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Sitronix Technology Corporation 2019 Annual Shareholders' Meeting

Meeting Agenda (Translation)

Meeting Date: June 26, 2019

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Sitronix Technology Corp.

Procedure for the 2019 Annual Meeting of Shareholders

1. Call Meeting to Order
2. Chairman's Address
3. Report Items
4. Matters for Ratification
5. Proposed Resolutions
6. Extemporaneous Motions
7. Meeting Adjourned

Sitronix Technology Corp.

2019 Annual Shareholders' Meeting Agenda

Time: 9:00 a.m., June, 26, 2019 (Wednesday)

Place: 2F., No.3, Taiyuan 1st St., Zhunei City, Hsinchu County 302, Taiwan,
R.O.C (Tai Yuen Hi-Tech Industrial Park Third-Phrase Multi-Functional
Conference)

1. Call Meeting to Order (Report the number of attendance)
2. Chairman's Address
3. Report Items
 - (1) To report the business of 2018
 - (2) 2018 Audit Committee's Review Report
 - (3) To report 2018 employees' profit sharing bonus and directors and supervisors' compensation
4. Matters for Ratification
 - (1) To approve 2018 Business Report and Financial Statements
 - (2) To approve the Proposal for the 2018 Profit distribution
5. Proposed Resolutions
 - (1) Amendments to the company's Articles of Incorporation
 - (2) Amendments to the company's Procedures for Acquisition or Disposal of Assets and the Procedures for Financial Derivatives Transactions
 - (3) Amendments to the company's Procedures for Making Outward Loans to Others and the Procedures for Endorsement and Guarantee
6. Extemporaneous Motions
7. Meeting Adjourned

Report Items

1. To report the business of 2018

Explanation: 2018 business report is attached on page page 7 to 8, Attachment 1.

2. 2018 Audit Committee's Review Report

Explanation: 2018 Audit Committee's review report is attached on page 9, Attachment 2.

3.To report 2018 employees' profit sharing bonus and directors and supervisors' compensation

Explanation: According to the Article of Incorporation, the proposal of distribution of directors and supervisors was NT\$22,689,805, while the proposal of distribution of the employees was NT\$75,632,684; both shall be paid in cash.

Matters for Ratification

1. To approve 2018 Business Report and Financial Statements

Proposed by the Board of Directors

Explanation:

- (1) 2018 financial statements, including the balance sheets, statements of comprehensive income, statements of changes in equity, and statements of cash flows, were audited by independent auditors, Mr. Cheng Chih Lin and Mr. Yu Feng Huang, of Deloitte & Touche. Business Report and Financial Statements also have been examined by the supervisors of the Company
- (2) For the 2018 business report, independent auditors' report and the aforementioned financial statements, please refer to page 7-8, Attachment 1, page 10-19, Attachment 3, and page 20-29, Attachment 4.
- (3) Please approve.

Resolution:

2. To approve the Popasal for the 2018 Profit distribution

Proposed by the Board of Directors

Explanation:

- (1) 2018 Earnings Distribution Proposal for of the company has been approved by the Directors on March 15, 2019, Each common share holder will be entitled to receive a cash dividend of NT\$5 per share.
- (2) The ex-dividend date will be decided by the Board of Directors meeting after approval by the competent authority. Allotment of fractional shares (less than one share) shall be paid in cash and the cash dividend distribution will be calculated to the nearest NT dollar.
- (3) The 2018 Earnings Distribution Proposal, please refer to page 30 , Attachment 5.
- (4) Please approve.

Resolution:

Proposed Resolutions

1. Amendments to the company's Articles of Incorporation

Proposed by the Board of Directors

Explanation:

- (1) In order to conform to the amendments of relevant laws and regulations and to the accrual requirement of the Company, the Company plans to amend the Company's "Articles of Incorporation".
- (2) Comparison Table for the Articles of Incorporation Before and After Revision, is please refer to page 31-33, Attachment 6.
- (3) Please discuss.

Resolution:

2. Amendments to the company's Procedures for Acquisition or Disposal of Assets and the Procedures for Financial Derivatives Transactions

Proposed by the Board of Directors

Explanation:

- (1) Pursuant to the order of the Financial Supervisory Commission's letter No. 10703410172 on November 26, 2018, the Company is proposed to amend the provisions of Procedures for Acquisition or Disposal of Assets and the Procedures for Financial Derivatives Transactions.
- (2) The comparison tables of the Procedures for Acquisition or Disposal of Assets and the Procedures for Financial Derivatives Transactions Before and After Revision, is please refer to page 34- 57, Attachment 7, page 58, Attachment 8.
- (3) Please discuss.

Resolution:

3. Amendments to the company's Procedures for Making Outward Loans to Others and the Procedures for Endorsement and Guarantee

Proposed by the Board of Directors

Explanation:

- (1) Pursuant to the order of the Financial Supervisory Commission's letter No. 1080304826 on March 7, 2019, the Company is proposed to amend the provisions of Procedures for Making Outward Loans to Others and the Procedures for Endorsement and Guarantee
- (2) The comparison tables of the Procedures for Making Outward Loans to Others and the Procedures for Endorsement and Guarantee Before and After Revision, is please refer to page 59-62, Attachment 9, page 63-68, Attachment 10.
- (3) Please discuss.

Resolution:

Extemporary Motions

Meeting Adjourned

Sitronix Technology Corp.

Business Report

1. 2018 Business Report

(1) Business Plan Implementation Results

The consolidated net revenue in 2018 was approximately NT\$10,330,000,000; it increased by 9.54% compared to 2017. The operating net profit was NT\$1,042,514,000; the net profit after tax was NT\$1,013,820,000 and the earnings per share after tax was NT\$7.03. In addition to the favorable growth of mobile phone products, many other product lines also achieved breakthrough performance.

In the relatively stable feature phone market, Sitronix continues to successfully consolidate its leading position in feature phone display driver IC (DDI) chip with a zero-capacitance differentiation strategy. In the smart phone field, the sales volume has grown smoothly, and the company will continue to launch zero-capacitance versions with different resolutions to successfully achieve the benefits of product differentiation. Under the continuous strategic promotion of the company, the specifications and performance of the products have been highly recognized by customers.

Besides the mobile phones, Sitronix has also continued to successfully develop various products such as in-vehicle DDI, industrial DDI, power management control chips, ambient light sensing chip, distance sensing chip, MEMS sensing chip, etc. The product introduction of the big brand factory shows that the products developed by the company are highly competitive and have high growth potential in the future. The above product lines have been robust in many niche applications and continue to optimize the company's product portfolio, creating a significant contribution to the company's stable gross margin.

(2) The Company's 2018 and 2017 Profitability Analysis

Year		2018	2017
Items		(note 2)	(note 2)
Return on Total Assets (%)		13.26%	12.42%
Return on Equity (%)		19.87%	17.79%
Paid-in Capital Ratio (%)	Operating Income	86.71%	70.82%
	Pre-tax Income	93.32%	82.00%
Net Margin (%)		9.81%	9.44%
Basic Earnings Per Share(yuan)(note 1)		7.03	7.32

Note 1: This is calculated based on the number of weighted average shares issued in the current year.

Note 2: The period when the International Financial Reporting Standards for consolidated financial information was adopted.

2. Future Prospects for the Company

In terms of display driver IC (DDI) chips, the company will continue its long-term innovative research and development for small and medium-sized products. In response to fierce market competition, the company has successfully developed and introduced a zero-capacitor solution to major international manufacturers, maintaining revenue growth and stability as well as profitability through product differentiation. In the future, the company will continue to develop DDI products and gradually step into the high-end market while consolidating the existing low-end market. In addition to the development of a higher resolution format beyond amorphous germanium (asSi) and into low-temperature polysilicon (LTPS), the new products will also include technologies such as TDDI touch display integrated chips. Overall, the company's diversification strategy will include cross-industry innovation, applications, customer portfolio, different resolutions, silicon materials, touch integration solutions, and many other aspects.

Non-DDI products, such as MCU, power management control chip, ambient light sensing chip, distance sensing chip, MEMS sensing chip, etc., are also essential to the company's long-term development. The company is optimistic about future market trends and towards achieving excellent gross profit performance, and is committed to utilizing product differentiation.

In the future, the company will continue to dominate various industries with high revenue growth and high gross profit to achieve balanced development. Furthermore, it will maintain and enhance its profitability by simultaneously developing technology, nurturing talents, improving cost control, optimizing organizational effectiveness and achieving balanced development.

Overall, the company will continue to rely on the collective efforts of its team, expand its customer base and new application markets to achieve the best results. The company is confident that it will grow steadily and share a remarkable operating performance with its shareholders, customers, and employees. Finally, thank you again to all shareholders for their undending support and encouragement.

Sitronix Technology Corp.
2018 Audit Committee's Review Report

The undersigned Deloitte & Touche Taipei, Taiwan Republic of China has duly audited the Operating Report, Financial Statements, and Profit Distribution Proposed prepared by the supervisor for the year 2018, and issued the recorded unqualified audit report. All statistical forms after review by the Supervisor shall be compiled in accordance with the law. Any discrepancies shall be reported to the superior under the Securities and Exchange Act, and Company Act.

With respect,

Sitronix Technology Corp. 2019 Shareholders' Meeting

Sitronix Technology Corp.

Chairman of the Audit Committee: Cheng-Chieh Dai

March 15, 2019

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
Sitronix Technology Corp.

Opinion

We have audited the accompanying financial statements of Sitronix Technology Corp. (the Company), which comprise the balance sheets as of December 31, 2018 and 2017, 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, 2018 and 2017, 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.

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, 2018. 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 for the Company's parent company only financial statements for the year ended December 31, 2018 are stated as follows:

Recognition of sales revenue

The Company's main source of revenue comes from the sale of memory chips. For the year ended December 31, 2018, the revenue recognized was NT\$7,503,697 thousand, please refer to Notes 4 and 27 for information of accounting policy of revenue recognition. Due to the market rebound of memory chips, the Company released certain sales orders by temporarily increasing the credit line. As such, this gives the rise to the potential risk of overstating sales. We therefore considered the validity of occurrence of sales as a key audit matter for the year ended December 31, 2018.

We have assessed that the customers of the Company whose annual revenue growth rates for 2018 have changed significantly to be subject to the risk of validity of revenue recognition. Therefore, our audit procedures performed with respect to these customers to confirm the validity of revenue recognition of the Company include, but are not limited to, the following:

1. We understood and tested the effectiveness of the design and implementation of the key internal controls over revenue recognition;
2. We sampled and inspected the validity of the background information of customers that had significant changes in the annual sales revenue growth rate and understood the reasonableness of such customers' credit terms;
3. We performed on-site interviews by sampling and understood the business process and relevance of sales revenue;
4. We sampled and inspected whether an original purchase order existed for each sale and was approved appropriately;
5. We inspected product names and quantities on notifications of manufacturing, invoices and goods receipt and inspected the amounts to ensure they were consistent.
6. 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, 2018 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 15, 2019

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 CORP.

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

ASSETS	2018		2017		LIABILITIES AND EQUITY	2018		2017	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 4, 6 and 35)	\$ 1,046,299	15	\$ 764,490	12	Short-term borrowings (Notes 4, 21 and 35)	\$ 445,368	6	\$ -	-
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 35)	75,840	1	279,824	5	Financial liabilities at fair value through profit or loss - current (Notes 4,7 and 35)	1,090	-	480	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 35)	187,259	3	-	-	Trade payables (Notes 22 and 35)	1,019,841	15	860,657	14
Available-for-sale financial assets - current (Notes 4, 10 and 35)	-	-	262,929	4	Payables to related parties (Notes 35 and 36)	102,633	2	48,225	1
Financial assets at amortized cost - current (Notes 4, 9,35 and 37)	166,302	3	-	-	Accrued profit sharing to employees and compensation to directors (Notes 28)	98,323	1	102,159	2
Debt investments with no active market - current (Notes 4, 13,35 and 37)	-	-	25,679	-	Other payables (Notes 23 and 35)	345,198	5	349,331	6
Notes receivables and trade receivable (Notes 4, 14 and 35)	950,215	14	499,875	8	Other payables to related parties (Notes 35 and 36)	6,765	-	10,179	-
Notes receivable and trades receivable from related parties (Notes 4, 35 and 36)	16,738	-	372,416	6	Current tax liabilities (Notes 4 and 29)	78,908	1	89,180	1
Other receivables (Notes 14 and 35)	26,363	-	63,836	1	Provisions - current (Notes 4 and 24)	-	-	5,089	-
Other receivables from related parties (Notes 35 and 36)	88,324	1	23,657	-	Other current liabilities (Notes 23 and 35)	37,634	1	10,832	-
Inventories (Notes 4, 5 and 15)	1,378,966	20	1,216,478	20	Total current liabilities	2,135,760	31	1,476,132	24
Prepayments	75,095	1	59,667	1	NON-CURRENT LIABILITIES				
Other current assets (Notes 20 and 35)	10,685	-	4,354	-	Deferred tax liabilities (Notes 4 and 29)	610	-	576	-
Total current assets	4,022,086	58	3,573,205	57	Net defined benefit liabilities - non-current (Notes 4 and 25)	51,318	1	57,555	1
NON-CURRENT ASSETS					Guarantee deposits (Notes 23, 33 and 36)	22,791	-	12,453	-
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35)	67,070	1	31,493	1	Total non-current liabilities	74,719	1	70,584	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35)	332,430	5	-	-	Total liabilities	2,210,479	32	1,546,716	25
Available-for-sale financial assets - non-current (Notes 4, 10 and 35)	-	-	371,529	6	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 26, 31 and 32)				
Held-to-maturity financial assets - non-current (Notes 4, 11 and 35)	-	-	30,499	-	Share capital				
Financial assets at amortized cost - non-current (Notes 4, 9, 35 and 37)	31,386	-	-	-	Ordinary shares	1,202,226	17	1,205,176	19
Financial assets measured at cost - non-current (Notes 4, 12 and 35)	-	-	25,833	-	Capital surplus	761,304	11	785,875	13
Investment accounted for using the equity method (Notes 4, 16, 32 and 36)	1,433,903	21	1,165,896	19	Retained earnings				
Property, plant and equipment (Notes 4, 17 and 36)	454,410	6	429,248	7	Legal reserve	875,493	13	788,177	13
Investment properties (Notes 4 and 18)	535,150	8	543,340	9	Special reserve	26,644	-	8,728	-
Intangible assets (Notes 4 and 19)	40,400	1	50,246	1	Unappropriated earnings	2,124,198	31	1,969,197	31
Other non-current assets (Notes 20, 33 and 35)	5,910	-	5,086	-	Total retained earnings	3,026,335	44	2,766,102	44
Total non-current assets	2,900,659	42	2,653,170	43	Other equity				
TOTAL	\$ 6,922,745	100	\$ 6,226,375	100	Exchange differences on translating the financial statement of foreign operations	(846)	-	(943)	-
					Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(251,101)	(4)	-	-
					Unrealized gain (loss) on available-for-sale financial assets	-	-	(25,701)	-
					Unrealized compensation of employees	(25,652)	-	(50,850)	(1)
					Total other equity	(277,599)	(4)	(77,494)	(1)
					Total equity	4,712,266	68	4,679,659	75
					TOTAL	\$ 6,922,745	100	\$ 6,226,375	100

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

SITRONIX TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

	2018		2017	
	Amount	%	Amount	%
NET REVENUE (Notes 4 and 27)	\$ 7,503,697	100	\$ 7,553,780	100
OPERATING COSTS (Notes 4, 15, 28 and 36)	<u>5,697,612</u>	<u>76</u>	<u>5,629,862</u>	<u>74</u>
GROSS PROFIT	<u>1,806,085</u>	<u>24</u>	<u>1,923,918</u>	<u>26</u>
OPERATING EXPENSES (Notes 4, 28 and 36)				
Selling and marketing expenses	164,179	2	98,946	1
General and administrative expenses	155,033	2	188,103	3
Research and development expenses	<u>936,621</u>	<u>13</u>	<u>886,749</u>	<u>12</u>
Total operating expenses	<u>1,255,833</u>	<u>17</u>	<u>1,173,798</u>	<u>16</u>
INCOME FROM OPERATIONS	<u>550,252</u>	<u>7</u>	<u>750,120</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 28 and 36)	68,977	1	75,617	1
Other gains and losses (Notes 4 and 28)	10,388	-	39,618	-
Finance costs (Notes 4 and 28)	(7,906)	-	(3,252)	-
Share of profit of subsidiaries and associates (Notes 4 and 16)	<u>282,885</u>	<u>4</u>	<u>98,421</u>	<u>1</u>
Total non-operating income and expenses	<u>354,344</u>	<u>5</u>	<u>210,404</u>	<u>2</u>
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	904,596	12	960,524	12
INCOME TAX EXPENSE (Notes 4 and 29)	<u>64,233</u>	<u>1</u>	<u>87,366</u>	<u>1</u>
NET INCOME FOR THE YEAR	<u>840,363</u>	<u>11</u>	<u>873,158</u>	<u>11</u>
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 25)	4,599	-	(746)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(86,278)	(1)	-	-
Share of the other comprehensive loss of associates accounted for using the equity method	(61,152)	(1)	-	-

(Continued)

SITRONIX TECHNOLOGY CORP.

