>\$ (9,036)</u>	<u>\$ 3,354</u>	<u>\$ 537,353</u>

2020

	Opening Balance	Cash Flows	Non-cash Changes			Closing Balance
			Foreign Exchange Movement	New Leases	Others (Note)	
Short-term borrowings	\$ 278,814	\$ (15,654)	\$ 4,616	\$ -	\$ -	\$ 267,776
Lease liabilities	65,262	(38,456)	182	53,710	1,475	82,173
Guarantee deposits received	<u>219,002</u>	<u>20,539</u>	<u>(9,476)</u>	<u>-</u>	<u>-</u>	<u>230,065</u>
	<u>\$ 563,078</u>	<u>\$ (33,571)</u>	<u>\$ (4,678)</u>	<u>\$ 53,710</u>	<u>\$ 1,475</u>	<u>\$ 580,014</u>

Note: Others comprises with interest expense of lease liabilities and variance of lease liabilities due to lease modification.

29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements are relatively close to their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic corporate funds	\$ 478,632	\$ -	\$ -	\$ 478,632
Convertible bonds	85,696	-	-	85,696
Domestic listed shares	2,836	-	-	2,836
Limited partnership	-	-	18,067	18,067
Derivative financial assets				
Credit linked notes - linked with Convertible bonds	-	294,214	-	294,214
Foreign exchange forward contracts	-	26,044	-	26,044
	<u>\$ 567,164</u>	<u>\$ 320,258</u>	<u>\$ 18,067</u>	<u>\$ 905,489</u>

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 683,740	\$ -	\$ -	\$ 683,740
Foreign listed shares	40,145	-	-	40,145
Domestic unlisted equity investments	-	-	213,829	213,829
Foreign unlisted equity investments	-	-	576,703	576,703
Investments in debt instruments at FVTOCI				
Foreign corporate bonds	-	159,525	-	159,525
	<u>\$ 723,885</u>	<u>\$ 159,525</u>	<u>\$ 790,532</u>	<u>\$ 1,673,942</u>

Financial liabilities at FVTPL

Derivative financial liabilities				
Foreign exchange forward contracts	\$ -	\$ 1,228	\$ -	\$ 1,228

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic corporate funds	\$ 481,295	\$ -	\$ -	\$ 481,295
Convertible bonds	50,819	-	-	50,819
Derivative financial assets				
Credit linked notes - linked with Convertible bonds	-	81,133	-	81,133
Foreign exchange forward contracts	-	24,483	-	24,483
	<u>\$ 532,114</u>	<u>\$ 105,616</u>	<u>\$ -</u>	<u>\$ 637,730</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 555,680	\$ -	\$ -	\$ 555,680
Foreign listed shares	36,847	-	-	36,847
Domestic unlisted equity investments	-	-	37,485	37,485
Foreign unlisted equity investments	-	-	515,919	515,919
Investments in debt instruments at FVTOCI				
Foreign corporate bonds	<u>-</u>	<u>179,665</u>	<u>-</u>	<u>179,665</u>
	<u>\$ 592,527</u>	<u>\$ 179,665</u>	<u>\$ 553,404</u>	<u>\$ 1,325,596</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 4,390</u>	<u>\$ -</u>	<u>\$ 4,390</u> (Concluded)

There were no transfers between Levels 1 and 2 in 2021 and 2020.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Convertible bonds	Based on the public market quotes provided by third-party agencies.
Credit linked notes - linked with Convertible bonds	Based on the public market quotation of convertible bond, the parameters of the repurchase, the coupon interest and the interest compensation are considered as the basis for fair value measurement.
Derivatives - foreign exchange forward contracts	Discounted cash flow method: Estimate the future cash flow at the end of the period by observing the forward exchange rate and the exchange rate and interest rate set by the contract, and have already discounted the discount rate of each counterparty's credit risk.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Domestic and foreign unlisted equity investments are evaluated by the net asset value method. The management of the Group evaluates the target of such equity investments with the active market quotation, and the net asset amount tends to the fair value of the equity investments.

The domestic limited partnership is valued using the net asset value method. The management of the Group evaluates that the amount of the net assets of this investment is equivalent to its fair value. The evaluation covers the total value of the investment's individual assets and liabilities, which reflects the value of the entity or business.

4) Adjustment of financial instruments measured using Level 3 fair values

The Group's financial assets under level 3 fair value measurement are equity instruments measured at fair value through other comprehensive income.

2021

	Financial assets at FVTPL	Financial assets at FVTOCI	Total
Balance at January 1	\$ -	\$ 553,404	\$ 553,404
Additions	12,500	160,000	172,500
Recognized under profit or loss	5,567	-	5,567
Recognized under other comprehensive income	<u>-</u>	<u>77,128</u>	<u>77,128</u>
Balance at December 31	<u>\$ 18,067</u>	<u>\$ 790,532</u>	<u>\$ 808,599</u>

2020

	Financial assets at FVTPL	Financial assets at FVTOCI	Total
Balance at January 1	\$ -	\$ 716,631	\$ 716,631
Additions	-	30,000	30,000
Disposals	-	(24,596)	(24,596)
Recognized under other comprehensive income	<u>-</u>	<u>(168,631)</u>	<u>(168,631)</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 553,404</u>	<u>\$ 553,404</u>

c. Categories of financial instruments

	<u>December 31</u>	
	2021	2020
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 905,489	\$ 637,730
Financial assets at amortized cost (1)	14,635,821	8,660,147
Financial assets at FVTOCI		
Equity instruments	1,514,417	1,145,931
Debt instruments	159,525	179,665
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	1,228	4,390
Financial liabilities at amortized cost (2)	4,696,087	3,594,283

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, time deposits with original maturities of more than 3 months, pledged fixed deposits, notes receivable and trade receivables (including receivables from related parties), other receivables, other current assets and refundable deposits.

- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, accounts payable, other payables (including other payables to related parties), other current liabilities and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

There has been no change in the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Group's operating activities are partially denominated in foreign currencies and thus have partial natural hedging effects.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 35.

Sensitivity analysis

The Group was mainly exposed to the USD, JPY and CNY.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e. the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in pre-tax profit and other equity associated with the New Taiwan dollar weakening (strengthening) 5% against the relevant currency.

	USD Impact		JPY Impact		CNY Impact	
	For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020	2021	2020
Profit or loss	\$ 68,000	\$ (1,572)	\$ 246	\$ (82)	\$ 4,698	\$ 11

b) Interest rate risk

The Group was exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 8,520,433	\$ 5,964,863
Financial liabilities	55,381	267,898
Cash flow interest rate risk		
Financial assets	3,387,803	1,174,741

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would increase/decrease by \$3,388 thousand and \$1,175 thousand, which was mainly attributable to the Group's exposure to interest rates on variable-rate net assets. The Group's pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would decrease/increase by \$160 thousand and \$180 thousand, respectively, which was mainly a result of the changes in the fair value of investments in fixed-rate debt instruments at FVTOCI.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities, convertible bonds, credit linked structured notes of listed companies and mutual funds investments. The Group does not actively trade these investments. The Group's equity price risk is mainly concentrated in equity instruments operating in the semiconductor industry, credit linked structured notes, finance and insurance industries, and exchange-traded funds quoted on the Taiwan Stock Exchange and the Taipei Exchange.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax income for the years ended December 31, 2021 and 2020 would have increased/decreased by \$43,069 thousand and \$30,662 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL. Pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by \$36,194 thousand and \$29,626 thousand, respectively, as a result of the changes in the fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

To mitigate credit risk, the management of the Group assigns a dedicated team responsible for credit line decisions, credit approvals and other monitoring procedures to ensure appropriate actions are taken for the collections of overdue receivables. In addition the Group reviews conditions on each collecting receivable to ensure the uncollectible amounts are provided with appropriate impairment losses. Accordingly, the management of the Group believes that the credit risk of the Group has been significantly reduced.

In addition, since the counterparties of liquidity and derivative financial instruments are banks with sound credit ratings, the credit risk is limited.

Apart from customers whose accounts receivable constitute more than 10% of the Group's total accounts receivable, the Group did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group's concentration of credit risk was 13% and 18% of total trade receivables as of December 31, 2021 and 2020, respectively. The credit risk is minimal because the customers which account for more than 10% of the Group's accounts receivable balance are creditworthy companies.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Group had available unutilized short-term bank loan facilities set out in (c) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 1,357,324	\$ 1,624,205	\$ 1,342,209	\$ 500	\$ 4,324,238
Lease liabilities	3,940	7,918	34,856	125,147	171,861
Fixed interest rate liabilities	55,381	-	-	-	55,381

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 1,076,737	\$ 1,342,306	\$ 677,277	\$ -	\$ 3,096,320
Lease liabilities	3,797	6,245	22,184	55,598	87,824
Fixed interest rate liabilities	267,898	-	-	-	267,898

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities were subject to change if changes in variable interest rates were to differ from those estimates of interest rates determined at the end of the reporting period.

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Foreign exchange forward contracts				
Inflows	\$ 166,588	\$ 664,822	\$ 2,077,516	\$ -
Outflows	<u>(165,940)</u>	<u>(661,311)</u>	<u>(2,056,859)</u>	<u>-</u>
	<u>\$ 648</u>	<u>\$ 3,511</u>	<u>\$ 20,657</u>	<u>\$ -</u>

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Foreign exchange forward contracts				
Inflows	\$ 685,666	\$ 1,705,097	\$ -	\$ -
Outflows	<u>(679,810)</u>	<u>(1,690,860)</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,856</u>	<u>\$ 14,237</u>	<u>\$ -</u>	<u>\$ -</u>

c) Financing facilities

	December 31	
	2021	2020
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 55,360	\$ 272,513
Amount unused	<u>5,470,760</u>	<u>5,038,407</u>
	<u>\$ 5,526,120</u>	<u>\$ 5,310,920</u>

The amount of used bank facilities includes a performance guarantee of NT\$4,737 thousand, which were guaranteed by the bank in respect of the Customs bookkeeping and Industrial Development Bureau guarantee letter opened by the Group as of December 31, 2020.

31. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, detail of transactions between the Group and related parties are disclosed below:

a. Related party name and category

Related Party Name	Related Party Category
Silicon Power Computer & Communications Inc.	Substantive related party
ezGlobal Corp.	Substantive related party
Vincent Mao	The Group's key management personnel
Wen Bin Lin	The Group's key management personnel
Chun Sheng Lin	The Group's key management personnel
I Hsi Cheng	The Group's key management personnel
Wei Wang	The Group's key management personnel
Shu Fang Xu	The Group's key management personnel
Meng Huang Liu	The Group's key management personnel
Zheng Long Jiang	The Group's key management personnel
Xi Hao Zhong	The Group's key management personnel
Min Huei Jhang	The Group's key management personnel
Ru Hung Chen	The Group's key management personnel
Jian-Yuan Zhao	The Group's key management personnel
Da-Hu Su	The Group's key management personnel

b. Sales of goods

Related Party Category	For the Year Ended December 31	
	2021	2020
Substantive related party	\$ <u>2,319</u>	\$ <u>2,051</u>

The transactions for related parties were negotiated under the terms of general transactions and prices.

c. Operating expenses

Related Party Category	For the Year Ended December 31	
	2021	2020
Substantive related party	\$ <u>1,947</u>	\$ <u>2,383</u>

The transaction in which the Group made payments of operating expenses to a related party was subject to a contractual agreement as there is no similar transaction for comparison.

d. Receivables from related parties

Related Party Category	Line Item	December 31	
		2021	2020
Substantive related party	Accounts receivable from related parties	\$ <u>715</u>	\$ <u>872</u>

The outstanding accounts receivable from related parties were unsecured. No impairment losses were recognized for accounts receivable from related parties as of December 31, 2021 and 2020.

e. Prepayments

Related Party Category	December 31	
	2021	2020
Substantive related party	\$ <u>497</u>	\$ <u>-</u>

f. Payables to related parties

Related Party Category	Line Item	December 31	
		2021	2020
Substantive related party	Other payables to related parties	\$ <u>210</u>	\$ <u>1,051</u>

The outstanding trade payables to related parties are unsecured.

g. Property transactions

For the Year Ended December 31, 2020

Related Party Category	Line Item	Number of Shares	Underlying Asset	Acquisition Price
The Group's key management personnel	Note	2,168,997	Securities - Forcelead Technology Corp.	\$ <u>78,084</u>

Note: In December 2020, transactions in which the Group obtained financial assets from related parties were subject to contractual agreements as there were no similar transaction for comparison. Please refer to Note 27.

h. Lease arrangement - the Group is lessor

Future lease receivables are as follows:

Related Party Category	December 31	
	2021	2020
Substantive related party	\$ <u>508</u>	\$ <u>508</u>

Lease income was as follows:

Related Party Category	For the Year Ended December 31	
	2021	2020
Substantive related party	\$ <u>2,036</u>	\$ <u>2,037</u>

The terms of transactions between the Group and its related parties for the collection of rent are based on the terms of contractual agreements as there were no similar transactions for comparison.

Related Party Category	For the Year Ended December 31	
	2021	2020
<u>Deposit interest</u>		
Substantive related party	\$ <u>3</u>	\$ <u>4</u>

i. Guarantee deposits received

Related Party Category	December 31	
	2021	2020
Substantive related party	\$ <u>356</u>	\$ <u>356</u>

The guarantee deposits received are mainly generated from the rental deposits.

j. Remuneration of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 290,760	\$ 155,896
Post-employment benefits	1,900	1,956
Share-based payments	<u>1,841</u>	<u>5,955</u>
	<u>\$ 294,501</u>	<u>\$ 163,807</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and the Group's profits.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the tariff of imported raw materials guarantees:

	December 31	
	2021	2020
Pledged deposits	<u>\$ 721,720</u>	<u>\$ 605,590</u>

Pledged deposits are classified as financial assets measured at amortized cost - current.

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at December 31, 2021 were as follows:

a. Long-term purchase agreements

The Group entered into long-term purchase agreements of materials with suppliers during 2021. Both parties agreed that during the contract period, the suppliers would deliver the materials to the Group in accordance with the agreements. The Group has paid the suppliers USD37,781 thousand as guarantee to ensure the supply of materials. The rights and obligations of both parties are based on the content of each agreement.

b. Long-term supply agreements

The Group entered into long-term supply agreements of products with clients during 2021. Both parties agreed that during the contract period, the Group would deliver the products to clients in accordance with the agreements. The Group has collected USD1,752 thousand to ensure the supply of products. The rights and obligations of both parties are based on the content of each agreement.

34. OTHER MATTERS

Due to the impact of the COVID-19 pandemic, the operating income of some of the Group's entities decreased in 2020. With the easing of the epidemic and loosening of government policies, the Group's operations gradually returned to normal.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	December 31			
	2021		2020	
	Foreign Currency	Exchange Rate	Foreign Currency	Exchange Rate
<u>Financial assets</u>				
Monetary items				
USD	\$ 161,721	27.680	\$ 84,528	28.480
CNY	21,629	4.344	48	4.377
JPY	79,577	0.2405	41,418	0.2763
Non-monetary items				
USD	26,373	27.680	25,050	28.480
<u>Financial liabilities</u>				
Monetary items				
USD	112,588	27.680	85,632	28.480
JPY	59,156	0.2405	47,374	0.2763

The Group is mainly exposed to the USD, CNY and JPY. The following information was aggregated by the functional currencies of the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2021		2020	
	Foreign Currency	Exchange Rate	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	\$ (12,422)	1 (NTD:NTD)	\$ (38,838)
CNY	4.344 (CNY:NTD)	<u>(700)</u>	4.377 (CNY:NTD)	<u>(1,933)</u>
		<u>\$ (13,122)</u>		<u>\$ (40,771)</u>

36. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. information on investees:

- 1) Financing provided to others: Table 1 (attached)
- 2) Endorsements/guarantees provided: Table 2 (attached)
- 3) Marketable securities held (excluding investment in subsidiaries): Table 3 (attached)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None

- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
 - 9) Trading in derivative instruments: Note 7 and Note 30.
 - 10) Intercompany relationships and significant intercompany transactions: Table 5 (attached)
 - 11) Information on investees: Table 6 (attached)
- c. Information on investments in mainland China: Table 7 and 8 (attached)
- In the preparation of the consolidated financial statements, major transactions between parent and subsidiary companies and their balances have been fully eliminated.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None

37. SEGMENT INFORMATION

a. Segment revenues, results and assets

The operating decision makers of the Group use the distribution of resources and the evaluation of segment performance to focus on the financial information of the Group as a whole, while individual companies have similar economic characteristics, and individual companies have used similar processes to produce similar products and sell them through the same sales method, so the Company and its subsidiaries are reported by the single operating department.

The Company and its subsidiaries provide the segment information reviewed by the operating decision maker on the same basis as the financial statements, and the profit and loss, assets and liabilities of the operating department are measured on the same basis as the combined financial Report preparation. Therefore, the segment income and operating results to be reported in 2021 and 2020 can be referenced by the combined consolidated income and loss Statement for 2021 and 2020.

