

Sitronix

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**Sitronix Technology Corporation
2021 Annual Shareholders' Meeting**

Meeting Agenda
(Translation)

Meeting Date: June 23, 2021

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Sitronix Technology Corp.
2021 Annual Shareholders' Meeting Procedures

I. Call Meeting to Order

II. Chairman's Address

III. Report Items

IV. Election Matters

V. Matters for Ratification and Proposed Resolutions

VI. Extemporaneous Motions

VII. Adjournment

Sitronix Technology Corp.

2021 Annual Shareholders' Meeting Agenda

Time: 9:00 a.m., June, 23, 2021 (Wednesday)

Place: 2F., No. 3, Taiyuan 1st Street, Jhubei City, Hsinchu County
(Multi-functional Conference Room, Tai Yuen Hi-Tech Industrial Park
Phase III)

- I. Call Meeting to Order (Number of shares reported on attendance)
- II. Chairman's Address
- III. Report Items
 - (I) 2020 Business Report
 - (II) 2020 Audit Committee's Review Report
 - (III) Report on the distribution of remuneration for employees and directors for 2020
 - (IV) Report on cash dividends of profit distribution for 2020
- IV. Election Matters

To elect the 10th Board of Directors of the Company
- V. Matters for Ratification and Proposed Resolutions
 - (I) 2020 Financial Statements and Business Report
 - (II) 2020 Profit Distribution Proposal
 - (III) Amendments to "Procedures for Making Outward Loans to Others"
 - (IV) Amendments to "Operational Procedures for Trading Derivatives"
 - (V) Removal of competition restrictions for new directors and their representatives
- VI. Extemporaneous Motions
- VII. Adjournment

Report Items

I. 2020 Business Report

Explanation: 2020 Business Report please refer to Attachment I on Pages 9 to 10 of the handbook.

II. 2020 Audit Committee's Review Report

Explanation: 2020 Audit Committee's Review Report please refer to Attachment II on page 11 of the handbook.

III. Report on the distribution of remuneration for employees and directors for 2020

Explanation: In accordance with the provisions of the Company's Articles of Incorporation, the remuneration of NT\$37,311,588 and NT\$124,371,960 have been distributed to directors and employees in cash, respectively.

IV. Report on cash dividends of profit distribution for 2020

Explanation:

- (I) According the Article of Incorporation, the Board of Directors was authorized to resolve specifically to distribute all or part of the dividends payable and bonus in cash, which was reported at the shareholders' meeting.
- (II) Allocate the shareholders dividends of NT\$901,026,570 for the distribution in cash at NT\$7.5 per share. The calculation method of "unconditional leaving out the number less than NT\$1" was adopted for the distribution of cash dividends, and the total number of decimal fraction less than NT\$1 shall be adjusted on the decimal number from big to small and the account number from front to back to accord with the total cash dividend distribution.

Election Matters

Explanation:

To elect the 10th Board of Directors of the Company Proposed by the Board of Directors

- (I) The term of the 9th Board of Directors of the Company expires on June 26, 2021. It is proposed to hold the election for the Board of Directors in this annual shareholders' meeting.
- (II) In accordance with Article 13 of the Article of Incorporation, a total of nine directors shall be elected (including four independent directors), and a candidate nomination system shall be adopted. The shareholders shall select the directors (including independent directors) from among the nominees listed in the Roster of Director Candidates for the term of office from June 23, 2021 to June 22, 2024. The term of office of the former directors shall expire upon the completion of this annual shareholders' meeting.
- (III) The Roster of Director Candidates was approved by the resolution of the Board of Directors on March 18, 2021. The Roster of Director Candidates please refer to Attachment III on page 12 of the Handbook.
- (IV) Mr.Cheng-Chieh Dai, the independent director, has served as an independent director of the Company for three consecutive terms. In view of his expertise in business management and experience in corporate governance, which will be of significant benefit to the Company, he was nominated as one of the independent director candidates.
- (V) The re-election shall be conducted in accordance with the Company's Procedures for the Election of Directors.
- (VI) Call for election.

Election Results:

Matters for Ratification and Proposed Resolutions

I. 2020 Financial Statements and Business Report is submitted for approval.

Proposed by the Board of Directors

Explanation:

- (I) The Board of Directors has delivered the Company's 2020 Parent Company Only Financial Statements and Consolidated Financial Statements, which have been audited and completed by CPA Cheng-Chih Lin and Yu-Feng Huang of the Deloitte & Touche Taipei, Taiwan Republic of China, together with the business report, to the Audit Committee for verification, and the audit report has been issued.
- (II) 2020 Business Report please refer to Attachment I on Pages 9 to 10 of the handbook, Independent Auditors' Report and the aforementioned financial statements, please refer to Attachment IV and V on Pages 13 to 32 of the handbook.
- (III) Please approve.

Resolution:

II. 2020 Profit Distribution Proposal is submitted for approval.

Proposed by the Board of Directors

Explanation:

- (I) The 2020 Profit Distribution Proposal of the Company has been approved by the Board of Directors on March 18, 2021.
- (II) For the 2020 Profit Distribution Proposal, please refer to Attachment VI on Pages 33 of the handbook,.
- (III) Please approve.

Resolution:

- III. The amendments to "Procedures for Making Outward Loans to Others" is submitted for discussion.

Proposed by the Board of Directors

Explanation:

- (I) To meet the requirements of the law and the actual operating needs of the Company, it is proposed to amend part of the provisions of the Company's Procedures for Making Outward Loans to Others.
- (II) For the Comparison Table for the Procedures for Making Outward Loans to Others Before and After Amendment, Please refer to Attachment VII on page 34~35 of the handbook.
- (III) Please discuss.

Resolution:

- IV. The amendments to "Operational Procedures for Trading Derivatives" is submitted for discussion.

Proposed by the Board of Directors

Explanation:

- (I) In order to meet the actual operating needs of the Company, it is proposed to amend part of the provisions of the Company's "Operational Procedures for Trading Derivatives".
- (II) Please refer to Attachment VIII on page 36 of the handbook for the Comparison Table before and after the Amendment to the "Operational Procedures for Trading Derivatives".
- (III) Please discuss.

V. Removal of competition restrictions for new directors and their representatives

Proposed by the Board of Directors

Explanation:

- (I) In accordance with Article 209 of the Company Act: A director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (II) Without prejudice to the interests of the Company, if the newly elected directors and their representatives invest in other companies with the same or similar business scope as the Company, the Company proposed to apply to the shareholders' meeting to lift the competition restrictions on such directors and their representatives.
- (III) The new directors are concurrently holding positions in other companies as follows:

| Title | Name | Concurrent position currently |
|----------------------|-----------------|---|
| Director | Vincent Mao | Chairman, Sitronix Holding International Limited. Director, mCore Technology Corp. Director, Sensortek Technology Corp. Chairman & CEO, Forcelead Technology Corp. Director, Infinno Technology Corp. Chairman, Sitronix Investment Corp. Director, Sync-Tech System Corp. Director, Silicon Power Computer & Communications Inc. Independent Director, Compal Broadband Networks Inc. Director, Ezglobal Network Service Inc. |
| Director | I-Hsi Cheng | Chairman, mCore Technology Corp. |
| Director | Sheng-Su Lee | Deputy Chairman & CEO, Silicon Power Computer & Communications Inc. Chairman & CEO, Sensortek Technology Corp. Director, Silicon Power Investment CO., LTD |
| Independent Director | Cheng-Chieh Dai | General Manager, Accuvision Technology Inc. Director, Accuvision Technology Inc. Independent Director, NEXCOM International Co., Ltd. Director, STL Technology Ltd. Director, Cheng Yu Investment Co., Ltd. |
| Independent Director | Yu-Nu Lin | Financial Assistant General Manager, Chin-Poon Industrial Co., Ltd. |
| Independent Director | Jui-Hsiang Lo | Chairman, IC PLUS Corp. Director, Dadi Kid Education Co., Ltd. Independent Director & remuneration committee member, Silicon Integrated Systems Director, Cloudberry Consultant Corp. |
| Independent Director | Ching-Jung Hsu | General Manager, Shin Hwa Clock Industry Co., Ltd. |

- (IV) Please discuss.

Resolution:

Extemporaneous Motions

Meeting Adjourned

Sitronix Technology Corp.

Business Report

I. 2020 Business Report

(I) Business Plan Implementation Results

The consolidated net revenue in 2020 was approximately NT\$13.8 billion, up from 2019. The operating net profit was NT\$2.383 billion, the net profit after tax was NT\$2.164 billion, and the earnings per share after tax was NT\$11.53. Despite the impact of the epidemic on the consumer market in 2020, the Company's revenue has regained momentum since the second half of the year, and Sitronix will continue to strive to achieve peak performance in the future.

In the relatively stable feature phone market, Sitronix continues to successfully consolidate the leadership position of feature phones and display driver chips (DDI) of wearable devices with zero capacitance differentiation strategy. In the smart phone field, despite the impact of the epidemic in the first half of the year, the sales volume began to grow smoothly again in the second half. Sitronix 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.

(II) The Company's 2020 and 2019 Profitability Analysis

| Items | | Year | |
|--------------------------------------|------------------|---------------|---------------|
| | | 2020 (Note 2) | 2019 (Note 2) |
| Return on Total Assets (%) | | 17.65% | 20.35% |
| Return on Equity (%) | | 27.24% | 32.81% |
| Ratio in paid-in capital (%) | Operating Income | 198.36% | 173.67% |
| | Pre-tax Income | 210.06% | 183.40% |
| Net Margin (%) | | 15.67% | 14.04% |
| Basic Earnings Per Share (NT\$) (Not | | 11.53 | 10.27 |

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.

II. Future outlook

In terms of the display driver IC (DDI), Sitronix will continue the long-term innovation research and development for small and medium-sized products. The Company has successfully developed the zero-capacitance solution and introduced it into various factories to maintain the growth and stability of revenue and profit by product differentiation. We will continue to develop DDI products and gradually expand to the high-end market while consolidating the existing mid - and low-end markets. On the whole, the diversification strategy of Sitronix shall include cross-industry, application, customer base, resolution, silicon materials and many other aspects.

Non-DDI products, such as MCU, power management control chip, ambient light sensing chip, distance sensing chip and MEMS sensing chip, are also important in the long-term development of the Company. We are optimistic about the future market trends and excellent gross margin performance, and committed to developing product differentiation.

In the future, Sitronix will continue to focus on various industries with high revenue growth and high gross margin, achieving balance in between. Moreover, the Company will continue to the profitability by simultaneously developing technology, cultivating talents, strengthening control and administrative expenses, optimizing and adjusting the organization and achieving overall balance.