**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)**

	2018		2017	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss (Notes 4 and 26):				
Exchange differences on translating foreign operations	\$ 97	-	\$ (41)	-
Unrealized gain (loss) on available-for-sale financial assets	-	-	(20,672)	-
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	251	-	-	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>(33)</u>	<u>-</u>	<u>2,797</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(142,516)</u>	<u>(2)</u>	<u>(18,662)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 697,847</u>	<u>9</u>	<u>\$ 854,496</u>	<u>11</u>
EARNINGS PER SHARE (Note 30)				
Basic	<u>\$ 7.03</u>		<u>\$ 7.32</u>	
Diluted	<u>\$ 6.94</u>		<u>\$ 7.22</u>	

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

SITRONIX TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	Share Capital (Note 26)		Capital Surplus (Notes 26 and 32)	Retained Earnings			Other Equity (Notes 24, 26 and 31)				Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special reserve	Unappropriated Earnings (Note 26)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) from Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Compensation of Employees	
BALANCE AT JANUARY 1, 2017	120,638	\$ 1,206,376	\$ 811,101	\$ 683,993	\$ 21,364	\$ 2,093,666	\$ (902)	\$ (7,826)	\$ -	\$ (120,394)	\$ 4,687,378
Appropriation of 2016 earnings											
Legal reserve	-	-	-	104,184	-	(104,184)	-	-	-	-	-
Special reserve	-	-	-	-	(12,636)	12,636	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(723,826)	-	-	-	-	(723,826)
Other changes in capital surplus											
Changes in percentage of ownership interests in subsidiaries	-	-	(14,006)	-	-	(181,507)	-	-	-	-	(195,513)
Compensation costs of restricted shares for employees	-	-	-	-	-	-	-	-	-	57,124	57,124
Retirement of restricted shares for employees	(120)	(1,200)	(11,220)	-	-	-	-	-	-	12,420	-
Net income for the year ended December 31, 2017	-	-	-	-	-	873,158	-	-	-	-	873,158
Other comprehensive loss for year ended December 31, 2017, net of income tax	-	-	-	-	-	(746)	(41)	(17,875)	-	-	(18,662)
Total comprehensive income for the year ended December 31, 2017	-	-	-	-	-	872,412	(41)	(17,875)	-	-	854,496
BALANCE AT JANUARY 1, 2017 AS RESTATED	120,518	1,205,176	785,875	788,177	8,728	1,969,197	(943)	(25,701)	-	(50,850)	4,679,659
EFFECT OF RETROSPECTIVE APPLICATION AND RETROSPECTIVE RESTATEMENT	-	-	-	-	-	81,235	-	25,701	(106,936)	-	-
BALANCE AT DECEMBER 31, 2017	120,518	1,205,176	785,875	788,177	8,728	2,050,432	(943)	-	(106,936)	(50,850)	4,679,659
Appropriation of 2017 earnings											
Legal reserve	-	-	-	87,316	-	(87,316)	-	-	-	-	-
Special reserve	-	-	-	-	17,916	(17,916)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(662,847)	-	-	-	-	(662,847)
Other changes in capital surplus											
Changes in percentage of ownership interests in subsidiaries	-	-	3,014	-	-	(70)	-	-	-	-	2,944
Compensation cost of restricted shares for employees	-	-	-	-	-	-	-	-	-	(5,337)	(5,337)
Restricted new shares not vested	(295)	(2,950)	(27,585)	-	-	-	-	-	-	30,535	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(3,047)	-	-	3,047	-	-
Net income for the year ended December 31, 2018	-	-	-	-	-	840,363	-	-	-	-	840,363
Other comprehensive income (loss) for year ended December 31, 2018, net of income tax	-	-	-	-	-	4,599	97	-	(147,212)	-	(142,516)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	844,962	97	-	(147,212)	-	697,847
BALANCE AT DECEMBER 31, 2018	120,223	\$ 1,202,226	\$ 761,304	\$ 875,493	\$ 26,644	\$ 2,124,198	\$ (846)	\$ -	\$ (251,101)	\$ (25,652)	\$ 4,712,266

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

SITRONIX TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 904,596	\$ 960,524
Adjustments for:		
Depreciation expense	120,078	102,717
Amortization expense	24,133	19,562
Impairment loss reversed on trade receivables	-	(2,494)
Net (gain) loss on fair value changes of financial assets designated as at fair value through profit or loss	(17,410)	3,611
Finance costs	7,906	3,252
Interest income	(17,285)	(24,620)
Dividend income	(9,073)	(9,873)
Compensation cost of share-based payment	(5,337)	57,124
Share of profits of associates	(282,885)	(98,421)
Loss (gain) on disposal of property, plant and equipment	3	(23)
Gain on disposal of available-for-sale financial assets	-	(56,374)
Impairment loss on financial assets	-	4,125
Write-downs of inventories	9,000	30,500
Unrealized net loss (gain) on foreign currency exchange	(3,876)	30,513
Deferred other revenue	(644)	(772)
Changes in operating assets and liabilities		
Financial assets held for trading	-	(36,556)
Notes receivable and trade receivables	(462,625)	(11,836)
Receivables from related parties	349,875	47,501
Other receivables	38,941	2,191
Other receivables from related parties	(2,256)	1,254
Inventories	(171,488)	7,168
Prepayments	(15,428)	10,558
Other current assets	(6,331)	(1,584)
Notes payable and trade payables	171,715	(230,096)
Payables to related parties	55,326	(21,660)
Other payables	(4,678)	8,682
Other payables to related parties	(3,414)	4,440
Other current liabilities	21,713	2,842
Net defined benefit liabilities	(1,638)	(1,442)
Accrued profit sharing bonus to employees' compensation and remuneration of directors	(3,836)	(19,736)
Cash generated from operations	695,082	781,077
Interest received	15,816	24,941
Interest paid	(6,988)	(3,252)
Income tax paid	(74,471)	(97,621)
Net cash generated from operating activities	<u>629,439</u>	<u>705,145</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(149,269)	-
Disposal of financial assets at fair value through other comprehensive income	72,596	-
Purchase of financial assets measured at cost	(344,502)	-
Proceeds from the return of capital of financial assets carried at amortized cost	203,879	-
Acquisition of financial assets at fair value through profit or loss	(137,646)	-

(Continued)

SITRONIX TECHNOLOGY CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
Proceeds from disposal of financial assets at fair value through profit or loss	\$ 455,322	\$ -
Purchase of available-for-sale financial assets	-	(544,749)
Proceeds from disposal of available-for-sale financial assets	-	392,485
Proceeds from sale of debt investments with no active market	-	19,872
Proceeds from sale of held-to-maturity financial assets	-	100,000
Acquisition of investments accounted for using the equity method	(104,182)	(338,051)
Acquisition of property, plant and equipment	(137,053)	(97,091)
Proceeds from disposal of property, plant and equipment	-	1,292
Increase in refundable deposits	(664)	(934)
Increase in other receivable from related parties	(62,466)	(20,000)
Purchase for intangible assets	(14,287)	(27,179)
Increase in prepayments for equipment	(160)	-
Dividends received	65,633	115,737
Net cash inflow on disposal of subsidiaries	<u>5,000</u>	<u>-</u>
Net cash used in investing activities	<u>(147,799)</u>	<u>(398,618)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	2,743,106	-
Repayments of short-term borrowings	(2,296,153)	-
Proceeds from guarantee deposits received	10,338	1,324
Cash dividends distributed	<u>(662,847)</u>	<u>(723,826)</u>
Net cash used in financing activities	<u>(205,556)</u>	<u>(722,502)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>5,725</u>	<u>(27,154)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	281,809	(443,129)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>764,490</u>	<u>1,207,619</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,046,299</u>	<u>\$ 764,490</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
Sitronix Technology Corp.

Opinion

We have audited the accompanying consolidated balance sheets of Sitronix Technology Corp. and its subsidiaries (the Group), which comprise the balance sheets as of December 31, 2018 and 2017, 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, 2018 and 2017, 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, 2018. 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 matters for the Group's consolidated financial statements for the year ended December 31, 2018 are stated as follows:

Recognition of sales revenue

The Group's main source of revenue comes from the sale of memory chips. For the year ended December 31, 2018, the revenue recognized was NT\$10,330,505 thousand, please refer to Notes 4, 27 and 40 for information of accounting policy of revenue recognition. Due to the market rebound of memory chips, the Group released certain sales orders by temporarily increasing the credit line. As

such, this gives the rise to the potential risk of overstating sales. We therefore considered the validity of occurrence of sales as a key audit matter for the year ended December 31, 2018.

We have assessed that the customers of the Group whose annual revenue growth rates for 2018 have changed significantly to be subject to the risk of validity of revenue recognition. Therefore, our audit procedures performed with respect to these customers to confirm the validity of revenue recognition of the Group include, but are not limited to, the following:

1. We understood and tested the effectiveness of the design and implementation of the key internal controls over revenue recognition;
2. We sampled and inspected the validity of the background information of customers that had significant changes in the annual sales revenue growth rate and understood the reasonableness of such customers' credit terms;
3. We performed on-site interviews by sampling and understood the business process and relevance of sales revenue.
4. We sampled and inspected whether an original purchase order existed for each sale and was approved appropriately.
5. We inspected product names and quantities on notifications of manufacturing, invoices and goods receipt and inspected the amounts to ensure they were consistent;
6. 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 Corp. as of and for the years ended December 31, 2018 and 2017 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, 2018 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 15, 2019

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 CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

ASSETS	2018		2017		LIABILITIES AND EQUITY	2018		2017	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 4, 6 and 35)	\$ 2,060,229	25	\$ 1,421,885	20	Short-term borrowings (Notes 4, 21 and 35)	\$ 476,168	6	\$ 20,220	-
Financial assets at fair value through profit or loss (Notes 4, 7 and 35)	133,677	2	279,824	4	Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 35)	1,262	-	480	-
Financial assets at fair value through other comprehensive income (Notes 4, 8 and 35)	216,918	3	-	-	Notes payable and trade payables (Notes 22 and 35)	1,560,675	19	1,141,166	16
Available-for-sale financial assets (Notes 4, 10 and 35)	-	-	282,619	4	Payables to related parties (Notes 35 and 36)	-	-	3,806	-
Financial assets at amortized cost (Notes 4, 9, 35 and 37)	382,291	4	-	-	Other payables (Notes 23 and 35)	521,254	6	472,412	7
Notes receivable and trade receivables, net (Notes 4, 14 and 35)	1,359,075	16	1,009,582	14	Accrued employees' compensation and remuneration of directors (Note 28)	195,831	2	126,244	2
Debt investments with no active market - current (Notes 4, 13, 35 and 37)	-	-	183,502	3	Current tax liabilities (Notes 4 and 29)	142,911	2	117,025	2
Notes receivable and trade receivable from related parties (Notes 4, 35 and 36)	39	-	-	-	Provisions - current (Notes 4 and 24)	-	-	5,089	-
Other receivables (Notes 14 and 35)	53,332	1	65,277	1	Other current liabilities (Notes 23 and 35)	42,750	-	17,495	-
Inventories (Notes 4, 5 and 15)	2,071,021	25	1,735,070	25	Total current liabilities	2,940,851	35	1,903,937	27
Prepayments	126,479	1	74,361	1	NON-CURRENT LIABILITIES				
Other current assets (Notes 20 and 35)	12,538	-	5,845	-	Deferred tax liabilities (Notes 4 and 29)	610	-	576	-
Total current assets	6,415,599	77	5,057,965	72	Net defined benefit liabilities (Notes 4 and 25)	51,318	1	57,555	1
NON-CURRENT ASSETS					Guarantee deposits received (Notes 33 and 36)	168,060	2	70,683	1
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35)	87,124	1	31,493	1	Total non-current liabilities	219,988	3	128,814	2
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35)	633,921	8	-	-	Total liabilities	3,160,839	38	2,032,751	29
Available-for-sale financial assets - non-current (Notes 4, 10 and 35)	-	-	703,211	10	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 4, 26, 31 and 32)				
Held-to-maturity financial assets - non-current (Notes 4, 11 and 35)	-	-	30,499	-	Share capital				
Financial assets at amortized cost - non-current (Notes 4, 9 and 35)	31,386	-	-	-	Ordinary shares	1,202,226	14	1,205,176	17
Financial assets measured at cost - non-current (Notes 4, 12 and 35)	-	-	25,833	-	Capital surplus	761,304	9	785,875	11
Property, plant and equipment (Notes 4 and 17)	810,304	10	782,145	11	Retained earnings				
Investment properties (Notes 4 and 18)	330,559	4	335,277	5	Legal reserve	875,493	11	788,177	12
Intangible assets (Notes 4 and 19)	47,875	-	55,789	1	Special reserve	26,644	-	8,728	-
Other non-current assets (Notes 20, 33 and 35)	9,743	-	8,783	-	Unappropriated earnings	2,124,198	25	1,969,197	28
Total non-current assets	1,950,912	23	1,973,030	28	Total retained earnings	3,026,335	36	2,766,102	40
					Other equity				
					Exchange differences on translating the financial statements of foreign operations	(846)	-	(943)	-
					Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(251,101)	(3)	-	-
					Unrealized gain (loss) on available-for-sale financial assets	-	-	(25,701)	-
					Unearned compensation of employees	(25,652)	-	(50,850)	(1)
					Total other equity	(277,599)	(3)	(77,494)	(1)
					Equity attributable to shareholders of the parent	4,712,266	56	4,679,659	67
					NON-CONTROLLING INTERESTS (Notes 16, 26 and 32)	493,406	6	318,585	4
					Total equity	5,205,672	62	4,998,244	71
TOTAL	\$ 8,366,511	100	\$ 7,030,995	100	TOTAL	\$ 8,366,511	100	\$ 7,030,995	100

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

SITRONIX TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
NET REVENUE (Notes 4, 27 and 36)	\$ 10,330,505	100	\$ 9,431,062	100
OPERATING COSTS (Notes 4, 15, 28 and 36)	<u>7,460,479</u>	<u>72</u>	<u>6,916,729</u>	<u>73</u>
GROSS PROFIT	<u>2,870,026</u>	<u>28</u>	<u>2,514,333</u>	<u>27</u>
OPERATING EXPENSES (Notes 4, 14, 28 and 36)				
Selling and marketing expenses	173,113	2	151,888	2
General and administrative expenses	337,758	3	331,080	4
Research and development expenses	1,318,845	13	1,177,828	12
Gain on reversal of expected credit loss	<u>(2,204)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>1,827,512</u>	<u>18</u>	<u>1,660,796</u>	<u>18</u>
INCOME FROM OPERATIONS	<u>1,042,514</u>	<u>10</u>	<u>853,537</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 28 and 36)				
Other income	65,074	1	66,433	-
Other gains and losses	23,609	-	72,156	1
Finance costs	<u>(9,267)</u>	<u>-</u>	<u>(3,858)</u>	<u>-</u>
Total non-operating income and expenses	<u>79,416</u>	<u>1</u>	<u>134,731</u>	<u>1</u>
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,121,930	11	988,268	10
INCOME TAX EXPENSE (Notes 4 and 29)	<u>108,110</u>	<u>1</u>	<u>97,034</u>	<u>1</u>
NET INCOME FOR THE YEAR	<u>1,013,820</u>	<u>10</u>	<u>891,234</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans(Notes 4 and 25)	4,599	-	(746)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(147,430)	(2)	-	-

(Continued)

SITRONIX TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

	2018		2017	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ (441)	-	\$ (41)	-
Unrealized loss on available-for-sale financial assets	-	-	(17,875)	-
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	<u>218</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(143,054)</u>	<u>(2)</u>	<u>(18,662)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 870,766</u>	<u>8</u>	<u>\$ 872,572</u>	<u>9</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 840,363	8	\$ 873,158	9
Non-controlling interests	<u>173,457</u>	<u>2</u>	<u>18,076</u>	<u>-</u>
	<u>\$ 1,013,820</u>	<u>10</u>	<u>\$ 891,234</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 697,847	7	\$ 854,496	9
Non-controlling interests	<u>172,919</u>	<u>1</u>	<u>18,076</u>	<u>-</u>
	<u>\$ 870,766</u>	<u>8</u>	<u>\$ 872,572</u>	<u>9</u>
EARNINGS PER SHARE (Note 30)				
Basic	<u>\$ 7.03</u>		<u>\$ 7.32</u>	
Diluted	<u>\$ 6.94</u>		<u>\$ 7.22</u>	

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

SITRONIX TECHNOLOGY CORP. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Shareholders of the Parent											Non-controlling Interests (Notes 16, 26 and 32)	Total Equity
	Share Capital (Note 26)		Capital Surplus (Notes 26 and 32)	Retained Earnings			Other Equity (Notes 4, 26 and 31)				Total		
	Shares (In Thousands)	Amount		Legal Reserve	Special reserve	Unappropriated Earnings (Note 26)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) from Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Compensation of Employees			
BALANCE AT JANUARY 1, 2017	120,638	\$ 1,206,376	\$ 811,101	\$ 683,993	\$ 21,364	\$ 2,093,666	\$ (902)	\$ (7,826)	\$ -	\$ (120,394)	\$ 4,687,378	\$ 329,150	\$ 5,016,528
Appropriation of 2016 earnings													
Legal reserve	-	-	-	104,184	-	(104,184)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(12,636)	12,636	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(723,826)	-	-	-	-	(723,826)	-	(723,826)
Other changes in capital surplus													
Changes in percentage of ownership interests in subsidiaries	-	-	(14,006)	-	-	(181,507)	-	-	-	-	(195,513)	195,513	-
Compensation costs of restricted shares for employees	-	-	-	-	-	-	-	-	-	57,124	57,124	-	57,124
Retirement of restricted shares for employees	(120)	(1,200)	(11,220)	-	-	-	-	-	-	12,420	-	-	-
Net income for the year ended December 31, 2017	-	-	-	-	-	873,158	-	-	-	-	873,158	18,076	891,234
Other comprehensive loss for year ended December 31, 2017, net of income tax	-	-	-	-	-	(746)	(41)	(17,875)	-	-	(18,662)	-	(18,662)
Total comprehensive income for the year ended December 31, 2017	-	-	-	-	-	872,412	(41)	(17,875)	-	-	854,496	18,076	872,572
Decrease in non- controlling interests	-	-	-	-	-	-	-	-	-	-	-	(174,547)	(174,547)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(49,607)	(49,607)
BALANCE AT JANUARY 1, 2017 AS RESTATED	120,518	1,205,176	785,875	788,177	8,728	1,969,197	(943)	(25,701)	-	(50,850)	4,679,659	318,585	4,998,244
EFFECT OF RETROSPECTIVE APPLICATION AND RETROSPECTIVE RESTATEMENT	-	-	-	-	-	81,235	-	25,701	(106,936)	-	-	-	-
BALANCE AT DECEMBER 31, 2017	120,518	1,205,176	785,875	788,177	8,728	2,050,432	(943)	-	(106,936)	(50,850)	4,679,659	318,585	4,998,244
Appropriation of 2017 earnings													
Legal reserve	-	-	-	87,316	-	(87,316)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	17,916	(17,916)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(662,847)	-	-	-	-	(662,847)	-	(662,847)
Other changes in capital surplus													
Changes in percentage of ownership interests in subsidiaries	-	-	3,014	-	-	(70)	-	-	-	-	2,944	(2,944)	-
Compensation cost of restricted shares for employees	-	-	-	-	-	-	-	-	-	(5,337)	(5,337)	-	(5,337)
Restricting employee rights, new shares are not vested	(295)	(2,950)	(27,585)	-	-	-	-	-	-	30,535	-	-	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(3,047)	-	-	3,047	-	-	-	-
Net income for the year ended December 31, 2018	-	-	-	-	-	840,363	-	-	-	-	840,363	173,457	1,013,820
Other comprehensive income (loss) for year ended December 31, 2018, net of income tax	-	-	-	-	-	4,599	97	-	(147,212)	-	(142,516)	(538)	(143,054)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	844,962	97	-	(147,212)	-	697,847	172,919	870,766
Increase in non- controlling interests	-	-	-	-	-	-	-	-	-	-	-	23,689	23,689
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(18,843)	(18,843)
BALANCE AT DECEMBER 31, 2018	120,223	\$ 1,202,226	\$ 761,304	\$ 875,493	\$ 26,644	\$ 2,124,198	\$ (846)	\$ -	\$ (251,101)	\$ (25,652)	\$ 4,712,266	\$ 493,406	\$ 5,205,672

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

SITRONIX TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,121,930	\$ 988,268
Adjustments for:		
Depreciation expense	194,278	167,878
Amortization expense	29,177	24,392
Gain on reversal of expected credit loss	(2,204)	-
Impairment loss reversed on trade receivables	-	(11,856)
Finance costs	9,267	3,858
Interest income	(25,151)	(40,250)
Dividend income	(9,603)	(10,337)
Net (gain) loss on fair value changes of financial assets designated as at fair value through profit or loss	(15,700)	3,611
Compensation costs of share-based payments	(5,206)	57,314
Gain on disposal of property, plant and equipment	(292)	(285)
Gain on disposal of available-for-sale financial assets	-	(95,874)
Impairment loss on financial assets	-	4,125
Write-downs of inventories	47,288	25,191
Unrealized net loss (gain) on foreign currency exchange	(14,763)	52,101
Changes in operating assets and liabilities		
Financial assets held for trading	-	(36,556)
Notes receivable and trade receivables	(365,564)	(107,751)
Other receivables from related parties	(39)	-
Other receivables	16,801	7,731
Inventories	(383,239)	(140,412)
Prepayments	(52,118)	7,244
Other current assets	(6,693)	(914)
Notes payable and trade payables	436,140	(188,747)
Payables to related parties	(3,806)	3,725
Other payables	48,406	14,320
Other current liabilities	20,166	(11,343)
Net defined benefit liabilities	(1,638)	(1,442)
Accrued profit sharing bonus to employees' compensation and directors' remuneration	74,795	(26,374)
Cash generated from operations	1,112,232	687,617
Dividends received	23,329	40,641
Interest paid	(8,341)	(3,859)
Income tax paid	(85,225)	(139,348)
Net cash generated from operating activities	<u>1,041,995</u>	<u>585,051</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(209,566)	-
Disposal of financial assets at fair value through other comprehensive income	72,596	-

(Continued)

SITRONIX TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
Purchase of financial assets measured at cost	\$ (627,441)	\$ -
Proceeds from the return of capital of financial assets at amortized cost	428,652	-
Proceeds from disposal of financial assets at fair value through profit or loss	(243,385)	-
Disposal of financial assets at fair value through profit or loss	501,322	-
Purchase of available-for-sale financial assets	-	(898,927)
Proceeds from sale of available-for-sale financial assets	-	756,975
Proceeds from sale of debt investments with no active market	-	19,855
Proceeds from sale of held-to-maturity financial assets	-	100,000
Acquisition of property, plant and equipment	(217,892)	(195,365)
Proceeds from disposal of property, plant and equipment	411	1,992
Increase in refundable deposits	(446)	(2,759)
Acquisitions of intangible assets	(21,261)	(35,408)
Increase in prepayments for equipment	(514)	-
Dividends received	<u>9,603</u>	<u>10,337</u>
Net cash used in investing activities	<u>(307,921)</u>	<u>(243,300)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	3,149,754	230,060
Repayments of short-term borrowings	(2,692,255)	(229,430)
Proceeds from guarantee deposits received	97,377	3,126
Cash dividends distributed	(662,847)	(723,826)
Dividends paid to non-controlling interests	(18,843)	(49,607)
Increase (decrease) in non-controlling interests	<u>18,350</u>	<u>(203,663)</u>
Net cash used in financing activities	<u>(108,464)</u>	<u>(973,340)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>12,734</u>	<u>(51,509)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	638,344	(683,098)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,421,885</u>	<u>2,104,983</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,060,229</u>	<u>\$ 1,421,885</u>

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

(Concluded)

Sitronix Technology Corp.