Segment assets that should be reported can be found in the consolidated balance sheets for the years ended December 31, 2021 and 2020.

b. Revenue from major products and services

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment:

	For the Year Ended December 31	
	2021	2020
Integrated circuits	\$ 21,609,644	\$ 13,376,966
Others	<u>646,026</u>	<u>427,596</u>
Total	<u>\$ 22,255,670</u>	<u>\$ 13,804,562</u>

c. Geographical information

The Group's net operating revenue from external customers by location based on the location where the goods were shipped as designated by the customers and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2021	2020	2021	2020
Hong Kong	\$ 19,217,111	\$ 12,003,719	\$ -	\$ -
Taiwan	1,395,909	897,710	2,225,865	1,324,603
Vietnam	714,887	428,111	-	-
China	428,136	211,671	120,183	71,034
Others	<u>499,627</u>	<u>263,351</u>	<u>-</u>	<u>-</u>
	<u>\$ 22,255,670</u>	<u>\$ 13,804,562</u>	<u>\$ 2,346,048</u>	<u>\$ 1,395,637</u>

Non-current assets exclude financial instruments and other tax assets.

d. Information on major customers

Net revenue of 2021 and 2020 were \$22,255,670 thousand and \$13,804,562 thousand, respectively, is revenue of \$1,757,441 thousand and \$973,182 thousand which arose from sales to the Group's largest customer. No other single customer contributed 10% or more to the Group's revenue for both 2021 and 2020.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
0	The Company	mCore Technology Corp.	Other receivables from related parties	Yes	\$ 100,000	\$ 100,000	\$ -	-	For financing	\$ -	Working capital	\$ -	-	\$ -	\$ 2,351,035	\$ 4,702,070
		Forcelead Technology Corp.	Other receivables from related parties	Yes	300,000	300,000	-	-	For financing	-	Working capital	-	-	-	2,351,035	4,702,070
		INFSitronix Technology Corp.	Other receivables from related parties	Yes	100,000	100,000	16,608	0.685%	For financing	-	Working capital	-	-	-	2,351,035	4,702,070

Note 1: The description is as follows

- 1. Lender is numbered as 0.
- 2. Investee is numbered sequentially from 1.

Note 2: According to the “Financing providing and operation management method”, the total amount and the available amount to any individual for lending are as follows:

- 1. The total amount for lending shall not exceed forty percent of SITRONIX’s net worth. However the total amount lendable to any subsidiary for short-term financing could upper to the total available amount of the company.
- 2. The total amount for lending to or lending from any directly or indirectly hold foreign subsidiaries with 100% ownership, shall not exceed 40% of the net worth of the lending company. The total amount for lending to any individual shall not exceed 50% of the total available amount.
- 3. Where funds are lent to a company or business with business relationships with the Company, the total amount for lending to any individual shall not exceed the amount of business transaction between the two parties. Amount of business transaction defines the highest amount of purchase or sales.
- 4. The total amount for lending to any individual shall not exceed 50% of the Company’s net worth for the company or firm that needs short-term financing.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	Forcelead Technology Corp.	Subsidiary	\$ 5,877,587	\$ 600,000	\$ 600,000	\$ 249,120	\$ -	5.10	\$ 5,877,587	Yes	-	-
		mCore Technology Corp.	Subsidiary	5,877,587	100,000	100,000	25,085	-	0.85	5,877,587	Yes	-	-
		INFSitronix Technology Corp.	Subsidiary	5,877,587	100,000	100,000	5,536	-	0.85	5,877,587	Yes	-	-
		HeFei Sitronix Co., Ltd.	Subsidiary	5,877,587	400,000	400,000	196,334	-	3.40	5,877,587	Yes	-	Yes

Note 1: The description is as follows

1. Lender is numbered as 0.
2. Investee is numbered sequentially from 1.

Note 2: According to the “endorsement guarantee operation management measures” of Sitronix Technology Corp. The total amount of endorsement guarantee shall not exceed 50% of the net value in the latest year’s financial statements audited by CPA. The amount of endorsement guarantee for a single enterprise shall not exceed 25% of the net value of the latest year’s financial statements audited by CPA. However, the amount of endorsement guarantee for the company that directly and indirectly holds more than 50% of the voting shares of a company shall not exceed 50% of the net value of the latest year’s financial statements audited by CPA.

TABLE 3

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Bond</u>							
	FORCAY 3.375% 04/22/2025, USD bond	-	Financial assets at amortized cost - non - current	-	\$ 28,019	-	\$ 28,019	Note 2
	Savior Lifetec Corporation second Secured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	31,136	-	31,136	Note 1
	Chailease Holding Company Limited first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	11,190	-	11,190	Note 1
	<u>Derivatives</u>							
	Taiwan Mask Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	40,167	-	40,167	Note 1
	Shin Kong Financial Holding Co., Ltd. fifth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	30,007	-	30,007	Note 1
	Highwealth Construction Corp. fifth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	50,002	-	50,002	Note 1
	Ennoconn Corporation third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	10,006	-	10,006	Note 1
	<u>Fund</u>							
	KGI Taiwan Assets Fund	-	Financial assets at fair value through profit or loss - current	10,004	117,919	-	117,919	Note 1
	TAISHIN JU LONG Fund	-	Financial assets at fair value through profit or loss - current	4,323	51,938	-	51,938	Note 1
	<u>Stock</u>							
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	7	509	-	509	Note 1
	Silicon Power Computer & Communications Inc.	Substantive related party	Investments in equity instruments at fair value through other comprehensive income - current	4,199	106,017	-	106,017	Note 1
	Taishin Financial Holding Co., Ltd. Preferred Share E	-	Investments in equity instruments at fair value through other comprehensive income - current	29	1,540	-	1,540	Note 1
	Taishin Financial Holding Co., Ltd. Preferred Share E (2)	-	Investments in equity instruments at fair value through other comprehensive income - current	181	9,394	-	9,394	Note 1
	Kwong Lung Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	345	17,095	-	17,095	Note 1
	WPG Holdings Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	690	34,189	-	34,189	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Chailease Holding Company Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	500	\$ 50,750	-	\$ 50,750	Note 1
	WT Microelectronics Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	1,000	48,950	-	48,950	Note 1
	Fubon Financial Holding Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	175	11,060	-	11,060	Note 1
	Cathay Financial Holding Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	131	8,240	-	8,240	Note 1
	EPD (Enterprise Products Partners)	-	Investments in equity instruments at fair value through other comprehensive income - current	66	40,145	-	40,145	Note 1
	<u>Equity Investment</u> HANS GLOBAL SELECT FUND LIMITED	-	Investments in equity instruments at fair value through other comprehensive income - non-current	120	298,939	-	298,939	Note 3
	Fong Huang Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000	41,847	9	41,847	Note 3
	Fong Huang II Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000	36,374	7	36,374	Note 3
	Top Taiwan XIII Venture Capital Co.,Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	10,000	99,234	12	99,234	Note 3
	<u>Limited Partnership</u> CDIB-Innolux Limited Partnership	-	Financial assets instruments at fair value through profit or loss - non-current	1,250	18,067	-	18,067	Note 3
Sitronix Investment Corp.	<u>Equity Investment</u> HANS GLOBAL SELECT FUND LIMITED	-	Investments in equity instruments at fair value through other comprehensive income - non-current	112	277,764	-	277,764	Note 3
Sensortek Technology Corp.	<u>Bond</u> CHLEAS 3.75% 10/22/2023 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	56,537	-	56,537	Note 1
	China Huadian Corporation 3.375% 06/23/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	28,597	-	28,597	Note 1
	Chailease Holding Company Limited first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	33,570	-	33,570	Note 1
	MIC fourth Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	8,200	-	8,200	Note 1
	Evergreen Marine Corp. (Taiwan) Ltd. fourth Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	1,600	-	1,600	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Sensortek Technology Corp.	<u>Derivatives</u>							
	Highwealth Construction Corp. fifth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	\$ 50,002	-	\$ 50,002	Note 1
	Ennoconn Corporation third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	20,012	-	20,012	Note 1
	Anli International Co., Ltd first Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	9,870	-	9,870	Note 1
	RiTdisplay Corporation first Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	4,037	-	4,037	Note 1
	Taiwan Mask Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	30,145	-	30,145	Note 1
	Shin Kong Financial Holding Co., Ltd. fifth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	30,006	-	30,006	Note 1
	Yeong Guan Energy Technology Group Co., Ltd. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	12,941	-	12,941	Note 1
	C.C.P. Contact Probes Co., Ltd. fourth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	7,019	-	7,019	Note 1
	<u>Fund</u>							
	KGI Taiwan Assets Fund	-	Financial assets at fair value through profit or loss - current	20,009	235,848	-	235,848	Note 1
	TAISHIN JU LONG Fund	-	Financial assets at fair value through profit or loss - current	4,323	51,938	-	51,938	Note 1
	<u>Stock</u>							
	WT Microelectronics Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	2,000	97,900	-	97,900	Note 1
	Chailease Holding Company Limited Preferred Shares A	-	Investments in equity instruments at fair value through other comprehensive income - current	500	50,750	-	50,750	Note 1
	FuBon Preferred Share	-	Investments in equity instruments at fair value through other comprehensive income - current	800	50,560	-	50,560	Note 1
	Far Eastern New Century Corporation	-	Investments in equity instruments at fair value through other comprehensive income - current	1,518	44,477	-	44,477	Note 1
	Uni-President	-	Investments in equity instruments at fair value through other comprehensive income - current	487	33,408	-	33,408	Note 1
	Taiwan Cement Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - current	695	33,360	-	33,360	Note 1
	Tai Shin Financial Holding Co., Ltd. Preferred Share E	-	Investments in equity instruments at fair value through other comprehensive income - current	609	32,338	-	32,338	Note 1
	First Financial Holding Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - current	1,126	27,591	-	27,591	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Sensortek Technology Corp.	Powertech Technology Inc.	-	Investments in equity instruments at fair value through other comprehensive income - current	171	\$ 16,707	-	\$ 16,707	Note 1
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	30	2,327	-	2,327	Note 1
	Sitronix Technology Corp.	The Parent Company	Investments in equity instruments at fair value through other comprehensive income - non-current	329	105,280	-	105,280	Note 1
	<u>Equity Investment</u> Fong Huang II Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000	36,374	7	36,374	Note 3
Forcelead Technology Corp.	<u>Fund</u> TAISHIN JU LONG Fund	-	Financial assets at fair value through profit or loss - current	1,747	20,989	-	20,989	Note 1
	<u>Share</u> WPG Holdings Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	190	9,414	-	9,414	Note 1
Sitronix Holding International Ltd.	<u>Bond</u> AT&T INC 5.35% 11/01/66 (TBB) USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	17,524	-	17,524	Note 1
	China Huadian Corporation 3.375% 06/23/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	28,597	-	28,597	Note 1
	Chailease Finance 3.75% 10/22/2023 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	28,270	-	28,270	Note 1

Note 1: Calculated based on the closing price on December 31, 2021.

Note 2: Listed based on book value.

Note 3: Calculated based on the net value on December 31, 2021.

Note 4: As of December 31, 2021, the above listed marketable securities were neither provided as guarantee nor pledged as collateral for loans.

Note 5: The number of shares/units are in thousands.

Note 6: The marketable securities listed in the table above refer to the securities, bonds, beneficiary certificates and securities that fall within the scope of IFRS 9 “Financial Instruments”.

(Concluded)

TABLE 4

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Sensortek Technology Corp.	Subsidiary	Purchase	\$ 1,007,000	21	After acceptance net 60 days from monthly closing date	\$ -	-	\$ 441,988	29	-
	Forcelead Technology Corp.	Subsidiary	Purchase	184,940	4	After acceptance net 45 days from monthly closing date	-	-	47,490	3	-

TABLE 5

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	The Company	Sensortek Technology Corp.	from the parent company to the subsidiary	Sales	\$ 47,118	-	-
				Purchases	1,007,000	-	5
				Rental income	2,536	-	-
				Accounts receivable	7,466	-	-
				Other receivables	2,554	-	-
				Accounts payable	441,988	-	2
		Forcelead Technology Corp.	from the parent company to the subsidiary	Sales	47,543	-	-
				Purchases	184,940	-	-
				Rental income	2,397	-	-
				Other receivables	7,223	-	-
				Accounts receivable	15,368	-	-
				Accounts payable	47,490	-	-
				Patent	6,543	-	-
		INFSitronix Technology Corp.	from the parent company to the subsidiary	Sales	17,509	-	-
				Rental income	1,732	-	-
				Accounts receivable	2,896	-	-
				Other receivables	17,037	-	-
		mCore Technology Corp.	from the parent company to the subsidiary	Sales	15,126	-	-
				Purchases	3,325	-	-
				Rental income	2,214	-	-
				Accounts receivable	2,668	-	-
		Sync-Tech System Corp.	from the parent company to the subsidiary	Sales	1,602	-	-
				Other payables	6,742	-	-
				Rental income	5,496	-	-
				Property, plant and equipment	5,122	-	-
				Manufacturing expenses	56,552	-	-
		Sitronix Technology (Shenzhen) Co., Ltd.	from the parent company to the subsidiary	Professional service fees	134,867	-	1
1	Forcelead Technology Corp.	Sync-Tech System Corp.	from the subsidiary to the subsidiary	Manufacturing expenses	13,414	-	-
				Accounts Payable	4,399	-	-
1	mCore Technology Corp.	HeFei Sitronix Co., Ltd.	from the subsidiary to the subsidiary	Purchases	18,815	-	-
				Accounts Payable	10,408	-	-

Note 1: The purchase transactions of the Company and its subsidiaries, their trading prices and collection conditions, are not significantly different from those of non-subsidiaries, and the rest of the transactions with the subsidiaries are calculated in accordance with the contractual agreements.

Note 2: The transaction of the Forcelead Technology Corp. and the Sync-Tech System Corp. is calculated according to mutual agreements.

Note 3: The purchase transactions of the mCore Technology Corp. and HeFei Sitronix Co., Ltd., their trading prices and collection conditions, are not significantly different from those of non-subsidiaries.

TABLE 6

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Foreign Currencies in Thousands)		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Share of (Loss) Profit
				December 31, 2021	December 31, 2020	Number of Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount		
The Company	Sitronix Investment Corp.	Taiwan	Investment	\$ 367,270	\$ 367,270	33,249	100.00	\$ 291,165	\$ (4,929)	\$ (4,929)
	Forcelead Technology Corp.	Taiwan	R&D and sale of multi-functional integrated automotive display driver ICs	717,634	789,634	24,337	83.48	1,391,629	1,119,210	1,073,121
	Sensortek Technology Corp.	Taiwan	R&D, design and sales of sensor integrated circuit products	113,318	113,318	22,530	46.06	2,266,894	1,661,349	763,575
	mCore Technology Corp.	Taiwan	Providing solutions for consumer display and voice/audio related applications.	131,074	131,074	9,583	90.73	129,510	32,878	29,829
	Sync-Tech System Corp.	Taiwan	Design, manufacturing and maintenance of semiconductor consumables and testing equipment	160,554	99,127	11,365	45.73	283,566	175,711	83,167
	INFSitronix Technology Corp.	Taiwan	Comprehensive line of Power supervisor IC design	193,559	164,505	9,796	58.42	80,145	28,574	16,805
	ezGreen Inc.	Taiwan	Software design and electronic information supply services	100,000	60,000	10,000	100.00	37,734	(26,560)	(26,560)
	Sitronix Holding International Ltd.	Samoa	Investment	55,360 (USD 2,000)	55,360 (USD 2,000)	2,000	100.00	78,928	2,568	2,568
Sitronix Investment Corp.	Sensortek Technology Corp.	Taiwan	R&D, design and sales of sensor integrated circuit products	10	10	2	-	240	1,661,349	78
	INFSitronix Technology Corp.	Taiwan	Comprehensive line of Power supervisor IC design	10	10	-	-	2	28,574	-

Note : Foreign currencies is converted into NTD using the exchange rates of the US dollar to NTD on December 31, 2021.

TABLE 7

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital (Foreign Currencies in Thousands)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021 (Foreign Currencies in Thousands)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (Foreign Currencies in Thousands)	Net Income (Loss) of the Investee	% Ownership for Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward (Foreign Currencies in Thousands)	Inward						
Sitronix Technology (Shenzhen) Co., Ltd.	Computer software and hardware development, sales and after-sales service business and related technical consulting services	\$ 11,072 (USD 400)	Note 1	\$ 11,072 (USD 400)	\$ -	\$ -	\$ 11,072 (USD 400)	\$ 3,038	100	\$ 3,038	\$ 22,189	\$ 10,237
HeFei ezGreen Co., Ltd.	Design, sales and technical services of Supplier management software development	21,720 (CNY 5,000)	Note 4	21,720 (CNY 5,000)	-	-	21,720 (CNY 5,000)	(7,183)	100	(7,183)	5,982	-
HeFei Sitronix Co., Ltd.	R&D, design, sales and technical services of integrated circuits and system hardware and software	108,600 (CNY 25,000)	Note 5	97,740 (CNY 22,500)	-	-	97,740 (CNY 22,500)	171,760	90	154,584	325,753	-
HeFei Sitronix Technology Co., Ltd.	R&D and sale of integrated circuits; R&D, service and sales of integrated circuits chip	130,320 (CNY 30,000)	Note 6	-	130,320 (CNY 30,000)	-	130,320 (CNY 30,000)	38	100	38	130,358	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021 (Foreign Currencies in Thousands)	Investment Amount Authorized by the Investment Commission, MOEA (Foreign Currencies in Thousands)	Upper Limit on the Amounts of Investment Stipulated by Investment Commission, MOEA
\$ 251,334 (US\$ 9,080)	\$ 363,079 (US\$ 13,117)	\$7,053,105

Note 1: Direct Investment, as of December 31, 2021, the total investment amount approved by the Investment Commission, MOEA, is US\$400 thousand, and the investment amount of US\$400 thousand has been remitted.