Generally speaking, Sitronix will continue to integrate the wisdom of all colleagues, continue to expand new customers and new application markets, and pursuit the best achievements. We are confident in the stable growth, and share of the abundant operating results with shareholders, customers and employees. In the end, thank you again for your long-term support and care.

Sitronix Technology Corp.

2020 Audit Committee's Review Report

The Board of Directors has prepared the Company's business report, financial statements, and the profit distribution proposal for 2020, in which the financial statements have been audited by Deloitte & Touche Taipei, Taiwan Republic of China with the audit report issued. The above business statement, financial statements, and profit distribution proposal have been verified by the Audit Committee and deemed as appropriate, and reported as above in accordance with the relevant provisions of the Securities Exchange Act and the Company Act for approval.

Sincerely,
2021 Annual Shareholders' Meeting of Sitronix Technology Corp.

Sitronix Technology Corp.
Chairman of the Audit Committee: Cheng-Chieh Dai

March 18, 2021

Sitronix Technology Corp.

Attachment III

Roster of Director Candidates

| Title | Director | Director | Director | Director | Director | Independent Director | Independent Director | Independent Director | Independent Director |
|-------------------------|--|--|---|--|--|---|--|--|--|
| Name | Vincent Mao | Wen-Bin Lin | I-Hsi Cheng | Silicon Power Computer & Communications Inc. | Sheng-Su Lee | Cheng-Chieh Dai | Yu-Nu Lin | Jui-Hsiang Lo | Ching-Jung Hsu |
| Account Number | 11 | 26 | 24 | 61339 | 44 | 42917 | - | - | - |
| Current Position | Chairman & CEO, Corporation | Director, Corporation | R&D Director, Corporation | Director, Corporation | Deputy CEO, Silicon Power Computer & Communications Inc. | General Manager, Accuvision Technology Inc. | Financial Assistant General Manager, Chin-Poon Industrial Co., Ltd. | Chairman, IC PLUS Corp. | General Manager, Shin Hwa Clock Industry Co., Ltd. |
| Education Background | EMBA, National Taiwan University Institute of Microelectronics, Cheng Kung University | Electronics, Taipei Tech | Department of Electronics Engineering, NCTU | Not applicable | Graduate Institute of Electrical Engineering, National Taiwan University | Institute of Electrical Engineering, State University of New York at Stony Brook Department of Electrical Engineering, Cheng Kung University | EMBA, Taiwan University Department of Accounting, Chengchi University | MBA Program, National Chengchi University Department of Electronics Engineering, NCTU | Accounting and Statistics Department of Aletheia University |
| Professional Experience | General Manager, Corporation. Market Planning, United Microelectronics Corp. | Director, Gu Ming Investment Co., Ltd. | Deputy Manager, Design Department, Novatek Microelectronics Corp. | Not applicable | General Manager, Corporation. | Assistant General Manager, Accusys, Inc. Business Manager, Elitegroup Computer Systems Inc. | Assistant Business Manager, Taiwan Securities Co., Ltd. Intermediate Auditor, KPMG Taiwan Passing the Accounting Entrance Exam | Director, Dadi Kid Education Co., Ltd. Independent Director & remuneration committee member, Silicon Integrated Systems Director, Hon Yang Healthcare Co., Ltd. Director, Cloudberry Consultant Corp. | General Manager, Shin Hwa Clock Industry Co., Ltd. |

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
Sitronix Technology Corporation

Opinion

We have audited the accompanying financial statements of Sitronix Technology Corporation (the Company), which comprise the balance sheets as of December 31, 2020 and 2019, 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, 2020 and 2019, 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, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Company's parent company only financial statements for the year ended December 31, 2020 are stated as follows:

Recognition of sales revenue

The Company's main source of revenue comes from the sale of goods. For the year ended December 31, 2020, the revenue recognized was NT\$7,327,386 thousand, please refer to Notes 4 and 22 for information on the accounting policies of revenue recognition. Such revenue is recognized when the goods are transferred to the customer and the performance obligations are met. The revenue recognition process is that after receiving customers' order and checking the transaction conditions, the business unit creates a manufacturing notice in the system, and enters into the production schedule after obtaining the approval from the supervisor. As soon as the production is completed, the production unit would issue packing lists and invoices from the system, the Company would obtain signed packing list or the bill of lading from the shipping companies when those shipping companies pick up the goods, then the system would

check the shipping-related information, to generate the sales details. The accounting officers would recognize sales revenue according to the sales details.

We have assessed that the customers of the Company whose revenue had changed significantly for 2020 to be subject to the risk of validity of revenue recognition. Therefore, in order to confirm the validity of the Company's revenue recognition, we performed the following audit procedures on the sales transactions of these customers:

1. We understood the internal controls over revenue recognition, evaluated the design of the key controls, determined whether the controls have been implemented and tested the operating effectiveness of the controls.
2. We sampled and inspected 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 sampled and inspected whether an original purchase order existed for each sale and was approved appropriately.
4. We inspected product names and quantities on notifications of manufacturing, invoices and goods receipt and inspected the amounts to ensure they were consistent.
5. 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, 2020 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 18, 2021

Notice to Readers

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

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

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

| ASSETS | 2020 | | 2019 | | LIABILITIES AND EQUITY | 2020 | | 2019 | |
|---|---------------------|------------|---------------------|------------|---|---------------------|------------|---------------------|------------|
| | Amount | % | Amount | % | | Amount | % | Amount | % |
| CURRENT ASSETS | | | | | CURRENT LIABILITIES | | | | |
| Cash and cash equivalents (Notes 4, 6 and 30) | \$ 1,682,165 | 19 | \$ 1,317,028 | 17 | Short-term borrowings (Notes 4, 18, 28 and 30) | \$ 247,776 | 3 | \$ 278,814 | 4 |
| Financial assets at fair value through profit or loss - current (Notes 4, 7 and 30) | 256,741 | 3 | 117,604 | 1 | Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 30) | 4,390 | - | 178 | - |
| Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 30) | 315,311 | 3 | 315,609 | 4 | Trade payables (Note 30) | 864,290 | 9 | 1,214,318 | 16 |
| Financial assets at amortized cost - current (Notes 4, 9, 30 and 32) | 83,004 | 1 | 149,355 | 2 | Payables to related parties (Notes 30 and 31) | 157,122 | 2 | 185,166 | 2 |
| Notes receivables and trade receivables (Notes 4, 10, 22 and 30) | 776,212 | 8 | 846,153 | 11 | Accrued profit sharing bonus to employees' compensation and remuneration of directors (Note 23) | 161,683 | 2 | 143,029 | 2 |
| Notes receivables and trades receivables from related parties (Notes 4, 22, 30 and 31) | 12,832 | - | 16,216 | - | Other payables (Notes 19 and 30) | 534,545 | 6 | 360,317 | 5 |
| Other receivables (Notes 4, 10 and 30) | 61,681 | 1 | 55,014 | 1 | Other payables to related parties (Notes 30 and 31) | 11,373 | - | 11,804 | - |
| Other receivables from related parties (Notes 4, 30 and 31) | 62,884 | 1 | 67,223 | 1 | Current tax liabilities (Notes 4 and 24) | 185,296 | 2 | 104,623 | 1 |
| Inventories (Notes 4, 5 and 11) | 834,755 | 9 | 1,017,895 | 13 | Lease liabilities - current (Notes 4, 14, 28, 30 and 31) | 13,163 | - | 23,973 | - |
| Prepayments (Note 17) | 81,129 | 1 | 93,587 | 1 | Other current liabilities (Notes 19, 22 and 30) | 74,485 | 1 | 26,391 | - |
| Other current assets (Notes 4, 17 and 30) | 6,503 | - | 3,631 | - | | | | | |
| Total current assets | <u>4,173,217</u> | <u>46</u> | <u>3,999,315</u> | <u>51</u> | Total current liabilities | <u>2,254,123</u> | <u>25</u> | <u>2,348,613</u> | <u>30</u> |
| NON-CURRENT ASSETS | | | | | NON-CURRENT LIABILITIES | | | | |
| Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 30) | 7,036 | - | 34,487 | - | Deferred tax liabilities (Notes 4 and 24) | 6,850 | - | 5,136 | - |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 30) | 304,916 | 3 | 398,845 | 5 | Lease liabilities - non-current (Notes 4, 14, 28, 30 and 31) | 2,409 | - | 13,006 | - |
| Financial assets at amortized cost - non-current (Notes 4, 9 and 30) | 58,534 | 1 | 30,542 | - | Net defined benefit liabilities - non-current (Notes 4 and 20) | 44,877 | - | 46,646 | 1 |
| Investment accounted for using the equity method (Notes 4, 12, 27 and 31) | 3,477,557 | 39 | 2,390,668 | 30 | Other non-current liabilities (Notes 28, 30 and 31) | 52,538 | 1 | 36,740 | - |
| Property, plant and equipment (Notes 4, 13 and 31) | 422,019 | 5 | 416,017 | 5 | Total non-current liabilities | <u>106,674</u> | <u>1</u> | <u>101,528</u> | <u>1</u> |
| Right-of-use assets (Notes 4, 14 and 31) | 16,515 | - | 39,763 | 1 | Total liabilities | <u>2,360,797</u> | <u>26</u> | <u>2,450,141</u> | <u>31</u> |
| Investment properties (Notes 4 and 15) | 467,787 | 5 | 526,960 | 7 | EQUITY (Notes 4, 21, 26 and 27) | | | | |
| Intangible assets (Notes 4 and 16) | 19,659 | - | 30,291 | - | Share capital | | | | |
| Deffered tax assets - non-current (Notes 4 and 24) | 15,214 | - | - | - | Ordinary shares | <u>1,201,369</u> | <u>13</u> | <u>1,201,369</u> | <u>15</u> |
| Other non-current assets (Notes 4, 17 and 30) | 39,481 | 1 | 49,153 | 1 | Capital surplus | <u>1,662,839</u> | <u>19</u> | <u>772,321</u> | <u>10</u> |
| Total non-current assets | <u>4,828,718</u> | <u>54</u> | <u>3,916,726</u> | <u>49</u> | Retained earnings | | | | |
| | | | | | Legal reserve | 1,082,588 | 12 | 959,529 | 12 |
| | | | | | Special reserve | 77,526 | 1 | 251,947 | 3 |
| | | | | | Unappropriated earnings | <u>2,805,919</u> | <u>31</u> | <u>2,358,260</u> | <u>30</u> |
| | | | | | Total retained earnings | <u>3,966,033</u> | <u>44</u> | <u>3,569,736</u> | <u>45</u> |
| | | | | | Other equity | | | | |
| | | | | | Exchange differences on translating the financial statement of foreign operations | (10,444) | - | (9,688) | - |
| | | | | | Unrealized gain (loss) on financial assets at fair value through other comprehensive income | <u>(169,780)</u> | <u>(2)</u> | <u>(67,838)</u> | <u>(1)</u> |
| | | | | | Total other equity | <u>(180,224)</u> | <u>(2)</u> | <u>(77,526)</u> | <u>(1)</u> |
| | | | | | Treasury shares | <u>(8,879)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | | | | Total equity | <u>6,641,138</u> | <u>74</u> | <u>5,465,900</u> | <u>69</u> |
| TOTAL | <u>\$ 9,001,935</u> | <u>100</u> | <u>\$ 7,916,041</u> | <u>100</u> | TOTAL | <u>\$ 9,001,935</u> | <u>100</u> | <u>\$ 7,916,041</u> | <u>100</u> |