2018 Earnings Distribution Proposal

Unit: NT\$ dollars

Items	Amount
Unappropriated retained earnings	1,201,118,344
Adjustment for Adopted TIFRS	81,234,713
Adjustment of Retained Earnings Through Investment Accounted for Using the Equity Method	(70,375)
Disposal of Retained Earnings by Fair value through other comprehensive income (i.e. FVTOCI)	(3,047,202)
Retained Earnings by Adjustment of Acturial assumptions	4,599,281
Adjusted Undistributed Earnings	1,283,834,761
Profit After-tax	840,363,157
Loss : 10% Legal Reserve	(84,036,316)
Loss : Special Reserve in accordance with law	(225,303,269)
Distributable Earnings	1,814,858,333
Loss: Assigned Items	
Shareholders' Dividend (Cash Dividend NT\$5 per share)	(601,112,905)
Unappropriated Retained Earnings	1,213,745,428

Description :

- (1) The number of registered number of paid shares of the company by the date of book closure (April 28, 2019) is 120,222,581. If the company's share stock change in the future, and results in the affection of outstanding shares, as well as the shift of preference rate of the shareholders and, need to be corrected, it is proposed to invite the shareholders to authorize the Board of Directors comprehensively to handle.
- (2) According to the Finance and Taxation's letter of April 30, 1998, the Ministry of Finance, No.871941343, individual identification should be adopted in the distribution of earnings. The earnings distribution principle of the company initially distributed the earnings of 2018.

Sitronix Technology Corp.

Comparison Table for the Articles of Incorporation Before and After Revision

Article	Before Revision	Revised Version	Description
Article 6-2	Added	<u>The counterparty in which shares were bought back by the company and stock subscription warrant was issued in accordance with this Act; Employee qualification requirements which cover employees of parent company or subsidiaries who meet certain requirements are entitled to a stock subscription warrant. The Board of Directors has the authority to resolve and determine the method of distribution.</u>	Modified the Company Act: Article 167-1, Section 4; Article 167-2, Section 3; Article 267, Sections 7 and 11
Article 9	There are two kinds of Shareholders' meeting: 1. Regular meeting of shareholders: to be held once every year within six months after the end of each fiscal year 2. Special meeting of shareholders: to be held when necessary in accordance with the law	There are two kinds of Shareholders' meeting: 1. Regular meeting of shareholders: to be <u>held at least</u> once every year within six months after the end of each fiscal year 2. Special meeting of shareholders: to be held when necessary in accordance with the law	Modified the Company Act, Article 170

Article	Before Revision	Revised Version	Description
Article 13	<p>The company appoints five to nine directors for a three-year term who are also eligible for re-election. Among these director seats, the number of independent directors should not be less than two <u>and not less than one-fifth of the number of director seats</u>.</p> <p>The election of company directors adopts the candidate nomination system. Shareholders select directors from the list of candidates. The nomination method is applied according to one of the provisions of Article 192 of the Company Act.</p> <p>The company must purchase liability insurance in accordance with the law during the course of its business operations and term of office of directors.</p>	<p>The company appoints five to nine directors for a three-year term who are also eligible for re-election. Among these director seats, the number of independent directors should not be less than <u>three</u>.</p> <p>The election of company directors adopts the candidate nomination system.</p> <p>Shareholders select directors from the list of candidates. The nomination method is applied according to one of the provisions of Article 192 of the Company Act.</p> <p>The company must purchase liability insurance in accordance with the law during the course of its business operations and term of office of directors.</p>	Modified laws
Article 19-2	Added	<p><u>The company may explicitly stipulate the authorized distribution of dividends and bonuses in whole or in part, which may be paid in cash after a resolution is passed by a majority vote during a meeting of the board of directors attended by two-thirds of the total number of directors. In addition, a report of such distribution should be submitted during the most recent shareholders' meeting.</u></p>	Modified the Company Act, Article 240

Article	Before Revision	Revised Version	Description
Article 19-3	Added	<u>Provided that there are no incurred losses, the company may, by means of a resolution adopted by a majority of shareholders present at the meeting (who represent two-thirds or more of the total number of Board members) and in accordance with the Company Act, have its legal reserve (i.e., only a portion of the legal reserve exceeding 25% of the paid-in capital may be distributed) and capital reserve distributed in whole or in part in the form of cash, and such distribution must be reported during the most recent shareholders' meeting.</u>	Modified the Company Act, Article 241
Article 21	<p>The article was established on July 7, 1992.</p> <p>First amended on October 1, 1992.</p> <p>The second amendment was on March 29, 1994.</p> <p>Skipped.</p> <p>The twenty-fifth amendment was on June 22, 2016.</p> <p>The twenty-sixth amendment was on June 22, 2017.</p> <p>The twenty-seventh amendment was on June 27, 2018.</p>	<p>The article was established on July 7, 1992.</p> <p>First amended on October 1, 1992.</p> <p>The second amendment was on March 29, 1994.</p> <p>Skipped.</p> <p>The twenty-fifth amendment was on June 22, 2016.</p> <p>The twenty-sixth amendment was on June 22, 2017.</p> <p>The twenty-seventh amendment was on June 27, 2018.</p> <p><u>The twenty-eighth amendment was on June 26, 2019.</u></p>	Added amended date.

Sitronix Technology Corp.

Comparison Table for the Procedures for Acquisition or Disposal of Assets Before and After Revision

Before Revised	Revised Version	Description
<p>Article 1 : Purpose and Source of Law</p> <p>To protect the assets of the company and implement information disclosure, strengthen the management of the company's procedures for acquisition or disposal of assets, establish the procedures in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and <u>the relevant correspondence</u> of the securities authorities. <u>However, if other acts have their provisions provide otherwise, the provisions shall be complied prior to the precedures.</u></p>	<p>Article 1 : Purpose and Source of Law</p> <p>To protect the assets of the company and implement information disclosure, strengthen the management of the company's procedures for acquisition or disposal of assets, established the procedures in accordance with the provisions of Article 36-1 of the Securities and Exchange Act (<u>herein referred to "the act".</u>) The relevant provisions of <u>the Procedures for Acquisitions or Disposal of Assets as set out</u> by the competent authority of the securities.</p>	<p>Modified with the Procedures for Acquisition or Disposal of Assets, article 1 and 2.</p>
<p>Article 2: Scope of Assets</p> <ol style="list-style-type: none"> 1. Investments in stocks, bonds, Corp.orate bonds, financial bonds, securities recognized by the fund, depository receipts, call warrant, beneficiary certificate and asset backed securities, etc. ° 2. Real estate (including land, housing and construction, investment real estate, <u>land access</u>) and equipment. 3. Membership. 4. Intangible assets such as patent rights, copyrights, trademark rights and concessions. 5. Claims of financial institutions (including receivables, discounting of purchase of remittances and loans, collection items). 6. Financial Derivatives: 7. Assets acquired or disposed of by merging, splitting, acquiring or obtaining shares in accordance with the law. 8. Other important assets. 	<p>Article 2: Scope of Assets</p> <ol style="list-style-type: none"> 1. Investments in stocks, bonds, Corp.orate bonds, financial bonds, securities recognized by the fund, depository receipts, call warrant, beneficiary certificate and asset backed securities, etc. 2. Real estate (including land, housing and construction, investment real estate, and access) and equipment. 3. Membership. 4. Intangible assets such as patent rights, copyrights, trademark rights and concessions. 5. <u>Right-of-use assets thereof</u> 6. Claims of financial institutions (including receivables, discounting of purchase of remittances and loans, collection items). 7. Financial derivatives. 8. Assets acquired or disposed of by merging, splitting, acquiring or obtaining shares in accordance with the law. 9. Other important assets. 	<ol style="list-style-type: none"> 1. Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 "Lease", the addition of paragraph 5 of the right to use assets norms, and moved the current section 2 of Land Access to section 5. 2. Modified with the Procedures for Acquisition or Disposal of Assets, article 3.

Before Revised	Revised Version	Description
<p>Article 3: Nominal Definition</p> <p>1. Financial Derivatives: It referred to instruments that derive their value from the performance of underlying <u>assets</u>, interest or currency exchange rates, indexes or other. Such instruments include swaps, options, futures contracts, leverage contracts, forwards, <u>and compound contract of various combinations thereof</u>. Forwards referred herein exclude insurance, performance, post-sale service, long-term lease and long-term sales/procurement contracts</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph <u>8</u> of the Company Acts.</p> <p>3~6 (skipped)</p>	<p>Article 3: Nominal Definition</p> <p>1. Financial Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a <u>specified interest rate, financial instrument price, commodity price</u>, foreign exchange rate, index of <u>prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives</u>. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p> <p>3~6 (skipped)</p> <p>7. Securities exchange: "<u>Domestic securities exchange</u>" refers to the <u>Taiwan Stock Exchange Corporation</u>; "<u>foreign securities exchange</u>" refers to any <u>organized securities exchange market that is regulated by the competent</u></p>	<p>1. Modified with the application of the International Financial Reporting Standards (IFRS) No. 9 "Financial Instruments", amended section 1 and texts.</p> <p>2. The amendments to the Company Acts issued on August 1, 2007, have been implemented on November 1, 2007, thus amended Article 156, section 8 that quoted in paragraph 2 to Article 156-3.</p> <p>3. To clearly define the domestic and international stock exchanges and securities firms' business premises, and facilitate the</p>

Before Revised	Revised Version	Description
	<p><u>securities authorities of the jurisdiction where it is located.</u></p> <p>8. <u>Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u></p>	<p>company to follow.</p> <p>4. Modified with the Procedures for Acquisition or Disposal of Assets, article 4.</p>
<p>Article 4: Exclusion of related persons Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall not be the related counterparty of the transaction.</u></p>	<p>Article 4: Exclusion of related persons Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions <u>shall meet the following requirement:</u></p> <p>1. <u>May not have previously received a final and unappeasable the following requirement: sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p>2. <u>My not be related parties or de facto related parties to each other.</u></p> <p>3. <u>If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties to each other.</u></p> <p><u>When issuing an appraisal report or opinion, the personnel referred to in</u></p>	<p>1. Included the matters that the professionals shall notice, which was the Finance and Taxation's letter of March 21, 2003, the former Ministry of Finance, Securities and Future Commission, No.092000115 1, the supplementary provisions the fourth point concerned that the public issuance company shall consult the professional valuer and its appraisers, accountants, lawyers or securities underwriters, etc., in the criteria.</p> <p>2. Giving explicit of the responsibilities of external</p>

Before Revised	Revised Version	Description
	<p><u>the preceding paragraph shall comply with the following:</u></p> <ol style="list-style-type: none"> 1. <u>Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u> 2. <u>When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusions shall be fully and accurately specified in the case working papers.</u> 3. <u>They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u> 4. <u>They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u> 	<p>experts, and to add the evaluation of reports or submissions by relevant experts, verify and declare matters.</p> <p>3. Modified with the Procedures for Acquisition or Disposal of Assets, article 5.</p>
<p>Article 5: The Scope of Investment and Maount</p> <p>The company acquires real estate or marketable securities that are not for business use. The limits of the amount are respectively as follows:</p> <ol style="list-style-type: none"> 1. The total amount of non-operating real estate is limited to 50% of the shareholders' equity of the company's most recent financial statements audited by the accountants. 2. The total amount of investment securities shall not exceed the shareholders' equity of the company's most recent financial statements of the account audited by 	<p>Article 5: The Scope of Investment and Maount</p> <p>The company acquires real estate and <u>its right-of-use assets</u> thereof, or marketable securities that are not for business use. The limits of the amount are respectively as follows:</p> <ol style="list-style-type: none"> 1. The total amount of non-operating real estate <u>and its right-of-use assets</u> thereof, is limited to 50% of the shareholders' equity of the company's most recent financial statements audited by the accountant. 2. The total amount of investment securities shall not exceed the shareholders' equity of the 	<p>Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 "Lease", added the right-of-use assets thereof regulation, the right-of-use assets thereof is included in the limit calculation of the company's specificied process</p>

Before Revised	Revised Version	Description
<p>the accountant.</p> <p><u>3.</u> The limit for investing in individual securities shall not exceed 40% of the shareholders' equity of the company's most recent financial statements audited by the accountant.</p>	<p>company's most recent financial statements of the account audited by the accountant.</p> <p><u>3.</u> The limit amount for investing in individual securities shall not exceed 40% of the shareholders' equity of the company's most recent financial statements audited by the accountant.</p>	<p>specification.</p>
<p>Article 6: The Execution Unit, Authorization Amount and Level 1~2 (skipped).</p> <p>3. The acquisition or disposal of real estate shall be submitted by the management unit for the relevant information. Where the paid-in capital amount received at the end of the previous year that was more than 20% shall need to petition the Board of Directors after the adoption.</p> <p>4. The acquisition or disposal of other assets of the company (including fixed assets, memberships and intangible assets) shall be handled in accordance with the relevant provisions of the company's internal control system and the means of purchasing and approving all kinds of expenses.</p> <p>5~6 (skipped).</p> <p>With respect to a public company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the Audit Committee.</p> <p>Where the position of independent</p>	<p>Article 6: The Execution Unit, Authorization Amount and Level 1~2 (skipped).</p> <p>3. The acquisition or disposal of real estate <u>and its right-of-use assets</u> thereof shall be submitted by the management unit for the relevant information. Where the paid-in capital amount received at the end of the previous year that was more than 20% shall need to petition the Board of Directors after the adoption.</p> <p>4. The acquisition or disposal of other assets of the company (including fixed assets, memberships and intangible assets <u>or its right-of-use assets</u> thereof) shall be handled in accordance with the relevant provisions of the company's internal control system and the means of purchasing and approving all kinds of expenses.</p> <p>5~6 (skipped).</p> <p>With respect to a public company's acquisition or disposal of assets that <u>is subject to</u> the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company</p>	<p>1. Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 "Lease", added the right-of-use assets thereof regulation, the right-of-use assets thereof is included in the limit calculation of the company's specified process specification.</p> <p>2. Modified with the Procedures for Acquisition or Disposal of Assets, article 8.</p>

Before Revised	Revised Version	Description
<p>director has been created in accordance with the provisions of the Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p><u>Where the Audit Committee has been created</u> by the company, when the material asset or derivatives transaction are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinion. If an independent director is objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. <u>Where an audit committee has been established</u> in accordance with the provisions of the Company Act, when the procedures for the acquisition and disposal of assets are adopted or amended, they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. <u>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and</u></p>	<p>shall submit the director's dissenting opinion to the Audit Committee.</p> <p>In accordance with the provisions of the Act, <u>when a transaction involving the acquisition or disposal of assets is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions.</u> If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Any transaction involving major assets or derivatives of the company shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, <u>and shall be subject to mutatis mutandis application of Article 30, paragraphs 4 and 5.</u></p>	

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<p><u>the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.</u></p>		
<p>Article 7: Evaluation Procedures and Price Determination Methods</p> <p>1. (skipped).</p> <p>2. Real estate <u>or</u> the equipment To acquire or dispose real estate, reference shall be made to the present value of the announcement, the value assessed, the actual transaction price of adjacent real estate, and the resolution of the terms of the transaction and the transaction price. The acquisition or disposition of equipment shall be made by way of inquiry, price comparison, bargaining or tender.</p> <p>The company acquires or disposes of real property or equipment, in addition to transactions with government agencies, self-district committee construction, Rental District Committee construction, or acquisition, disposal of equipment for business use, those whose transaction amount reaches 20% of the paid-in capital or NT\$300 million amount, shall obtain a valuation report issued by a professional valuer before the fact occurs, and shall meet the following requirements:</p> <p>(1) When the price, specific price or special price shall be used as the reference for the transaction price for special reasons, the transaction shall be first approved by resolution of the Board of Trustees. Those who change the trading conditions in the <u>future shall also proceed with the procedure</u></p>	<p>Article 7: Evaluation Procedures and Price Determination Methods</p> <p>1. (skipped).</p> <p>2. Real estate, the equipment, <u>or its right-of-use assets</u> thereof. To acquire or dispose real estate, reference shall be made to the present value of the announcement, the value assessed, the actual transaction price of adjacent real estate, and the resolution of the terms of the transaction and the transaction price. The acquisition or disposition of equipment shall be made by way of inquiry, price comparison, bargaining or tender. The company acquires or disposes of real property, the equipment, <u>or its right-of-use assets</u> thereof, in addition to transactions with <u>domestic</u> government agencies, self-district committee construction, Rental District Committee construction, or acquisition, disposal of equipment <u>or its right-of-use assets</u> thereof for business use, those whose transaction amount reaches 20% of the paid-in capital or NT\$300 million for the company's paid-in capital amount, shall obtain a valuation report issued by a professional valuer before the fact occurs, and shall meet the following requirements:</p> <p>(1) When the price, specific price or special price shall be used as the reference for the transaction price for special reasons, the transaction shall be first approved by resolution of the</p>	<p>1. Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 "Lease", added the right-of-use assets thereof regulation, the right-of-use assets thereof is included in the limit calculation of the company's specified process specification.</p> <p>2. Modified with the Procedures for Acquisition or Disposal of Assets, article 9 and 11.</p>

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<p><u>accordingly.</u> (2)~(4) (skipped).</p> <p>3. <u>Memberships</u> or Intangible assets To acquire or dispose of memberships, the relevant price information shall be collected in advance to consider the benefits it can generate, and consult the latest transaction price then. The acquisition or disposal of intangible assets shall refer to international or local usage, life time, and the impact on company technology and business. The relevant acts and contracts are carefully evaluated to determine the transaction price. Where the company acquires or disposes of intangible assets or right-of-use assets thereof or <u>memberships</u> and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>4~6 (skipped). Where the company acquird or disposd of assets through the court auction procedure, it can replace the valuation report or accountant's opinion with the certification documents issued by the court.</p>	<p>Board of Trustees. Those who change the trading conditions in the future shall also proceed with the procedure accordingly. (2)~(4) (skipped).</p> <p>3. Intangible assets <u>or its right-of-use assets</u> thereof, or memberships. To acquire or dispose of memberships, the relevant price information shall be collected in advance to consider the benefits it can generate, and consult the latest transaction price then. The acquisition or disposal of intangible assets <u>or its right-of-use assets</u> thereof shall refer to international or local usage, life time, and the impact on company technology and business. The relevant acts and contracts are carefully evaluated to determine the transaction price. When the company acquires or disposes of intangible assets or <u>right-of-use assets thereof, or memberships</u> and the transaction amount reaches 20 percent or more of paid-in capital or NT\$3,000,000,000 or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>4~6 (skipped). Where the company acquire or</p>	

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	dispose of assets through the court auction procedure, it can replace the valuation report or accountant’s opinion with the certification documents issued by the court.	
<p>Article 9: Announcement Procedure</p> <p>Where the company acquires or disposes of assets, if any of the following circumstances occur, it shall, in accordance with the prescribed format, announce and declare the information to the designated website of the securities authority under the relevant regulations with two days from the date of occurrence.</p> <ol style="list-style-type: none"> 1. When the company intends to acquire or dispose of real estate from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprise. 2. Merger, demerger, acquisition, or share transfer. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. 4. Where equipment or the type of assets for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria: <ul style="list-style-type: none"> (1) For a public company whose paid-in 	<p>Article 9: Announcement Procedure</p> <p>Where the company acquires or disposes of assets, if any of the following circumstances occur, it shall, in accordance with the prescribed format, announce and declare the information to the designated website of the securities authority under the relevant regulations with two days from the date of occurrence.</p> <ol style="list-style-type: none"> 1. When the company intends to acquire or dispose of real estate <u>or its right-of-use assets</u> thereof from or to a related party, or when it intends to acquire or dispose of assets other than real estate or <u>its right-of-use assets</u> thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprise. 2. Merger, demerger, acquisition, or share transfer. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. 4. Where equipment or <u>its right-of-use</u> 	<ol style="list-style-type: none"> 1. Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 “Lease”, added the right-of-use assets thereof regulation, the right-of-use assets thereof is included in the limit calculation of the company’s specified process specification. 2. Modified with the Procedures for Acquisition or Disposal of Assets, article 31.