Note 2: Foreign currencies are converted into NTD using the exchange rates of the US dollar and CNY to NTD on December 31, 2021.

Note 3: According to the Investment Commission, MOEA, 60% of the net value of investments in mainland China is set.

Note 4: Direct Investment, as of December 31, 2021, the total investment amount approved by the Investment Commission, MOEA, is CNY10,000 thousand, and the investment amount of CNY5,000 thousand has been remitted.

Note 5: Direct Investment, as of December 31, 2021, the total investment amount approved by the Investment Commission, MOEA, is CNY45,000 thousand, and the investment amount of CNY22,500 thousand has been remitted.

Note 6: Direct Investment, as of December 31, 2021, the total investment amount approved by the Investment Commission, MOEA, is CNY30,000 thousand, and the investment amount of CNY30,000 thousand has been remitted.

TABLE 8

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Transaction Type	Total Operating Expenses		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
The Company	Sitronix Technology (Shenzhen) Co., Ltd.	Professional service fees	\$ 134,867	5	Calculated based on the contract	Calculated based on the contract	No related similar transactions to follow	\$ -	-	\$ -	-

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
Sitronix Technology Corporation

Opinion

We have audited the accompanying financial statements of Sitronix Technology Corporation (the Company), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its 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 auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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.

Emphasis of Matter

As disclosed in Notes 1 and 12, Sitronix Technology Corp. carried out an organizational restructuring of the Group in accordance with the Business Mergers And Acquisition Act on June 1, 2021, and spun off the automotive business division to its subsidiary, Forcelead Technology Corp., which issued new ordinary shares as consideration for the transfer. The aforementioned transaction is a business reorganization under common control, and Sitronix Technology Corp. should split the business from the beginning and the comparative financial statements of Sitronix Technology Corp. should be retrospectively restated. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Company's parent company only financial statements for the year ended December 31, 2021 are stated as follows:

Recognition of sales revenue

The Company's main source of revenue comes from the sale of goods. For the year ended December 31, 2021, the revenue recognized was NT\$12,570,005 thousand, please refer to Notes 4 and 22 for information on the accounting policies of revenue recognition. Such revenue is recognized when the goods are transferred to the customer and the performance obligations are met. The revenue recognition process is that after receiving customers' order and checking the transaction conditions, the business unit creates a manufacturing notice in the system, and enters into the production schedule after obtaining the approval from the supervisor. As soon as the production is completed, the production unit would issue packing lists and invoices from the system, the Company would obtain signed packing list or the bill of lading from the shipping companies when those shipping companies pick up the goods, then the system would check the shipping-related information, to generate the sales details. The accounting officers would recognize sales revenue according to the sales details.

We have assessed that the customers of the Company whose revenue had changed significantly for 2020 to be subject to the risk of validity of revenue recognition. Therefore, in order to confirm the validity of the Company's revenue recognition, we performed the following audit procedures on the sales transactions of these customers:

1. We understood the internal controls over revenue recognition, evaluated the design of the key controls, determined whether the controls have been implemented and tested the operating effectiveness of the controls.
2. We sampled and inspected whether an original purchase order existed for each sale and was approved appropriately.
3. We inspected product names and quantities on notifications of manufacturing, invoices and goods receipt and inspected the amounts to ensure they were consistent.
4. We inspected the reasonableness of collection of accounts receivable and whether the collection amounts and counterparties were consistent with the revenue recognized.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 auditing standards generally accepted in 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 financial statements.

As part of an audit in accordance with the auditing standards generally accepted in 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the 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 financial statements for the year ended December 31, 2021 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 Cheng Chih Lin and Yu Feng Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2022

Notice to Readers

The accompanying 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 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 financial statements shall prevail.

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021		2020	
	Amount	%	Amount (Audited after Restatement)	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 29)	\$ 4,186,154	26	\$ 1,682,165	19
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 29)	297,258	2	256,741	3
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 29)	327,380	2	315,311	3
Financial assets at amortized cost - current (Notes 4, 9, 29 and 31)	1,588,226	10	83,004	1
Notes receivables and trade receivables (Notes 4, 10, 22 and 29)	1,141,792	7	697,813	8
Notes receivables and trade receivables from related parties (Notes 4, 22, 29 and 30)	28,891	-	12,832	-
Other receivables (Notes 4, 10 and 29)	79,320	-	61,681	1
Other receivables from related parties (Notes 4, 29 and 30)	27,018	-	62,884	1
Inventories (Notes 4, 5 and 11)	798,822	5	759,766	8
Prepayments (Notes 17 and 30)	103,312	1	77,706	1
Other current assets (Notes 4 and 29)	<u>5,533</u>	<u>-</u>	<u>6,503</u>	<u>-</u>
Total current assets	<u>8,583,706</u>	<u>53</u>	<u>4,016,406</u>	<u>45</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 29)	88,241	1	7,036	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 29)	476,394	3	304,916	3
Financial assets at amortized cost - non-current (Notes 4, 9 and 29)	28,019	-	58,534	1
Investment accounted for using the equity method (Notes 4, 12, 26 and 30)	5,043,853	31	3,550,155	40
Property, plant and equipment (Notes 4, 13 and 30)	390,531	3	402,314	5
Right-of-use assets (Notes 4, 14 and 30)	104,192	1	16,515	-
Investment properties (Notes 4 and 15)	459,928	3	467,787	5
Intangible assets (Notes 4 and 16)	21,520	-	18,002	-
Deferred tax assets - non-current (Notes 4 and 24)	12,993	-	15,214	-
Other non-current assets (Notes 4, 17, 29 and 32)	<u>861,145</u>	<u>5</u>	<u>39,481</u>	<u>1</u>
Total non-current assets	<u>7,486,816</u>	<u>47</u>	<u>4,879,954</u>	<u>55</u>
TOTAL	<u>\$ 16,070,522</u>	<u>100</u>	<u>\$ 8,896,360</u>	<u>100</u>

	2021		2020	
	Amount	%	Amount (Audited after Restatement)	%
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 18, 27 and 29)	\$ -	-	\$ 247,776	3
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 29)	1,228	-	4,390	-
Trade payables (Note 29)	1,039,587	7	794,423	9
Payables to related parties (Notes 29 and 30)	489,488	3	157,122	2
Accrued profit sharing bonus to employees' compensation and remuneration of directors (Note 23)	635,637	4	161,683	2
Other payables (Notes 19 and 29)	1,071,351	7	507,525	5
Other payables to related parties (Notes 29 and 30)	6,951	-	8,167	-
Current tax liabilities (Notes 4 and 24)	775,760	5	180,075	2
Lease liabilities - current (Notes 4, 14, 27, 29 and 30)	24,052	-	13,163	-
Other current liabilities (Notes 19, 22 and 29)	<u>66,622</u>	<u>-</u>	<u>74,224</u>	<u>1</u>
Total current liabilities	<u>4,110,676</u>	<u>26</u>	<u>2,148,548</u>	<u>24</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 24)	10,706	-	6,850	-
Lease liabilities - non-current (Notes 4, 14, 27, 29 and 30)	80,613	1	2,409	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	38,277	-	44,877	-
Other non-current liabilities (Notes 27, 29, 30 and 32)	<u>75,075</u>	<u>-</u>	<u>52,538</u>	<u>1</u>
Total non-current liabilities	<u>204,671</u>	<u>1</u>	<u>106,674</u>	<u>1</u>
Total liabilities	<u>4,315,347</u>	<u>27</u>	<u>2,255,222</u>	<u>25</u>
EQUITY (Notes 4, 21, 26)				
Share capital				
Ordinary shares	<u>1,201,369</u>	<u>7</u>	<u>1,201,369</u>	<u>13</u>
Capital surplus	<u>1,610,911</u>	<u>10</u>	<u>1,662,839</u>	<u>19</u>
Retained earnings				
Legal reserve	1,200,307	8	1,082,588	12
Special reserve	180,223	1	77,526	1
Unappropriated earnings	<u>7,699,611</u>	<u>48</u>	<u>2,805,919</u>	<u>32</u>
Total retained earnings	<u>9,080,141</u>	<u>57</u>	<u>3,966,033</u>	<u>45</u>
Other equity				
Exchange differences on translating the financial statement of foreign operations	(14,086)	-	(10,444)	-
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	<u>(91,377)</u>	<u>(1)</u>	<u>(169,780)</u>	<u>(2)</u>
Total other equity	<u>(105,463)</u>	<u>(1)</u>	<u>(180,224)</u>	<u>(2)</u>
Treasury shares	<u>(31,783)</u>	<u>-</u>	<u>(8,879)</u>	<u>-</u>
Total equity	<u>11,755,175</u>	<u>73</u>	<u>6,641,138</u>	<u>75</u>
TOTAL	<u>\$ 16,070,522</u>	<u>100</u>	<u>\$ 8,896,360</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 17, 2022)

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount (Audited after Restatement)	%
NET REVENUE (Notes 4, 22 and 30)	\$ 12,570,005	100	\$ 6,796,970	100
OPERATING COSTS (Notes 4, 11, 23 and 30)	<u>5,677,518</u>	<u>45</u>	<u>5,031,260</u>	<u>74</u>
GROSS PROFIT	<u>6,892,487</u>	<u>55</u>	<u>1,765,710</u>	<u>26</u>
OPERATING EXPENSES (Notes 4, 20, 23 and 30)				
Selling and marketing expenses	264,838	2	143,985	2
General and administrative expenses	444,304	4	243,807	3
Research and development expenses	<u>1,732,658</u>	<u>14</u>	<u>939,976</u>	<u>14</u>
Total operating expenses	<u>2,441,800</u>	<u>20</u>	<u>1,327,768</u>	<u>19</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 4, 23 and 30)	<u>6,156</u>	<u>-</u>	<u>93,172</u>	<u>1</u>
INCOME FROM OPERATIONS	<u>4,456,843</u>	<u>35</u>	<u>531,114</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES(Notes 4, 12, 23, 30)				
Interest incomes	17,803	-	13,177	-
Other incomes	71,870	1	52,820	1
Other gains and losses	52,324	-	68,709	1
Finance costs	(2,289)	-	(4,286)	-
Share of profit of subsidiaries	<u>2,089,618</u>	<u>17</u>	<u>845,180</u>	<u>12</u>
Total non-operating income and expenses	<u>2,229,326</u>	<u>18</u>	<u>975,600</u>	<u>14</u>
INCOME BEFORE INCOME TAX	6,686,169	53	1,506,714	22
INCOME TAX EXPENSE (Notes 4 and 24)	<u>680,409</u>	<u>5</u>	<u>121,896</u>	<u>1</u>
NET INCOME FOR THE YEAR	<u>6,005,760</u>	<u>48</u>	<u>1,384,818</u>	<u>21</u>

(Continued)

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount (Audited after Restatement)	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 4, 20 and 21)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	\$ 4,358	-	\$ (2,836)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	46,339	-	(107,406)	(2)
Share of the other comprehensive income (loss) of subsidiaries accounted for using the equity method	37,622	-	(85,167)	(1)
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating the financial statements of foreign operations	(3,642)	-	(756)	-
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	1,283	-	(529)	-
Share of the other comprehensive income of subsidiaries accounted for using the equity method	<u>(1,825)</u>	<u>-</u>	<u>2,377</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>84,135</u>	<u>-</u>	<u>(194,317)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 6,089,895</u>	<u>48</u>	<u>\$ 1,190,501</u>	<u>18</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 50.03</u>		<u>\$ 11.53</u>	
Diluted	<u>\$ 49.29</u>		<u>\$ 11.44</u>	

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

(With Deloitte & Touche auditors' report dated March 17, 2022)

(Concluded)

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Share Capital (Notes 4 and 21)		Capital Surplus (Notes 21 and 26)	Retained Earnings (Note 21)			Other Equity (Notes 4 and 21)		Treasury Share (Note 21)	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2020	120,137	\$ 1,201,369	\$ 772,321	\$ 959,529	\$ 251,947	\$ 2,358,260	\$ (9,688)	\$ (67,838)	\$ -	\$ 5,465,900
Appropriation of 2019 earnings										
Legal reserve	-	-	-	123,059	-	(123,059)	-	-	-	-
Special reserve	-	-	-	-	(174,421)	174,421	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(780,890)	-	-	-	(780,890)
The Company's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	(8,879)	(8,879)
Other changes in capital surplus										
Actual acquisition or disposal of interests in subsidiaries	-	-	-	-	-	(116,012)	-	-	-	(116,012)
Changes in percentage of ownership interests in subsidiaries	-	-	890,518	-	-	-	-	-	-	890,518
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(88,783)	-	88,783	-	-
Net income for the year ended December 31, 2020	-	-	-	-	-	1,384,818	-	-	-	1,384,818
Other comprehensive income (loss) for year ended December 31, 2020, net of income tax	-	-	-	-	-	(2,836)	(756)	(190,725)	-	(194,317)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	1,381,982	(756)	(190,725)	-	1,190,501
BALANCE AT DECEMBER 31, 2020	120,137	1,201,369	1,662,839	1,082,588	77,526	2,805,919	(10,444)	(169,780)	(8,879)	6,641,138
Appropriation of 2020 earnings										
Legal reserve	-	-	-	117,719	-	(117,719)	-	-	-	-
Special reserve	-	-	-	-	102,697	(102,697)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(901,026)	-	-	-	(901,026)
The Company's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	(22,904)	(22,904)
Other changes in capital surplus										
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	1,658	-	-	-	-	-	-	1,658
Changes in percentage of ownership interests in subsidiaries	-	-	(53,586)	-	-	-	-	-	-	(53,586)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	5,016	-	(5,016)	-	-
Net income for the year ended December 31, 2021	-	-	-	-	-	6,005,760	-	-	-	6,005,760
Other comprehensive income (loss) for year ended December 31, 2021, net of income tax	-	-	-	-	-	4,358	(3,642)	83,419	-	84,135
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	6,010,118	(3,642)	83,419	-	6,089,895
BALANCE AT DECEMBER 31, 2021	120,137	\$ 1,201,369	\$ 1,610,911	\$ 1,200,307	\$ 180,223	\$ 7,699,611	\$ (14,086)	\$ (91,377)	\$ (31,783)	\$ 11,755,175

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

(With Deloitte & Touche auditors’ report dated March 17, 2022)

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020 (Audited after Restatement)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 6,686,169	\$ 1,506,714
Adjustments for:		
Depreciation expense	120,360	136,073
Amortization expense	20,903	21,808
Net gain on fair value changes of financial assets at fair value through profit or loss	(72,918)	(92,891)
Finance costs	2,289	4,286
Interest income	(17,803)	(13,177)
Dividend income	(15,411)	(6,701)
Compensation cost of share-based payment	2,580	-
Share of profits of subsidiaries	(2,089,618)	(845,180)
Gain on disposal of property, plant and equipment	(4,874)	(29,038)
Gain on disposal of investment properties	-	(62,396)
Loss on disposal of financial assets	1,797	-
Write-down of inventories	19,790	48,512
Unrealized net loss on foreign currency exchange	21,166	41,326
Gain on modification of lease agreements	-	(10)
Deferred other income	(17,646)	(2,623)
Changes in operating assets and liabilities		
Notes receivable and trade receivables	(449,061)	72,431
Receivables from related parties	(16,072)	3,363
Other receivables	(4,282)	(6,941)
Other receivables from related parties	(704)	(5,679)
Inventories	(58,846)	132,073
Prepayments	(305,126)	7,768
Other current assets	970	(2,872)
Trade payables	252,704	(332,828)
Payables to related parties	334,574	(26,709)
Other payables	549,926	178,718
Other payables to related parties	(1,216)	(314)
Other current liabilities	(7,602)	48,102
Net defined benefit liabilities	(2,242)	(4,605)
Accrued profit sharing bonus to employees' compensation and remuneration of directors	473,954	18,654
Cash generated from operations	5,423,761	787,864
Interest received	14,604	13,544
Interest paid	(1,421)	(4,127)
Income tax paid	(78,647)	(54,772)
Net cash generated from operating activities	5,358,297	742,509
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(136,284)	(150,216)
Disposal of financial assets at fair value through other comprehensive income	28,562	166,509
Purchase of financial assets measured at amortized cost	(2,210,721)	(434,900)
Proceeds from the return of principle of financial assets at amortized cost	736,925	469,826

(Continued)

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020 (Audited after Restatement)
Purchase of financial assets at fair value through profit or loss	\$ (238,893)	\$ (381,154)
Proceeds from sale of financial assets at fair value through profit or loss	176,861	366,571
Acquisition of subsidiaries	(261,161)	(287,447)
Increase in prepayments for investment	-	(30,000)
Disposal of subsidiaries	-	60,380
Proceeds from capital reduction of subsidiary	180,000	-
Payments for property, plant and equipment	(84,173)	(104,076)
Proceeds from disposal of property, plant and equipment	10,010	30,744
Increase in refundable deposits	(563,074)	(33)
Decrease in refundable deposits	20	916
Decrease in other receivable from related parties	36,831	9,547
Payment of intangible assets	(19,217)	(7,916)
Proceeds from disposal of investment properties	-	113,710
Dividends received	658,338	557,765
Disposal of expertise	<u>6,543</u>	<u>78,691</u>
Net cash (used in) generated from investing activities	<u>(1,679,433)</u>	<u>458,917</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,903,150	3,828,791
Repayments of short-term borrowings	(2,151,100)	(3,864,445)
Proceeds from guarantee deposits received	43,853	24,189
Repayments of guarantee deposits	(21,881)	(6,097)
Repayment of the principal portion of lease liabilities	(25,002)	(24,516)
Cash dividends distributed	(901,026)	(780,890)
Net cash inflow on disposal of subsidiaries	<u>-</u>	<u>19,422</u>
Net cash used in financing activities	<u>(1,152,006)</u>	<u>(803,546)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(22,869)</u>	<u>(32,743)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,503,989	365,137
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,682,165</u>	<u>1,317,028</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>\$ 4,186,154</u></u>	<u><u>\$ 1,682,165</u></u>

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

(With Deloitte & Touche auditors' report dated March 17, 2022)

(Concluded)

SITRONIX TECHNOLOGY CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sitronix Technology Corporation (the Company) was incorporated in Taipei City, Taiwan (R.O.C.) in July 1992 and commenced operations in the same year. The principal place of business is located in Tai Yuen Hi-Tech Industrial Park, Hsinchu County. The Company operates principally as a designer, manufacturer and supplier of integrated circuits (ICs) and memory chips and focuses on display driver ICs (DDIs) for entry-level mobile phones, industrial displays and automotive systems.