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

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

| | 2020 | | 2019 | |
|--|------------------|-----------|------------------|-----------|
| | Amount | % | Amount | % |
| NET REVENUE (Notes 4, 22 and 31) | \$ 7,327,386 | 100 | \$ 8,306,120 | 100 |
| OPERATING COSTS (Notes 4, 11, 20, 23 and 31) | <u>5,345,432</u> | <u>73</u> | <u>6,485,879</u> | <u>78</u> |
| GROSS PROFIT | <u>1,981,954</u> | <u>27</u> | <u>1,820,241</u> | <u>22</u> |
| OPERATING EXPENSES (Notes 4, 20, 23 and 31) | | | | |
| Selling and marketing expenses | 158,233 | 2 | 169,487 | 2 |
| General and administrative expenses | 266,778 | 3 | 196,595 | 2 |
| Research and development expenses | <u>1,092,895</u> | <u>15</u> | <u>1,088,913</u> | <u>13</u> |
| Total operating expenses | <u>1,517,906</u> | <u>20</u> | <u>1,454,995</u> | <u>17</u> |
| OTHER OPERATING INCOME AND EXPENSES _s (Notes 4, 23 and 31) | <u>93,172</u> | <u>1</u> | <u>9,805</u> | <u>-</u> |
| INCOME FROM OPERATIONS | <u>557,220</u> | <u>8</u> | <u>375,051</u> | <u>5</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Interest incomes (Notes 4, 23 and 31) | 13,177 | - | 18,849 | - |
| Other incomes (Notes 4, 23 and 31) | 52,820 | 1 | 57,598 | 1 |
| Other gains and lossess (Notes 4, 23 and 31) | 68,709 | 1 | 14,166 | - |
| Finance costs (Notes 4, 23 and 31) | (4,286) | - | (7,993) | - |
| Share of profit of subsidiaries (Notes 4 and 12) | <u>824,295</u> | <u>11</u> | <u>834,811</u> | <u>10</u> |
| Total non-operating income and expenses | <u>954,715</u> | <u>13</u> | <u>917,431</u> | <u>11</u> |
| INCOME BEFORE INCOME TAX | 1,511,935 | 21 | 1,292,482 | 16 |
| INCOME TAX EXPENSE (Notes 4 and 24) | <u>127,117</u> | <u>2</u> | <u>61,894</u> | <u>1</u> |
| NET INCOME FOR THE YEAR | <u>1,384,818</u> | <u>19</u> | <u>1,230,588</u> | <u>15</u> |
| OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 20 and 21) | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | |
| Remeasurement of defined benefit plans | (2,836) | - | 2,208 | - |

(Continued)

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2020 | | 2019 | |
|--|---------------------|------------|---------------------|-----------|
| | Amount | % | Amount | % |
| Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income | \$ (107,406) | (2) | \$ 121,594 | 1 |
| Share of the other comprehensive (loss) income of subsidiaries accounted for using the equity method | (85,167) | (1) | 80,082 | 1 |
| Items that may be reclassified subsequently to profit or loss | | | | |
| Exchange differences on translating the financial statements of foreign operations | (756) | - | (8,842) | - |
| Unrealized (loss) gain on investments in debt instruments at fair value through other comprehensive income | (529) | - | 88 | - |
| Share of the other comprehensive income of subsidiaries accounted for using the equity method | <u>2,377</u> | <u>-</u> | <u>34</u> | <u>-</u> |
| Other comprehensive (loss) income for the year, net of income tax | <u>(194,317)</u> | <u>(3)</u> | <u>195,164</u> | <u>2</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 1,190,501</u> | <u>16</u> | <u>\$ 1,425,752</u> | <u>17</u> |
| EARNINGS PER SHARE (Note 26) | | | | |
| Basic | <u>\$ 11.53</u> | | <u>\$ 10.27</u> | |
| Diluted | <u>\$ 11.44</u> | | <u>\$ 10.17</u> | |

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

SITRONIX TECHNOLOGY CORPORATION

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

| | Share Capital (Note 21) | | Capital Surplus (Notes 21 and 27) | Retained Earnings (Note 21) | | | Other Equity (Notes 4, 21 and 26) | | | | Total Equity |
|---|--------------------------|--------------|--------------------------------------|-----------------------------|-----------------|----------------------------|---|--|--|----------------|--------------|
| | Shares (In Thousands) | Amount | | Legal Reserve | Special reserve | Unappropriated Earnings | Exchange Differences on Translating the Financial Statements of Foreign Operations | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Unearned Compensation of Employees | Treasury Share | |
| | | | | | | | | | | | |
| BALANCE AT JANUARY 1, 2019 | 120,223 | \$ 1,202,226 | \$ 761,304 | \$ 875,493 | \$ 26,644 | \$ 2,124,198 | \$ (846) | \$ (251,101) | \$ (25,652) | \$ - | \$ 4,712,266 |
| Appropriation of 2018 earnings | | | | | | | | | | | |
| Legal reserve | - | - | - | 84,036 | - | (84,036) | - | - | - | - | - |
| Special reserve | - | - | - | - | 225,303 | (225,303) | - | - | - | - | - |
| Cash dividends distributed by the Company | - | - | - | - | - | (601,113) | - | - | - | - | (601,113) |
| Other changes in capital surplus | | | | | | | | | | | |
| Actual acquisition or disposal of interests in subsidiaries | - | - | (2,041) | - | - | (106,817) | - | - | - | - | (108,858) |
| Changes in percentage of ownership interests in subsidiaries | - | - | 21,071 | - | - | - | - | - | - | - | 21,071 |
| Compensation cost of restricted shares for employees | - | - | - | - | - | - | - | - | 16,782 | - | 16,782 |
| Restricted employee rights, new shares are not vested | (86) | (857) | (8,013) | - | - | - | - | - | 8,870 | - | - |
| Disposal of equity instruments at fair value through other comprehensive income | - | - | - | - | - | 18,535 | - | (18,535) | - | - | - |
| Net income for the year ended December 31, 2019 | - | - | - | - | - | 1,230,588 | - | - | - | - | 1,230,588 |
| Other comprehensive income (loss) for year ended December 31, 2019, net of income tax | - | - | - | - | - | 2,208 | (8,842) | 201,798 | - | - | 195,164 |
| Total comprehensive income (loss) for the year ended December 31, 2019 | - | - | - | - | - | 1,232,796 | (8,842) | 201,798 | - | - | 1,425,752 |
| BALANCE AT DECEMBER 31, 2019 | 120,137 | 1,201,369 | 772,321 | 959,529 | 251,947 | 2,358,260 | (9,688) | (67,838) | - | - | 5,465,900 |
| Appropriation of 2019 earnings | | | | | | | | | | | |
| Legal reserve | - | - | - | 123,059 | - | (123,059) | - | - | - | - | - |
| Special reserve | - | - | - | - | (174,421) | 174,421 | - | - | - | - | - |
| Cash dividends distributed by the Company | - | - | - | - | - | (780,890) | - | - | - | - | (780,890) |
| The Company's shares held by its subsidiary treated as treasury shares | - | - | - | - | - | - | - | - | - | (8,879) | (8,879) |
| Other changes in capital surplus | | | | | | | | | | | |
| Actual acquisition or disposal of interests in subsidiaries | - | - | - | - | - | (116,012) | - | - | - | - | (116,012) |
| Changes in percentage of ownership interests in subsidiaries | - | - | 890,518 | - | - | - | - | - | - | - | 890,518 |
| Disposal of equity instruments at fair value through other comprehensive income | - | - | - | - | - | (88,783) | - | 88,783 | - | - | - |
| Net income for the year ended December 31, 2020 | - | - | - | - | - | 1,384,818 | - | - | - | - | 1,384,818 |
| Other comprehensive income (loss) for year ended December 31, 2020, net of income tax | - | - | - | - | - | (2,836) | (756) | (190,725) | - | - | (194,317) |
| Total comprehensive income (loss) for the year ended December 31, 2020 | - | - | - | - | - | 1,381,982 | (756) | (190,725) | - | - | 1,190,501 |
| BALANCE AT DECEMBER 31, 2020 | 120,137 | \$ 1,201,369 | \$ 1,662,839 | \$ 1,082,588 | \$ 77,526 | \$ 2,805,919 | \$ (10,444) | \$ (169,780) | \$ - | \$ (8,879) | \$ 6,641,138 |