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<p>capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>(2)For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>5. Acquisition or disposal by a public company in the construction business of real property for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1). Trading of government bonds.</p> <p>(2). Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <p>1. The amount of any individual transaction.</p> <p>2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real estate within the</p>	<p><u>assets</u> thereof, or the type of assets for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>(1)For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>(2)For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, <u>and furthermore the transaction counterparty is not a related party</u>, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1).Trading of <u>domestic</u> government bonds.</p> <p>(2).Trading of bonds under repurchase and resale</p>	

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<p>same development project within the preceding year.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>The company shall, on a monthly basis, import the information declaration websites designated by the securities authority before 10th of each month in accordance with the prescribed format of the company, and the subsidiaries of the company that are not part of the domestic public company to engage in derivative commodity transactions until the end of the previous month.</p>	<p>agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. 3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real estate or <u>its right-of-use assets</u> thereof within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>The company shall, on a monthly basis, import the information declaration websites designated by the securities authority before 10th of each month in accordance with the prescribed format of the company, and the subsidiaries of the company</p>	

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	that are not part of the domestic public company to engage in derivative commodity transactions until the end of the previous month.	
<p>Article 12: The Scope and Amount of Investment in Subsidiaries</p> <p>The limits of the amount of real estate or marketable securities purchased by the company’s subsidiaries for business uses are as follows:</p> <ol style="list-style-type: none"> 1. The total amount of real estate, which is not for business use, is limited to the shareholder’s equity in the financial statements of the subsidiary’s most recent certified visa to the accountant. 2. The total amount of the investment securities shall not exceed the shareholders’ equity of the subsidiary’s most recent financial statements of account audited by the accountant. 3. The limit for investing in individual securities shall not exceed the shareholders’ equity of the financial statements of the most recent period in which an accountant audits the subsidiary. 	<p>Article 12: The Scope and Amount of Investment in Subsidiaries</p> <p>The limits of the amount of real estate, <u>its right-of-use assets</u> thereof, or marketable securities purchased by the company’s subsidiaries for business uses are as follows:</p> <ol style="list-style-type: none"> 1. The total amount of real estate and <u>its right-of-use assets</u> thereof, which is not for business use, is limited to the shareholder’s equity in the financial statements of the subsidiary’s most recent certified visa to the accountant. 2. The total amount of the investment securities shall not exceed the shareholders’ equity of the financial statements of the subsidiary’s most recent account audited by the accountant. 3. The limit for investing in individual securities shall not exceed the shareholders’ equity of the financial statements of the most recent period in which an accountant audits the subsidiary. 	<ol style="list-style-type: none"> 1. Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 “Lease”, added the right-of-use assets thereof regulation, the right-of-use assets thereof is included in the limit calculation of the company’s specified process specification. 2. Modified with the Procedures for Acquisition or Disposal of Assets, article 7.
<p>Article 14: The Scope of Application</p> <p>When a public company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion</p>	<p>Article 14: The Scope of Application</p> <p>When a public company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional</p>	<p>Modified with the Procedures for Acquisition or Disposal of Assets, article 14.</p>

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<p>in compliance with the provisions of the preceding Section and this Section.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made.</p> <p>When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p>	<p>appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 7-1 herein.</p> <p>When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p>	
<p>Article 15: The Resolution Procedure</p> <p>When a public company intends to acquire or dispose of real estate from or to a related party, or when it intends to acquire or dispose of assets other than real estate from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors:</p> <p>(1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2). The reason for choosing the related party as a trading counterparty.</p> <p>(3). With respect to the acquisition of real estate from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms.</p> <p>(4). The date and price at which the</p>	<p>Article 15: The Resolution Procedure</p> <p>When a public company intends to acquire or dispose of real property or <u>its right-of-use assets</u> thereof, from or to a related party, or when it intends to acquire or dispose of assets other than real estate or <u>its right-of-use assets</u> thereof, from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>(1). The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>(2). The reason for choosing the related party as a trading counterparty.</p> <p>(3). With respect to the acquisition of real estate or <u>its right-of-use assets</u> thereof, from a related party,</p>	<p>1. Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 “Lease”, added the right-of-use assets thereof regulation, the right-of-use assets thereof is included in the limit calculation of the company’s specified process specification.</p> <p>2. Modified with the Procedures for Acquisition or Disposal of Assets, article 15.</p>

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<p>related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.</p> <p>(5). Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6). An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(7). Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction.</p> <p>Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>With respect to the acquisition or disposal of business-use equipment between the company and its parent or subsidiaries, the company's Board of Directors may pursuant to delegate the board chairman to decide such matters when the transaction is within a NT\$300,000,000 and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting.</p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a</p>	<p>information regarding appraisal of the reasonableness of the preliminary transaction terms.</p> <p>(4). The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.</p> <p>(5). Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6). An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>(7). Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction.</p> <p>Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p><u>With respect to the acquisition or disposal of business-use equipment between a the and its parent or subsidiaries, or the subsidiaries that directly or indirectly hold 100% of the issued shares or total capital of the company engages in the following</u></p>	

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<p>matter is submitted for discussion by the board of directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p> <p>Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application.</p> <p>Where an Audit Committee has been established in accordance with the pragraph 1 of the Company Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.</p>	<p><u>transactions with each other</u>, the company's Board of Directors may pursuant to delegate the board chairman to decide such matters when the transaction is within a NT\$300,000,000 and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting.</p> <p>(1). To acquire or dispose of the equipment <u>or its right-of-use assets</u> thereof for business use.</p> <p>(2). <u>To acquire or dispose of real estate or its right-of-use assets thereof for business use.</u></p> <p>When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the Board of Directors <u>shall take into full consideration each independent director's opinions</u>. If an independent director objects to or expresses reservations about any matter, <u>it shall be recorded in the minutes of the Board of Directors meeting under Article 30, paragraph 4 and 5.</u></p>	
<p>Article 16: Evaluation Procedure</p> <p>The company that acquires real estate from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the related party's transaction price plus necessary</p>	<p>Article 16: Evaluation Procedure</p> <p>The company that acquires real estate <u>or its right-of-use assets</u> thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the related party's</p>	<p>1. Modified with the application of the International Financial Reporting Standards</p>

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<p>interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties. Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>The company that acquires real estate from a related party and appraises the cost of the real estate in accordance with <u>paragraph 1 and paragraph 2 shall also</u> engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where the company acquires real estate from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with <u>Article 15</u> and the preceding three paragraphs do not apply:</p>	<p>transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties. Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means <u>listed in the preceding paragraph</u>.</p> <p>The company that acquires real estate or <u>its right-of-use assets</u> thereof from a related party and appraises the cost of the real estate in accordance with the previous two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p>	<p>(IFRS) No. 16 "Lease", added the right-of-use assets thereof regulation, the right-of-use assets thereof is included in the limit calculation of the company's specified process specification.</p> <p>2. Modified with the Procedures for Acquisition or Disposal of Assets, article 16.</p>

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<ol style="list-style-type: none"> 1. The related party acquired the real estate through inheritance or as a gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real estate to the signing date for the current transaction. 3. The real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real estate, either on the company's own land or on rented land. 	<p>Where the company acquires real estate or <u>its right-of-use assets</u> thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the previous paragraph p and the preceding three paragraphs do not apply:</p> <ol style="list-style-type: none"> 1. The related party acquired the real estate or <u>its right-of-use assets</u> thereof through inheritance or as a gift. 2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real estate or <u>its right-of-use assets</u> thereof to the signing date for the current transaction. 3. The real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real estate, either on the company's own land or on rented land. 4. <u>To acquire or dispose of real estate and its right-of-use assets thereof for business use between a the and its parent or subsidiaries, or the subsidiaries that directly or indirectly hold 100% of the issued shares or total capital of the company engages in the transactions with each other.</u> 	
<p>Article 17: The company that acquires real property, when the results of the company's appraisal conducted in accordance with the preceding paragraph, section 1 and section 2 are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the</p>	<p>Article 17: The company that acquires real property, when the results of the company's appraisal conducted in accordance with the preceding paragraph, section 1 and section 2 are uniformly lower than the transaction price, the matter shall be handled in compliance with</p>	<ol style="list-style-type: none"> 1. Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 "Lease", added the

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<p>following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) Where undeveloped land is appraised, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in the floor or area land prices in accordance with standard property market sale.</p> <p><u>(3) Leasing transactions with unrelated parties within the preceding year involving other floors, where the land area and trading transaction terms are similar after calculation of reasonable price discrepancies or spread</u></p>	<p>Article 18. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) Where undeveloped land is appraised, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Completed <u>transactions</u> by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in the floor or area land prices in accordance with standard property market sale or lease.</p> <p>2. Where the company acquiring real estate <u>or obtaining a real estate right-of-use assets thereof through</u></p>	<p>right-of-use assets thereof regulation, the right-of-use assets thereof is included in the limit calculation of the company's specified process specification.</p> <p>2. Modified with the Procedures for Acquisition or Disposal of Assets, article 17.</p>

Before Revised	Revised Version	Description
<p><u>estimation on floor in accordance with standard property market sale or leasing practices.</u></p> <p>2. Where the company acquiring real property, from a related party provides evidence that the terms of the completed transaction are similar to the terms of completed <u>transactions</u> involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to <u>transactions</u> completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real estate.</p>	<p><u>leasing</u>, from a related party provides evidence that the terms of the transaction are similar to the terms of transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p><u>Transactions</u> involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to <u>transactions</u> completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.</p>	
<p>Article 18:Where the company acquires real estate from a related party and the results of appraisals conducted in accordance with <u>Article 16, and 17</u>, are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of <u>the Company Act</u> against the difference between the real estate transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve called for under Article</p>	<p>Article 18:Where the company acquires real estate <u>or its right-of-use assets</u> thereof from a related party and the results of appraisals conducted in accordance with <u>the preceding two paragraphs</u>, are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Company Act against the difference between the real estate and <u>its right-of-use assets</u> thereof transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the</p>	<p>1. Modified with the application of the International Financial Reporting Standards (IFRS) No. 16 “Lease”, added the right-of-use assets thereof regulation, the right-of-use assets thereof is included in the limit calculation</p>

Before Revised	Revised Version	Description
<p>41, paragraph of <u>the Company Act</u> shall be set aside pro rata in a proportion consistent with the share of the company's equity stake in the other company.</p> <p>2. An independent director shall comply with Article 218 of the Company Act.</p> <p>3. Shall report to the shareholders' meeting the processing subsequences of <u>the first</u> and second <u>of the section</u> and the details of the transaction will be disclosed in the annual report as well as annual handbook.</p> <p>Where the company or the company uses the equity method to account for its investment in the company, then the special reserve called for under the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>When the company obtains real estate from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	<p>equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Company Act shall be set aside pro rata in a proportion consistent with the share of the company's equity stake in the other company.</p> <p>2. An independent director shall comply with Article 218 of the Company Act.</p> <p>3. Shall report to the shareholders' meeting the processing subsequences of the first and second of the section and the details of the transaction will be disclosed in the annual report as well as annual handbook.</p> <p>Where the company or the company uses the equity method to account for its investment in a public company, then the special reserve called for under the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed of, <u>or the leasing contract has been terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When a public company obtains real estate of <u>its right-of-use assets</u> thereof from a related party, it shall also comply with the preceding two</p>	<p>of the company's specified process specification.</p> <p>2.Modified with the Procedures for Acquisition or Disposal of Assets, article 18.</p>

Before Revised	Revised Version	Description
	<p>paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	
<p>Article 22:Except as otherwise provided by other acts or with special factors, to report in advance to the consent of the competent securities authority. A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, <u>within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system)</u></p> <p>1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport</p>	<p>Article 22:Except as otherwise provided by other acts or with special factors, to report in advance to the consent of the competent securities authority. A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system)</p>	<p>1. Modified with the Procedures for Acquisition or Disposal of Assets, article 25, added related contents.</p> <p>1. Amended the Procedures for Acquisition or Disposal of Assets, article 25, added related contents.</p>

Before Revised	Revised Version	Description
<p>numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> <p>2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</p> <p>3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors' meetings.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding paragraph.</p>	<p>1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> <p>2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</p> <p>3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors' meetings.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out to the FSC for recordation.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement</p>	

Before Revised	Revised Version	Description
	with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.	
<p>Article 30: The procedure shall be subject to the agreement of the Audit Committee, after it has been submitted to the Board of Directors for adoption, it shall be <u>implemented</u> with the consent of the shareholders' meeting, and same as the amendment. <u>Where the position of independent director has been created</u> by the company, if an independent director is objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. <u>Where an Audit Committee has been established</u> in accordance with the provisions of the Company Act, when the procedures for the acquisition and disposal of assets are adopted or amended, they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.</p>	<p>Article 30: The procedure shall be subject to the agreement of the Audit Committee, after it has been submitted to the Board of Directors for adoption, it shall be implemented with the consent of the shareholders' meeting, and same as the amendment. <u>If any director expresses dissent and it is contained in the minutes or a written statement, the company shall also submit the director's dissenting opinion to the Audit Committee. When the procedures for the acquisition and disposal of assets are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, The Board of Directors shall take into full consideration each independent director's opinion.</u> If an independent director is objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>When the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the Board of Directors If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.</p> <p><u>The terms "all audit committee members" and "all directors" in t</u></p>	<p>1. Modified with the Procedures for Acquisition or Disposal of Assets, article 6.</p>

Before Revised	Revised Version	Description
	<u>paragraph 3 shall be counted as the actual number of persons currently holding those positions.</u>	

Sitronix Technology Corp.

**Comparison Table for the Procedures for Financial Derivatives Transactions
Before and After Revision**

Before Revision	Revised Version	Description
<p>Article 2: Trading Principles and Guidelines</p> <p>1. Types of financial derivatives to be traded refer to instruments that derive their value from the performance of underlying assets, interest or currency exchange rates, indexes or others. Such instruments include <u>swaps</u>, <u>options</u>, <u>futures</u> contracts, <u>leverage</u> contracts, <u>forwards</u>, <u>and various combinations</u> thereof. Forwards referred to herein exclude insurance, performance, post-sales service, long-term lease and long-term sales/procurement contracts.</p> <p>If the company is engaged in these types of financial derivatives, its finance unit shall submit a written report on the mode of operation, advantages and disadvantages of the asset, and risk assessment method, for approval of the chairman before a transaction is made.</p> <p>2-5 (skipped).</p>	<p>Article 2: Trading Principles and Guidelines</p> <p>1. Types of financial derivatives to be traded refer to forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a <u>specified interest rate, financial instrument price, commodity price</u>, foreign exchange rate, index of <u>prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives</u>. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>If the company is engaged in these types of financial derivatives, its finance unit shall submit a written report on the mode of operation, advantages and disadvantages of the asset, and risk assessment method, for approval of the chairman before a transaction is made.</p> <p>2-5 (skipped).</p>	<p>1. Modified the application of International Financial Reporting Standards (IFRS) No. 9 "Financial Instruments", amended Section 1 and text</p>
<p>Article 5: Accounting Treatment</p> <p>Trading financial derivatives shall be appropriately accounted for on a case-by-case basis according to the characteristics of the asset. Contingent assets or liabilities should also be recorded, while discounts and premiums should be reasonably amortized. Accounting treatment shall be handled in accordance with International Financial Reporting Standards or relevant regulations.</p>	<p>Article 5: Accounting Treatment</p> <p>Trading financial derivatives shall be appropriately accounted for on a case-by-case basis according to the characteristics of the asset. Contingent assets or liabilities should also be recorded, while discounts and premiums should be reasonably amortized. Accounting treatment shall be handled in accordance with International Financial Reporting Standards or relevant regulations.</p>	<p>1. Modified the application of the International Financial Reporting Standards (IFRS), amended text</p>

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Comparison Table for the Procedures for Making Outward Loans to Others Before and After Revision

Before Revision	Revised Version	Description
<p>Article 2: Loaning Funds to Others</p> <p>Under the Company Act - The company shall not <u>loan</u> funds to any of its shareholders or any other person except under the following <u>two</u> circumstances:</p> <ol style="list-style-type: none"> 1. Where an inter-company or inter-firm business transaction calls for a loan arrangement with the company 2. Where an inter-company or inter-firm short-term financing facility is deemed necessary by the company. <p>The term "short-term" used in the preceding paragraph means a period of one year, or the company's operating cycle (whichever is longer).</p>	<p>Article 2: Loaning Funds to Others</p> <p><u>Under the Article 15 of the Company Act</u></p> <p>- The company shall not loan <u>funds</u> to any of its shareholders or any other person except under the following circumstances:</p> <ol style="list-style-type: none"> 1. Where an inter-company or inter-firm business transaction calls for a loan arrangement with the company. 2. Where an inter-company or inter-firm short-term financing facility is deemed necessary by the company. <p>The term "short-term" used in the <u>preceding</u> paragraph means a period of one year, or the company's operating cycle (whichever is longer).</p> <p><u>If the person in charge of the company violates the first requirement, he/she, along with the borrower shall be jointly and severally liable for damages, should the company incur losses.</u></p>	<p>1. Modified with the Principles for Loaning Funds to Others</p>
<p>Article 4: The aggregate amount of loans and maximum amount permitted to a single borrower</p> <ol style="list-style-type: none"> 1. The total of accumulated loans granted shall not exceed 40% of the accountant's financial statements in the previous year for auditing the visa net worth of the Company. However, the total amount of funds that can be loaned to others due to the need for short-term financing between the company or a public company is based on the total amount of the company's loanable funds. 2. Each inter-company loan of funds 	<p>Article 4: The aggregate amount of loans and maximum amount permitted to a single borrower</p> <ol style="list-style-type: none"> 1. The total of accumulated loans granted shall not exceed 40% of the accountant's financial statements in the previous year for auditing the visa net worth of the Company. However, the total amount of funds that can be loaned to others due to the need for short-term financing between the company or a public company is based on the total amount of the company's loanable funds. 	<p>1. Modified with the Principles for Loaning Funds to Others</p>