The Company's shares have been listed on the Taiwan Stock Exchange (TWSE) since December 25, 2003.

In order to improve the Company's overall operating performance and market increase competitiveness, the Company reorganized the Group's structure, carried out a professional division of labor and coordinated the allocation of the Group's resources. On March 18, 2021, according to the Business Mergers And Acquisitions Act and the Company Act, the Company's board of directors resolved to spin off the automotive business division to the Company's subsidiary, Forcelead Technology Corp., which issued new ordinary shares as consideration for the transfer. The spin-off completion date is June 1, 2021. The aforementioned transaction is a business reorganization under common control, and the Company should split the business from the beginning and the comparative financial statements of the Company should be retrospectively restated.

The parent company only financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company's board of directors and authorized for issue on March 17, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies:

- 1) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"

The Company elected to apply the practical expedient provided in the amendments to deal with the changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities resulting from the interest rate benchmark reform. The changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

2) Amendment to IFRS 16 “Covid-19 - Related Rent Concessions beyond 30 June 2021”

The Company elected to apply the amendment that extends the availability of the practical expedient to lease payments due on or before June 30, 2022. Refer to Note 4 for the relevant accounting policies of the practical expedient.

The Company applies the amendment from January 1, 2021.

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

1) Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 “Financial Instruments”, were amended in the annual improvements. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

2) Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 “Levies” to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

3) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Company shall restate its comparative information when it initially applies the aforementioned amendments.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Company loses control of a subsidiary that contains

a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Company sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company's interest as an unrelated investor in the associate or joint venture, i.e., the Company's share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company's interest as an unrelated investor in the associate or joint venture, i.e., the Company's share of the gain or loss is eliminated.

2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

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

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Company chose the accounting policy from options permitted by the standards;

- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
 - d) The accounting policy relates to an area for which the Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company discloses those judgements or assumptions; or
 - e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.
- 4) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

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

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Company will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and recognize the cumulative effect of initial application in retained earnings at that date. The Company will apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the parent company only financial statements, the Company accounted for subsidiaries and associates by using the equity method. In order for the amount of net income, other comprehensive income and equity in the parent company only financial statements to agree with the amount attributable to shareholders of the parent in the consolidated financial statements, the difference in the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using the equity method, share of profits of subsidiaries and share of other comprehensive income of subsidiary in the parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the parent company only financial statements transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and

losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

e. Inventories

Inventories consist of raw materials, work in progress, finished goods and merchandise, and are stated at the lower of cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiaries are the entities controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the entire financial statements of the invested company. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially stated at cost and subsequently stated at cost less recognized accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

Investment properties is transferred to property, plant and equipment at the carrying amount on the day when the supply for self-use begins.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use assets, investment properties, intangible assets and assets related to contract costs

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

a) Measurement category

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, investments in debt instruments at FVTOCI and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets measured at FVTPL include financial assets mandatorily measured as at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, accounts receivable, other receivables measured at amortized cost, time deposits with original maturities of over 3 months, pledged fixed deposits, and refundable deposits) and are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

A credit-impaired financial asset is one where the issuer or debtor has experienced significant financial difficulties, defaults, the debtor is likely to file for bankruptcy or other financial reorganization, or the active market for the financial asset has disappeared due to financial difficulties.

Cash equivalents include short-term investments or time deposits with original maturities of three months or less, which are highly liquid, readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends are recognized in profit and loss when the Company's right to receive the dividends is established, unless they clearly represent a recovery of part of the cost of the investment, in which case, they are included in OCI.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and, investments in debt instruments that are measured at FVTOCI.

The Company always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another party.

Derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Company are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss.

Fair value is determined in the manner described in Note 29.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including cross currency swaps and foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 "Financial instruments" are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

1. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Sale of goods

Revenue from the sale of goods comes from sales of integrated circuits. Sales of integrated circuits are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Rendering of services

Service income is recognized when services are provided.

m. Leasing

At the inception of a contract, the Company assesses whether the contract is, or contain a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying the recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in the lease terms, the Company remeasures the lease liabilities

with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

n. Borrowing costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represents the actual deficit in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Act, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused tax credits for purchases of machinery, equipment and technology, research and development expenditures and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Write-down of inventories

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value was based on current market conditions and the historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Bank deposits	\$ 2,744,944	\$ 626,366
Cash on hand	142	143
Cash equivalents	<u>1,441,068</u>	<u>1,055,656</u>
	<u>\$ 4,186,154</u>	<u>\$ 1,682,165</u>

The market rate intervals of bank deposits and cash equivalents at the end of the reporting period were as follows:

	December 31	
	2021	2020
Bank deposits	0.001%-1.40%	0.001%-0.45%
Cash equivalents	0.25%-2.50%	0.23%-0.60%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<u>Financial assets at FVTPL - current</u>		
Mandatorily measured at FVTPL		
Derivative financial assets		
Credit linked notes - linked with convertible bonds	\$ 60,008	\$ 33,323
Foreign exchange forward contracts (a)	24,558	24,483
Non-derivative financial assets		
Domestic mutual funds investment	169,857	153,744
Convertible bonds	42,326	45,191
Domestic listed shares	<u>509</u>	<u>-</u>
	<u>\$ 297,258</u>	<u>\$ 256,741</u>

Financial assets at FVTPL - non-current

Mandatorily measured at FVTPL		
Derivative financial assets		
Credit linked notes - linked with convertible bonds	\$ 70,174	\$ 7,036
Non-derivative financial assets		
Limited partnership	<u>18,067</u>	<u>-</u>
	<u>\$ 88,241</u>	<u>\$ 7,036</u>

Financial liabilities at FVTPL - current

Derivative financial liabilities		
Foreign exchange forward contracts (a)	<u>\$ 1,228</u>	<u>\$ 4,390</u>

- a. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2021</u>			
Sell forward exchange contracts	USD/NTD	2022.1.20-2022.12.21	US\$48,000/NT\$1,330,770
Buy forward exchange contracts	NTD/USD	2022.01.18-2022.12.19	NT\$1,307,440/US\$48,000
<u>December 31, 2020</u>			
Sell forward exchange contracts	USD/NTD	2021.01.08-2021.03.24	US\$42,000/NT\$1,194,603
Buy forward exchange contracts	NTD/USD	2021.01.06-2021.03.22	NT\$1,174,510/US\$42,000

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2021	2020
<u>Current</u>		
Investments in equity instruments at FVTOCI	\$ 327,380	\$ 300,935
Investments in debt instruments at FVTOCI	<u>-</u>	<u>14,376</u>
	<u>\$ 327,380</u>	<u>\$ 315,311</u>
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	<u>\$ 476,394</u>	<u>\$ 304,916</u>

- a. Investments in equity instruments at FVTOCI

	<u>December 31</u>	
	2021	2020
<u>Current</u>		
Domestic investments		
Listed shares (1) and (2)	\$ 287,235	\$ 264,088
Foreign investments		
Listed shares (1) and (2)	<u>40,145</u>	<u>36,847</u>
	<u>\$ 327,380</u>	<u>\$ 300,935</u>

(Continued)

	December 31	
	2021	2020
<u>Non-current</u>		
Foreign investments		
Unlisted equity investments (1)	\$ 298,939	\$ 267,431
Domestic investments		
Unlisted equity investments (1) and (5)	<u>177,455</u>	<u>37,485</u>
	<u>\$ 476,394</u>	<u>\$ 304,916</u>
		(Concluded)

- 1) These investments in equity instruments are not held for trading. Instead, they are held for strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for purposes.
- 2) In 2021 and 2020, the Company acquired domestic listed companies' shares of listed companies at \$36,284 thousand and \$150,216 thousand for strategic investment purposes. The management designated these investments as at FVTOCI.
- 3) In order to manage credit concentration risk, the Company sold its ordinary shares of domestic listed companies in 2021 in the amounts of NT\$14,700 thousand; and transferred a gain of \$5,016 thousand from other equity to retained earnings.
- 4) In order to manage credit concentration risk, the Company sold its ordinary shares of domestic listed companies and ordinary shares of foreign unlisted companies in 2020 in the amounts of NT\$141,913 thousand and NT\$24,596 thousand, respectively; and transferred a loss of \$(88,783) thousand from other equity to retained earnings.
- 5) During 2021 and 2020, the Company purchased domestic unlisted equity investments at NT\$130,000 thousand and NT\$30,000 thousand, respectively, for strategic investment purposes. The management designated this investment as at FVTOCI, and the Company prepaid both NT\$30,000 thousand for the investment as of December 31, 2020 and 2019.
- 6) Dividends of \$15,411 thousand and \$6,701 thousand were recognized for the years ended December 31, 2021 and 2020, respectively. Those related to investments held at December 31, 2021 and 2020 were \$15,411 thousand and \$6,701 thousand, respectively.

b. Investments in debt instruments at FVTOCI

	December 31	
	2021	2020
<u>Current</u>		
Foreign corporate bonds	\$ <u>-</u>	\$ <u>14,376</u>

In September 2016, the Company purchased foreign corporate bonds for \$15,654 thousand with a maturity date of September 2021 and a coupon rate of 2.25%. The bond has been matured in September, 2021 and the repayment of principal were received.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months (a)	\$ 1,559,000	\$ 53,900
Pledged fixed deposits (b)	<u>29,226</u>	<u>29,104</u>
	<u>\$ 1,588,226</u>	<u>\$ 83,004</u>
<u>Non-current</u>		
Foreign investments		
Foreign corporate bonds (c)	\$ 28,019	\$ 28,923
Domestic investments		
Restricted bank deposits (d)	<u>-</u>	<u>29,611</u>
	<u>\$ 28,019</u>	<u>\$ 58,534</u>

- a. The interest rates for time deposits with original maturities of more than 3 months ranged from 0.59%-0.80% and 0.77% per annum as of December 31, 2021 and 2020, respectively.
- b. Refer to Notes 31 for information relating to investments in financial assets at amortized cost pledged as security.
- c. The Company purchased the priority unsecured US dollar debt issued by Formosa Group (Cayman) Limited at \$32,675 thousand, with an expiry date of April 22, 2025 and the coupon rate of 3.375%.
- d. In accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act, the Company applied to the authorities to remit the earnings of foreign subsidiaries to a special bank account. As the aforementioned act restricts the use of deposits in the special account, the management recognized the deposits in the special account as financial assets at amortized cost - non-current.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2021	2020
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ -	\$ 4,274
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 4,274</u>

(Continued)

	December 31	
	2021	2020
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,159,641	\$ 711,388
Less: Allowance for impairment loss	<u>(17,849)</u>	<u>(17,849)</u>
	<u>\$ 1,141,792</u>	<u>\$ 693,539</u>
<u>Other receivables</u>		
Income tax refund receivable	\$ 64,492	\$ 59,906
Others	<u>14,828</u>	<u>1,775</u>
	<u>\$ 79,320</u>	<u>\$ 61,681</u>

(Concluded)

The credit period of sales of goods was 10-115 days. No interest was charged on trade receivables. The Company adopted a policy of obtaining advance payment or sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information or its own historical trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Company annually.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix:

December 31, 2021

	Not Past Due	Up to 60 Days	61 to 90 Days	Over 90 Days	Total
Gross carrying amount	\$ 1,155,464	\$ -	\$ -	\$ 4,177	\$ 1,159,641
Loss allowance (Lifetime ECLs)	<u>(13,672)</u>	<u>-</u>	<u>-</u>	<u>(4,177)</u>	<u>(17,849)</u>
Amortized cost	<u>\$ 1,141,792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,141,792</u>

December 31, 2020

	Not Past Due	Up to 60 Days	61 to 90 Days	Over 90 Days	Total
Gross carrying amount	\$ 706,447	\$ 3	\$ -	\$ 4,938	\$ 711,388
Loss allowance (Lifetime ECLs)	<u>(12,908)</u>	<u>(3)</u>	<u>-</u>	<u>(4,938)</u>	<u>(17,849)</u>
Amortized cost	<u>\$ 693,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 693,539</u>

The movements of the loss allowance of trade receivables were as follows:

	2021	2020
Balance at January 1, and December 31	<u>\$ 17,849</u>	<u>\$ 17,849</u>

Compared with January 1, 2021, the total carrying amount of accounts receivable as of December 31, 2021 increased by a net amount of \$448,253 thousand, and the loss allowance did not decrease. The total amount of accounts receivable as of December 31, 2020 decreased by a net amount of \$54,730 thousand and the loss allowance did not decrease, which was due to the changes in accounts receivable of different risk groups.

11. INVENTORIES

	<u>December 31</u>	
	2021	2020
Finished goods	\$ 378,808	\$ 333,922
Work in progress	377,992	366,904
Raw materials	42,022	58,918
Merchandise	<u>-</u>	<u>22</u>
	<u>\$ 798,822</u>	<u>\$ 759,766</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$5,677,518 thousand and \$5,031,260 thousand, respectively.

The cost of goods sold included inventory write-downs of \$19,790 thousand and \$48,512 thousand for the years ended December 31, 2021 and 2020, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	2021	2020
<u>Investments in subsidiaries</u>		
Sensortek Technology Corp.	\$ 2,266,894	\$ 2,009,211
Forcelead Technology Corp.	1,391,629	673,539
Sitronix Investment Corp.	291,165	266,799
HeFei Sitronix Co., Ltd.	325,753	171,956
Sitronix Technology (Belize) Corp.	-	-
mCore Technology Corp.	129,510	119,246
Sync-Tech System Corp.	283,566	142,340
		(Continued)

	December 31	
	2021	2020
Sitronix Holding International Ltd.	\$ 78,928	\$ 79,262
INFSitronix Technology Corp.	80,145	30,938
Sitronix Technology (Shenzhen) Co., Ltd.	22,189	19,308
HeFei Sitronix Technology Co., Ltd.	130,358	-
ezGreen Inc.	37,734	24,294
HeFei ezGreen Co., Ltd.	<u>5,982</u>	<u>13,262</u>
	<u>\$ 5,043,853</u>	<u>\$ 3,550,155</u>
		(Concluded)

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Subsidiaries	2021	2020
Sensortek Technology Corp.	46.06%	46.06%
Forcelead Technology Corp.	83.48%	100.00%
Sitronix Investment Corp.	100.00%	100.00%
HeFei Sitronix Co., Ltd.	90.00%	90.00%
Sitronix Technology (Belize) Corp.	-	100.00%
mCore Technology Corp.	90.73%	90.73%
Sync-Tech System Corp.	45.73%	48.75%
Sitronix Holding International Ltd.	100.00%	100.00%
INFSitronix Technology Corp.	58.42%	63.99%
Sitronix Technology (Shenzhen) Co., Ltd.	100.00%	100.00%
HeFei Sitronix Technology Co., Ltd.	100.00%	-
ezGreen Inc.	100.00%	100.00%
HeFei ezGreen Co., Ltd.	100.00%	100.00%

For the purpose of organizational restructuring and professional division of labor, the Company spun off the automotive business division to its subsidiary, Forcelead Technology Corp. on June 1, 2021. The subsidiary is mainly engaged in the R&D and sale of multi-functional integrated automotive display driver ICs. The aforementioned transaction is a business reorganization under common control, and the Company should split the business from the beginning and the comparative financial statements of the Company should be retrospectively restated.