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

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

| | 2020 | 2019 |
|---|-----------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 1,511,935 | \$ 1,292,482 |
| Adjustments for: | | |
| Depreciation expense | 150,336 | 149,534 |
| Amortization expense | 22,252 | 25,782 |
| Net gain on fair value changes of financial assets at fair value through profit or loss | (92,891) | (16,225) |
| Finance costs | 4,286 | 7,993 |
| Interest income | (13,177) | (18,849) |
| Dividend income | (6,701) | (13,858) |
| Compensation cost of share-based payment | - | 16,782 |
| Share of profits of subsidiaries | (824,295) | (834,811) |
| Gain on disposal of property, plant and equipment | (29,038) | (9,662) |
| Gain on disposal of investment properties | (62,396) | - |
| Write-down of inventories | 50,300 | 13,871 |
| Unrealized net loss on foreign currency exchange | 41,336 | 14,906 |
| Gain on lease modification | (10) | - |
| Deferred other income | (2,623) | - |
| Changes in operating assets and liabilities | | |
| Notes receivable and trade receivables | 66,185 | 89,432 |
| Receivables from related parties | 3,363 | 537 |
| Other receivables | (6,941) | (28,896) |
| Other receivables from related parties | (5,679) | 1,308 |
| Inventories | 132,840 | 347,200 |
| Prepayments | 12,458 | (18,492) |
| Other current assets | (2,872) | 7,054 |
| Trade payables | (350,502) | 211,622 |
| Payables to related parties | (26,709) | 86,053 |
| Other payables | 165,993 | 28,482 |
| Other payables to related parties | (431) | 5,039 |
| Other current liabilities | 48,094 | (11,243) |
| Net defined benefit liabilities | (4,605) | (2,464) |
| Accrued profit sharing bonus to employees' compensation and remuneration of directors | <u>18,654</u> | <u>44,706</u> |
| Cash generated from operations | 799,162 | 1,388,283 |
| Interest received | 13,544 | 19,093 |
| Interest paid | (4,127) | (7,623) |
| Income tax paid | <u>(59,944)</u> | <u>(31,653)</u> |
| Net cash generated from operating activities | <u>748,635</u> | <u>1,368,100</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of financial assets at fair value through other comprehensive income | (150,216) | (82,191) |
| Disposal of financial assets at fair value through other comprehensive income | 166,509 | 9,109 |
| Purchase of financial assets measured at amortized cost | (434,900) | (770,365) |
| Proceeds from the return of principle of financial assets at amortized cost | 469,826 | 787,312 |
| Purchase of financial assets at fair value through profit or loss | (381,154) | (42,996) |
| Proceeds from sale of financial assets at fair value through profit or loss | 366,571 | 49,128 |
| Acquisition of subsidiaries | (287,447) | (334,167) |

(Continued)

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Increase in prepayments for investment | \$ (30,000) | \$ (30,000) |
| Disposal of subsidiaries | 60,380 | - |
| Payments for property, plant and equipment | (109,491) | (93,220) |
| Proceeds from disposal of property, plant and equipment | 30,744 | 15,001 |
| Increase in refundable deposits | - | (1,020) |
| Decrease in refundable deposits | 873 | - |
| Decrease in other receivable from related parties | 9,547 | 19,409 |
| Payment of intangible assets | (8,617) | (15,673) |
| Proceeds from disposal of investment properties | 113,710 | - |
| Increase in prepayments for equipment | - | (12,224) |
| Dividends received | 557,765 | 149,342 |
| Disposal of expertise | <u>78,691</u> | <u>-</u> |
| Net cash generated from (used in) investing activities | <u>452,791</u> | <u>(352,555)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from short-term borrowings | 3,828,791 | 2,019,901 |
| Repayments of short-term borrowings | (3,864,445) | (2,183,250) |
| Proceeds from guarantee deposits received | 18,092 | 10,374 |
| Repayment of the principal portion of lease liabilities | (24,516) | (25,030) |
| Cash dividends distributed | (780,890) | (601,113) |
| Net cash inflow on disposal of subsidiaries | <u>19,422</u> | <u>59,010</u> |
| Net cash used in financing activities | <u>(803,546)</u> | <u>(720,108)</u> |
| EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES | | |
| | <u>(32,743)</u> | <u>(24,708)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 365,137 | 270,729 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>1,317,028</u> | <u>1,046,299</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 1,682,165</u> | <u>\$ 1,317,028</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 Corporation

Opinion

We have audited the accompanying consolidated financial statements of Sitronix Technology Corporation and its subsidiaries (the "Group"), which comprise the balance sheets as of December 31, 2020 and 2019, 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, 2020 and 2019, 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, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 is described as follows:

Recognition of sales revenue

The Group's main source of revenue comes from the sale of goods. For the year ended December 31, 2020, the revenue recognized was NT\$13,804,562 thousand, please refer to Notes 4, 22 and 38 for information on the accounting policies of revenue recognition. Such revenue is recognized when the goods are transferred to the customer and the performance obligations are met. The revenue recognition process is that after receiving

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

We have assessed that the customers of the Group whose revenue had changed significantly for 2020 to be subject to the risk of validity of revenue recognition. Therefore, in order to confirm the validity of the Group's revenue recognition, we performed the following audit procedures on the sales transactions of these customers:

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

Other Matter

We have also audited the parent company only financial statements of Sitronix Technology Corporation as of and for the years ended December 31, 2020 and 2019 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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Cheng-Chih Lin and Yu-Feng Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2021

Notice to Readers

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

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

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES
**CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

| ASSETS | 2020 | | 2019 | |
|---|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4, 6 and 30) | \$ 5,586,541 | 41 | \$ 2,932,647 | 27 |
| Financial assets at fair value through profit or loss - current (Notes 4, 7 and 30) | 630,694 | 5 | 130,727 | 1 |
| Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 30) | 606,903 | 4 | 323,364 | 3 |
| Financial assets at amortized cost - current (Notes 4, 9, 30 and 32) | 1,530,290 | 11 | 1,686,524 | 16 |
| Notes receivable and trade receivables (Notes 4, 10, 22 and 30) | 1,377,691 | 10 | 1,398,378 | 13 |
| Notes receivable and trade receivables from related parties (Notes 4, 30 and 31) | 872 | - | 454 | - |
| Other receivables (Notes 4, 10 and 30) | 73,643 | 1 | 64,911 | - |
| Inventories (Notes 4, 5 and 11) | 1,543,734 | 11 | 1,909,664 | 18 |
| Prepayments (Note 17) | 174,507 | 1 | 173,801 | 2 |
| Other current assets (Notes 4, 17 and 30) | 19,862 | - | 5,698 | - |
| Total current assets | 11,544,737 | 84 | 8,626,168 | 80 |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 30) | 7,036 | - | 52,339 | - |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 30) | 718,693 | 5 | 731,534 | 7 |
| Financial assets at amortized cost - non-current (Notes 4, 9 and 30) | 58,534 | - | 30,542 | - |
| Property, plant and equipment (Notes 4 and 13) | 1,022,534 | 7 | 854,126 | 8 |
| Right-of-use assets (Notes 4 and 14) | 82,998 | 1 | 68,496 | 1 |
| Investment properties (Notes 4 and 15) | 246,339 | 2 | 301,625 | 3 |
| Intangible assets (Notes 4 and 16) | 43,766 | - | 37,986 | - |
| Deferred tax assets - non-current (Notes 4 and 24) | 15,214 | - | - | - |
| Other non-current assets (Notes 4, 17 and 30) | 76,309 | 1 | 58,088 | 1 |
| Total non-current assets | 2,271,423 | 16 | 2,134,736 | 20 |
| TOTAL | \$ 13,816,160 | 100 | \$ 10,760,904 | 100 |

| LIABILITIES AND EQUITY | 2020 | | 2019 | |
|---|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Notes 4, 18, 28 and 30) | \$ 267,776 | 2 | \$ 278,814 | 3 |
| Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 30) | 4,390 | - | 178 | - |
| Trade payables (Note 30) | 1,893,923 | 14 | 2,085,145 | 19 |
| Accrued profit sharing bonus to employees' compensation and remuneration of directors (Note 23) | 338,113 | 2 | 293,193 | 3 |
| Other payables (Notes 19 and 30) | 1,132,495 | 8 | 805,665 | 8 |
| Other payables to related parties (Notes 30 and 31) | 1,051 | - | 98 | - |
| Current tax liabilities (Notes 4 and 24) | 426,345 | 3 | 317,778 | 3 |
| Lease liabilities - current (Notes 4, 14 and 28) | 29,899 | - | 33,831 | - |
| Other current liabilities (Notes 19, 22 and 30) | 101,630 | 1 | 31,134 | - |
| Total current liabilities | 4,195,622 | 30 | 3,845,836 | 36 |
| NON-CURRENT LIABILITIES | | | | |
| Deferred tax liabilities (Notes 4 and 24) | 6,850 | - | 5,136 | - |
| Lease liabilities - non-current (Notes 4, 14 and 28) | 52,274 | 1 | 31,431 | - |
| Net defined benefit liabilities - non-current (Notes 4 and 20) | 44,877 | - | 46,646 | 1 |
| Other non-current liabilities (Notes 28 and 31) | 237,460 | 2 | 226,163 | 2 |
| Total non-current liabilities | 341,461 | 3 | 309,376 | 3 |
| Total liabilities | 4,537,083 | 33 | 4,155,212 | 39 |
| EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Notes 4, 21, 26 and 27) | | | | |
| Share capital | | | | |
| Ordinary shares | 1,201,369 | 8 | 1,201,369 | 11 |
| Capital surplus | 1,662,839 | 12 | 772,321 | 7 |
| Retained earnings | | | | |
| Legal reserve | 1,082,588 | 8 | 959,529 | 9 |
| Special reserve | 77,526 | 1 | 251,947 | 2 |
| Unappropriated earnings | 2,805,919 | 20 | 2,358,260 | 22 |
| Total retained earnings | 3,966,033 | 29 | 3,569,736 | 33 |
| Other equity | | | | |
| Exchange differences on translating the financial statements of foreign operations | (10,444) | - | (9,688) | - |
| Unrealized gain (loss) on financial assets at fair value through other comprehensive income | (169,780) | (1) | (67,838) | - |
| Total other equity | (180,224) | (1) | (77,526) | - |
| Treasury shares | (8,879) | - | - | - |
| Total equity attributable to owners of the Company | 6,641,138 | 48 | 5,465,900 | 51 |
| NON-CONTROLLING INTERESTS (Notes 12, 21 and 27) | 2,637,939 | 19 | 1,139,792 | 10 |
| Total equity | 9,279,077 | 67 | 6,605,692 | 61 |
| TOTAL | \$ 13,816,160 | 100 | \$ 10,760,904 | 100 |