Before Revision	Revised Version	Description
<p>between foreign companies in which the Company holds directly or indirectly; 100% of voting shares shall not exceed 40% of the accountant's financial statements in the previous year for auditing the visa net worth of the Company. The amount of an individual loan shall not exceed 50% of the amount of company loanable funds.</p> <p>3. Where an inter-company or inter-firm business transaction calls for a loan arrangement, the amount of an individual loan granted by the Company to a company or business with business relationships with the Company shall not exceed the business transaction amount in the past year between the parties. The "business transaction amount" refers to the amount of purchase or sale between the parties, whichever is higher.</p> <p>4. Where funds are lent to a company or business with short-term financial need, each individual loan shall not exceed 50% of the amount of company loanable funds.</p>	<p>2. <u>Each inter-company loan of funds between foreign companies in which the Company holds directly or indirectly; 100% of the voting shares</u> shall not exceed 40% of the past year's accountant's financial statements for auditing the visa net worth of the company, or the foreign companies that directly and indirectly holds 100% of the voting rights of the company, the amount of an individual loan shall not exceed 50% of the amount of company loanable funds.</p> <p>3. Where an inter-company or inter-firm business transaction calls for a loan arrangement, the amount of an individual loan granted by the Company to a company or business with business relationships with the Company shall not exceed the business transaction amount in the past year between the parties. The "business transaction amount" refers to the amount of purchase or sale between the parties, whichever is higher.</p> <p>4. Where funds are lent to a company or business with short-term financial need, each individual loan shall not exceed 50% of the amount of company loanable funds.</p>	
<p>Article 11: Announcement and Reporting Procedures</p> <p>1. The Company shall announce and report the previous month's loan balances of its head office and Subsidiaries by the 10th day of each month.</p> <p>The term "Announcement and Report" used in the Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission of Taiwan (hereinafter referred to as the</p>	<p>Article 11: Announcement and Reporting Procedures</p> <p>1. The Company shall announce and report the previous month's loan balances of its head office and Subsidiaries by the 10th day of each month.</p> <p>The term "Announcement and Report" used in the Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission of</p>	<p>1. Modified with the Principles for Loaning Funds to Others</p>

Before Revision	Revised Version	Description
<p><u>FSCT).</u></p> <p>2. The Company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence of the fact:</p> <p>(1) The aggregate balance of loans to others by the Company and its Subsidiaries reaches 20% or more of the Company's net worth as stated in its latest financial statement.</p> <p>(2) The balance of loans by the Company and its Subsidiaries to a single enterprise reaches 10% or more of the Company's net worth as stated in its latest financial statement.</p> <p>(3). The amount of new loans of funds by the Company or its Subsidiaries reaches NT\$10 million or more, and reaches 2% or more of the Company's net worth as stated in its latest financial statement.</p> <p>3. If there is any reporting and announcement required for the Company's Subsidiary which is not a Taiwan public company, the loaning funds and balance reach the applicant's announcement standard in paragraph 3 of the previous operation procedure, the Company shall follow the requirement on behalf of its Subsidiary.</p>	<p>Taiwan (hereinafter referred to as the commission).</p> <p>2. The Company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence of the fact:</p> <p>(1) The aggregate balance of loans to others by the Company and its Subsidiaries reaches 20% or more of the Company's net worth as stated in its latest financial statement.</p> <p>(2) The balance of loans by the Company and its Subsidiaries to a single enterprise reaches 10% or more of the Company's net worth as stated in its latest financial statement.</p> <p>(3). The amount of new loans of funds by the Company or its Subsidiaries reaches NT\$10 million or more, and reaches 2% or more of the Company's net worth as stated in its latest financial statement.</p> <p>3. If there is any reporting and announcement required for the Company's Subsidiary which is not a Taiwan public company, the loaning funds and the balance reach the applicant's announcement standard in paragraph 3 of the previous operation procedure, the Company shall follow the requirement on behalf of its Subsidiary.</p> <p><u>The term "date of occurrence of the fact" used in the Procedures refers to the date of contract signing, date of payment, dates of Board resolutions, or other dates that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.</u></p>	

Before Revision	Revised Version	Description
<p>Article 14: Effectiveness and Amendment</p> <p>The company intending to loan funds to others shall formulate its Operational Procedures for Loaning Funds to Others in compliance with these Regulations to be ratified by the Board of Directors then submitted to the Audit Committee and during the shareholders' meeting for approval. The same shall apply to any amendments to the Procedures.</p> <p>When the Operational Procedures for <u>Loaning Funds to Others</u> are submitted for discussion, the board of directors shall take into full consideration each independent director's opinion <u>and shall include the reasons for assent or dissent in the minutes of the Board of Directors' meeting.</u></p>	<p>Article 14: Effectiveness and Amendment</p> <p>Formulation of Operating Procedures</p> <p>The company intending to loan funds to others shall formulate its Operational Procedures for Loaning Funds to Others in compliance with these Regulations to be ratified by the Board of Directors, and submitted to the Audit Committee for approval of <u>more than half of its members</u>, before finally submitting it during the shareholders' meeting for approval. The same shall apply to any amendments to the Procedures.</p> <p><u>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented; if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors' meeting.</u></p> <p><u>The terms "all audit committee members" in paragraph 1 and "all directors" in the preceding paragraph shall be regarded as the actual number of persons currently holding those positions.</u></p> <p>When the Operational Procedures for Loaning Funds to Others is submitted for discussion, the board of directors shall take into full consideration each independent director's opinion; <u>independent directors' opinions specifically expressing assent or dissent and reasons for dissent shall be included in the minutes of the Board of Directors' meeting.</u></p>	<p>1. Modified with the Principles for Loaning Funds to Others</p>

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Comparison Table for the Procedures for Endorsement and Guarantee Before and After Revision

Before Revision	Revised Version	Description
<p>Article 2: Scope of endorsements/guarantees</p> <p>The scope of endorsements/guarantees used herein includes the following:</p> <ol style="list-style-type: none"> 1. Financing endorsements/guarantees includes: <ol style="list-style-type: none"> (1) Bill discount financing (2) Endorsements/guarantees for other companies' financing needs (3) Endorsements/guarantees of the notes issued by the Company to non-financial institutions and entities, for the Company's financing needs 2. Endorsements/guarantees of custom duties due from the Company or other companies 3. Other endorsements/guarantees that are not classified as two previous types 4. The lien or mortgage provided by a Company against its assets and properties for guaranteeing another company's loan shall also be handled in accordance with the provisions of the procedure. 	<p>Article 2: Scope of endorsements/guarantees</p> <p>The scope of endorsements/guarantees used herein includes the following:</p> <ol style="list-style-type: none"> 1. Financing endorsements/guarantees includes: <ol style="list-style-type: none"> (1) Bill discount financing (2) Endorsements/guarantees for other companies' financing needs (3) Endorsements/guarantees of the notes issued by the Company to non-financial institutions and entities, for the Company's financing needs 2. Endorsements/guarantees of custom duties due from the Company or other companies. 3. Other endorsements/guarantees that are not classified as two previous types <p>The lien or mortgage provided by the Company against its assets and properties for guaranteeing another company's loan shall also be handled in accordance with the provisions of the procedure.</p>	<ol style="list-style-type: none"> 1. Modified the Principles for Loaning Funds to Others and the Principles Governing Endorsements/Guarantees
<p>Article 3: Entities for which the Company may make endorsements or guarantees</p> <ol style="list-style-type: none"> 1. The Company may make endorsements/guarantees for the following companies: <ol style="list-style-type: none"> (1) A company that the Company does business with (2) A company in which the Company directly and indirectly holds more than 50% of the voting shares (3) A company that directly and indirectly 	<p>Article 3: Entities for which the Company may make endorsements or guarantees</p> <ol style="list-style-type: none"> 1. The Company may make endorsements/guarantees for the following companies: <ol style="list-style-type: none"> (1) A company that the Company does business with (2) A company in which the Company directly and indirectly holds more than 50% of the voting shares (3) A company that directly and indirectly 	<ol style="list-style-type: none"> 1. Modified the Principles for Loaning Funds to Others and the Principles Governing Endorsements/Guarantees

Before Revision	Revised Version	Description
<p>holds more than 50% of voting shares in the Company</p> <p>2. Companies in which the Company holds 90% or more of voting shares directly or indirectly, may make endorsements/guarantees for each other, and the amount of endorsements or guarantees may not exceed 10% of the net worth of the Company, provided that this restriction does not apply to endorsements/guarantees made between companies in which the Company holds 100% of voting shares directly or indirectly.</p> <p>3. <u>The company is mutually protected according to the contractual requirements based on the contractual requirements of the inter-department or co-creation of the contractor, or due to the joint investment relationship. All contributing shareholders endorse the invested company according to their shareholding ratio, or the performance guarantee of the pre-sales contract in accordance with the Consumer Protection Act. Those mentioned above are not subject to restrictions specified in the preceding two paragraphs, which can be endorsed.</u></p> <p>4. <u>“Capital contribution” referred to in the preceding sentence means capital contributed directly by the Company, or through a company in which the Company holds 100% of voting shares.</u></p> <p>"Subsidiary" and "parent company" as referred to in the Procedures shall be determined according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers of Taiwan.</p> <p>"Net worth" as referred to in the Procedures means equity attributable to owners of the parent company specified in the balance sheet.</p>	<p>holds more than 50% of voting shares in the Company</p> <p>2. Companies in which the Company holds 90% or more of voting shares directly or indirectly, may make endorsements/guarantees for each other, and the amount of endorsements or guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, 100% of voting shares directly or indirectly.</p> <p>"Subsidiary" and "parent company" as referred to in the Procedures shall be determined according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers of Taiwan.</p> <p>"Net worth" as referred to in the Procedures means equity attributable to owners of the parent company specified in the balance sheet.</p>	
Article 5: Hierarchy of decision-making	Article 5: Hierarchy of decision-making	1. Modified the

Before Revision	Revised Version	Description
<p>authority and delegation thereof</p> <p>1. When the Company makes any endorsements and/or guarantees, the Finance Unit shall submit the evaluation results made in accordance with Article 6, pursuant to the resolution approved by the Board of Directors. It shall take into full consideration each Independent Director's opinions, <u>and shall include the reasons for assent or dissent in the minutes of the Board meeting.</u> However, due to business needs, the Board of Directors has to authorize the chairman to set an amount less than NT\$50 million, which would be decided upon, implemented and reported during the latest Board of Directors' meeting.</p> <p>2. In case there is a need to exceed the above limit to accommodate business requirements in accordance with the <u>endorsement limit</u> specified in Article 4 of the procedure, a resolution of the Board of Directors should be obtained and over half of all directors should jointly acknowledge the potential loss that may result from such excess. The Board of Directors should also revise the Procedures and have them ratified during the Shareholders' Meeting. If the revised Procedures are not ratified at the Shareholders' Meeting, the Board of Directors should propose a plan indicating a timetable for withdrawing the excess amount.</p> <p>3. Companies in which the Company holds 90% or more of voting shares directly or indirectly, may make endorsements/guarantees for each other, and the amount of endorsements or guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between</p>	<p>authority and delegation thereof</p> <p>1. When the Company makes any endorsements and/or guarantees, the Finance Unit shall submit the evaluation results made in accordance with Article 6, and approved by the resolution of the Board of Directors. It shall take into full consideration, the opinions of each independent director; <u>independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.</u> However, due to business requirements, the Board of Directors has to authorize the chairman to set an amount less than NT\$50 million, which would be decided upon, implemented, and reported during the latest Board of Directors' meeting.</p> <p>2. In case there is a need to exceed the above limit to accommodate business requirements, a resolution of the Board of Directors should be obtained and over half of all directors should acknowledge the potential loss that may result from such excess. The Board of Directors should also revise the Procedures and have them ratified during the Shareholders' Meeting. If the revised Procedures are not ratified at the Shareholders' Meeting, the Board of Directors should propose a plan indicating a timetable for withdrawing the excess amount.</p> <p>3. Companies in which the Company holds 90% or more of voting shares directly or indirectly, may make endorsements/guarantees for each other, and the amount of endorsements or guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to</p>	<p>Principles for Loaning Funds to Others and the Principles Governing Endorsements/ Guarantees</p>

Before Revision	Revised Version	Description
<p>companies in which the Company holds, directly or indirectly, 100% of voting shares.</p>	<p>endorsements/guarantees made between companies in which the Company holds 100% of voting shares directly or indirectly.</p>	
<p>Article 6: Procedures for handling endorsements/guarantees 1-7 (skipped) 8. In cases wherein an entity for which the company makes any endorsements/guarantees is a subsidiary whose net worth is lower than half of its paid-in capital, the Company may <u>require the endorsee/guarantee company to provide collateral, and shall specify it as an operational control item.</u></p> <p>In the case of a Subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the aforementioned calculation, the sum of the share capital plus paid-in capital in excess of par shall be substituted.</p>	<p>Article 6: Procedures for handling endorsements/guarantees 1-7 (skipped) 8. In cases in which an entity for which the company makes any endorsements/guarantees is a subsidiary whose net worth is lower than half of its paid-in capital, <u>the company shall periodically track the financial statements of the object of endorsement/guarantee. If any irregularity is found, there should be a written report detailing the recommendations and response measures, to be submitted regularly to the Audit Committee.</u></p> <p>In the case of a Subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the aforementioned calculation, the sum of the share capital plus paid-in capital in excess of par shall be substituted.</p>	<p>1. Modified the Principles for Loaning Funds to Others and the Principles Governing Endorsements/ Guarantees</p>
<p>Article 9: Announcement and Reporting Procedures 1. As long as the Company's shares are traded on the emerging stock market or listed on the Taipei Exchange (TPEX) or the Taiwan Stock Exchange in Taiwan, the Company shall announce and report its previous month's balance of endorsements / guarantees as well as its subsidiaries' by the 10th day of each month. The term "Announcement and Report" used in the Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission of Taiwan. 2. As long as the Company's shares are traded</p>	<p>Article 9: Announcement and Reporting Procedures 1. As long as the Company's shares are traded on the emerging stock market or listed on the Taipei Exchange (TPEX) or the Taiwan Stock Exchange in Taiwan, the Company shall announce and report its previous month's balance of endorsements / guarantees as well as its subsidiaries' by the 10th day of each month. The term "Announcement and Report" used in the Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission of Taiwan. 2. As long as the Company's shares are</p>	<p>1. Modified the Principles for Loaning Funds to Others and the Principles Governing Endorsements/ Guarantees</p>

Before Revision	Revised Version	Description
<p>on the emerging stock market or listed on the Taipei Exchange (TPEX) or the Taiwan Stock Exchange in Taiwan, the Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:</p> <p>(1). The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50% or more of the Company's net worth as stated in its latest financial statement.</p> <p>(2). The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company's net worth as stated in its latest financial statement.</p> <p>(3). The balance of endorsements / guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements / guarantees for, long-term investment in, and balance of loans to, such enterprise reaches 30% or more of Company's net worth as stated in its latest financial statement.</p> <p>(4). The amount of new endorsements or guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5% or more of the Company's net worth as stated in its latest financial statement.</p> <p>3. <u>The Company shall also announce and report</u> on behalf of any of its subsidiaries that is not a public company of the Republic of China, any <u>standards</u> that such subsidiary is required to announce and report pursuant</p>	<p>traded on the emerging stock market or listed on the Taipei Exchange (TPEX) or the Taiwan Stock Exchange in Taiwan, the Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:</p> <p>(1). The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50% or more of the Company's net worth as stated in its latest financial statement.</p> <p>(2). The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company's net worth as stated in its latest financial statement.</p> <p>(3). The balance of endorsements / guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements / guarantees for, long-term investment in, and balance of loans to, such enterprise reaches 30% or more of Company's net worth as stated in its latest financial statement.</p> <p>(4). The amount of new endorsements or guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5% or more of the Company's net worth as stated in its latest financial statement.</p> <p>3. The Company shall announce and report on behalf of <u>any of its subsidiaries</u> that is not a public company of the Republic of</p>	

Before Revision	Revised Version	Description
<p>to subparagraph 4 of the Principles Governing <u>Endorsements/Guarantees</u>.</p> <p>The term "date of occurrence " used in the Procedures refers to the date of contract signing, date of payment, dates of Board of Directors' resolutions, or other dates that can confirm the counterpart and monetary amount of the <u>transaction</u>, whichever date is earlier.</p>	<p>China, any matters that such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.</p> <p>The term "date of occurrence" used in the Procedures refers to the date of contract signing, date of payment, dates of Board of Directors' resolutions, or other dates that can confirm the counterpart of the endorsement/guarantee, and monetary amount of the transaction, whichever date is earlier.</p>	
<p>Article 12: Effectiveness and Amendment</p> <p>The procedures shall be passed by the Board of Directors and submitted to the Audit Committee, then to the shareholders' meeting for approval. The same shall apply to any amendments to the Procedures.</p> <p>When endorsements / guarantees are made for others, the Company shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent <u>and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.</u></p>	<p>Article 12: Effectiveness and Amendment</p> <p>The procedures shall be passed by the Board of Directors, submitted to the Audit Committee for approval of <u>more than half of its members</u>, and then to the shareholders' meeting. The same shall apply to any amendments to the Procedures.</p> <p><u>If approval is not granted by more than half of all audit committee members as required in the preceding paragraph and approved by more than two-thirds of all directors, the procedures may be implemented, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors' meeting.</u></p> <p><u>The terms "all audit committee members" in paragraph 1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</u></p> <p>When endorsements / guarantees are made for others in accordance with paragraph 1, the Company shall take into full consideration the opinions of each independent director; <u>independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.</u></p>	<p>1. Modified the Principles for Loaning Funds to Others and the Principles Governing Endorsements/ Guarantees</p>

**Sitronix Technology Corp.
Articles of Incorporation**

Article 1. General Provisions

- Article 1: The company is organized in accordance with the provisions of the Company Acts, named “矽創電子股份有限公司”, and the English name is set as “Sitronix Technology Corp.”
- Article 2: The company’s business is as follows:
- (1) General import and export trading business.
 - (2) Research and design of electronic development.
 - (3) Micro-computer single chip, hardware and software design, sales, module manufacturing, processing, testing, packaging, sales and agency business.
 - (4) Integrated circuit design, manufacture, processing, testing, packaging, sales and agency business.
 - (5) The production quotation business of the above-mentioned related foreign manufacturers.
 - (6) CC01050 data storage and processing equipment manufacturing.
 - (7) CC01080 Electronics components manufacturing.
 - (8) ZZ99999 in addition to the licensing business, the business may be prohibited or restricted by the business acts.
- Article 3: The head office of the company is in Xinzhu County, Taiwan. If necessary, the company will establish a branch or office at home or abroad with the resolution of the Board of Directors and the approval of a competent authority.
- Article 4: The Company’s announcement method is specified under Article 28 of the Company Act.
- Article 5: The Company may transfer the investment to the company as necessary, which may be a limited liability shareholder of the company through a resolution of the Board of Directors. The total investment is not subject to the relevant investment quota as stipulated in Article 13 of the Company Act.
- Article 5-1: The endorsement/guarantee of the company shall be operated and handled according to the “Principles for Governing Endorsements/Guarantees.”