As of December 31, 2021, the Company's shareholding ratio of Sensortek Technology Corp. was 46.06%. Since Sensortek Technology Corp. is a TPEx listed company in the Republic of China, the remaining 53.94% of the shares held are widely dispersed. After considering the absolute number, relative size and distribution of shareholding held by the other shareholders, the Company was judged to have the substantive ability to dominate the relevant activities of Sensortek Technology Corp., therefore, it is classified as a subsidiary.

As of December 31, 2021, the Company's shareholding ratio of Sync-Tech System Corp. was 45.73%, and was the largest single shareholder of the latter. After considering the absolute number, relative size and distribution of shareholding held by the other shareholders, the Company was judged to have the substantive ability to dominate the relevant activities of Sync-Tech System Corp., therefore, it is classified as a subsidiary.

On February 25, 2021, the Company received the letter of approval from MOEAIC for the liquidation and dissolution of Belize Corp. and Mauritius Corp., and also received the liquidation certificates from the local government of each jurisdiction.

The Company invested CNY30,000 thousand to establish HeFei Sitronix Technology Co., Ltd. on October 18, 2021, with a shareholding ratio of 100.00%.

Please refer to Note 26 for the acquisitions and disposals of investments in subsidiaries.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Test Equipment	Office Equipment	Total
<u>Cost</u>						
Balance at January 1, 2020	\$ 67,674	\$ 269,031	\$ 48,237	\$ 377,999	\$ 4,071	\$ 767,012
Additions	-	90	10,230	105,148	43	115,511
Disposals	-	(63)	(2,958)	(89,272)	(1,024)	(93,317)
Balance at December 31, 2020	<u>\$ 67,674</u>	<u>\$ 269,058</u>	<u>\$ 55,509</u>	<u>\$ 393,875</u>	<u>\$ 3,090</u>	<u>\$ 789,206</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2020	\$ -	\$ 94,110	\$ 36,356	\$ 242,261	\$ 3,302	\$ 376,029
Additions	-	8,513	6,579	86,895	278	102,265
Disposals	-	(63)	(2,697)	(87,640)	(1,002)	(91,402)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 102,560</u>	<u>\$ 40,238</u>	<u>\$ 241,516</u>	<u>\$ 2,578</u>	<u>\$ 386,892</u>
Carrying amount at December 31, 2020	<u>\$ 67,674</u>	<u>\$ 166,498</u>	<u>\$ 15,271</u>	<u>\$ 152,359</u>	<u>\$ 512</u>	<u>\$ 402,314</u>
<u>Cost</u>						
Balance at January 1, 2021	\$ 67,674	\$ 269,058	\$ 55,509	\$ 393,875	\$ 3,090	\$ 789,206
Additions	-	41	3,526	76,609	192	80,368
Disposals	-	-	(1,565)	(41,224)	(84)	(42,873)
Balance at December 31, 2021	<u>\$ 67,674</u>	<u>\$ 269,099</u>	<u>\$ 57,470</u>	<u>\$ 429,260</u>	<u>\$ 3,198</u>	<u>\$ 826,701</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2021	\$ -	\$ 102,560	\$ 40,238	\$ 241,516	\$ 2,578	\$ 386,892
Additions	-	5,313	6,782	74,696	224	87,015
Disposals	-	-	(1,551)	(36,102)	(84)	(37,737)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 107,873</u>	<u>\$ 45,469</u>	<u>\$ 280,110</u>	<u>\$ 2,718</u>	<u>\$ 436,170</u>
Carrying amount at December 31, 2021	<u>\$ 67,674</u>	<u>\$ 161,226</u>	<u>\$ 12,001</u>	<u>\$ 149,150</u>	<u>\$ 480</u>	<u>\$ 390,531</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	50 years
Renovation construction / Lease improvement	5 years
Machinery equipment	3-4 years
Test equipment	3-6 years
Office equipment	5-6 years

14. LEASE ARRANGEMENT

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Buildings	\$ 102,577	\$ 13,032
Office equipment	<u>1,615</u>	<u>3,483</u>
	<u>\$ 104,192</u>	<u>\$ 16,515</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 113,163</u>	<u>\$ 3,687</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 23,618	\$ 23,814
Office equipment	1,868	1,810
Machinery	<u>-</u>	<u>325</u>
	<u>\$ 25,486</u>	<u>\$ 25,949</u>

Except for the additions and recognition of depreciation expenses listed above, there was no significant sublease or impairment of the Company's right-of-use assets in 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Current	<u>\$ 24,052</u>	<u>\$ 13,163</u>
Non-current	<u>\$ 80,613</u>	<u>\$ 2,409</u>
	December 31	
	2021	2020
Buildings	1.345%-1.595%	1.595%
Office equipment	-	1.595%
Machinery	1.345%-1.595%	1.204%-1.595%

c. Material lease activities and terms

The Company leases certain buildings for the use of plants and offices, rental cars, and machinery equipment with lease terms between 3-6 years. The Company leases machinery with a lease term of 5 years; however, due to the Company's business planning considerations, the lease of machinery was terminated in April 2020. The Company does not have bargain purchase or renewal options to acquire or renew the leases when they expire.

Machinery is leased from related parties, please refer to Note 30 'Transactions with related parties' for more information.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Notes 15.

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	\$ 559	\$ 451
Expenses relating to low-value asset leases	\$ 50	\$ 70
Total cash outflow for leases	\$ 25,611	\$ 25,037

The Company's leases of certain parking spaces qualify as short-term leases and leases of machinery qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 183,811	\$ 416,415	\$ 600,226
Disposals	<u>(38,951)</u>	<u>(16,888)</u>	<u>(55,839)</u>
Balance at December 31, 2020	<u>\$ 144,860</u>	<u>\$ 399,527</u>	<u>\$ 544,387</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2020	\$ -	\$ 73,266	\$ 73,266
Depreciation expense	-	7,859	7,859
Disposals	<u>-</u>	<u>(4,525)</u>	<u>(4,525)</u>
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 76,600</u>	<u>\$ 76,600</u>
Carrying amount at December 31, 2020	<u>\$ 144,860</u>	<u>\$ 322,927</u>	<u>\$ 467,787</u>
<u>Cost</u>			
Balance at January 1 and December 31, 2021	<u>\$ 144,860</u>	<u>\$ 399,527</u>	<u>\$ 544,387</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ -	\$ 76,600	\$ 76,600
Depreciation expense	<u>-</u>	<u>7,859</u>	<u>7,859</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 84,459</u>	<u>\$ 84,459</u>
Carrying amount at December 31, 2021	<u>\$ 144,860</u>	<u>\$ 315,068</u>	<u>\$ 459,928</u>

The above mentioned investment properties were leased out for 1 to 5 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The future minimum lease payments of operating lease commitments in 2021 and 2020 were follows:

	December 31	
	2021	2020
Year 1	\$ 18,273	\$ 21,242
Year 2	15,676	17,811
Year 3	<u>-</u>	<u>15,723</u>
	<u>\$ 33,949</u>	<u>\$ 54,776</u>

Investment properties are depreciated using the straight-line method over their estimated useful lives of 50 years.

The determination of fair values of the Company's investment properties was performed by independent qualified professional values of the China Real Estate Appraising Firm using Level 3 inputs. The evaluation is based on the cost method and the weighted average of the income method and the market comparison method. The significant unobservable input used include the discount rate, and the fair values as appraised are as follows:

	December 31	
	2021	2020
Fair value	<u>\$ 701,090</u>	<u>\$ 696,793</u>

All of the Company's investment properties were held under freehold interests.

16. INTANGIBLE ASSETS

	Royalty	Computer Software	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 80,360	\$ 60,498	\$ 140,858
Additions	<u>3,464</u>	<u>6,591</u>	<u>10,055</u>
Balance at December 31, 2020	<u>\$ 83,824</u>	<u>\$ 67,089</u>	<u>\$ 150,913</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2020	\$ 64,871	\$ 46,232	\$ 111,103
Amortization expenses	<u>11,371</u>	<u>10,437</u>	<u>21,808</u>
Balance at December 31, 2020	<u>\$ 76,242</u>	<u>\$ 56,669</u>	<u>\$ 132,911</u>
Carrying amount at December 31, 2020	<u>\$ 7,582</u>	<u>\$ 10,420</u>	<u>\$ 18,002</u>

(Continued)

	Royalty	Computer Software	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 83,824	\$ 67,089	\$ 150,913
Additions	1,302	23,119	24,421
Disposals	<u>-</u>	<u>(1,452)</u>	<u>(1,452)</u>
Balance at December 31, 2021	<u>\$ 85,126</u>	<u>\$ 88,756</u>	<u>\$ 173,882</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2021	\$ 76,242	\$ 56,669	\$ 132,911
Amortization expenses	6,866	14,037	20,903
Disposals	<u>-</u>	<u>(1,452)</u>	<u>(1,452)</u>
Balance at December 31, 2021	<u>\$ 83,108</u>	<u>\$ 69,254</u>	<u>\$ 152,362</u>
Carrying amount at December 31, 2021	<u>\$ 2,018</u>	<u>\$ 19,502</u>	<u>\$ 21,520</u> (Concluded)

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Royalty	2-8 years
Computer software	2-5 years

17. OTHER ASSETS

	December 31	
	2021	2020
<u>Other current assets</u>		
<u>Prepayments</u>		
Input tax and offset against business tax	\$ 56,966	\$ 37,891
Prepayments	35,005	29,625
Prepaid probe cards	<u>11,341</u>	<u>10,190</u>
	<u>\$ 103,312</u>	<u>\$ 77,706</u>
<u>Other non-current assets</u>		
Refundable deposits (a)	\$ 565,101	\$ 5,887
Prepayments for purchase (b)	279,520	-
Prepayments for equipment	16,524	3,594
Prepayments for investments	<u>-</u>	<u>30,000</u>
	<u>\$ 861,145</u>	<u>\$ 39,481</u>

- a. Please refer to Note 32 for details of the contract terms related to the long-term capacity guarantee agreements.
- b. The Company has signed long-term purchase agreements with fabs, and the prepayment has been made in advance according to the agreements, please refer to Note 32 for the details.

18. SHORT-TERM BORROWINGS

	December 31	
	2021	2020
<u>Short-term unsecured borrowings</u>		
Bank loans	\$ -	\$ 247,776

The range of weighted average effective interest rates on bank loans was 0.64% as of December 31, 2020.

19. OTHER LIABILITIES

	December 31	
	2021	2020
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 838,087	\$ 338,348
Payables for equipment	21,829	12,775
Payables for research	10,356	6,234
Others	<u>201,079</u>	<u>150,168</u>
	<u>\$ 1,071,351</u>	<u>\$ 507,525</u>
Other liabilities		
Contract liabilities	\$ 61,627	\$ 13,801
Temporary receipts	363	56,293
Others	<u>4,632</u>	<u>4,130</u>
	<u>\$ 66,622</u>	<u>\$ 74,224</u>

20. RETIREMENT BENEFIT PLANS

- a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

- b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring

committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts based on the actuarial report of the Company's defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 94,994	\$ 98,281
Fair value of the plan assets	<u>(56,717)</u>	<u>(53,404)</u>
Net defined benefit liabilities	<u>\$ 38,277</u>	<u>\$ 44,877</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2020	<u>\$ 95,776</u>	<u>\$ (49,130)</u>	<u>\$ 46,646</u>
Service cost			
Past service cost	(2,621)	-	(2,621)
Net interest expense (income)	<u>715</u>	<u>(374)</u>	<u>341</u>
Recognized in profit or loss	<u>(1,906)</u>	<u>(374)</u>	<u>(2,280)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,575)	(1,575)
Actuarial loss - change in demographic assumptions	532	-	532
Actuarial gain - change in financial assumptions	5,047	-	5,047
Actuarial gain - experience adjustments	<u>(1,168)</u>	<u>-</u>	<u>(1,168)</u>
Recognized in other comprehensive income	<u>4,411</u>	<u>(1,575)</u>	<u>2,836</u>
Contributions from the employer	<u>-</u>	<u>(2,325)</u>	<u>(2,325)</u>
Balance at December 31, 2020	<u>98,281</u>	<u>(53,404)</u>	<u>44,877</u>
Net interest expense (income)	<u>292</u>	<u>(162)</u>	<u>130</u>
Recognized in profit or loss	<u>292</u>	<u>(162)</u>	<u>130</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(779)	(779)
Actuarial loss - change in demographic assumptions	471	-	471
Actuarial gain - change in financial assumptions	(4,092)	-	(4,092)
Actuarial loss - experience adjustments	<u>42</u>	<u>-</u>	<u>42</u>
Recognized in other comprehensive income	<u>(3,579)</u>	<u>(779)</u>	<u>(4,358)</u>
Contributions from the employer	<u>-</u>	<u>(2,372)</u>	<u>(2,372)</u>
Balance at December 31, 2021	<u>\$ 94,994</u>	<u>\$ (56,717)</u>	<u>\$ 38,277</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2021	2020
Selling and marketing expenses	\$ 15	\$ 34
General and administrative expenses	32	(2,488)
Research and development expenses	<u>83</u>	<u>174</u>
	<u>\$ 130</u>	<u>\$ (2,280)</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	2020
Discount rate	0.70%	0.30%
Expected rate of salary increase	4.00%	4.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2021	2020
Discount rate		
0.25% increase	<u>\$ (2,470)</u>	<u>\$ (2,786)</u>
0.25% decrease	<u>\$ 2,564</u>	<u>\$ 2,898</u>
Expected rate of salary increase / decrease		
0.25% increase	<u>\$ 2,475</u>	<u>\$ 2,786</u>
0.25% decrease	<u>\$ (2,399)</u>	<u>\$ (2,695)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	2020
Expected contributions to the plan for the next year	<u>\$ 2,391</u>	<u>\$ 2,312</u>
Average duration of the defined benefit obligation	10 years	11 years

21. EQUITY

a. Share capital

	December 31	
	2021	2020
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>
Share capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>120,137</u>	<u>120,137</u>
Shares issued	<u>\$ 1,201,369</u>	<u>\$ 1,201,369</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

The authorized shares include 20,000 thousand shares reserved for the exercise of employee stock options.

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 401,995	\$ 401,995
Conversion of bonds	335,041	335,041
Treasury share transactions	1,658	-
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interests in subsidiaries (2)	<u>872,217</u>	<u>925,803</u>
	<u>\$ 1,610,911</u>	<u>\$ 1,662,839</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

The shareholders of the Company held their regular meeting on June 26, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the board of directors is authorized to adopt a special resolution to distribute all or part of the dividends and bonuses in cash, and a report of such distribution should be submitted in the latest shareholders' meeting.

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be distributed in the following order:

- 1) Utilized for paying taxes.
- 2) Offsetting losses of previous years.
- 3) Setting aside as a legal reserve of 10% of the remaining profit (legal reserve that has reached the company's paid-in capital is not subject to this condition).
- 4) Setting aside or reversing a special reserve in accordance with the laws and regulations.
- 5) Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 23(h).

The distribution of dividends to shareholders of the Company can be made in cash or shares, but the proportion of cash dividends distributed should not be less than 10% of the total dividends distributed. The dividends policy is dependent on the Company's current and future investment environment, capital needs, domestic and international competition and capital budget, etc., taking into account the interests of shareholders, balance of dividends and long-term financial planning of the Company, the board of directors plans to distribute the case to the shareholders' meeting.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2020 and 2019 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2020	2019
Legal reserve	\$ 117,719	\$ 123,059
Appropriations (reversals) special reserve	\$ 102,697	\$ (174,421)
Cash dividends	\$ 901,026	\$ 780,890
Cash dividends per share (NT\$)	\$ 7.5	\$ 6.5

The above appropriations for cash dividends were resolved by the Company's board of directors on March 18, 2021 and March 13, 2020, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on July 27, 2021 and June 24, 2020, respectively.

The appropriation of earnings for 2021 had been proposed by the Company's board of directors on March 17, 2022. The appropriation and dividends per share were as follows:

	2021
Legal reserve	\$ 601,513
Reversals special reserve	<u>\$ (74,759)</u>
Cash dividends	<u>\$ 3,844,380</u>
Cash dividends per share (NT\$)	\$ 32

The aforementioned distribution of cash dividends has been resolved by the board of directors, and the rest has yet to be resolved at the shareholders' meeting to be held on June 23, 2022.

d. Special reserve

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 77,526	\$ 251,947
Appropriations (reversals) in respect of Debits to other equity items	<u>102,697</u>	<u>(174,421)</u>
Balance at December 31	<u>\$ 180,223</u>	<u>\$ 77,526</u>

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (10,444)	\$ (9,688)
Share from investments accounted for using the equity method	<u>(3,642)</u>	<u>(756)</u>
Balance at December 31	<u>\$ (14,086)</u>	<u>\$ (10,444)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (169,780)	\$ (67,838)
Recognized for the year		
Unrealized gain (loss) - debt instruments	1,283	(529)
Unrealized gain (loss) - equity instruments	46,339	(107,406)
Share from investments accounted for using the equity method	35,797	(82,790)
Cumulative unrealized (loss) gain of equity instruments transferred to retained earnings due to disposal	<u>(5,016)</u>	<u>88,783</u>
Balance at December 31	<u>\$ (91,377)</u>	<u>\$ (169,780)</u>

f. Treasury shares

Purpose of Buy-Back	Shares Held by Subsidiary
Number of shares at January 1, 2021	138,000
Increase during the year	<u>191,000</u>
Number of shares at December 31, 2021	<u>329,000</u>

The Company's shares held by its subsidiary at the end of the reporting period were as follows:

Name of Subsidiary	Number of Shares Held	Carrying Amount	Market Price
<u>December 31, 2021</u>			
Sensortek Technology Corp.	329,000	\$ 105,280	\$ 105,280
<u>December 31, 2020</u>			
Sensortek Technology Corp.	138,000	\$ 22,425	\$ 22,425

The Company's shares held by its subsidiary are treated as treasury shares.