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

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2020 | | 2019 | |
|--|------------------|-----------|------------------|-----------|
| | Amount | % | Amount | % |
| NET REVENUE (Notes 4, 22 and 31) | \$ 13,804,562 | 100 | \$ 13,802,738 | 100 |
| OPERATING COSTS (Notes 4, 11 and 23) | <u>9,018,737</u> | <u>66</u> | <u>9,417,393</u> | <u>68</u> |
| GROSS PROFIT | <u>4,785,825</u> | <u>34</u> | <u>4,385,345</u> | <u>32</u> |
| OPERATING EXPENSES (Notes 4, 10, 23 and 31) | | | | |
| Selling and marketing expenses | 257,452 | 2 | 235,678 | 2 |
| General and administrative expenses | 560,635 | 4 | 483,216 | 3 |
| Research and development expenses | 1,677,211 | 12 | 1,587,676 | 12 |
| Expected credit loss (gain) | <u>3</u> | <u>-</u> | <u>2,012</u> | <u>-</u> |
| Total operating expenses | <u>2,495,301</u> | <u>18</u> | <u>2,308,582</u> | <u>17</u> |
| OTHER OPERATING INCOME AND EXPENSES | <u>92,524</u> | <u>1</u> | <u>9,663</u> | <u>-</u> |
| INCOME FROM OPERATIONS | <u>2,383,048</u> | <u>17</u> | <u>2,086,426</u> | <u>15</u> |
| NON-OPERATING INCOME AND EXPENSES (Notes 4, 23 and 31) | | | | |
| Interest income | 43,698 | - | 36,828 | - |
| Other income | 51,550 | - | 65,447 | 1 |
| Other gains and losses | 52,424 | 1 | 25,540 | - |
| Finance costs | <u>(7,094)</u> | <u>-</u> | <u>(10,819)</u> | <u>-</u> |
| Total non-operating income and expenses | <u>140,578</u> | <u>1</u> | <u>116,996</u> | <u>1</u> |
| INCOME BEFORE INCOME TAX | 2,523,626 | 18 | 2,203,422 | 16 |
| INCOME TAX EXPENSE (Notes 4 and 24) | <u>359,513</u> | <u>2</u> | <u>265,265</u> | <u>2</u> |
| NET INCOME FOR THE YEAR | <u>2,164,113</u> | <u>16</u> | <u>1,938,157</u> | <u>14</u> |
| OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 20 and 21) | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | |
| Remeasurement of defined benefit plans | (2,836) | - | 2,208 | - |
| Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income | (193,447) | (2) | 201,676 | 1 |

(Continued)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2020 | | 2019 | |
|---|---------------------|------------|---------------------|-----------|
| | Amount | % | Amount | % |
| Items that may be reclassified subsequently to profit or loss | | | | |
| Exchange differences on translation of the financial statements of foreign operations | \$ (443) | - | \$ (9,397) | - |
| Unrealized gain on investments in debt instruments at fair value through other comprehensive income | <u>1,839</u> | <u>-</u> | <u>122</u> | <u>-</u> |
| Other comprehensive (loss) income for the year, net of income tax | <u>(194,887)</u> | <u>(2)</u> | <u>194,609</u> | <u>1</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 1,969,226</u> | <u>14</u> | <u>\$ 2,132,766</u> | <u>15</u> |
| NET INCOME ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 1,384,818 | 10 | \$ 1,230,588 | 9 |
| Non-controlling interests | <u>779,295</u> | <u>6</u> | <u>707,569</u> | <u>5</u> |
| | <u>\$ 2,164,113</u> | <u>16</u> | <u>\$ 1,938,157</u> | <u>14</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 1,190,501 | 8 | \$ 1,425,752 | 10 |
| Non-controlling interests | <u>778,725</u> | <u>6</u> | <u>707,014</u> | <u>5</u> |
| | <u>\$ 1,969,226</u> | <u>14</u> | <u>\$ 2,132,766</u> | <u>15</u> |
| EARNINGS PER SHARE (Note 25) | | | | |
| Basic | <u>\$ 11.53</u> | | <u>\$ 10.27</u> | |
| Diluted | <u>\$ 11.44</u> | | <u>\$ 10.17</u> | |

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

(Concluded)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

| | Equity Attributable to Shareholders of the Company (Notes 4, 21 and 26) | | | | | | | | | | | | |
|---|---|--------------|-----------------|-------------------|-----------------|-------------------------|--|---|------------------------------------|----------------|--------------|---|--------------|
| | Share Capital | | Capital Surplus | Retained Earnings | | | Other Equity | | | Treasury Share | Total | Non-controlling Interests (Notes 12, 21 and 27) | Total Equity |
| | Number of Shares (In Thousands) | Amount | | Legal Reserve | Special reserve | Unappropriated Earnings | Exchange Differences on Translating the Financial Statements of Foreign Operations | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Unearned Compensation of Employees | | | | |
| BALANCE AT JANUARY 1, 2019 | 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 |
| Appropriation of 2018 earnings | | | | | | | | | | | | | |
| Legal reserve | - | - | - | 84,036 | - | (84,036) | - | - | - | - | - | - | - |
| Special reserve | - | - | - | - | 225,303 | (225,303) | - | - | - | - | - | - | - |
| Cash dividends distributed by the Company | - | - | - | - | - | (601,113) | - | - | - | - | (601,113) | - | (601,113) |
| Other changes in capital surplus | | | | | | | | | | | | | |
| Actual acquisition or disposal of interests in subsidiaries | - | - | (2,041) | - | - | (106,817) | - | - | - | - | (108,858) | - | (108,858) |
| Changes in percentage of ownership interests in subsidiaries | - | - | 21,071 | - | - | - | - | - | - | - | 21,071 | (13,705) | 7,366 |
| Compensation costs of restricted shares for employees | - | - | - | - | - | - | - | - | 16,782 | - | 16,782 | - | 16,782 |
| Restricted employee rights, new shares are not vested | (86) | (857) | (8,013) | - | - | - | - | - | 8,870 | - | - | - | - |
| Disposal of equity instruments at fair value through other comprehensive income | - | - | - | - | - | 18,535 | - | (18,535) | - | - | - | - | - |
| Net income for the year ended December 31, 2019 | - | - | - | - | - | 1,230,588 | - | - | - | - | 1,230,588 | 707,569 | 1,938,157 |
| Other comprehensive income (loss) for year ended December 31, 2019, net of income tax | - | - | - | - | - | 2,208 | (8,842) | 201,798 | - | - | 195,164 | (555) | 194,609 |
| Total comprehensive income (loss) for the year ended December 31, 2019 | - | - | - | - | - | 1,232,796 | (8,842) | 201,798 | - | - | 1,425,752 | 707,014 | 2,132,766 |
| Increase in non- controlling interests | - | - | - | - | - | - | - | - | - | - | - | 32,542 | 32,542 |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | (79,465) | (79,465) |
| BALANCE AT DECEMBER 31, 2019 | 120,137 | 1,201,369 | 772,321 | 959,529 | 251,947 | 2,358,260 | (9,688) | (67,838) | - | - | 5,465,900 | 1,139,792 | 6,605,692 |
| Appropriation of 2019 earnings | | | | | | | | | | | | | |
| Legal reserve | - | - | - | 123,059 | - | (123,059) | - | - | - | - | - | - | - |
| Special reserve | - | - | - | - | (174,421) | 174,421 | - | - | - | - | - | - | - |
| Cash dividends distributed by the Company | - | - | - | - | - | (780,890) | - | - | - | - | (780,890) | - | (780,890) |
| The Company's shares held by its subsidiary treated as treasury shares | - | - | - | - | - | - | - | - | - | (8,879) | (8,879) | (10,398) | (19,277) |
| Other changes in capital surplus | | | | | | | | | | | | | |
| Actual acquisition or disposal of interests in subsidiaries | - | - | - | - | - | (116,012) | - | - | - | - | (116,012) | - | (116,012) |
| Changes in percentage of ownership interests in subsidiaries | - | - | 890,518 | - | - | - | - | - | - | - | 890,518 | (890,518) | - |
| Disposal of equity instruments at fair value through other comprehensive income | - | - | - | - | - | (88,783) | - | 88,783 | - | - | - | - | - |
| Net income for the year ended December 31, 2020 | - | - | - | - | - | 1,384,818 | - | - | - | - | 1,384,818 | 779,295 | 2,164,113 |
| Other comprehensive income (loss) for year ended December 31, 2020, net of income tax | - | - | - | - | - | (2,836) | (756) | (190,725) | - | - | (194,317) | (570) | (194,887) |
| Total comprehensive income (loss) for the year ended December 31, 2020 | - | - | - | - | - | 1,381,982 | (756) | (190,725) | - | - | 1,190,501 | 778,725 | 1,969,226 |
| Increase in non- controlling interests | - | - | - | - | - | - | - | - | - | - | - | 2,090,853 | 2,090,853 |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | (470,515) | (470,515) |
| BALANCE AT DECEMBER 31, 2020 | 120,137 | \$ 1,201,369 | \$ 1,662,839 | \$ 1,082,588 | \$ 77,526 | \$ 2,805,919 | \$ (10,444) | \$ (169,780) | \$ - | \$ (8,879) | \$ 6,641,138 | \$ 2,637,939 | \$ 9,279,077 |

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

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

| | 2020 | 2019 |
|---|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 2,523,626 | \$ 2,203,422 |
| Adjustments for: | | |
| Depreciation expense | 292,127 | 256,117 |
| Amortization expense | 32,815 | 31,894 |
| Expected credit loss recognized on trade receivables | 3 | 2,012 |
| Net gain on fair value changes of financial assets designated as at fair value through profit or loss | (97,317) | (22,688) |
| Finance costs | 7,094 | 10,819 |
| Interest income | (43,698) | (36,828) |
| Dividend income | (6,937) | (14,389) |
| Compensation costs of share-based payments | 34,735 | 18,087 |
| Gain on disposal of property, plant and equipment | (29,019) | (9,663) |
| Gain on disposal of investment properties | (62,396) | - |
| Write-down of inventories | 65,255 | 70,271 |
| Unrealized net loss on foreign currency exchange | 33,084 | 4,590 |
| Changes in operating assets and liabilities | | |
| Notes receivable and trade receivables | 16,509 | (61,498) |
| Receivables from related parties | (418) | (415) |
| Other receivables | (5,280) | (6,752) |
| Inventories | 300,675 | 91,086 |
| Prepayments | (706) | (47,842) |
| Other current assets | (14,164) | 6,840 |
| Trade payables | (191,812) | 551,558 |
| Other payables | 303,064 | 290,669 |
| Other payables to related parties | 953 | 98 |
| Other current liabilities | 70,620 | (11,740) |
| Net defined benefit liabilities | (4,605) | (2,464) |
| Accrued profit sharing bonus to employees' compensation and remuneration of directors | <u>46,952</u> | <u>144,536</u> |
| Cash generated from operations | 3,271,160 | 3,467,720 |
| Interest received | 40,598 | 32,069 |
| Interest paid | (5,838) | (9,336) |
| Income tax paid | <u>(264,446)</u> | <u>(85,872)</u> |
| Net cash generated from operating activities | <u>3,041,474</u> | <u>3,404,581</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of financial assets at fair value through other comprehensive income | (603,621) | (89,949) |
| Disposal of financial assets at fair value through other comprehensive income | 171,113 | 88,293 |
| Purchase of financial assets measured at cost | (3,763,186) | (3,415,634) |
| Proceeds from the return of principal of financial assets at amortized cost | 3,887,995 | 2,111,401 |