Article 2. Shares

- Article 6: The total capital of the company is set at NT\$2,000,000,000, and divided into 200,000,000 shares. The total capital of the company provides NT\$200,000,000 for

employee stock option certificates, and the amount of per share is NT\$10, which the Board of Directors is authorized to issue successively.

Article 6-1: The company issues employee stock option certificates at the closing price of the company's ordinary shares before the issue date and transfers them to the employees at an average price lower than the actual purchase price. A shareholders' meeting shall be represented by more than half of the total number of issued shares and more than two-thirds of shareholders' voting rights.

Article 7: The shares issued by the company shall be issued under the provisions of the Company Act, related acts, and regulations, and shall be exempt from the printing of shares, provided that the centralized custody institutions of the securities are registered.

Article 8: The change in name of shares shall be discontinued within 60 days of the pre-session period of the shareholders, within 30 days before the special shareholders' meeting, or according to the benchmark in which the company decides to assign dividends, bonuses, or other benefits before 5 days.

Article 3. Shareholders' Meeting

Article 9: There are two kinds of Shareholders' meeting:

- (1) Regular meeting of shareholders: to be held at least once every year, within six months after close of each fiscal year
- (2) Special meeting of shareholders: to be held when necessary

Article 10: When a shareholder is unable to attend the shareholders' meeting for any reason, a power of attorney should be issued to the company specifying the scope of authorization, and signed or stamped by the entrusted agent who would attend.

Article 10-1: The shareholders' meeting is convened by the Board of Directors and led by the chairman. When the chairman is absent, the Board of Directors is appointed by the chairman. If not specified, a director shall appoint one agent from among them. If the convener (holder) is called by other conveners (holders) other than the Board of Directors, the chairman shall act as convener. If there are more than two conveners (holders), each one of them shall be appointed.

Article 11: Shareholders of the company have one vote per share, except as otherwise provided in relevant acts and regulations.

Article 12: The shareholders' resolutions in addition to relevant acts and regulations, shall be represented by more than half of the total number of issued shares, in person or by proxy, with the consent of more than half of the voting rights of shareholders.

Article 12-1: The shareholders' resolutions shall be deliberated upon and handled in accordance with the provisions of Article 183 of the Company Act.

Article 4. Directors and the Audit Committee

Article 13: The Company has five to nine directors with a three-year term and are eligible for re-election. Among the directors mentioned above, the number of independent directors shall not be less than two and not less than one-fifth of the number of directors.

In the election of company directors, the candidate nomination system is used by shareholders to select from a list of candidates for directors. The nomination method shall be handled in accordance with one of the provisions of Article 192 of the Company Acts.

The Company may purchase liability insurance in accordance with the law during the course of its business operations and term of office of directors.

Article 13-1: When the deficit in directors' attendance is lower than one-third, the board of directors shall convene a by-election of the special shareholders' meeting within 60 days, and the term of office shall be limited to the renewal period of the original term. If independent directors fail to do so due to insufficient number of articles of association, they shall be elected at the most recent shareholders' meeting. When independent directors are dismissed, the board of directors shall convene a by-election of the special shareholders' meeting within 60 days from the date of occurrence.

Article 13-2: The Company sets up the Audit Committee in accordance with the provisions of Article 14-4 of the Securities Exchange Act, which is composed of all independent directors and is responsible for the implementation of the Company Act, the Securities Exchange Act and other laws and regulations. The company may set up a salary compensation committee or other functional committee according to regulations or business requirements.

Article 14: The Board of Directors is organized by directors. With the attendance of more than two-thirds of directors and the consent of more than half of directors, one chairman is elected and represents the Company, and the Board of Directors meeting is convened at least once a quarter. For convening the Board of Directors meeting, the reasons shall be stated and the directors are notified 7 days before. However, when there is an emergency, the Board of Directors can call a meeting at any time. The written notice for convening the Board of Directors meeting may be replaced by fax or email or other means.

Article 15: When the chairman of the Board of Directors asks for leave or fails to exercise his powers for any reason, his/her agent shall handle the matter in accordance with the provisions of Article 208 of the Company Act.

Article 15-1: The directors shall attend the Board of Directors in person. If for any reason attending in person is not possible, a power of attorney should be issued in accordance with the provisions of Article 205 of the Company Act to entrust other directors to attend the Board of Directors. However, each director can only be entrusted by one person. If the Board of Directors meeting uses video conferencing, directors who attend the meeting shall be considered physically present.

Article 16: The Board of Directors shall determine the directors' remuneration in accordance with the extent of their participation in the Company and the value of their contribution to the internal and external boundaries of the country.

Article 5. Managerial Officer

Article 17: The Company gathers several managerial officers and organizes technical, legal, accounting, and financial professionals as business consultants. The dismissal, appointment, and remuneration are handled in accordance with Article 29 of the Company Act.

Article 6. Accounting

Article 18: At the end of each fiscal year, the Board of Directors shall provide the following lists, submit procedures in accordance with the law, and to the shareholders for approval.

- (1) Business report
- (2) Financial statements
- (3) Proposed for the distribution of profits or loss

Article 18-1: If the Company is profitable for the year, it should be no more than 25%, no less than 1% for employee compensation, and no more than 3% for directors' compensation. However, when the Company still has accumulated losses, it should retain the amount allotted for compensation in advance, to be distributed to employees and directors according to the abovementioned proportion. The Board of Directors determines the form of employee compensation either by stock or cash, and distribution must include a specific subsidiary company employee. Before the establishment of the Audit Committee of the Company, the supervisor's remuneration was assigned according to the first provision.

Article 19: If the Company posts earnings based on its annual audit report, the distribution of earnings shall be made in the following order:

- (1) Tax payment
- (2) Compensation for past losses
- (3) List 10% of earnings as legal reserves. However, it is considered an exception when legal reserves have reached the company's paid-in capital.

- (4) Provide or revolve special reserves in accordance with the act.
- (5) If there is still a balance, the Board of Directors shall make earnings on the balance and the accumulated undistributed revenues from the previous year. Distribute the Proposed and request a shareholders' meeting to resolve the dividends distributed to shareholders.

Article 19-1: The distribution of dividends of shareholders of the Company may be in the form of cash or stock; however, the proportion of cash dividends distributed is not less than 10% of the total dividends. The policy of allocating dividends depends on the current and future investment environment, capital requirements, domestic and international competition and capital budget, and the interests of shareholders, balancing dividends and long-term financial planning of the Company, etc. The Board of Directors shall propose a distribution plan and submit it during the shareholder's meeting every year.

Article 7, Supplementary

Article 20: Matters that are not covered in the Articles shall be handled in accordance with the provisions of the Company Law.

Article 21: The article was established on July 7, 1992.

First amended on October 1, 1992.

The second amendment was on March 29, 1994.

The third amendment was on August 19, 1995.

The fourth amendment was on July 25, 1996.

The fifth amendment was on September 18, 1997.

The sixth amendment was on November 15, 1997.

The seventh amendment was on July 1, 1998.

The eighth amendment was on November 11, 1998.

The ninth amendment was on January 5, 1999.

The tenth amendment was on February 5, 1999.

The eleventh amendment was on November 17, 1999.

The twelfth amendment was on March 10, 2000.

The thirteen amendment was on March 31, 2000. °

The fourteen amendment was on June 14, 2002.

The fifteen amendment was on April 28, 2003.

The sixteen amendment was on April 28, 2003.

The seventeen amendment was on September 2, 2003.

The eighteen amendment was on April 18, 2005.

The nineteen amendment was on June 23, 2006.

The twentieth amendment was on June 21, 2007.

The twenty-second amendment was on June 27, 2008.

The twenty-second amendment was on June 10, 2009.

The twenty-third amendment was on June 10, 2010.

The twenty-fourth amendment was on June 12, 2012.

The twenty-fifth amendment was on June 22, 2016.

The twenty-sixth amendment was on June 22, 2017.

The twenty-seventh amendment was on June 27, 2018.

Sitronix Technology Corp.

Chairman of the Board of Directors : Vincent Mao

Sitronix Technology Corp.

Rules and Procedures of Shareholders' Meeting

1. The shareholders' meetings of the Company shall be conducted in accordance with these rules.
2. The shareholders specified in these Rules refer to representatives of entrusted shareholders as well as shareholders themselves.
3. The Company shall have an attendance card for attending shareholders to sign, or attending shareholders may hand in a signed card on behalf of shareholders. Attendance at the shareholders' meeting shall be based on the number of shares. The number of shares in attendance shall be based on the attendance book or signed card while voting rights shall be calculated based on the number of shares recorded either in writing or electronically.
4. The venue for the shareholders' meeting shall be the Company's premises or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting shall begin no earlier than 9:00 am and no later than 3:00 pm.
5. The company shall assign a lawyer, accountant or related person to join the shareholders' meeting. The staff attending the shareholders' meeting shall wear an identification card or armband.
6. The procedures for the shareholders' meetings shall be recorded or recorded throughout the duration of the meetings and kept for at least one year.
7. The chairman shall call the meeting to order at the appointed time. However, when attending shareholders (or agents) do not represent more than half of the total number of issued shares, the chairman may announce no more than two postponements, without exceeding one hour. If the quorum is not met after two postponements but the shareholders (or agents) represent more than one-third of the total number of issued shares, a tentative resolution may be adopted pursuant to the first paragraph of Article 175 of the Company Act. Before the end of the meeting, if the number of shares held by shareholders (or agents) reaches more than half of the total number of issued shares, the chairman may re-submit the tentative resolution pursuant to Article 175 of the Company Act.
8. If the Board convenes a shareholders' meeting, its directors shall set the agenda. The meeting shall proceed according to the scheduled agenda and may not be changed without the resolution of shareholders. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. After the meeting is adjourned, shareholders may not select another person to act as chair and continue the meeting at the original or alternative venue. However, if the chairman declares the meeting adjourned in violation of the rules of procedure, a new chair shall be elected by agreement of more than half of the attending shareholders and the meeting can continue.
9. Before speaking, an attending shareholder (or agent) must specify on a speaker's slip the subject of the speech, his/her attendance card number (or shareholder account number) as well as account name. A shareholder (or agent) in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. If the content of the speech is inconsistent with the subject on the speaker's slip, the spoken content shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought

- and obtained the consent of the chair and the shareholder has the floor; otherwise, the chair shall stop any violation.
10. A shareholder (or agent) may not speak more than twice on the same Proposed without the consent of the chairman, and a single speech may not exceed five minutes. If the shareholder's speech violates the provisions of the preceding paragraph or exceeds the scope of the agenda item, the chairman may stop his/her speech
 11. When a juristic person is appointed to attend a shareholders' meeting as proxy, only one person may be assigned as a representative. When a juristic person shareholder assigns more than two representatives to attend a shareholders' meeting, only one of the appointed representatives may speak on the same Proposed.
 12. After an attending shareholder has spoken, the chairman may respond in person or designate relevant personnel to respond
 13. When the chairman is of the opinion that a Proposed has been discussed sufficiently to put it to a vote, he or she may announce the discussion closed and call for a vote.
 14. Vote monitoring and counting personnel for the voting on a Proposed shall be appointed by the chairman, provided that all monitoring personnel are shareholders of the Company. The results of the voting shall be reported and recorded.
 15. During the meeting, the chairman may announce a break based on time considerations.
 16. Except as otherwise provided in the Company Act and Articles of Incorporation, the passage of a Proposed shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of voting, the chairman or his/her appointee shall announce the total number of voting rights of shareholders. On the day after the shareholders' meeting, the results of the shareholders' consent, opposition and abstention shall be entered into the public information channel.
 17. When there is an amendment or an alternative to a Proposed, the chairman shall decide the order in which the Proposals will be put to a vote. If one of the cases is passed, other Proposals shall be deemed rejected and no further voting shall be required.
 18. The chairman shall direct the security personnel to help maintain order at the venue. When proctors or security personnel are present to help maintain order, they shall wear an identification card or armband.
 19. The undetermined matters in the procedure are applied to the meeting regulations implemented by the Ministry of Interior and applicable provisions of the Company Act as well as relevant provisions of the Company's Articles of Incorporation.
 20. The procedures are implemented after approval of the shareholders; the same applies to amendments.

Sitronix Technology Corp.
Procedures for Acquisition or Disposal of Assets

Article 1, General Provisions

Article 1: Purpose and Source of Law

To protect the assets of the company and implement information disclosure, strengthen the management of the company's acquisition or disposal of assets, established the procedures in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and the relevant correspondence of the securities authorities. However, other regulations that provided otherwise shall follow from its provisions.

Article 2 : Scope of the assets

1. Investments in stocks, bonds, Corporate bonds, financial bonds, securities recognized by the fund, depository receipts, call warrant, beneficiary certificate and asset backed securities, etc. °
2. Real estate (including land, housing and construction, investment real estate, inventory of construction industry) and equipment.
3. Membership.
4. Intangible assets such as patent rights, copyrights, trademark rights and concessions.
5. Claims of financial institutions (including receivables, discounting of purchase of remittances and loans, collection items).
6. Financial Derivatives:
7. Assets acquired or disposed of by merging, splitting, acquiring or obtaining shares in accordance with the law.
8. Other important assets.

Article 3 : Nominal Definition

1. Financial Derivatives: It referred herein are broadly defined as instruments that derive their value from the performance of underlying assets, interest or currency exchange rates, indexes or other. Such instruments include swaps, options, futures contracts, leverage contracts, forwards, and various combinations thereof. Forwards referred herein exclude insurance, performance, post-sale service, long-term lease and long-term sales/procurement contracts
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-8 of the Company Act.

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the appraisal value of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors' resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment, for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 4: Exclusion of Related Party

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be the related persons of the trading party.

Article 5: The Scope of Investment and Maount

Where the company acquires real estate or marketable securities for non-business use, its limits of the amount are as follows:

1. The total amount of non-operating real estate is limited to 50% of the shareholders' equity of the company's most recent audited financial statements of the accountants.
2. The total amount of investment securities shall not exceed the shareholders' equity of the company's most recent financial statements of the account audited by the accountant.
3. The limit for investing in individual securities shall not exceed 40% of the shareholders' equity of the company's most recent financial statements of the certified auditors.

Article 2, The Procedures for Acquisition or Disposal of Assets

Article 6: The Execution Unit, Authorization Amount and Level

The acquisition or disposal of assets of the company shall be approved by the Board of Directors except the following circumstances:

1. If the investment in the securities that are intended to be held for a long time is acquired or disposed of, the accounting unit shall submit an evaluation report. If the amount at the end of the previous year reaches 20% or more of the paid-in capital, it shall be submitted to the Board of Directors for approval.
2. The short-term holding of securities investment is obtained or disposed of, and each transaction amount is less than NT\$220,000,000 or US\$7,000,000 (inclusive), and the

accounting unit submits the request to the chairman for verification. If the amount exceeds NT\$220,000,000 or US\$7,000,000, it should be forwarded to the Board of Directors for approval additionally.

3. The acquisition or disposal of real estate shall be submitted by the management unit for the relevant information. Where the amount at the end of the previous year reaches 20% or more of the paid-in capital shall be implemented the Board of Directors after the adoption.
4. The acquisition or disposal of other assets of the company (including fixed assets, memberships and intangible assets) shall be handled in accordance with the relevant provisions of the company's internal control system and the means of purchasing and approving all kinds of expenses.
5. The acquisition or disposal of financial derivative shall be handled in accordance with the relevant provisions of the Company's "Procedures for the Financial Derivatives".
6. Assets acquired or disposed of in accordance with legal mergers, divisions, acquisitions or transfer of shares shall be handled in accordance with the relevant provisions of Article 5 of the Processing Procedure.

With respect to a public company's acquisition or disposal of assets that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the Audit Committee.

Where the position of independent director has been created, if an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Where the company has created the Audit Committee, when the material asset or derivatives transaction is submitted for discussion, it shall be approved by more than half of all audit committee members and sent to the Board of Directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

Article 7: Evaluation Procedures and Price Determination Methods

1. Security investments

The Company acquires or disposes of securities, and shall take the most recent financial statements audited by the accountant or the financial statements reviewed by the company as the reference for evaluating the transaction price before the date of the occurrence. If the transaction amount reaches 20% of the company's paid-in capital or NT\$300,000,000 or more, the accountant should be consulted before the date of occurrence to express an opinion on the reasonableness of the transaction price. If an accountant needs to use a professional reporter, he/she shall be based on the Auditing Standards Report, No.20 of the R.O.C. Accounting Research and Development Foundation (hereinafter referred to as the Accounting Research and Development

Foundation). However, the securities are not subject to the public quotation of the active market or otherwise provided by the securities regulatory authority.

2. Real estate or the equipment

To acquire or dispose real estate, reference shall be made to the present value of the announcement, the value assessed, the actual transaction price of adjacent real estate, and the resolution of the terms of the transaction and the transaction price. The acquisition or disposition of equipment shall be made by way of inquiry, price comparison, bargaining or tender.

The company acquires or disposes of real property or equipment, in addition to transactions with government agencies, self-district committee construction, Rental District Committee construction, or acquisition, disposal of equipment for business use, those whose transaction amount reaches more than 20% or NT\$ 300,000,000 of the company's paid-in capital, shall obtain a valuation report issued by a professional valuer before the fact occurs, and shall meet the following requirements:

- (1). When the price, specific price or special price shall be used as the reference for the transaction price for special reasons, the transaction shall be first approved by resolution of the Board of Trustees. Those who change the trading conditions in the future shall also proceed with the procedure accordingly.
- (2). If the transaction amount reaches NT\$1,000,000,000 or more, more than two professional valuers should be invited to make an estimate.
- (3). The valuation result of professional valuer is one of the following cases. Apart from the valuation result of the acquired assets is higher than the transaction amount, or the valuation result of the disposed assets is lower than the transaction amount, the accountants shall also be consulted in accordance with the provisions of the Auditing Standards Report No. 20 issued by the Accounting Research and Development Foundation, and express specific opinions on the reasons for the differences and the transaction price:
 - (I). The difference between the valuation result and the transaction amount is more than 20% of the transaction amount.
 - (II). The difference between the valuation result and more than two professional valuers is more than 10% of the transaction amount.
- (4). The date of the report issued by the professional valuer and the date of the establishment of the contract shall not exceed three months; however, if the present value of the same period announcement is applied and the period is less than six months, the original professional valuer shall submit a written opinion.

3. Memberships and intangible assets

To acquire or dispose of memberships, the relevant price information shall be collected in advance to consider the benefits it can generate, and consult the latest transaction price then. The acquisition or disposal of intangible assets shall refer to international or local usage, life time, and the impact on company technology and business. The relevant acts and contracts are carefully evaluated to determine the transaction price.