22. REVENUE

a. Disaggregation of revenue

	<u>For the Year Ended December 31</u>	
	2021	2020
<u>Product</u>		
Integrated circuits	\$ 12,436,208	\$ 6,732,936
Others	<u>133,797</u>	<u>64,034</u>
	<u>\$ 12,570,005</u>	<u>\$ 6,796,970</u>
<u>Primary geographical markets</u>		
Hong Kong	\$ 10,714,783	\$ 5,806,961
Taiwan	642,882	260,156
Vietnam	714,887	428,111
China	96,665	68,670
Others	<u>400,788</u>	<u>233,072</u>
	<u>\$ 12,570,005</u>	<u>\$ 6,796,970</u>

The basis of calculation of the Company's revenue segregated by geographical location is mainly based on the location the goods were shipped as designated by the customers.

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Accounts receivable (Note 10)	\$ 1,141,792	\$ 697,813	\$ 748,269
Accounts receivable from related parties (Note 30)	<u>28,891</u>	<u>12,832</u>	<u>16,216</u>
	<u>\$ 1,170,683</u>	<u>\$ 710,645</u>	<u>\$ 764,485</u>
Contract liabilities - current (Note 19)			
Sales of goods	<u>\$ 61,627</u>	<u>\$ 13,801</u>	<u>\$ 8,152</u>

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year is as follows:

	<u>For the Year Ended December 31</u>	
	2021	2020
<u>From contract liabilities at the start of the year</u>		
Sales of goods	<u>\$ 3,813</u>	<u>\$ 5,154</u>

Changes in contract liabilities are mainly due to the timing difference between the satisfaction of performance obligations and customer payment.

23. NET PROFIT

a. Other operating income and expense

	<u>For the Year Ended December 31</u>	
	2021	2020
Gain on property, plant and equipment	\$ 4,874	\$ 29,038
Gain on sublease of right-of-use assets	1,282	1,728
Gain on disposal of investment properties	-	62,396
Gain on modification of lease agreements	<u>-</u>	<u>10</u>
	<u>\$ 6,156</u>	<u>\$ 93,172</u>

b. Interest income

	<u>For the Year Ended December 31</u>	
	2021	2020
Financial assets at amortized cost	\$ 16,238	\$ 11,599
Investments in debt instruments at FVTOCI	229	337
Financial asset at FVTPL	944	622
Others	<u>392</u>	<u>619</u>
	<u>\$ 17,803</u>	<u>\$ 13,177</u>

c. Other income

	For the Year Ended December 31	
	2021	2020
Rental income	\$ 24,582	\$ 30,749
Dividend income	15,411	6,701
Others	<u>31,877</u>	<u>15,370</u>
	<u>\$ 71,870</u>	<u>\$ 52,820</u>

d. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Gain on financial assets designated as at FVTPL	\$ 72,918	\$ 92,891
Net foreign exchange losses	(10,938)	(16,323)
Depreciation of investment property	(7,859)	(7,859)
Loss on disposal of financial instruments	<u>(1,797)</u>	<u>-</u>
	<u>\$ 52,324</u>	<u>\$ 68,709</u>

e. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on loans	\$ 1,279	\$ 3,744
Interest on lease liabilities	934	418
Other interest expenses	<u>76</u>	<u>124</u>
	<u>\$ 2,289</u>	<u>\$ 4,286</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	\$ 87,015	\$ 102,265
Investment properties	7,859	7,859
Right-of-use assets	25,486	25,949
Intangible assets	<u>20,903</u>	<u>21,808</u>
	<u>\$ 141,263</u>	<u>\$ 157,881</u>
An analysis of depreciation by function		
Operating expenses	\$ 103,728	\$ 121,779
Operating costs	8,773	6,435
Depreciation of investment property	<u>7,859</u>	<u>7,859</u>
	<u>\$ 120,360</u>	<u>\$ 136,073</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 20,903</u>	<u>\$ 21,808</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term benefits	\$ 1,987,180	\$ 876,177
Post-employment benefits		
Defined contribution plans	24,290	23,476
Defined benefit plans (Notes 20)	130	(2,280)
Share-based payments		
Equity-settled	<u>2,580</u>	<u>-</u>
Total employee benefits expense	<u>\$ 2,014,180</u>	<u>\$ 897,373</u>
An analysis of employee benefits expense by function		
Operating expenses	<u>\$ 2,014,180</u>	<u>\$ 897,373</u>

h. Employees' compensation and remuneration of directors

According to the articles of incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 25%, and rates of no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The employees' compensation and the remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 17, 2022 and March 18, 2021 respectively, are as follows:

Amount

	For the Year Ended December 31			
	2021		2020	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 539,474	\$ -	\$ 124,372	\$ -
Remuneration of directors	96,163	-	37,311	-

If there is a change in the amounts after the annual parent company only financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate. There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	\$ 106,171	\$ 96,676
Foreign exchange losses	<u>(117,109)</u>	<u>(112,999)</u>
Net losses	<u>\$ (10,938)</u>	<u>\$ (16,323)</u>

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 677,881	\$ 125,530
Income tax on unappropriated earnings	4,588	22,090
Adjustments for prior years	<u>(8,137)</u>	<u>(12,224)</u>
	674,332	135,396
Deferred tax		
In respect of the current year	<u>6,077</u>	<u>(13,500)</u>
Income tax expense recognized in profit or loss	<u>\$ 680,409</u>	<u>\$ 121,896</u>

A reconciliation of accounting loss and income tax expenses is as follows:

	For the Year Ended December 31	
	2021	2020
Profit before tax from continuing operations	<u>\$ 6,686,169</u>	<u>\$ 1,506,714</u>
Income tax expense calculated at the statutory rate	\$ 1,337,234	\$ 301,343
Deductible items in determining taxable income	(433,247)	(196,666)
Income tax on unappropriated earnings	4,588	22,090
Impact of the temporary differences	(5,959)	8,818
Effects of investment credits	(214,070)	(1,465)
Adjustments for prior years' tax	<u>(8,137)</u>	<u>(12,224)</u>
Income tax expense recognized in profit or loss	<u>\$ 680,409</u>	<u>\$ 121,896</u>

In addition, in accordance with Rule No. 10904558730 issued by the MOF, the Company has deducted the amount of dividends distributed in 2020 attributable to the increase in the beginning retained earnings for 2018 as a result of initial adoption of IFRS 9 when calculating the tax on unappropriated earnings for 2018.

b. Current tax liabilities

	December 31	
	2021	2020
Current tax liabilities		
Income tax payable	<u>\$ 775,760</u>	<u>\$ 180,075</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences	<u>\$ 15,214</u>	<u>\$ (2,221)</u>	<u>\$ 12,993</u>

Deferred Tax liabilities	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences	<u>\$ 6,850</u>	<u>\$ 3,856</u>	<u>\$ 10,706</u>

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences	<u>\$ -</u>	<u>\$ 15,214</u>	<u>\$ 15,214</u>

Deferred Tax liabilities	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences	<u>\$ 5,136</u>	<u>\$ 1,714</u>	<u>\$ 6,850</u>

d. Deductible temporary differences for which no deferred assets have been recognized in the parent company only balance sheets

	December 31	
	2021	2020
Deductible temporary differences	<u>\$ 74,167</u>	<u>\$ 91,043</u>

e. Information on unrecognized deferred income tax liabilities associated with investments

As of December 31, 2021 and 2020, there were no recognized taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities were recognized.

f. Income tax assessments

The Company's tax returns through 2018 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share	<u>\$ 50.03</u>	<u>\$ 11.53</u>
Diluted earnings per share	<u>\$ 49.29</u>	<u>\$ 11.44</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Income for the Year

	For the Year Ended December 31	
	2021	2020
Net income for the year	<u>\$ 6,005,760</u>	<u>\$ 1,384,818</u>
Earnings used in the computation of basic earnings per share	\$ 6,005,760	\$ 1,384,818
Effect of potentially dilutive ordinary shares		
Employee s' compensation	<u> -</u>	<u> -</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 6,005,760</u>	<u>\$ 1,384,818</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares in computation of basic earnings per share	120,036	120,131
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>1,803</u>	<u>924</u>
Weighted average number of ordinary shares in computation of diluted earnings per share	<u>121,839</u>	<u>121,055</u>

Since the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonus will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

On June 4, 2020, the Company subscribed for additional new shares of Sensortek Technology Corp. at a percentage different from its existing ownership percentage, decreasing its continuing interest from 50.34% to 46.06%.

On June 1, 2020, due to partial disposal of Sensortek Technology Corp.'s shares, the shareholding ratio decreased from 50.44% to 50.34%.

On December 6, 2021, due to the Forcelead Technology Corp.'s employees execute options to issue new shares, the Company's shareholding percentage decreased from 93.05% to 83.48%.

On August 11, 2021, due to the distribution of employees' compensation in the form of shares by Forcelead Technology Corp., the Company's shareholding percentage decreased from 100% to 93.05%.

On December 24, 2020, as the Company repurchased all of the shares of Forcelead Technology Corp., the shareholding ratio increased from 83.86% to 100%.

On June 24, 2020, due to the distribution of employees' compensation in the form of shares by Forcelead Technology Corp., the Company's shareholding percentage decreased from 84.14% to 83.86%.

On July 13, 2021, due to the distribution of employees' compensation in the form of shares by Sync-Tech system Corp., the Company's shareholding percentage decreased from 48.31% to 45.73%.

On January 31, 2021, the Company subscribed for additional new shares of Sync-Tech system Corp. at a percentage different from its existing ownership percentage, decreasing its continuing interest from 48.75% to 48.31%.

On July 27, 2020, due to the Sync-Tech system Corp.'s employees execute options to issue new shares, the Company's shareholding percentage decreased from 50.80% to 48.75%.

On April 27, 2021, the Company subscribed for additional new shares of INFSitronix Technology Corp. at a percentage different from its existing ownership percentage, decreasing its continuing interest from 63.99% to 58.42%.

The above transactions were accounted for as equity transactions, since the Company did not cease to have control over these subsidiaries. For details about the partial acquisition of subsidiaries, refer to Note 27 to the Company's consolidated financial statements for the year ended December 31, 2021.

27. CASH FLOW INFORMATION

a. Changes in liabilities arising from financing activities

2021

	Opening Balance	Cash Flows	Non-cash Changes			Closing Balance
			Foreign Exchange Movement	New Leases	Others (Note)	
Short-term borrowings	\$ 247,776	\$ (247,950)	\$ 174	\$ -	\$ -	\$ -
Lease liabilities	15,572	(25,002)	-	113,161	934	104,665
Guarantee deposits received	47,394	21,972	519	-	-	69,885
	<u>\$ 310,742</u>	<u>\$ (250,980)</u>	<u>\$ 693</u>	<u>\$ 113,161</u>	<u>\$ 934</u>	<u>\$ 174,550</u>

2020

	Opening Balance	Cash Flows	Non-cash Changes			Closing Balance
			Foreign Exchange Movement	New Leases	Others (Note)	
Short-term borrowings	\$ 278,814	\$ (35,654)	\$ 4,616	\$ -	\$ -	\$ 247,776
Lease liabilities	36,979	(24,516)	-	3,687	(578)	15,572
Guarantee deposits received	31,678	18,092	(2,376)	-	-	47,394
	<u>\$ 347,471</u>	<u>\$ (42,078)</u>	<u>\$ 2,240</u>	<u>\$ 3,687</u>	<u>\$ (578)</u>	<u>\$ 310,742</u>

Note: Others comprises with interest expense of lease liabilities and variance of lease liabilities due to lease modification.

28. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements are relatively close to their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic corporate funds	\$ 169,857	\$ -	\$ -	\$ 169,857
Convertible bonds	42,326	-	-	42,326
Domestic listed shares	509	-	-	509
Limited partnership	-	-	18,067	18,067
Derivative financial assets				
Credit linked notes - linked with convertible bonds	-	130,182	-	130,182
Foreign exchange forward contracts	-	24,558	-	24,558
	<u>\$ 212,692</u>	<u>\$ 154,740</u>	<u>\$ 18,067</u>	<u>\$ 385,499</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 287,235	\$ -	\$ -	\$ 287,235
Foreign listed shares	40,145	-	-	40,145
Domestic unlisted equity investments	-	-	177,455	177,455
Foreign unlisted equity investments	-	-	298,939	298,939
	<u>\$ 327,380</u>	<u>\$ -</u>	<u>\$ 476,394</u>	<u>\$ 803,774</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	\$ -	\$ 1,228	\$ -	\$ 1,228

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic corporate funds	\$ 153,744	\$ -	\$ -	\$ 153,744
Convertible bonds	45,191	-	-	45,191
Derivative financial assets				
Credit linked notes - linked with convertible bonds	-	40,359	-	40,359
Foreign exchange forward contracts	-	24,483	-	24,483
	<u>\$ 198,935</u>	<u>\$ 64,842</u>	<u>\$ -</u>	<u>\$ 263,777</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 264,088	\$ -	\$ -	\$ 264,088
Foreign listed shares	36,847	-	-	36,847
Domestic unlisted equity investments	-	-	37,485	37,485
Foreign unlisted equity investments	-	-	267,431	267,431
Investments in debt instruments at FVTOCI				
Foreign corporate bonds	-	14,376	-	14,376
	<u>\$ 300,935</u>	<u>\$ 14,376</u>	<u>\$ 304,916</u>	<u>\$ 620,227</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities				
Foreign exchange forward contracts	\$ -	\$ 4,390	\$ -	\$ 4,390

There were no transfers between Level 1 and 2 in 2021 and 2020.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Convertible bonds	Based on the public market quotes provided by third-party agencies.
Credit linked notes - linked with convertible bonds	Based on the public market quotation of convertible bond, the parameters of the repurchase, the coupon interest and the interest compensation are considered as the basis for fair value measurement.
Derivatives - foreign exchange forward contracts	Discounted cash flow method: Estimate the future cash flow at the end of the period by observing the forward exchange rate and the exchange rate and interest rate set by the contract, and have already discounted the discount rate of each counterparty's credit risk.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Domestic and foreign unlisted equity investments are evaluated by the method of net asset value. The management of the company evaluates the target of such equity investments with the active market quotation, and the net asset amount tends to the fair value of the equity investments.

The domestic limited partnership is valued using the net asset value method. The management of the Company evaluates that the amount of the net assets of this investment is equivalent to its fair value. The valuation covers the total value of the individual assets and liabilities, which reflects the value of the entity or business.

4) Adjustment of financial instruments measured using Level 3 fair values

The Company's financial assets under level 3 fair value measurement are equity instruments measured at fair value through other comprehensive income.

2021

	Financial assets at FVTPL	Financial assets at FVTOCI	Total
Balance at January 1	\$ -	\$ 304,916	\$ 304,916
Additions	12,500	130,000	142,500
Recognized under profit or loss	5,567	-	5,567
Recognized under other comprehensive income	-	41,478	41,478
Balance at December 31	<u>\$ 18,067</u>	<u>\$ 476,394</u>	<u>\$ 494,461</u>

2020

	Financial assets at FVTPL	Financial assets at FVTOCI	Total
Balance at January 1	\$ -	\$ 383,942	\$ 383,942
Additions	-	30,000	30,000
Disposals	-	(24,596)	(24,596)
Recognized under other comprehensive income	-	(84,430)	(84,430)
Balance at December 31	<u>\$ -</u>	<u>\$ 304,916</u>	<u>\$ 304,916</u>

c. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 385,499	\$ 263,777
Financial assets at amortized cost (1)	7,650,054	2,671,303
Financial assets at FVTOCI		
Equity instruments	803,774	605,851
Debt instruments	-	14,376
		(Continued)

	December 31	
	2021	2020
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	\$ 1,228	\$ 4,390
Financial liabilities at amortized cost (2)	2,677,625	1,818,700
		(Concluded)

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, time deposits with original maturities not more than 3 months, pledged time deposits, notes and trade receivables (including receivables from related parties), other receivables (including other receivables from related parties), other current assets and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, accounts payable (including payables to related parties), other payables (including other payables to related parties), other current liabilities and guarantee deposits.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity and debt investments, trade receivables, trade payables and short-term borrowings. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

There has been no change in the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company's operating activities are partially denominated in foreign currencies and thus have partial natural hedging effects.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 35.

Sensitivity analysis

The Company was mainly exposed to the USD, JPY and CNY.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e. the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in pre-tax profit and other equity associated with the New Taiwan dollar weakening (strengthening) 5% against the relevant currency.