(Continued)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Acquisitions of financial assets at fair value through profit or loss | \$ (736,154) | \$ (55,796) |
| Disposal of financial assets at fair value through profit or loss | 383,019 | 115,135 |
| Increase in prepayments for investment | (60,000) | (30,000) |
| Acquisition of property, plant and equipment | (384,754) | (243,273) |
| Proceeds from disposal of property, plant and equipment | 30,765 | 15,002 |
| Increase in refundable deposits | - | (6,066) |
| Decrease in refundable deposits | 2,553 | - |
| Payment of intangible assets | (38,575) | (22,062) |
| Proceeds from disposal of investment properties | 113,710 | - |
| Increase in prepayments for equipment | - | (12,338) |
| Dividends received | <u>6,937</u> | <u>14,389</u> |
| Net cash used in investing activities | <u>(990,198)</u> | <u>(1,530,898)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from short-term borrowings | 4,700,520 | 2,392,658 |
| Repayments of short-term borrowings | (4,716,174) | (2,586,807) |
| Proceeds from guarantee deposits received | 20,539 | 58,221 |
| Repayment of the principal portion of lease liabilities | (38,456) | (34,277) |
| Cash dividends distributed | (780,890) | (601,113) |
| Payments for buy back of treasury shares | (19,277) | - |
| Dividends paid to non-controlling interests | (470,515) | (79,465) |
| Net cash inflow on disposal of subsidiaries | 884,938 | 59,010 |
| Increase (decrease) in non-controlling interests | 1,032,503 | (191,075) |
| Employee compensation is issued in the form of stock that are not vested | <u>20,633</u> | <u>13,396</u> |
| Net cash generated from (used in) financing activities | <u>633,821</u> | <u>(969,452)</u> |
| EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES | | |
| | <u>(31,203)</u> | <u>(31,813)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 2,653,894 | 872,418 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>2,932,647</u> | <u>2,060,229</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 5,586,541</u> | <u>\$ 2,932,647</u> |

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

(Concluded)

Sitronix Technology Corp.
2020 Profit Distribution Proposal

Unit: NT\$

| Item | Amount |
|---|----------------------|
| Unappropriated retained earnings | 1,628,730,774 |
| Net profit after tax for current period | 1,384,818,276 |
| Adjusted retained earnings for investments accounted for using the equity method | (116,011,728) |
| Disposal of financial assets measured at fair value through other comprehensive income to adjust retained earnings | (88,783,821) |
| Actuarial profit and loss for adjustment of retained earnings | (2,835,823) |
| Items other than net profit for the current period are included in the amount of undistributed surplus for the current year | 1,177,186,804 |
| Less: appropriation of legal surplus reserve of 10% | (117,718,680) |
| Less: Special Reserve in accordance with law | (102,696,664) |
| Retained earnings available for distribution for current period | 2,585,502,234 |
| Less: allocated items | |
| Shareholders' dividends (cash dividend of NT\$7.5 per share) | (901,026,570) |
| Unappropriated retained earnings | 1,684,475,664 |

Note: (I) The number of paid-in shares registered by the company as of the book closure date of the shareholders' meeting (March 18, 2021) is 120,136,876 shares. If the number of shares outstanding of the company is affected by the change of the share capital, and the dividend ratio of the shareholders is changed and need to be revised, it is proposed that the annual shareholders' meeting shall give the Chairman full authority to handle.

(II) In compliance with the Finance Taxation's letter of April 30, 1998, the Ministry of Finance, No. 871941343, individual identification shall be adopted in the distribution of earnings. According to the earnings distribution principle of the company, the earnings of 2020 shall be distributed first. If there is not enough, the distributable surplus accumulated in the past shall be allocated in the order of first in, first out according to the year in which the surplus is generated.

Sitronix Technology Corp.

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

| Before Amendment | After Amendment | Description |
|--|--|---|
| <p>Article 7: Appropriation</p> <p>The appropriation can be made after the outward loan is approved by the board meeting, the finance unit and the borrower have signed the contract and finished relevant procedures, the mortgage of promissory note, IOU or collateral has been registered, and all procedures have been checked correctly. When completing the procedures of each outward loan, the finance unit shall record the amount of the loan and the collateral provided by each borrower in the Schedule of Outward Loans to Others, and prepare a summons for accounting together with the relevant documents.</p> | <p>Article 7: Appropriation</p> <p>The appropriation can be made after the outward loan is approved by the board meeting, the finance unit and the borrower have signed the contract and gone through relevant procedures, the mortgage of promissory note, IOU or collateral has been registered, and all procedures have been checked correctly. When completing the procedures of each outward loan, the finance unit shall record the amount of the loan and the collateral provided by each borrower in the Schedule of Outward Loans to Others, and prepare a summons for accounting together with the relevant documents.</p> | Corrected the text as appropriate. |
| <p>Article 9: Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights.</p> <p>One to three... (abbreviated)</p> | <p>Article 9: Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights.</p> <p>One to three... (abbreviated)</p> <p><u>IX. The provisions on the extension of the loan mentioned in the preceding paragraph shall not apply to the repayment due to the borrowers of short-term financing.</u></p> | Amended in accordance with the Q&A on the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies. |
| <p>Article 13: Other matters</p> <p>I. Where a subsidiary of the Company intends to make outward loans to others, the Company shall instruct it to formulate its own Procedures for Making Outward Loans to Others in compliance with these Procedures, <u>which is subject to the approval by the Board of Directors of the Company</u>, and it shall comply with the Procedures when making</p> | <p>Article 13: Other matters</p> <p>I. Where a subsidiary of the Company intends to make outward loans to others, the Company shall instruct it to formulate its own Procedures for Making Outward Loans to Others in compliance with these Procedures, <u>which shall be implemented upon the resolution of its Audit Committee and/or the Board of Directors and/or the shareholders' meeting, and it shall instruct the subsidiary to follow the</u></p> | Amended in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies. |

| Before Amendment | After Amendment | Description |
|--|--|-------------|
| <p>outward loan to others.</p> <p>II. The subsidiary shall also report to the Company before the 5th day of each month the amount, object, and term of the outward loans to others, and shall immediately notify the Company to publicly announce and report the relevant information if the standards set forth in Paragraph 2 of Article 11 of this Procedure are met.</p> <p>III. Internal auditors of the Company shall audit the subsidiary's Procedures for Making Outward Loans to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.</p> <p>IX Any matters not covered in these Procedures shall be handled in accordance with applicable laws and the Company's regulations.</p> | <p><u>prescribed Procedures when making outward loan to others.</u></p> <p>II. The subsidiary shall also report to the Company before the 5th day of each month the amount, object, and term of the outward loans to others, and shall immediately notify the Company to publicly announce and report the relevant information if the standards set forth in Paragraph 2 of Article 11 of this Procedure are met.</p> <p>III. Internal auditors of the Company shall audit the subsidiary's Procedures for Making Outward Loans to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.</p> <p>IX. <u>"Subsidiary" and "parent company" as referred to in these Procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p> <p>X. <u>"Net worth" as referred to in these Procedures means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p> <p>XI. Any matters not covered in these Procedures shall be handled in accordance with applicable laws and the Company's regulations.</p> | |

Sitronix Technology Corp
Comparison Table for the "Operational Procedures for Trading Derivatives" Before and After Amendment

| Before Amendment | After Amendment | Description |
|---|---|---|
| <p>Article 2: Principles and Guidelines for the Transaction</p> <p>V. Establishment of upper limits for trading amount and loss</p> <p>(I) The amount held or reasonably expected to be held by the Company shall be the upper limit for trading.</p> <p><u>(II) The upper limit, under a single contract and all contracts, for the losses from trading derivatives shall be ten percent of the total trading amount.</u></p> <p><u>(III) In case of any material adverse impact brought by the exchange rate, the Company shall convene related persons to respond to it at any time.</u></p> | <p>Article 2: Principles and Guidelines for the Transaction</p> <p>V. Establishment of upper limits for trading amount and loss</p> <p>(I) The total outstanding contract amount of hedging financial products shall not exceed the total amount of the foreign currency assets and foreign currency liabilities held and reasonably expected to be held by the company in the next month.</p> <p><u>(II) The total outstanding contract amount of trading financial products shall not exceed 20% of the net value of the Company.</u></p> <p><u>(III) The upper limit, under a single contract and all contracts, for the losses from trading derivatives shall be ten percent of the total trading amount.</u></p> <p><u>(IV) In case of any material adverse impact brought by the exchange rate, the Company shall convene related persons to respond to it at any time.</u></p> | To be adjusted based on operating needs |
| <p>Article 6: Internal Control System</p> <p>II. Internal control</p> <p>(IV) The trading personnel shall verify at any time whether the total trading amount has exceeded the foreign currency assets, liabilities, and committed net part.</p> | <p>Article 6: Internal Control System</p> <p>II. Internal control</p> <p>(IV) The trading personnel shall verify at any time whether the total outstanding contract amount of derivatives trading exceeds the upper limit for trading as specified in Article 2.</p> | To be adjusted based on operating needs |

Sitronix Technology Corp.

Articles of Incorporation

Chapter I General Provisions

- Article 1: The company is organized in accordance with the Company Act and named as "矽創電子股份有限公司" and the English name is "Sitronix Technology Corp."
- Article 2: The company may engage in the following business activities:
- I. General import and export trading business.
 - II. Electronic development and research design.
 - III. Design and sales of microcomputer single chip, software and hardware; manufacturing, processing, testing, packaging, sales, and agency business of module.
 - IV. Design, manufacturing, processing, testing, packaging, sales and agency of integrated circuits.
 - V. Quotation business of products for domestic and foreign manufacturers related to the aforementioned businesses.
 - VI. CC01050 data storage and processing equipment manufacturing.
 - VII. CC01080 electronic components manufacturing.
 - VIII. Besides licensed business of ZZ99999, business not prohibited or restricted by laws may be operated.
- Article 3: The company's head office is situated in Hsinchu County, Taiwan. If necessary, the company may set up branches or offices at home or abroad upon the resolution of the Board of Directors and the approval of the competent authority.
- Article 4: The company shall make public announcements in accordance with Article 28 of the Company Act.
- Article 5: The company may engage in foreign investment based on its business needs and being a shareholder of limited liabilities of other companies by resolution of the Board of Directors. The total amount of its investment is not subject to the investment quota stipulated in Article 13 of the Company Act.
- Article 5-1: The company may make external endorsements/guarantees, and the operation shall be in accordance with the company's "Procedures for Endorsement and Guarantee."