Where a public company acquires or disposes of intangible assets or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million

or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

4. The acquisition or disposal of financial derivatives transactions shall take into account the futures market trading conditions, exchange rates, and interest rate movements, and shall be handled in accordance with the relevant provisions of the Company's "Procedures for Financial Derivatives."
5. Acquiring or disposing of assets acquired or disposed of by legal merger, division, acquisition or transfer of shares shall take into account the nature of its business, the net value per share, asset value, technology and profitability, production capacity and future growth potential, and by the procedure. The relevant provisions of Article 5 of the procedure shall be handled.
6. Other Important Assets

Acquires or disposes of the claims of financial institutions, financial derivatives, assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law or other important assets, the relevant price information shall be collected in advance based on the subject matter of the transaction assets, and the relevant laws and contracts should be carefully evaluated to determine the transaction price. If the company acquires or disposes of assets through the court auction procedure, it can replace the valuation report or accountant's opinion with the certification documents issued by the court.

Article 7-1: The calculation of the amount of the first to third transactions of the preceding article shall be handled in accordance with the provisions of paragraph 2 of Article 9, and the alleged one year shall be based on the date on which the date of occurrence of the transactions, and shall be retroactively calculated for one year. The valuation report or accountant's opinion issued by the professional valuer need not be counted toward the transaction amount.

Article 8: Information Storage

Where the company acquires or disposes of assets, it shall deposit the relevant contract, the proceedings, the record book, the valuation report, the accountant, the lawyer or the securities underwriter's opinions in the company, and save for at least five years, unless otherwise stipulated by other laws.

Article 9: Announcement Procedure

Where the company acquires or disposes of assets, if any of the following circumstances occur, it shall, in accordance with the prescribed format, announce and declare the

information to the designated website of the securities authority under the relevant regulations with two days from the date of occurrence.

1. When the company intends to acquire or dispose of real estate from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprise.
2. Merger, demerger, acquisition, or share transfer.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
4. Where equipment or the type of assets for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - (1). For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - (2). For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
5. Acquisition or disposal by a public company in the construction business of real property for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million.
6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - (1). Trading of government bonds.
 - (2). Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real estate within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

The company shall, on a monthly basis, import the information declaration websites designated by the securities authority before 10th of each month in accordance with the prescribed format of the company, and the subsidiaries of the company that are not part of the domestic public company to engage in derivative commodity transactions until the end of the previous month.

Article 10: The Amendment and Changes of the Announcement Procedure

If the company shall make corrections in accordance with the provisions of Article 9 if there are any errors or omissions in the announcement, all items shall be re-issued and declared within two days from the date of notification.

After the company announces the declared transaction in accordance with the provisions of the preceding article, one of the following circumstances shall, within two days from the date of the occurrence, report the relevant information on the designated website of the securities authority:

1. The relevant contract signed by the original transaction has been changed, terminated or cancelled.
2. Mergers, splits, acquisitions or share transfers are not completed on the contractual schedule.
3. The original announcement has changed.

Article 11: The Procedures for the acquisition or Disposal of Assets of the Subsidiaries

1. The acquisition or disposal of assets of the company's subsidiaries shall be handled in accordance with the "The Procedures for the acquisition or Disposal of Assets" as determined by the Subsidiary.
2. If the subsidiaries of the company that are not part of the domestic public company, the assets acquired or disposed of by the company shall reach the standard of the announcement, and shall notify the company within the day of the occurrence. The company shall also apply for announcement on the designated website in accordance with regulations.
3. If the subsidiaries of the company that are not part of the domestic public company, the assets acquired or disposed of by the company shall reach the standard of the announcement under Article 9 of the procedure, the announcement, declaration, and copy work will be done by the company.
4. The subsidiary of the preceding paragraph shall apply the reporting standard for Article 9, and the term "up to 20% of the company's paid-in capital or 10% of the total assets" is referred to the company's paid-in capital or total assets.

Article 12: The Scope and Amount of Investment in Subsidiaries

The limits of the amount of real estate or marketable securities purchased by the company's subsidiaries for business uses are as follows:

1. The total amount of real estate, which is not for business use, is limited to the shareholder's equity in the financial statements of the subsidiary's most recent certified visa to the accountant.
2. The total amount of the investment securities shall not exceed the shareholders' equity of the financial statements of the subsidiary's most recent account audited by the accountant.

3. The limit for investing in individual securities shall not exceed the shareholders' equity of the financial statements of the most recent period in which an accountant audits the subsidiary.

Article 13: Penalties

If the related personnel of the company violates the provisions of the procedure and its associated acts and regulations, the company may use warnings, demerits, demotions, suspensions, pay cuts or other disciplinary actions as an internal review.

Article 3, Transactions of the Related Party

Article 14: The Scope of Application

When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.

The calculation of the transaction amount shall be processed in accordance with Article 7-1.

When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 15: The Resolution Procedure

When a public company intends to acquire or dispose of real estate from or to a related party, or when it intends to acquire or dispose of assets other than real estate from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors:

- (1). The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (2). The reason for choosing the related party as a trading counterparty.
- (3). With respect to the acquisition of real estate from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms.
- (4). The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.

- (5). Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- (6). An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- (7). Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be made, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.

With respect to the acquisition or disposal of business-use equipment between the company and its parent or subsidiaries, the company's Board of Directors may pursuant to delegate the board chairman to decide such matters when the transaction is within a NT\$300,000,000 and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting.

Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application.

Where an Audit Committee has been established in accordance with the paragraph 1 of the Company Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.

Article 16: Evaluation Procedure

The company that acquires real estate from a related party shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

The company that acquires real estate from a related party and appraises the cost of the real estate in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.

Where the company acquires real estate from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 15 and the preceding three paragraphs do not apply:

1. The related party acquired the real estate through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real estate to the signing date for the current transaction.
3. The real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real estate, either on the company's own land or on rented land.

Article 17: If the evaluation results of the Company under the first and second provisions of the preceding article are lower than the transaction price, they shall be handled in accordance with Article 18 of the procedures. However, where the following circumstances exist, objective evidence has been submitted, and specific opinions on reasonableness have been obtained from a professional real property appraiser, and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (1) Where undeveloped land is appraised, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price

discrepancies in the floor or area land prices in accordance with standard property market sale.

- (3) Leasing transactions with unrelated parties within the preceding year involving other floors, where the land area and trading transaction terms are similar after calculation of reasonable price discrepancies or spread estimation on floor in accordance with standard property market sale or leasing practices.
2. Where the company acquiring real property, from a related party provides evidence that the terms of the completed transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real estate.

Article 18: Where the company acquires real estate from a related party and the results of appraisals conducted in accordance with Article 16, and 17, are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Company Act against the difference between the real estate transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Company Act shall be set aside pro rata in a proportion consistent with the share of the company's equity stake in the other company.
2. An independent director shall comply with Article 218 of the Company Act.
3. Shall report to the shareholders' meeting the processing subsequences of the first and second of the section and the details of the transaction will be disclosed in the annual report as well as annual handbook.

Where the company or the company uses the equity method to account for its investment in the company, then the special reserve called for under the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

When a public company obtains real estate from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 4, The Transactions of Financial Derivatives

Article 19: When the Company engages in the transaction of financial derivatives, it shall authorize the relevant personnel to handle the procedures according to the “Procedures for Financial Derivatives” of the Company. Afterward, it shall report to the most recent Board of Directors and shall pay attention to the risks and auditing matters to implement the internal control system.

Article 5, Procedures for Business Merger, Division, Acquisition and Share Transfer

Article 20: The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the company directly or indirectly holds 100 percent of the respective subsidiaries’ issued shares or authorized capital.

Article 21: A public company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the Proposed is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 22: Except as otherwise provided by other acts or with special factors, to report in advance to the consent of the competent securities authority. The company

participating in a merger, demerger, or acquisition shall convene a Board of Directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

The company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

When the company participates in a merger, demerger, acquisition, or transfer of another company's shares, the company shall list the following information in the report in writing, and keep it for five years for audit within 2 days of the passage of the Board of Directors' resolution, and count inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system)

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors' meetings.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding paragraph.

Article 23: The company and any other people that participate in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 24: Where the companies participate in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or

acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible Corporate bonds, or the issuance of bonus shares, issuance of Corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, that affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
4. The adjustment of the bought back treasury stock in accordance with acts from any of the company participates in the merger, demerger, acquisition, or transfer of shares from another company.
5. The change of an increase or decrease in the number of entity or company participates in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been disclosed to public.

Article 25: The contract for participation by the company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 26: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating

company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 27: Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of the related regulations.

Article 6, Supplementary

Article 28: The Unaccomplished Matters of the procedure shall be handled in accordance with the relevant acts and regulations and the related regulations of the Company.

Article 29: The provision of 10% of the total assets in this process is calculated based on the total assets in the most recent individual or personal financial statements as required by the securities issuer's financial reporting standards.

Article 30: After the procedures have been approved by the Board of Directors, they shall be submitted to the Audit Committee, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. Where the position of the independent director has been established, if any independent director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the independent director's dissenting opinion to each supervisor.

Where an audit committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.

If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

Sitronix Technology Corp.

Procedures for Financial Derivatives Transactions

Article 1: Purpose

1. To protect investment, implement information disclosure, reduce risks arising from changes in foreign exchange and interest rates, thus increasing the competitiveness of enterprises; the procedures are specifically determined as the basis of managing various financial derivatives transactions.
2. These are managed in accordance with Article 36-1 of the Securities and Exchange Act and the “Procedures for the Acquisition or Disposal of Assets”.

Article 2: Trading Principles and Guidelines

1. Types of financial derivatives to be traded refer to instruments that derive their value from the performance of underlying assets, interest or currency exchange rates, indices or others. Such instruments include swaps, options, futures contracts, leverage contracts, forwards, and various combinations thereof. Forwards referred herein exclude insurance, performance, after-sales service, long-term lease and long-term sales/procurement contracts.

If the company is engaged in these types of financial derivatives, its finance unit shall submit a written report on the mode of operation, advantages and disadvantages of the asset, and risk assessment method, for approval of the chairman before a transaction is made.

2. Operating and Hedging Strategy

The Company engages in transactions of financial derivatives, which are mainly for hedging or for trading, related to the company's business operations, to ensure the operating profit of the company. The transaction object also limits the option of financial institutions that have business relationships with the company to avoid credit risk.

3. Power and Responsibilities

(1) Finance Unit:

- (a) It is responsible for the strategy of the Company's foreign exchange operations. In response to changes in the foreign exchange market, it collects relevant information, determines trends and risk assessments, familiarizes with financial products and laws and regulations, considers the foreign exchange positions of the Company, prepares operational strategy plans, and engages in transactions under the instructions and authorization of the competent authority.

- (b) Regularly calculates the areas that have been realized or may occur in the future, and transactions according to authorization

- (2) Accounting Unit: It is responsible for accounting and preparation of financial statements.

4. Performance Assessment Essential

For the operation of financial derivatives, the finance unit shall record the operation details of the transaction schedule daily, understand the profit and loss status, review operational performance, and regularly report the operational performance to the competent authority in order to review the operational strategy.

5. Establishment of Transaction Amount and Loss Limit

- (1) The upper limit of the transaction amount shall be based on the position that the Company has held or reasonably estimated to hold.
- (2) Concerning the amount of loss for financial derivatives transactions, the single contract loss limit and the total contract loss limit shall not exceed 10% of the total transaction amount.
- (3) When the exchange rate has a significant adverse effect, the Company shall convene relevant personnel to respond to it at any time.

Article 3: Operating Procedure

1. Authorization Limit

The manager of the accounting department shall review all transactions pending approval by the Chairman of the Board of Directors. Any amendments must be approved by the chairman of the Board of Directors.

2. Execution Unit

Authorizes the finance unit in terms of execution

3. Transaction Procedure

- (1) Related trend analysis and decision
- (2) Confirmation of transaction
- (3) Decision on specific practices for risk aversion:
 - a. Subject of the transaction
 - b. Part of the transaction
 - c. Target price and range
 - d. Strategy and type of transaction
- (4) Approval of transaction
- (5) Execute the transaction
 - a. Transaction subject: The subject shall be domestic and foreign financial institutions, or institutions with excellent credits
 - b. Transaction personnel: The Company's personnel who execute financial derivatives transactions shall be directed by the competent authority and the above-mentioned personnel shall not engage in transactions.
- (6) Transaction confirmation: After the transaction is confirmed by the Company's personnel, it should be submitted to the competent authority for approval.

- (7) Delivery: After a transaction has been confirmed, the finance unit shall prepare the price and relevant documents at the delivery date, and deliver at the agreed price.

Article 4: Announcement Procedure

1. Where the Company assesses the procedures for financial derivatives, if any of the following circumstances occur, it shall, in accordance with the prescribed format, announce and declare the information on the designated website of the securities authority pursuant to relevant regulations, within two days of the date of occurrence.
2. Before the 10th of each month, the Company and non-domestic public companies shall enter the information reporting website designated by the competent authority in the prescribed format, as of the end of last month.

Article 5: Accounting Procedure

Financial derivatives transactions shall be accounted for in an appropriate accounting account on a case-by-case basis, according to the characteristics of the derivative. Those which are contingent assets or liabilities shall also be recorded, those with a discounted premium, shall be amortized reasonably, and their accounting treatment shall be based on finance, in accordance with International Financial Reporting Standards or relevant regulations.

Article 6: Internal Control System

1. Risk management measurement

(1) The management of credit risks

The object of the transaction is limited to the financial institutions that the Company contacts and can provide professional information as the principle.

(2) The management of market price risks

Financial derivatives shall be evaluated at any time for market value, and attention shall be paid to the possible profit and loss of future market price fluctuations.

(3) The management of current risks

To assure the transactions of fluidity, when selecting financial merchandises, choose the fluidity which is higher, and the banks that trade must have sufficient equipment, information and trading capabilities, and can trade in any market.

(4) Management of cash flow risks

Before the transaction, it shall be confirmed that the transaction amount will not cause insufficient fluidity and can fulfill delivery obligation.

(5) Management of operational risks

The amount of authorization and related work processes shall be strictly observed, to avoid operational risks.

(6) The management of legal risks

A professional shall review all contracts with the transaction partner before they can be formally signed, to avoid legal risks.

2. Internal Control

- (1) Transaction personnel and operators such as confirmation and delivery may not concurrently serve each other.
 - (2) Transaction personnel shall deliver the transaction voucher or contract to the confirmation personnel record.
 - (3) Confirmation personnel shall regularly reconcile with financial institutions.
 - (4) Transaction personnel shall check regularly whether the total amount of the transaction has exceeded the net portion of the foreign currency assets, liabilities, and commitments.
 - (5) At the end of each month, the transaction staff evaluates profit and loss according to the closing exchange rate of the day, and prepares a statement, and reports to the financial managerial officer or above level for auditing.
3. The risk measurement, supervision, and control personnel shall from different departments from the preceding paragraph and shall report to the Board of Directors or to senior executives, who are not responsible for the transaction or part of the decision-making responsibility.
 4. The part of financial derivatives shall be assessed by the finance unit at least once a week. However, if the risk-avoided transaction required for the business is to be evaluated at least twice a month, the evaluation report shall be submitted to the senior executive authorized by the Board of Directors.

Article 7: Regular evaluation methods and the handling of irregular circumstances

1. The Board of Directors shall designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
2. The designated senior management personnel shall periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.
The designated senior management personnel shall periodically estimate whether the risk management measures currently in use are appropriate, monitor in accordance with this process, supervise transactions and profit and loss status, and when abnormal circumstances are found, take necessary countermeasures and report to the Board of Directors immediately. Where the position of the independent directors has been established, they shall attend the Board of Directors meeting and express their opinions.

Article 8: Create a checklist

The company engaging in derivatives trading shall have a log book containing the types and amounts of derivatives trading that it is engaged in, the Board of Directors approval dates, regular assessment report on financial derivatives and evaluation of the designated senior management personnel of matters that need to be carefully evaluated.

Article 9: Internal Audit System

The Company's internal audit personnel shall periodically determine the suitability of internal controls on financial derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepares an audit report. If any material violation is discovered, the Audit Committee shall be notified in writing.

Article 10: The unfinished part of the procedure shall be handled in accordance with the relevant laws and regulations of the Company.

Article 11: The Audit Committee shall approve the procedure to be submitted to the Board of Directors for approval during the shareholders' meeting; the same rule applies to amendments.

Under the provisions of the preceding paragraph, the independent opinions of each Board of Director shall be fully considered, and the reasons for their consent or objection duly noted in the meeting.

Sitronix Technology Corp.

Procedures for Making Outward Loans to Others

Article 1: The purpose and basis of the establishment

The Principles for Loaning Funds to Others will be handled in accordance with the provisions of Article 36-1 of the Securities and Exchange Acts, the “The Principles for Loaning Funds to Others, and Governing Endorsements/Guarantees” and the relevant regulations of the competent authorities.

Article 2: Entities for which the Company may make endorsements or guarantees

The Company may make endorsements/guarantees for the following circumstances:

- (1) A company with which the Company does business
- (2) Where an inter-company or inter-firm, short-term financing facility with the company, the term "short-term" as used in the preceding paragraph means the period of one year, or the company's operating cycle (whichever is longer).

Article 3: The Reasons and Necessities of Loaning Funds to Others

The Company and other public companies, due to a business relationship with the financial loan, shall be in accordance with the provisions of Article 4, paragraph 3; due to the need for short-term financing funds to engage in capital loans, shall be subject to the following circumstances:

- (1) The necessary, whose company holds more than 20% of the shares, has the short-term financing for business needs, due to the need of the investee company.
- (2) The necessity? of short-term financing for his/her company or other public companies due to purchase material or operational turnover.
- (3) Others who have agreed to the fund loan by the Board of Directors of the Company.

Article 4: The aggregate amount of loans and the maximum amount permitted to a single borrower

1. The total of accumulated loans granted shall not exceed 40% of the past year's accountant's financial statements for auditing the net worth of the Company. However, the total amount of funds that can be loaned to others due to the need for short-term financing between the Company or a public company, is based on the total amount of the Company's loanable funds.
2. Each inter-company loan of funds between foreign companies in which the Company holds 100% of voting shares directly or indirectly, shall not exceed 40% of the past year's accountant's financial statements for auditing the net worth of the Company. The amount of an individual loan shall not exceed 50% of the amount of the Company's loanable funds.
3. Where an inter-company or inter-firm business transaction calls for a loan arrangement; the amount of an individual loan granted by the Company to a company or business with business relationships with the Company shall not exceed the business transaction amount in

the past year between the parties. “Business transaction amount” refers to the amount of purchase or sale between the parties, whichever is higher.

4. Where funds are lent to a company or business with short-term financial need, each individual loan shall not exceed 50% of the amount of the Company’s loanable fund.

Article 5: Procedures for Loaning Funds

1. Credit

When the Company handles loan transactions, the borrower should first check the company information and financial information, and apply for financing quota in writing. After accepting the application, the Company shall investigate and evaluate the business, financial statements, solvency and credit, profitability and borrowing purposes of the loan and target, and then prepare a report.

The finance unit investigates on the loaning of funds and the object, and performs a detailed evaluation. The assessment shall include:

- (1) The necessity and reasonableness of loaning funds to others
- (2) Whether it is necessary to measure the object of loaning funds’ financial status and the amount of funds to be loaned
- (3) Whether it is necessary to measure the loaning funds and the amount of funds by the financial status of the loan and the target.
- (4) Whether the accumulated funds to be loaned and amount are still within the limit
- (5) Whether the collateral must be obtained and the value appraised
- (6) Attach funds to the loan, record of the symbolic letter, and risk assessment.

2. Security

When the Company handles the loaning of funds, it shall obtain the same amount of the loan or guarantee the promissory note, and if necessary, handle the mortgage setting of the movable property or real estate.

In addition to land and securities, collaterals shall all be insured against fire. There should be all-risk insurance for vehicles and ships. The insurance amount shall be no less than the value of collateral and the Company shall be designated as the beneficiary on the insurance policy. The designated personnel shall also pay attention to the borrowers to ensure their continued coverage before the expiration of the insurance.