	USD Impact		JPY Impact		CNY Impact	
	For the Year Ended		For the Year Ended		For the Year Ended	
	December 31		December 31		December 31	
	2021	2020	2021	2020	2021	2020
Profit or loss	\$ 55,873	\$ (2,361)	\$ 139	\$ 142	\$ 2,190	\$ 5

b) Interest rate risk

The Company was exposed to interest rate risk because the Company borrowed funds at both fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 4,299,260	\$ 1,555,607
Financial liabilities	-	247,776
Cash flow interest rate risk		
Financial assets	1,474,978	203,656

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2021 and 2020 would increase/decrease by \$1,475 thousand and \$204 thousand, which was mainly attributable to the Company's exposure to interest rates on variable-rate net assets. The Company's pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would decrease/increase by \$0 and \$14 thousand, which was mainly due to the changes in the fair value of investments in fixed-rate debt instruments at FVTOCI.

c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities, convertible bonds, credit linked structured notes of listed companies and mutual funds investments. The Company does not actively trade these investments. The Company's equity

price risk is mainly concentrated in equity instruments operating in the semiconductor industry, finance and insurance industries, convertible bonds, credit linked structured notes, and exchange-traded funds quoted on the Taiwan Stock Exchange and the Taipei Exchange.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax income for the year ended December 31, 2021 and 2020 would have increase/decreased by \$17,144 thousand and \$11,965 thousand as a result of changes in fair value of financial assets at FVTPL. If equity prices had been 5% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by \$16,369 thousand and \$15,047 thousand, as a result of the changes in the fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

To mitigate credit risk, the management of the Company assigns a dedicated team responsible for credit line decisions, credit approvals and other monitoring procedures to ensure appropriate actions are taken for the collections of overdue receivables. In addition the Company reviews conditions on each collecting receivable to ensure the uncollectible amounts are provided with appropriate impairment losses. Accordingly, the management of the Company believes that the credit risk of the Company has been significantly reduced.

In addition, since the counterparties of liquidity and derivative financial instruments are banks with sound credit ratings, the credit risk is limited.

Apart from customers whose total accounts receivable constitute more than 10% of the Company's total accounts receivable, the Company did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company's concentration of credit risk was of 36% and 51% of total trade receivables as of December 31, 2021 and 2020, respectively. The credit risk is minimal because the customers which account for more than 10% of the Company's accounts receivable balance are creditworthy companies.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Company had available unutilized short-term bank loan facilities set out in (c) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 786,547	\$ 903,376	\$ 917,317	\$ 500	\$ 2,607,740
Lease liabilities	2,143	4,287	18,854	82,468	107,752

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 523,237	\$ 654,099	\$ 346,084	\$ -	\$ 1,523,420
Fixed interest rate liabilities	247,886	-	-	-	247,886
Lease liabilities	2,021	4,041	7,235	2,388	15,685

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities were subject to change if changes in variable interest rates were to differ from those estimates of interest rates determined at the end of the reporting period.

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Company's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Foreign exchange forward contracts				
Inflows	\$ 166,588	\$ 609,312	\$ 1,883,510	\$ -
Outflows	(165,940)	(606,226)	(1,863,914)	-
	<u>\$ 648</u>	<u>\$ 3,086</u>	<u>\$ 19,596</u>	<u>\$ -</u>

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Foreign exchange forward contracts				
Inflows	\$ 685,666	\$ 1,705,097	\$ -	\$ -
Outflows	<u>(679,810)</u>	<u>(1,690,860)</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,856</u>	<u>\$ 14,237</u>	<u>\$ -</u>	<u>\$ -</u>

c) Financing facilities

	December 31	
	2021	2020
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ -	\$ 247,776
Amount unused	<u>2,934,960</u>	<u>3,014,784</u>
	<u>\$ 2,934,960</u>	<u>\$ 3,262,560</u>

30. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, detail of transactions between the Company and related parties are disclosed below:

a. Related party name and category

Related Party Name	Related Party Category
Sensortek Technology Corp.	Subsidiary
Forcelead Technology Corp.	Subsidiary
mCore Technology Corp.	Subsidiary
INFSitronix Technology Corp.	Subsidiary
Sync-Tech System Corp.	Subsidiary
Sitronix Investment Corp.	Subsidiary
HeFei Sitronix Co., Ltd.	Subsidiary
HeFei ezGreen Co., Ltd.	Subsidiary
ezGreen Inc.	Subsidiary
Sitronix Technology (Shenzhen) Co., Ltd.	Subsidiary
Silicon Power Computer & Communications Inc.	Substantive related party
ezGlobal Corp.	Substantive related party
Vincent Mao	The Company's key management personnel
Wen Bin Lin	The Company's key management personnel
Chun Sheng Lin	The Company's key management personnel
I Hsi Cheng	The Company's key management personnel
Wei Wang	The Company's key management personnel
Shu Fang Xu	The Company's key management personnel
Meng Huang Liu	The Company's key management personnel

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
Zheng Long Jiang	Subsidiary's key management personnel
Xi Hao Zhong	Subsidiary's key management personnel
Min Huei Jhang	Subsidiary's key management personnel
Ru Hung Chen	Subsidiary's key management personnel
Jian-Yuan Jhao	Subsidiary's key management personnel
Da-Hu Su	Subsidiary's key management personnel
	(Concluded)

b. Sales of goods

<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Subsidiary	\$ 129,006	\$ 64,007
Substantive related party	<u>431</u>	<u>186</u>
	<u>\$ 129,437</u>	<u>\$ 64,193</u>

The transactions for related parties were negotiated under the terms of general transactions and prices.

c. Purchases

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Subsidiary</u>		
Sensortek Technology Corp.	\$ 1,007,000	\$ 628,201
Forcelead Technology Corp.	184,940	-
Others	<u>3,372</u>	<u>19,661</u>
	<u>\$ 1,195,312</u>	<u>\$ 647,862</u>

The transactions in which the Company purchases goods from related parties were negotiated under the terms of general transactions and prices.

d. Manufacturing expenses

<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Subsidiary	<u>\$ 56,552</u>	<u>\$ 49,860</u>

The transactions in which the Company made payments of manufacturing expenses to related parties were subject to contractual agreements as there were no similar transactions for comparison.

e. Operating expenses

Related Party Category	For the Year Ended December 31	
	2021	2020
Subsidiary	\$ 134,867	\$ 112,124
Substantive related party	<u>1,947</u>	<u>2,383</u>
	<u>\$ 136,814</u>	<u>\$ 114,507</u>

The transactions in which the Company made payments of operating expenses to related parties were subject to contractual agreements as there were no similar transactions for comparison.

f. Other operating income and expenses

Related Party Category	For the Year Ended December 31	
	2021	2020
Subsidiary	<u>\$ 200</u>	<u>\$ 629</u>

The transactions in which the Company made collections or payments of other operating income and expenses to related parties were subject to contractual agreements as there were no similar transactions for comparison.

g. Handling fee revenue

Related Party Category	For the Year Ended December 31	
	2021	2020
Subsidiary	<u>\$ 2,077</u>	<u>\$ 992</u>

The transactions in which the Company made collections of handling fees to related parties were subject to contractual agreements as there were no similar transactions for comparison.

h. Other revenue

Related Party Category	For the Year Ended December 31	
	2021	2020
Subsidiary	<u>\$ 44</u>	<u>\$ -</u>

The transactions in which the Company made collections of other revenue to related parties were subject to contractual agreements as there were no similar transactions for comparison.

i. Receivables from related parties

Related Party Category	December 31	
	2021	2020
Subsidiary	\$ 28,713	\$ 12,808
Substantive related party	<u>178</u>	<u>24</u>
	<u>\$ 28,891</u>	<u>\$ 12,832</u>

The outstanding accounts receivable from related parties were unsecured. No impairment losses were recognized for accounts receivable from related parties as of December 31, 2021 and 2020.

- j. Other receivables from related parties (excluding loans to related parties)

Related Party Category	December 31	
	2021	2020
Subsidiary	\$ <u>10,410</u>	\$ <u>9,740</u>

Other receivables from related parties are mainly generated from endorsement guarantee fees and collection and payment.

- k. Prepayment

Related Party Category/Name	December 31	
	2021	2020
Substantive related party	\$ <u>497</u>	\$ <u>-</u>

- l. Payables to related parties

Related Party Category/Name	December 31	
	2021	2020
<u>Subsidiary</u>		
Sensortek Technology Corp.	\$ 441,988	\$ 157,072
Others	<u>47,500</u>	<u>50</u>
	<u>\$ 489,488</u>	<u>\$ 157,122</u>

The outstanding payables to related parties are unsecured.

- m. Other payables to related parties

Related Party Category	December 31	
	2021	2020
Subsidiary	\$ 6,741	\$ 7,117
Substantive related party	<u>210</u>	<u>1,050</u>
	<u>\$ 6,951</u>	<u>\$ 8,167</u>

Other payables to related parties are mainly due to technical service expenditure and manufacturing expenses.

- n. Acquisition of property, plant and equipment

Related Party Category	Purchase Price	
	For the Year Ended December 31	
	2021	2020
Subsidiary	\$ <u>-</u>	\$ <u>10,000</u>

The term of the transaction of acquiring of property, plant and equipment from a related party was subject to a contractual agreement as there was no similar transaction for comparison.

o. Disposal of property, plant and equipment

Related Party Category	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2021	2020	2021	2020
Subsidiary	\$ 5,122	\$ -	\$ -	\$ -

The term of the transaction of disposal of property, plant and equipment from a related party was subject to a contractual agreement as there was no similar transaction for comparison.

p. Property transactions

For the year ended December 31, 2020

Related Party Category	Item	Number of Shares	Underlying Asset	Acquisition price
The Company and its subsidiaries' key management personnel	Long-term equity investment accounted for using the equity method	2,168,997	Securities - Forcelead Technology Corp.	\$ 78,084
Subsidiary	Long-term equity investment accounted for using the equity method	1,694	Securities - Forcelead Technology Corp.	61
				<u>\$ 78,145</u>

In December 2020, transactions in which the Company obtained financial assets from related parties were subject to contractual agreements as there were no similar transaction for comparison.

q. Rental arrangements - the Company is lessee

Related Party Category	For the Year Ended December 31	
	2021	2020
Interest expense		
Subsidiary	\$ -	\$ 5

The terms of the transactions involving the payment of rental expenses to related parties were calculated based on contractual agreements as there were no similar transactions for comparison.

- r. Lease arrangement - the Company is lessor

Operating lease rental

Future lease receivable are as follows:

Related Party Category	December 31	
	2021	2020
Subsidiary	\$ 31,352	\$ 47,168
Substantive related party	<u>508</u>	<u>508</u>
	<u>\$ 31,860</u>	<u>\$ 47,676</u>

Lease income was as follows:

Related Party Category	For the Year Ended December 31	
	2021	2020
<u>Subsidiary</u>		
Sync-Tech System Corp.	\$ 5,496	\$ 10,555
Sensortek Technology Corp.	2,536	4,348
Others	<u>6,573</u>	<u>5,911</u>
Subtotal	14,605	20,814
Substantive related party	<u>2,036</u>	<u>2,037</u>
	<u>\$ 16,641</u>	<u>\$ 22,851</u>

Calculation of deposit and interest

Subsidiary	\$ 19	\$ 25
Substantive related party	<u>3</u>	<u>4</u>
	<u>\$ 22</u>	<u>\$ 29</u>

The Company leases investment properties, machinery and equipment to subsidiaries and substantive related parties mainly through operating leases and the lease period is 5 to 6 years. Rental income from related parties are based on contractual agreements as there were no similar transactions for comparison.

- s. Disposal of expertise

Related Party	Line Item	Proceeds		Gain (Loss) on Disposal	
		For the Year Ended December 31		For the Year Ended December 31	
		2021	2020	2021	2020
Subsidiary	Long-term equity investment accounted for using the equity method	<u>\$ 6,543</u>	<u>\$ 78,691</u>	<u>\$ 17,646</u>	<u>\$ 2,623</u>

Since there are no related similar transactions for comparison for the transactions between the Company and its subsidiaries, the transaction terms are calculated in accordance with the contractual agreements. The total gain from the disposal during 2021 and 2020 are \$6,543 thousand and \$78,691 thousand, respectively, \$17,646 thousand and \$2,623 thousand had been realized in 2021 and 2020; the remaining disposal gain will be deferred.

t. Guarantee deposits received

Related Party Category	December 31	
	2021	2020
Subsidiary	\$ 2,776	\$ 2,449
Substantive related party	<u>356</u>	<u>356</u>
	<u>\$ 3,132</u>	<u>\$ 2,805</u>

The guarantee deposits received are mainly generated from the rental deposits.

u. Loans to related parties

Related Party Category	December 31	
	2021	2020
Other receivables from related parties		
Subsidiary	<u>\$ 16,608</u>	<u>\$ 53,144</u>
Interest Income		
Subsidiary	<u>\$ 347</u>	<u>\$ 560</u>

The Company provides short-term loans to subsidiaries with interest rates ranging from 0.685% and 0.89% to 0.91% in 2021 and 2020, respectively. As there were no similar transactions for comparison, the terms of the transaction were subject to contractual agreements.

v. Endorsements and guarantees provided by the Company

Related Party Category	December 31	
	2021	2020
Subsidiary		
Amount endorsed	<u>\$ 1,200,000</u>	<u>\$ 900,000</u>
Amount utilized	<u>\$ 476,075</u>	<u>\$ 266,110</u>

The Company provides endorsement guarantees for subsidiaries to obtain purchase contracts from suppliers and bank credit lines. The terms and conditions of the transaction for the collection of relevant handling fees shall be subject to contractual agreements, as there were no similar transactions to follow.

w. Remuneration of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 162,317	\$ 63,125
Share-based payments	400	-
Post-employment benefits	<u>757</u>	<u>745</u>
	<u>\$ 163,474</u>	<u>\$ 63,870</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and the Company's profits.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the tariff of imported raw materials guarantees:

	December 31	
	2021	2020
Pledged deposits	<u>\$ 29,226</u>	<u>\$ 29,104</u>

Pledged deposits are classified as financial assets measured at amortized cost-current.

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at December 31, 2021 were as follows:

a. Long-term purchase agreements

The Company entered into long-term purchase agreements of materials with suppliers during 2021. Both parties agreed that during the contract period, the suppliers would deliver the materials to the Company in accordance with the agreements. The Company has paid the suppliers USD30,189 thousand as guarantee to ensure the supply of materials. The rights and obligations of both parties are based on the content of each agreement.

b. Long-term supply agreements

The Company entered into long-term supply agreements of products with clients during 2021. Both parties agreed that during the contract period, the Company would deliver the products to the client in accordance with the agreements. The Company has collected USD1,545 thousand to ensure the supply of products. The rights and obligations of both parties are based on the content of each agreement.

33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In order to ensure the sufficiency of the subsidiaries' supply of materials is sufficient, the Company has collected USD 839 thousands from its subsidiary, Forcelead Technology Corp., the subsidiary, in March, 2022. In accordance with the agreement signed with Forcelead Technology Corp., the Company will share a certain percentage of the material supplies from the long-term purchase agreements signed with other suppliers.

34. OTHER MATTERS

Due to the impact of the COVID-19 pandemic, the operating income of some of the Company's entities decreased in 2020. With the easing of the epidemic and loosening of government policies, the Company's operations gradually returned to normal.

For the purpose of organizational restructuring and professional division of labor, the Company's board of directors resolved to spin off the automotive business division to its subsidiary, Forcelead Technology

Corp. on March 18, 2021. The aforementioned transaction is a business reorganization under common control, and the Company should split the business from the beginning and the comparative financial statements of the Company should be retrospectively restated.

The impact on the balance sheet on December 31, 2020 and the statement of comprehensive income for the year ended December 31, 2020 is as follows:

Balance Sheet

	December 31, 2020		
	Amount before Restatement	Impact Amount	Amount after Restatement
<u>Assets</u>			
Current assets	\$ 4,173,217	\$ (156,811)	\$ 4,016,406
Non-current assets	<u>4,828,718</u>	<u>51,236</u>	<u>4,879,954</u>
Total assets	<u>\$ 9,001,935</u>	<u>\$ (105,575)</u>	<u>\$ 8,896,360</u>
<u>Liabilities</u>			
Current liabilities	\$ 2,254,123	\$ (105,575)	\$ 2,148,548
Non-current liabilities	<u>106,674</u>	<u>-</u>	<u>106,674</u>
Total liabilities	<u>\$ 2,360,797</u>	<u>\$ (105,575)</u>	<u>\$ 2,255,222</u>
<u>Equity</u>			
Share capital	\$ 1,201,369	\$ -	\$ 1,201,369
Capital surplus	1,662,839	-	1,662,839
Retained earnings	3,966,033	-	3,966,033
Other equity	(180,224)	-	(180,224)
Treasury shares	<u>(8,879)</u>	<u>-</u>	<u>(8,879)</u>
Total Equity	<u>\$ 6,641,138</u>	<u>\$ -</u>	<u>\$ 6,641,138</u>

Statement of Comprehensive Income

	For the Year Ended December 31, 2020		
	Before Restatement	Impact Amount	After Retrospective Restatement
Net revenue	\$ 7,327,386	\$ (530,416)	\$ 6,796,970
Operating costs	5,345,432	(314,172)	5,031,260
Operating expenses	1,517,906	(190,138)	1,327,768
Other operating income and expenses	93,172	-	93,172
Non-operating income and expenses	954,715	20,885	975,600
Income tax expense	<u>127,117</u>	<u>(5,221)</u>	<u>121,896</u>
Net income	1,384,818	-	1,384,818
Other comprehensive income	<u>(194,317)</u>	<u>-</u>	<u>(194,317)</u>
Total comprehensive income	<u>\$ 1,190,501</u>	<u>\$ -</u>	<u>\$ 1,190,501</u>

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31				
2021		2020		
Foreign Currency	Exchange Rate	Foreign Currency	Exchange Rate	
<u>Financial assets</u>				
Monetary items				
USD	\$ 99,542	27.680	\$ 43,203	28.480
JPY	13,046	0.2405	10,672	0.2763
CNY	10,082	4.344	24	4.377
Non-monetary items				
USD	13,262	27.680	12,204	28.480
<u>Financial liabilities</u>				
Monetary items				
USD	59,171	27.680	44,861	28.480
JPY	1,495	0.2405	398	0.2763

For the years ended December 31, 2021 and 2020, please refer to note 23(i) for the information of realized and unrealized net foreign exchange gains (losses). It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions of the entities in the Company.

36. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. information on investees:

- 1) Financing provided to others: Table 1 (attached)
- 2) Endorsements/guarantees provided: Table 2 (attached)
- 3) Marketable securities held (excluding investment in subsidiaries): Table 3 (attached)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None

- 9) Trading in derivative instruments: Note 7 and Note 29
- 10) Information on investee: Table 5 (attached)
- c. Information on investments in mainland China: Tables 6 and 7 (attached)
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
0	The Company	mCore Technology Corp.	Other receivables from related parties	Yes	\$ 100,000	\$ 100,000	\$ -	-	For financing	\$ -	Working capital	\$ -	-	\$ -	\$ 2,351,035	\$ 4,702,070
		Forcelead Technology Corp.	Other receivables from related parties	Yes	300,000	300,000	-	-	For financing	-	Working capital	-	-	-	2,351,035	4,702,070
		INFSitronix Technology Corp.	Other receivables from related parties	Yes	100,000	100,000	16,608	0.685%	For financing	-	Working capital	-	-	-	2,351,035	4,702,070

Note 1: The description is as follows

- Lender is numbered as 0.
- Investee is numbered sequentially from 1.

Note 2: According to the “Financing providing and operation management method”, the total amount and the available amount to any individual for lending are as follows:

- The total amount for lending shall not exceed forty percent of SITRONIX’s net worth. However the total amount lendable to any subsidiary for short-term financing could upper to the total available amount of the company.
- The total amount for lending to or lending from any directly or indirectly hold foreign subsidiaries with 100% ownership, shall not exceed 40% of the net worth of the lending company. The total amount for lending to any individual shall not exceed 50% of the total available amount.
- Where funds are lent to a company or business with business relationships with the Company, the total amount for lending to any individual shall not exceed the amount of business transaction between the two parties. Amount of business transaction defines the highest amount of purchase or sales.
- The total amount for lending to any individual shall not exceed 50% of the Company’s net worth for the company or firm that needs short-term financing.

TABLE 2

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	Forcelead Technology Corp.	Subsidiary	\$ 5,877,587	\$ 600,000	\$ 600,000	\$ 249,120	\$ -	5.10	\$5,877,587	Yes	-	-
		mCore Technology Corp.	Subsidiary	5,877,587	100,000	100,000	25,085	-	0.85	5,877,587	Yes	-	-
		INFSitronix Technology Corp.	Subsidiary	5,877,587	100,000	100,000	5,536	-	0.85	5,877,587	Yes	-	-
		HeFei Sitronix Co., Ltd.	Subsidiary	5,877,587	400,000	400,000	196,334	-	3.40	5,877,587	Yes	-	Yes

Note 1: The description is as follows

- 1. Lender is numbered as 0.
- 2. Investee is numbered sequentially from 1.

Note 2: According to the “endorsement guarantee operation management measures” of Sitronix Technology Corp. The total amount of endorsement guarantee shall not exceed 50% of the net value in the latest year’s financial statements audited by CPA. The amount of endorsement guarantee for a single enterprise shall not exceed 25% of the net value of the latest year’s financial statements audited by CPA. However, the amount of endorsement guarantee for the company that directly and indirectly holds more than 50% of the voting shares of a company shall not exceed 50% of the net value of the latest year’s financial statements audited by CPA.

TABLE 3

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Bond</u>							
	FORCAY 3.375% 04/22/2025, USD bond	-	Financial assets at amortized cost - non-current	-	\$ 28,019	-	\$ 28,019	Note 2
	Savior Lifetec Corporation second Secured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	31,136	-	31,136	Note 1
	Chailease Holding Company Limited first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	11,190	-	11,190	Note 1
	<u>Derivatives</u>							
	Taiwan Mask Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	40,167	-	40,167	Note 1
	Shin Kong Financial Holding Co., Ltd. fifth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	30,007	-	30,007	Note 1
	Highwealth Construction Corp. fifth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	50,002	-	50,002	Note 1
	Ennoconn Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	10,006	-	10,006	Note 1
	<u>Fund</u>							
	KGI Taiwan Assets Fund	-	Financial assets at fair value through profit or loss - current	10,004	117,919	-	117,919	Note 1
	TAISHIN JU LONG Fund	-	Financial assets at fair value through profit or loss - current	4,323	51,938	-	51,938	Note 1
	<u>Stock</u>							
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	7	509	-	509	Note 1
	Silicon Power Computer & Communications Inc.	Substantive related party	Investments in equity instruments at fair value through other comprehensive income - current	4,199	106,017	-	106,017	Note 1
	Taishin Financial Holding Co., Ltd. Preferred Share E	-	Investments in equity instruments at fair value through other comprehensive income - current	29	1,540	-	1,540	Note 1
	Taishin Financial Holding Co., Ltd. Preferred Share E (2)	-	Investments in equity instruments at fair value through other comprehensive income - current	181	9,394	-	9,394	Note 1
	Kwong Lung Preferred Shares A	-	Investments in equity instruments at fair value through other comprehensive income - current	345	17,095	-	17,095	Note 1
	WPG Holdings Limited Preferred Shares A	-	Investments in equity instruments at fair value through other comprehensive income - current	690	34,189	-	34,189	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Chailease Holding Company Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	500	\$ 50,750	-	\$ 50,750	Note 1
	WT Microelectronics Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	1,000	48,950	-	48,950	Note 1
	Fubon Financial Holding Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	175	11,060	-	11,060	Note 1
	Cathay Financial Holding Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	131	8,240	-	8,240	Note 1
	EPD (Enterprise Products Partners)	-	Investments in equity instruments at fair value through other comprehensive income - current	66	40,145	-	40,145	Note 1
	<u>Equity Investment</u> HANS GLOBAL SELECT FUND LIMITED	-	Investments in equity instruments at fair value through other comprehensive income - non-current	120	298,939	-	298,939	Note 3
	Fong Huang Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000	41,847	9	41,847	Note 3
	Fong Huang II Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000	36,374	7	36,374	Note 3
	Top Taiwan XIII Venture Capital Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	10,000	99,234	12	99,234	Note 3
	<u>Limited Partnership</u> CDIB-Innolux Limited Partnership	-	Financial assets at fair value through profit or loss - non-current	1,250	18,067	-	18,067	Note 3
Sitronix Investment Corp.	<u>Equity Investment</u> HANS GLOBAL SELECT FUND LIMITED	-	Investments in equity instruments at fair value through other comprehensive income - non-current	112	277,764	-	277,764	Note 3
Sensortek Technology Corp.	<u>Bond</u> CHLEAS 3.75% 10/22/2023 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	56,537	-	56,537	Note 1
	China Huadian Corporation 3.375% 06/23/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	28,597	-	28,597	Note 1
	Chailease Holding Company Limited first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	33,570	-	33,570	Note 1
	MIC fourth Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	8,200	-	8,200	Note 1
	Evergreen Marine Corp. (Taiwan) Ltd. fourth Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	1,600	-	1,600	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Sensortek Technology Corp.	<u>Derivatives</u>							
	Highwealth Construction Corp. fifth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	\$ 50,002	-	\$ 50,002	Note 1
	Ennoconn Corporation third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	20,012	-	20,012	Note 1
	Anli International Co., Ltd first Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	9,870	-	9,870	Note 1
	RiTdisplay Corporation first Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	4,037	-	4,037	Note 1
	Taiwan Mask Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	30,145	-	30,145	Note 1
	Shin Kong Financial Holding Co.,Ltd. fifth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	30,006	-	30,006	Note 1
	Yeong Guan Energy Technology Group Co., Ltd. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	12,941	-	12,941	Note 1
	C.C.P. Contact Probes Co., Ltd. fourth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	7,019	-	7,019	Note 1
	<u>Fund</u>							
	KGI Taiwan Assets Fund	-	Financial assets at fair value through profit or loss - current	20,009	235,848	-	235,848	Note 1
	TAISHIN JU LONG Fund	-	Financial assets at fair value through profit or loss - current	4,323	51,938	-	51,938	Note 1
	<u>Stock</u>							
	WT Microelectronics Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	2,000	97,900	-	97,900	Note 1
	Chailease Holding Company Limited Preferred Shares A	-	Investments in equity instruments at fair value through other comprehensive income - current	500	50,750	-	50,750	Note 1
	FuBon Preferred Share	-	Investments in equity instruments at fair value through other comprehensive income - current	800	50,560	-	50,560	Note 1
	Far Eastern New Century Corporation	-	Investments in equity instruments at fair value through other comprehensive income - current	1,518	44,477	-	44,477	Note 1
	Uni-President	-	Investments in equity instruments at fair value through other comprehensive income - current	487	33,408	-	33,408	Note 1
	Taiwan Cement Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - current	695	33,360	-	33,360	Note 1
	Tai Shin Financial Holding Co., Ltd. Preferred Share E	-	Investments in equity instruments at fair value through other comprehensive income - current	609	32,338	-	32,338	Note 1
	First Financial Holding Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - current	1,126	27,591	-	27,591	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Sensortek Technology Corp.	Powertech Technology Inc.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	171	\$ 16,707	-	\$ 16,707	Note 1
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	30	2,327	-	2,327	Note 1
	Sitronix Technology Corp.	The Parent Company	Investments in equity instruments at fair value through other comprehensive income - non-current	329	105,280	-	105,280	Note 1
	<u>Equity Investment</u> Fong Huang II Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000	36,374	7	36,374	Note 3
Forcelead Technology Corp.	<u>Fund</u> TAISHIN JU LONG Fund	-	Financial assets at fair value through profit or loss - current	1,747	20,989	-	20,989	Note 1
	<u>Share</u> WPG Holdings Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	190	9,414	-	9,414	Note 1
Sitronix Holding International Ltd.	<u>Bond</u> AT&T INC 5.35% 11/01/66 (TBB) USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	17,524	-	17,524	Note 1
	China Huadian Corporation 3.375% 06/23/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	28,597	-	28,597	Note 1
	Chailease Finance 3.75% 10/22/2023 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	28,270	-	28,270	Note 1

Note 1: Calculated based on the closing price on December 31, 2021.

Note 2: Listed based on book value.

Note 3: Calculated based on the net value on December 31, 2021.

Note 4: As of December 31, 2021, the above listed marketable securities were neither provided as guarantee nor pledged as collateral for loans.

Note 5: The number of shares/units are in thousands.

Note 6: The marketable securities listed in the table above refer to the securities, bonds, beneficiary certificates and securities that fall within the scope of IFRS 9 “Financial Instruments”.

(Concluded)

TABLE 4

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Sensortek Technology Corp.	Subsidiary	Purchase	\$ 1,007,000	22	After acceptance net 60 days from monthly closing date	\$ -	-	\$ 441,988	29	-
	Forcelead Technology Corp.	Subsidiary	Purchase	184,940	4	After acceptance net 45 days from monthly closing date	-	-	47,490	3	-

TABLE 5

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Foreign Currencies in Thousands)		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Share of (Loss) Profit
				December 31, 2021	December 31, 2020	Number of Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount		
The Company	Sitronix Investment Corp.	Taiwan	Investment	\$ 367,270	\$ 367,270	33,249	100.00	\$ 291,165	\$ (4,929)	\$ (4,929)
	Forcelead Technology Corp.	Taiwan	R&D and sale of multi-functional integrated automotive display driver ICs	717,634	789,634	24,337	83.48	1,391,629	1,119,210	1,073,121
	Sensortek Technology Corp.	Taiwan	R&D, design and sales of sensor integrated circuit products	113,318	113,318	22,530	46.06	2,266,894	1,661,349	763,575
	mCore Technology Corp.	Taiwan	Providing solutions for consumer display and voice/audio related applications.	131,074	131,074	9,583	90.73	129,510	32,878	29,829
	Sync-Tech System Corp.	Taiwan	Design, manufacturing and maintenance of semiconductor consumables and testing equipment	160,554	99,127	11,365	45.73	283,566	175,711	83,167
	INFSitronix Technology Corp.	Taiwan	Comprehensive line of Power supervisor IC design	193,559	164,505	9,796	58.42	80,145	28,574	16,805
	ezGreen Inc.	Taiwan	Software design and electronic information supply services	100,000	60,000	10,000	100.00	37,734	(26,560)	(26,560)
	Sitronix Holding International Ltd.	Samoa	Investment	55,360 (USD 2,000)	55,360 (USD 2,000)	2,000	100.00	78,928	2,568	2,568
Sitronix Investment Corp.	Sensortek Technology Corp.	Taiwan	R&D, design and sales of sensor integrated circuit products	10	10	2	-	240	1,661,349	78
	INFSitronix Technology Corp.	Taiwan	Comprehensive line of Power supervisor IC design	10	10	-	-	2	28,574	-

Note : Foreign currencies is converted into NTD using the exchange rates of the US dollar to NTD on December 31, 2021.

TABLE 6

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Foreign Currencies in Thousands)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021 (Foreign Currencies in Thousands)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (Foreign Currencies in Thousands)	Net Income (Loss) of the Investee	% Ownership for Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward (Foreign Currencies in Thousands)	Inward						
Sitronix Technology (Shenzhen) Co., Ltd.	Computer software and hardware development, sales and after-sales service business and related technical consulting services	\$ 11,072 (USD 400)	Note 1	\$ 11,072 (USD 400)	\$ -	\$ -	\$ 11,072 (USD 400)	\$ 3,038	100	\$ 3,038	\$ 22,189	\$ 10,237
HeFei ezGreen Co., Ltd.	Design, sales and technical services of Supplier management software development	21,720 (CNY 5,000)	Note 4	21,720 (CNY 5,000)	-	-	21,720 (CNY 5,000)	(7,183)	100	(7,183)	5,982	-
HeFei Sitronix Co., Ltd.	R&D, design, sales and technical services of integrated circuits and system hardware and software	108,600 (CNY 25,000)	Note 5	97,740 (CNY 22,500)	-	-	97,740 (CNY 22,500)	171,760	90	154,584	325,753	-
HeFei Sitronix Technology Co., Ltd.	R&D and sale of integrated circuits; R&D, service and sales of integrated circuits chip	130,320 (CNY 30,000)	Note 6	-	130,320 (CNY 30,000)	-	130,320 (CNY 30,000)	38	100	38	130,358	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021 (Foreign Currencies in Thousands)	Investment Amount Authorized by the Investment Commission, MOEA (Foreign Currencies in Thousands)	Upper Limit on the Amounts of Investment Stipulated by Investment Commission, MOEA
\$ 251,334 (US\$ 9,080)	\$ 363,079 (US\$ 13,117)	\$7,053,105

Note 1: Direct Investment, as of December 31, 2021, the total investment amount approved by the Investment Commission, MOEA, is US\$400 thousand, and the investment amount of US\$400 thousand has been remitted.

Note 2: Foreign currencies are converted into NTD using the exchange rates of the US dollar and CNY to NTD on December 31, 2021.

Note 3: According to the Investment Commission, MOEA, 60% of the net value of investments in mainland China is set.

Note 4: Direct Investment, as of December 31, 2021, the total investment amount approved by the Investment Commission, MOEA, is CNY10,000 thousand, and the investment amount of CNY5,000 thousand has been remitted.

Note 5: Direct Investment, as of December 31, 2021, the total investment amount approved by the Investment Commission, MOEA, is CNY45,000 thousand, and the investment amount of CNY22,500 thousand has been remitted.

Note 6: Direct Investment, as of December 31, 2021, the total investment amount approved by the Investment Commission, MOEA, is CNY30,000 thousand, and the investment amount of CNY30,000 thousand has been remitted.

TABLE 7

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Transaction Type	Total Operating Expenses		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
The Company	Sitronix Technology (Shenzhen) Co., Ltd.	Professional service fees	\$ 134,867	6	Calculated based on the contract	Calculated based on the contract	No related similar transactions to follow	\$ -	-	\$ -	-

Sitronix Technology Corp.

Chairman Vincent Mao

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