Chapter II Shares

- Article 6: The total capital of the company is set as NT\$2 billion, divided as 200 million shares with a par value of NT\$10 per share. The Board of Directors shall be authorized to issue the shares in installments. The capital amount of NT\$200 million in the preceding paragraph shall be reserved for issuance of employee stock warrants, totaling 20 million shares with NT\$10 per share, which may be issued in installments according to the resolution of the Board of Directors.
- Article 6-1: To issue employee stock warrants at a discount to the closing price of the company's ordinary shares on the issue date, and to transfer shares to employees at less than the average actual share repurchase price, the company is required to obtain the consent of at least two-thirds of the voting rights present at the shareholders' meeting attended by shareholders representing a majority of total issued shares.
- Article 6-2: Qualification requirements of transferees of the shares purchased by the company in accordance with laws, employees entitled to receive share subscription warrant and new shares with restricted rights, and employees who have the right of subscribing new shares may include the employees of parents or subsidiaries of the company meeting certain

specific requirements. The Board shall be authorized to resolve on the requirements and distribution methods.

Article 7: The company shall issue shares in accordance with the provisions of the Company Act and relevant laws and regulations, and may be exempted from printing any certificate in respect of the shares issued by it, but shall register the shares issued by it with a centralized securities custody institution.

Article 8: The company shall not handle any requests for rename and transfers of shares within 60 days prior to the regular shareholders' meeting, 30 days prior to the special shareholders' meeting, or 5 days prior to the record date for the distribution of dividends, bonuses or other interests.

Chapter III Shareholders' meeting

Article 9: Shareholders' meeting shall be of two kinds: regular meeting and special meeting. The regular shareholders' meeting shall be held at least once every year and convened within six months after close of each fiscal year, while the special shareholders' meeting shall be held when necessary.

Article 10: In case a shareholder is unable to attend a shareholders' meeting, he or she may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney printed by the company stating therein the scope of power authorized to the proxy.

Article 10-1: If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. In case the Chairman of the Board of Directors is or absent, he/she shall designate one of the directors to act on his/her behalf. In the absence of such a designation, the directors shall elect from among themselves an acting chairman of the Board of Directors. Whereas for a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chair of that meeting provided, however, that if there are two or more persons having the convening right, the chair of the meeting shall be elected from among themselves.

Article 11: Except in the circumstances otherwise provided for in relevant laws and regulations, a shareholder of the company shall have one voting power in respect of each share in his/her/its possession.

Article 12: Resolutions at a shareholders' meeting shall, unless otherwise provided for in relevant laws and regulations, be adopted by a majority vote of the shareholders present, in person or by a proxy, who represent more than one-half of the total number of voting shares.

Article 12-1: Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes and handled in accordance with Article 183 of the Company Act.

Chapter IV Directors and Audit Committee

Article 13: The Board of Directors of the company shall comprise of five to nine directors. The term of office of a director shall not exceed three years; but he/she may be eligible for re-election. For the foregoing number of directors, the number of independent directors shall be at least three. In case a candidates nomination system is adopted by the company for election of the directors, the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. The nomination method shall be in accordance with Article 192-1 of the Company Act.

The company may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.

Article 13-1: When the number of directors falls short by one third of the total number, the Board of Directors shall call, within 60 days, a special shareholders' meeting to elect succeeding directors to fill the vacancies. When the number of independent directors falls below that prescribed in the company's Articles of Incorporation due to the dismissal of an independent director for any reason, a by-election to fill the vacancy shall ideally be held at the next shareholders' meeting. When all independent directors are dismissed, the Board of Directors shall hold a special shareholders' meeting within 60 days from the date of occurrence to hold a by-election.

Article 13-2: In accordance with Article 14-4 of the Securities and Exchange Act, the company shall set up an Audit Committee composed of all independent directors, which shall exercise the functions and powers of supervisors prescribed by the Company Act, Securities and Exchange Act, and other regulations.

The company shall establish a Remuneration Committee or other functional committees as required by laws or business.

Article 14: The Board of Directors is organized by the directors, and shall elect a Chairman of the Board of Directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The Chairman of the Board of Directors shall externally represent the company.

The Board of Directors shall meet at least quarterly. The reasons for calling a Board of Directors meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice. The Board of Directors may be summoned by fax or e-mail instead of written notice.

Article 15: In case the Chairman of the Board of Directors is on leave or absent or unable to exercise his power and authority for any cause, the designation of his/her proxy shall be in accordance with Article 208 of the Company Act.

Article 15-1: Each director shall attend the meeting of the Board of Directors in person. In case a director appoints another director to attend a meeting of the Board of Directors in his/her behalf, he/she shall, in each time, issue a written proxy. A director may accept the appointment to act as the proxy of one other director only. In case a meeting of the Board of Directors is proceeded via video conference, then the directors taking part in such a video conference shall be deemed to have attended the meeting in person.

Article 16: The Board of Directors shall be authorized to determine the remuneration to directors according to the degree of participation in the operation of the company and the value of their contribution, with reference to the domestic and foreign industry standards.

Chapter V Managers

Article 17: The company may appoint several managers and may appoint technical, legal, accounting and financial experts as its consultants for the business needs, whose dismissal, appointment, and remuneration shall be handled in accordance with Article 29 of the Company Act.

Chapter VI Accounting

Article 18: At the end of a fiscal year, the Board of Directors of the company shall prepare the following reports and statements to be submitted to the Board of Directors for recognition according to the procedures prescribed by law:

- (I) Business report.
- (II) Financial statements.
- (III) Proposals for earnings distribution or loss recovery.

Article 18-1: If the company has gained profits within a fiscal year, 1% to 25% of the profits shall be reserved as the employees' compensation, and less than 3% as the director's remuneration. However, if the company has accumulated losses, it shall reserve the compensation amount in advance and then allocate employee remuneration and director remuneration in accordance with the aforesaid proportion.

Employee compensation shall be resolved by the Board of Directors to be distributed in the form of shares or in cash. Qualification requirements of employees shall

include the employees of parents or subsidiaries of the company meeting certain specific requirements.

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

Article 19: Any profit of the company after annual closing of the books shall, shall be distributed in the following order:

(I) Pay all taxes and dues.

(II) Make up for accumulated losses.

(III) Appropriate 10% of the remaining net profits as legal surplus reserve. Where such legal reserve amounts to the total paid-in capital of the company, this provision shall not apply.

(IV) Appropriate or reverse special surplus reserve as prescribed by law.

(V) If there is still remaining balance, the Board of Directors shall draw up an earnings distribution proposal on the balance and the accumulated undistributed earnings of previous years, and submit to the shareholders' meeting to resolve the dividends distribution to the shareholders.

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

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

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

Chapter VII Supplementary provisions

Article 20: Matters not specified in the Articles of Incorporation shall be conducted in accordance with the provisions of the Company Act.

Article 21: This Articles of Incorporation was formulated on July 7, 1992.

The 1st amendment was made on October 1, 1992.

The 2nd amendment was made on March 29, 1994.

The 3rd amendment was made on August 19, 1995.

The 4th amendment was made on July 25, 1996.

The 5th amendment was made on September 18, 1997.

The 6th amendment was made on November 15, 1997.

The 7th amendment was made on July 1, 1988.

The 8th amendment was made on November 11, 1988.

The 9th amendment was made on January 5, 1999.

The 10th amendment was made on February 5, 1999.

The 11th amendment was made on November 17, 1999.

The 12th amendment was made on March 30, 2000.

The 13th amendment was made on March 31, 2000.

The 14th amendment was made on June 14, 2002.

The 15th amendment was made on April 28, 2003.

The 16th amendment was made on April 28, 2003.

The 17th amendment was made on September 2, 2003.

The 18th amendment was made on April 18, 2005.

The 19th amendment was made on June 23, 2006.

The 20th amendment was made on June 21, 2007.

The 21st amendment was made on June 27, 2008.

The 22nd amendment was made on June 10, 2009.

The 23rd amendment was made on June 10, 2010.

The 24th amendment was made on June 12, 2012.

The 25th amendment was made on June 22, 2016.

The 26th amendment was made on June 22, 2017.

The 27th amendment was made on June 27, 2018.

The 28th amendment was made on June 26, 2019.

Sitronix Technology Corp.

Chairman: Vincent Mao

Sitronix Technology Corp.

Rules of Procedures for Shareholders' Meeting

Article 1

The rules of procedures for the company's shareholders' meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules.

Article 2

The venue for a shareholders' meeting shall be the premises of the company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 3

The company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 4

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

Article 5

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

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 6

Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still

represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 7

If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The relevant proposals (including extemporary motions and amendments to original proposals) shall be decided by voting on a case-by-case basis. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

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

The chair may not arbitrarily declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extemporary motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedures, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extemporary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 8

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

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 that has the floor; the chair shall stop any violation.

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

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

Article 9

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

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 10

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

Except as otherwise provided in the Company Act and in the company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

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

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 11

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

The ballots for the election referred to in the preceding paragraph shall be kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 12

Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes and handled in accordance with Article 183 of the Company Act.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results (including the number of voting rights calculated). When a director is elected, the number of voting rights of each candidate shall be disclosed. The meeting minutes shall be retained for the duration of the existence of the company.

Article 13

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or armbands. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

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

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 14

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

If the meeting venue is no longer available for continued use and not all of the items (including extemporary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 15

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

Procedures for the Election of Directors

- Article 1: Except as otherwise provided by law and regulation or by the Company's Articles of Incorporation, elections of directors shall be conducted in accordance with these Procedures.
- Article 2: The overall composition of the Board of Directors shall be taken into consideration in the selection of the Company's directors. Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:
- I. The ability to make judgments about operations.
 - II. Accounting and financial analysis ability.
 - III. Business management ability.
 - IV. Crisis management ability.
 - V. Knowledge of the industry.
 - VI. An international market perspective.
 - VII. Leadership ability.
 - VIII. Decision-making ability.
- More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.
- Article 3: The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.
- Article 4: The Company shall prepare ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 5: The number of directors will be as specified in the Company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, therefore, exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 6: Before the election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel. The vote monitoring personnel shall have the status of a shareholder.
- Article 7: If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a

non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 8: A ballot is invalid under any of the following circumstances:

- I. The ballot was not prepared by the Board of Directors.
- II. A blank ballot is placed in the ballot box.
- III. The writing is unclear and indecipherable or has been altered.
- IV. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
- V. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
- VI. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

Article 9: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors, shall be announced by the chair on the site.