In case of credit guarantee as specified in the preceding paragraph, borrowers may provide a substantial amount of capital and credit to the individual or company, to guarantee replacement of the collateral. Those with the company as the guarantor, the Board of Directors may refer to the credit report of the finance unit and shall pay attention to whether the articles of association have provisions that are guaranteed.

3. The Scope of Authorization

The Company shall handle funds for loans and shall carefully assess whether it meets the requirements of the procedure. After the finance unit of the Company has obtained a letter of credit, it shall be approved by the Chairman of the Board of Directors and submitted to the Board of Directors for final approval. The opinions of each independent director shall be fully considered, and their consent or objection shall be included in the records of the Board of Directors.

The loaning of funds between the Company and its subsidiaries, or between its subsidiaries, shall be subject to the resolutions of the Board of Directors, in accordance with the provisions of the preceding paragraph. The Chairman may be authorized to divide the same loan and object, within a certain period according to the resolution of the Board of Directors and within a period of not more than one year.

“The amount of credit in the preceding paragraph shall not exceed 10% of the net value of the latest financial statements of the Company or its subsidiaries, except for those that meet the requirements specified in Article 4, Paragraph 2, of the Company or its subsidiaries.

Article 6: The Term Premium and Interest-bearing Method for Loaning Funds

The maximum loan period for each fund is limited to one year.

The capital loan and interest rate shall not be lower than the maximum interest rate of the company's short-term loans to financial institutions. In addition to special provisions for the receipt and payment of loan interest of the Company, the principal and monthly interest payment is used to notify the borrower to pay interest on time, one week before the agreed interest payment date.

Article 7: Granting

After the Board of Directors has approved the loaning of funds and case, the finance unit and borrower shall sign the contract and terms, and then register the mortgage, loan or collateral. After all procedures have been verified, the funds for the loan can be allocated. Upon completion of each loan transaction, the finance unit shall publish the amount for each borrower and the collateral provided on the “Loaning Funds to Others List” and prepare a subpoena along with relevant documents.

Article 8: Registration of the Case

The finance unit shall establish a checklist for the loaning of funds and related matters, and publish the details of the loan transaction, object, amount, date of the Board of Directors’ meeting, date of the loan transaction, which shall be carefully evaluated in accordance with the procedures.

Article 9: Subsequent Control Measures and Overdue Claims Process for the Loan Amount

1. After the loan is granted, the financial and business conditions of the borrower, the guarantee to the borrower, as well as the relevant credit status shall be carefully reviewed.

If the borrower has provided collateral, he/she shall pay attention to the change in the value of the guarantee. In case of significant changes, the Chairman shall be notified immediately and changes will be duly rectified.

2. When the borrower repays the loan before the loan expires, the interest payable shall be calculated first, and the principal or the promissory note shall be canceled and returned to the borrower or the mortgage right shall be canceled.
3. The borrower shall pay off the principal and interest when the loan expires. If the application is postponed when it is not repaid, it shall be requested in advance and submitted to the Board of Directors for approval. Each deferred repayment shall not exceed 12 months and shall be limited to three payments. With regard to offenders, the Company may, in accordance with the law, dispose of and remedy the collateral or guarantor, to be assigned by the Company.

Article 10: Internal Control

1. The Company's internal audit personnel shall periodically determine the procedures for loan transactions and its operating conditions, and shall report this in writing. If any material violation is discovered, the Audit Committee shall be notified in writing.
2. The Company shall handle loan transactions in accordance with the prescribed procedures. If any material violation is discovered, the manager and organizer shall be terminated.
3. The Company shall make an improvement plan when its circumstances change, or the loan transaction does not conform to the provisions of the procedure, or the balance exceeds the limit. The relevant improvement plan shall be submitted to the Audit Committee, and completed according to schedule to strengthen the company's internal control.

Article 11: Announcement and Reporting Procedures

1. The Company shall announce and report the previous month's loan balances of its head office and Subsidiaries by the 10th day of each month.
The term "Announcement and Report" as used in the Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission of Taiwan (hereinafter referred to as the commission).
2. The Company whose loans reach one of the following levels, shall announce and report such event within two days, commencing immediately from the date of occurrence:
 - (1). The aggregate balance of loans to others by the Company and its Subsidiaries reaches 20% or more of the Company's net worth, as stated in its latest financial statement.
 - (2). The balance of loans by the Company and its Subsidiaries to a single enterprise reaches 10% or more of the Company's net worth, as stated in its latest financial statement.
 - (3). The amount of new loans by the Company or its Subsidiaries reaches NT\$10 million or more, and reaches 2% or more of the Company's net worth as stated in its latest financial statement.
3. If there is any reporting and announcement required for the Company's Subsidiary which is not a Taiwan public company, the loaning funds and the balance reaches the applicant's announcement standard in paragraph 3 of the previous operation procedure, the Company shall also follow the requirement on behalf of its Subsidiary.

Article 12: The Company shall evaluate the loan transaction, situation, and adequate provision for bad debts, and disclose relevant information in its financial report, as well as information about the accountant pursuant to audit procedures.

Article 13: Other Matters

1. When the Subsidiary of the Company intends to loan funds to others, the Company shall follow the “Procedures for Loaning Funds to Others” as well as operating procedures to be approved by the Company’s Board of Directors.
2. The Subsidiary shall report the amount, object, and term of the loan before the 5th of each month. However, if it meets the standards set out in paragraph 2 of Article 11 of the procedure, it shall immediately notify the Company to handle the announcement.
3. The Company's internal audit personnel shall periodically determine the procedures for loan transactions and the operating situation of subsidiaries, which shall be reported in writing. If any material violation is discovered, the Audit Committee shall be notified in writing.
4. The unfinished part of the procedure is subject to relevant laws and regulations of the company.

Article 14: Formulation of Operating Procedures

The Company intending to loan funds to others shall formulate its Operational Procedures for Loaning Funds to Others in compliance with these Regulations, and after passage by the Board of Directors, submit the Procedures to the Audit Committee and to the shareholders for approval. The same rule shall apply to any amendments to the Procedures.

When the Operational Procedures for Loaning Funds to Others are submitted for discussion by the Board of Directors under the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinion; and shall include their reasons for assent or dissent in the minutes of the Board of Directors' meeting.

Sitronix Technology Corp.

Procedures for Endorsement and Guarantee

Article 1: The purpose and basis of establishment

The Principles for Governing Endorsements/Guarantees of the company are handled in accordance with the provisions of Article 36 of the Securities and Exchange Acts, “The Principles for Loaning Funds to Others, and Governing Endorsements/Guarantees” and relevant regulations of competent authorities.

Article 2: Scope of endorsements/guarantees

The scope of endorsements/guarantees used herein is as follow:

1. Financing endorsements/guarantees includes:
 - (1) Bill discount financing
 - (2) Endorsements/guarantees for other company’s financing needs
 - (3) Endorsements/guarantees of notes issued by the Company to non-financial institutions and entities for the Company’s own financing needs
2. Endorsements/guarantees of custom duties due from the Company or other companies
3. Other endorsements/guarantees that are not classified as two previous types
4. The lien or mortgage provided by the Company against its assets and properties for guaranteeing another company’s loan shall also be handled in accordance with the provisions of the procedure.

Article 3: Entities for which the Company may make endorsements or guarantees

1. The Company may make endorsements/guarantees for the following companies:
 - (1) A company that the Company does business with
 - (2) A company in which the Company directly and indirectly holds more than 50% of voting shares
 - (3) A company that directly and indirectly holds more than 50% of voting shares in the Company
2. Companies in which the Company holds, 90% or more of voting shares directly or indirectly, may make endorsements/guarantees for each other, and the amount of endorsements or guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, 100% of voting shares directly or indirectly.
3. The Company is mutually protected according to contractual requirements of the inter-department or co-creation of the contractor, or due to a joint investment relationship, all contributing shareholders will endorse the invested company according to their shareholding ratio, or the performance guarantee of the pre-sales contract in accordance with the Consumer Protection Act. Those mentioned above are not subject to restrictions in the preceding two paragraphs, which can be endorsed.

4. "Capital contribution" referred to in the preceding sentence shall mean capital contributed directly by the Company, or through a company in which the Company holds 100% of voting shares.

"Subsidiary" and "parent company" as referred to in the Procedures shall be determined according to the Regulations Governing the Preparation of Financial Reports by the Securities Issuers of Taiwan.

"Net worth" as referred to in the Procedures means equity attributable to owners of the parent company in the balance sheet.

Article 4: Amount Limits of Endorsements/Guarantees

1. The total amount of the Company's external endorsements is limited to 50% of the net value of the Company's financial statements in the most recent year.
2. The amount of guarantee for a single enterprise endorsement is limited to 25 % of the net value of the financial statements of the Company in the most recent year. However, the amount of the endorsements/guarantees for a single enterprise subject to section 2 and 3 of the first paragraph of Article 3, shall not exceed 50% of the net value of the financial statements of the Company's most recent year.
3. In addition to the above-mentioned limits, the amount of individual endorsement guarantees shall not exceed the business transactions amount between the two parties. "Business transaction amount" refers to the amount of purchase or sale between the parties, whichever is higher.
4. The total amount of the endorsement/guarantees of the Company and its subsidiaries shall not exceed 50% of the net value of the financial statements of the Company's most recent annual account audited by the accountants. The amount guaranteed for a single enterprise endorsement is limited to not more than 25% of the net value of the Company's financial statements in the most recent year.

Article 5: Hierarchy of decision-making authority and delegation thereof

1. When the Company makes any endorsements and/or guarantees, the Finance Unit shall submit the evaluation results pursuant to Article 6, and to be approved by the Board of Directors. It shall take into full consideration each independent director's opinions, and shall include their reasons for assent or dissent in the minutes of the Board meeting. However, due to business requirements, the Board of Directors has to authorize the Chairman to set an amount less than NT\$50,000,000, which is decided upon, implemented, and reported during the latest Board of Directors' meeting.
2. In case there is a need to exceed the above limit to accommodate business needs in accordance with the endorsement limit specified in Article 4 of the procedure, a resolution by the Board of Directors should be obtained, and over half of all directors should jointly acknowledge the potential loss that may result from such excess. The Board of Directors should also revise the Procedures and have them ratified at the Shareholders' Meeting. If the revised Procedures are not ratified at the Shareholders' Meeting, the Board of Directors should propose a plan indicating a timetable for withdrawing the excess amount.

3. Companies in which the Company holds 90% or more of voting shares directly or indirectly, may make endorsements/guarantees for each other, and the amount of endorsements or guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds 100% of voting shares directly or indirectly.

Article 6: Procedures for handling endorsements/guarantees

1. When handling endorsements/ guarantees, the Finance Unit shall, according to the application for endorsement, reviews the qualifications and quotas of procedures according to the provisions and whether or not they have reached the required reporting standards. After the content, reason and risk assessment results of relevant endorsements are reported to the Board of Directors for approval, they shall be submitted to the Board of Directors for discussion and approval. If th endorsement is still within the prescribed authorization amount, the Chairman of the Board of Directors shall verify the credit level and financial status of the object of endorsement.
2. The Finance Unit shall conduct an investigation and review the report in detail for the endorsed assurance company. The assessment shall at least include:
 - (1) The necessity of and reasonableness of endorsements/guarantees
 - (2) Whether it is necessary to endorse the amount based on the Company's financial endorsement status
 - (3) Accumulated endorsements/guarantees amount is still within the limit
 - (4) With regard to endorsements/guarantees in a business transaction, it shall be assessed whether the amount of endorsements/guarantees and business transactions are within the limits.
 - (5) Impact on the Company's operational risk, financial position and shareholders' equity
 - (6) Obtaining collateral and appraisal of value
 - (7) Attached endorsement to ensure credit and risk assessment records
3. When the Company handles endorsements/guarantees and needs to obtain collateral after evaluation, it shall go through the procedures for setting the pledge or mortgage to ensure the rights of the Company.

When the Company handles the loaning of funds, it shall obtain the same amount of the loan or guarantee the promissory note, and if necessary, handle the mortgage setting of the movable property or real estate.

In addition to land and securities, collaterals should be insured against fire. There should be all-risk insurance for vehicles and ships. The insurance amount shall be no less than the value of the collateral and the Company shall be the beneficiary specified on the insurance policy. The assigned personnel shall pay attention to the borrowers to ensure their continued insurance coverage before the expiration of the insurance period.
4. The finance unit shall establish a checklist for endorsements/guarantees and related matters. After the endorsement/guarantee is approved by the Board of Directors or the chairman of the Board of Directors, the object, amount, date of the Board of Directors, date of the

endorsement/guarantee and items shall be carefully evaluated in accordance with procedures. Details shall be published in the checklist for reference. Relevant papers, appointment letters, and other documents shall also be photocopied and kept.

5. The finance unit shall periodically track the schedule of guarantees for occurrence and cancelation in each month, as well as control the tracking and handling announcements. It shall also assess and recognize the unexpected loss of the endorsement quarterly, and disclose the endorsement/guarantee information and provide relevant information on the accountant in the financial statements.
6. When the Company's circumstances change, making it unable to meet requirements and procedures for endorsements/guarantees, or the amount of endorsements/guarantees exceeds the set amount due to a change in the calculation of the limit, the endorsement amount or overdue portion of the object shall be terminated at the expiration date of the contract, or the finance unit shall schedule the termination within a certain period of time after approval of the chairman of the Board of Directors. The finance unit will set an improvement plan to be terminated within a certain period of time after approval of the chairman of the board of directors; this will be sent to the audit committee for improvement according to schedule, and reported to the board of directors.
7. During the period of endorsement/guarantee, the finance unit shall take the initiative to notify the guaranteed enterprise to take back the guaranteed notes of the retained bank or creditor/ institution, and cancel the endorsement to secure the relevant deed, or obtain the record of the bill redemption to publish the investigation and book sales case.
8. If the endorsement object is a subsidiary whose net value is less than one-half of the paid-up capital, collateral has to be provided and listed as an operational control object. If the subsidiary's stock has no denomination or the denomination is not NT\$10, the amount of paid-in capital calculated in accordance with the provisions of paragraph 8 of the preceding paragraph shall be the sum of the capital reserve plus the issue premium.

Article 7: Internal Control

1. The company's internal audit personnel shall periodically determine the suitability of internal controls on the procedures for governing endorsements/guarantees, and prepare an audit report in writing. If any material violation is discovered, the Audit Committee shall be notified in writing.
2. The company shall handle endorsements/guarantees in accordance with the prescribed procedures. If any material violation is discovered, the manager and organizer shall be terminated.

Article 8: The Procedure for Seal Custody

1. The company's external guarantee letter shall be a special seal endorsed by the company and registered with the Ministry of Economic Affairs. The seal shall be kept by a designated person. Moreover, it can be used and bills can be issued based on the procedures stipulated in the company's "Seal Usage Management." The seal custodian of

the endorsements/guarantees shall report to the Board of Directors, and the same rule applies to amendments.

2. If the company acts as a guarantee for a foreign company, the guarantee letter it issues shall be signed by the person authorized by the Board of Directors.

Article 9: Announcement Procedure

1. The company shall announce the application for its endorsement/guarantee balance along with its subsidiaries' in the previous month before the 10th of each month.
The term "Announcement and Report" used in the Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission of Taiwan (hereinafter referred to as the commission).
2. The company whose balance of endorsements/guarantees reaches one of the following levels, shall announce and report such event within two days commencing immediately from the date of occurrence:
 - (1). The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50% or more of the Company's net worth as stated in its latest financial statement.
 - (2). The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company's net worth as stated in its latest financial statement.
 - (3) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/ guarantees for such enterprise, along with its long-term investment and balance of loans, reaches 30% or more of Company's net worth as stated in its latest financial statement.
 - (4) The amount of new endorsements or guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5% or more of the Company's net worth as stated in its latest financial statement.
3. The company shall also announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China, any standards that such subsidiary is required to announce and report pursuant to subparagraph 4 of the Principles Governing Endorsement/Guarantees.

The term "date of occurrence " as used in the Procedures refers to the date of contract signing, date of payment, dates of Board of Directors' resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

Article 10: The Company shall evaluate or recognize the unexpected loss of endorsement/guarantee and adequately disclose the endorsement/guarantee information in the financial statements. Relevant information about the accountant shall also be

provided so that necessary audit procedures and issuance of audit report for approval would be carried out.

Article 10-1: In accordance with Article 165-1 of the Securities and Exchange Act, a foreign company (hereinafter referred to as a foreign company) that handles endorsements or guarantees for others shall apply the procedure.

If a foreign company has no seal, the provisions of paragraph 1 of Article 8 shall not apply.

The net value calculated by a foreign company pursuant to the provisions of the procedure refers to equity on the balance sheet attributable to the owner of the parent company.

Article 11: Other Matters

1. When a subsidiary of the Company intends to make endorsements/guarantees to others, the company shall follow the “Procedures for Governing Endorsement/Guarantee” as well as operating procedures to be approved by the Board of Directors.
2. The subsidiary shall report the amount, object, and term of endorsement/guarantee before the 5th of each month. However, if it meets the standards set out in paragraph 2 of Article 9 of the procedure, it shall immediately notify the company to handle the announcement.
3. The company's internal audit personnel shall periodically determine the procedures for governing endorsements/guarantees as well as operating conditions of its subsidiaries, which shall be reported in writing. If any material violation is discovered, the Audit Committee shall be notified in writing.
4. The unfinished part of the procedure is subject to relevant acts and regulations of the Company.

Article 12: Effectiveness and Amendment

The procedure shall be passed by the Board of Directors as well as the Audit Committee and sent for approval during the shareholders' meeting. The same rule shall apply to any amendments to the Procedures.

When the operating procedures are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion; and shall include their reasons for assent or dissent in the minutes of the Board of Directors' meeting.

Sitronix Technology Corp.

Shareholdings of All Directors

1. The total number of issued shares of the Company is 120,222,581 shares.
2. All directors of the Company shall hold 8,000,000 legal shares. (Notes 1)
3. As of the date of suspension of the shareholder's meeting (April 28, 2019), the number of shares held by all directors was 10,047,528 shares (including 2,591,874 shares under Trust with Discretion Reserved), which has reached the legal minimum standard.

Date of Book Closure: April 28, 2019

Title	Name	Number of held shares
Chairman of the Board of Directors	Vincent Mao(Notes 2)	646,719
Director	Wen-Bin Lin	2,200,000
Director	I-His Cheng(Notes 3)	381,690
Director	Sheng-Su Lee(Notes 4)	259,821
Director	Silicon Power Computer & Communication Inc	3,000,000
Director	Yan-Chiang Fan	967,424
Independent Director	Cheng-Chieh Dai	1,019
Independent Director	Hsiao, Chieh-Sheng	54,330
Independent Director	Lin, Yu-Nu	0
Total number of held shares of the directors		7,511,003

Notes 1: According to Article 2, the “Public Issuance of Directors' Supervisors' Equity and Checking Implementation Rules,” if more than two independent directors are elected, except for independent directors, the number of shares held by all directors will be reduced to 80%.

Notes 2: The Chairman of the Board of Directors Vincent Mao has 800,000 shares under trust with discretion reserved.

Notes 3: The Director I-His Cheng has 1,200,000 shares under trust with discretion reserved.

Notes 4: The Director Sheng-Su Lee has 591,874 shares under trust with discretion reserved.

Notes 5: Where the company has established the Audit Committee, there is no application of shares under trust with discretion reserved for supervisors.



Headquarters

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