The ballots for the election referred to in the preceding paragraph shall be kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 10: These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Sitronix Technology Corp.

Procedures for Making Outward Loans to Others

Article 1: Purpose and basis of formulation

These Procedures for Making Outward Loans to Others shall comply with the provisions of Article 36-1 of the Securities Exchange Act, the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and the relevant provisions of the competent authorities.

Article 2: Entities to which the Company may loan funds

In accordance with Article 15 the Company Act, the Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:

- I. A company or firm does business transaction with the Company.
- II. A company or firm with necessity of short-term financing.

The term "short-term" as used in the preceding paragraph means one year. But where the Company's operating cycle exceeds one year, one operating cycle shall prevail.

Where the principal of the Company violates the provisions of Paragraph 1, he/she shall be jointly and severally liable for return with the borrower. If the Company suffers damage, he/she shall also be liable for damages.

Article 3: The reasons and necessity of extending loans to others

Where the Company loans funds to other companies or firms due to needs arising from business dealings, the provisions of Paragraph 2 of Article 4 shall apply. Where loaning funds to others due to the necessity of short-term financing, the reasons and status for such lending and financing shall be limited to the following circumstances:

- I. A investee company in which the Company holds more than 20% share with the necessity for short-term financing due to business needs.
- II. Other company or firm with the necessity of short-term financing due to material purchase or operating turnover.
- III. Other loans to others approved by the Board of Directors of the Company.

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

- I. The total of accumulated loans granted shall not exceed 40% of the net value of the Company's financial statements in the latest fiscal year which have been audited and certified by accountants. However, the total amount of funds lent to others by the Company for the purpose of inter-company or inter-firm short-term financing shall be limited to the total amount of funds

available for lending by the Company.

- II. 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.
- III. 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.
- IV. Where funds are lent to a company or firm 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

I. 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:

- (I) The necessity and reasonableness of loaning funds to others
- (II) Whether it is necessary to measure the object of loaning funds' financial status and the amount of funds to be loaned
- (III) Whether the accumulated funds to be loaned and amount are still within the limit
- (IV) The impact on the Company's business operations, financial condition, and shareholders' equity.
- (V) Whether the collateral must be obtained and the value appraised
- (VI) Attach funds to the loan, record of the symbolic letter, and risk assessment.

II. Preservation

The Company shall obtain a promissory note or guarantee of the same amount when loaning funds to others, and if necessary, set the mortgage of movable or immovable property.

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.

Where the debtor provides a person or company of comparable financial strength and credit as the guarantor for the creditor's right as referred to in the preceding paragraph, in lieu of providing collateral. Where the Company is the guarantor, the Board of Directors may handle referring to the credit investigation report prepared by the financial unit, and attention shall be paid to whether there is any provision in its Articles of Incorporation related to guarantees.

III. The Scope of Authorization

When lending funds to others, the Company 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 and submitted to the Board of Directors for adoption by resolution. The Company shall not empower any other person to make such decision. The opinions of each independent director shall be taken into full consideration; 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.

Loans of funds between the Company and its subsidiaries, or between its subsidiaries, shall be submitted for a resolution by the Board of Directors pursuant to the preceding paragraph, and the Chairman may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the Board of Directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.

The "certain monetary limit" mentioned in the preceding paragraph on authorization for loans extended to any single entity by the Company or its subsidiary shall not exceed 10% of the net worth on the most current financial statements of the Company or its subsidiary, except in cases of companies in compliance with Article 4, paragraph 2.

Article 6: Duration of loans and calculation of interest

The term of loan is limited to one year.

The interest rate of loan to others shall not be lower than the highest rate of the Company's short-term borrowing from financial institutions. Unless otherwise specified, the company shall collect loan interest on a monthly basis, and notify the borrower one week before the agreed payment date to pay interest on time.

Article 7: Appropriation

The appropriation can be made after the outward loan is approved by the board meeting, the finance unit and the borrower have signed the contract and finished relevant procedures, the mortgage of promissory note, IOU or collateral has been registered, and all procedures have been checked correctly. When completing the procedures of each outward loan, the finance unit shall record the amount of the loan and the collateral provided by each borrower in the Schedule

of Outward Loans to Others, and prepare a summons for accounting together with the 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 measures for control and management of loans, and procedures for handling delinquent creditor's rights.

- I. After the loan is released, 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 any collateral is provided, attention shall be paid to the existence of any change in the value of the collateral. In case of any major changes, the Chairman shall be informed immediately and shall take appropriate measures according to the instructions.
- II. When the borrower repays the loan at or before the maturity of the loan, the interest payable shall be calculated first and then repaid together with the principal. Only after then can the IOU or promissory note loan be canceled and returned to the borrower or the mortgage right be canceled.
- III. The borrower shall repay the principal and interest immediately upon the maturity of the loan. In case of any failure of the borrower to repay the due amount and it needs to postpone the payment, a request shall be made in advance and approved by the Board of Directors. Each deferred payment shall not exceed 12 months and shall be limited to three times. In case of any violation, the Company may, in respect of the collateral or guarantor provided by the borrower, directly dispose of and recover any damages according to law.

Article 10: Internal control

- I. Internal auditors of the Company shall audit the Procedures for Making Outward Loans to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.
- II. The Company shall make outward loan to others in accordance with the prescribed procedures. If any material violation is found, the manager and the sponsor shall be punished according to severity of the violation.
- III. If, as a result of a change in circumstances, an entity which the Company may loan funds to does not meet the requirements of these Procedures or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to the Audit Committee, and shall complete the rectification according to the timeframe set out in the plan to strengthen the internal control of the Company.

Article 11: Announcement and Reporting Procedures

- I. The Company shall, before the 10th day of each month to publicly announce and report the balance of loan for the previous month of the Company and its subsidiaries.

The term "announce and report" as used in these Procedures means the process of entering data to the information reporting website designated by the Financial Supervisory Commission (FSC).

- II. The Company whose balance of loan reaches one of the following levels shall publicly announce and report such event within two days commencing immediately from the date of occurrence:
 - (I) 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.
 - (II) 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.
 - (III) 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.
- III. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph (3) of the preceding paragraph.

"Date of occurrence" in these Operational Procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty of the loans to and monetary amount of the transaction, whichever date is earlier.

Article 12: The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide the certified accountants with relevant information for implementation of necessary auditing procedures.

Article 13: Other matters

- I. Where a subsidiary of the Company intends to make outward loans to others, the Company shall instruct it to formulate its own Procedures for Making Outward Loans to Others in compliance with these Procedures, which is subject to the approval by the Board of Directors of the Company, and it shall comply with the Procedures when making outward loan to others.
- II. The subsidiary shall also report to the Company before the 5th day of each month the amount, object, and term of the outward loans to others, and shall immediately notify the Company to publicly announce and report the relevant information if the standards set forth in Paragraph 2 of Article 11 of this Procedure are met.
- III. Internal auditors of the Company shall audit the subsidiary's Procedures for

Making Outward Loans to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.

- IV. Any matters not covered in these Procedures shall be handled in accordance with applicable laws and the Company's regulations.

Article 14: Commencement and Amendments

These Procedures, and any amendments hereto, shall be approved by more than half of audit committee members and delivered to the Board of Directors for adoption and submitted to the shareholders' meeting for approval.

If approval of more than half of 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.

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.

When the Procedures are 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.

Sitronix Technology Corp.

Operational Procedures for Trading Derivatives

Article 1: Purpose of Formulation

- I. The Company established these Procedures to be used as the basis for duly managing the Company's derivatives trading to secure investment, implement the publicity of information and reduce the risks derived from foreign exchange rate and interest rate fluctuations so as to further increase corporate competitiveness.
- II. These Procedures are formulated in accordance with Article 36-1 of the Securities and Exchange Act and the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

Article 2: Principles and Guidelines for the Transaction

I. Type of derivatives for trading

For the purpose of these Procedures, the term "Derivative Products" means forward, option, future, leverage margin, or swap contracts, whose value is derived from specific interest rates, the prices of financial instruments or products, exchange rates, prices or rate indexes, credit rating or credit indexes, or other variables, and the hybrid thereof, or the hybrid contracts consisted by embedded derivative products or structured products, etc. The term "Forward Contracts" does not include insurance contracts, fulfillment contracts, after-sales service contracts, long-term lease contracts or long-term purchase or sale agreements.

For the type of the products for derivative trading by the Company, its financial unit must submit a written report on the operation methods, advantages and disadvantages, as well as risk assessment methods of related products to the Chairman for approval, before the trading may be made.

II. Operating or hedging strategies

The Company is engaged in the trading of derivative products, mainly for the purpose of risk hedging, or engaged in the trading financial products related to the Company's business operations, to ensure the Company's operating profit. In addition, its trading objects are limited to the financial institutions that are the Company's business counterparties so as to avoid credit risks.

III. Segregation of authorities and duties

(I) Financial unit:

1. In charge of establishing foreign exchange operation strategies for the entire company. In response to the changes in the foreign exchange market, the finance unit shall collect the relevant information at all times, determine the trend, conduct risk assessment, be familiar with financial products and laws and regulations, consider the Company's foreign exchange position, establish operational strategies and schemes, and make trading as instructed and authorized by the authority and duty supervisor.
2. Regularly calculate the positions which have been realized or may occur in the future and make trading based on authorization.

(II) Financial unit:

In charge of handling accounting affairs and preparing financial statements.

IV. Essentials for performance evaluation

Where derivative financial products are operated, the accounting unit shall record the operating details on trading statements on a daily basis to grasp the profits or losses and review the performance of operation, and regularly report the operation performance to authority and duty supervisor for reviewing and discussing operating strategies

V. Establishment of upper limits for trading amount and loss

(I) The amount held or reasonably expected to be held by the Company shall be the upper limit for trading.

(II) The upper limit, under a single contract and all contracts, for the losses from trading derivatives shall be ten percent of the total trading amount.

(III) In case of any material adverse impact brought by the exchange rate, the Company shall convene related persons to respond to it at any time.

Article 3: Operation Procedures

I. Authorized amount

All trading shall be reviewed by the accounting supervisor and then submitted to the Chairman for approval before they may be conducted. If there is any amendment, it must be approved by the Chairman before it may be made.

II. Implementation units

The financial unit is authorized to be responsible for implementation.

III. Trading Process

(I) Analysis and judgment on the relevant trends.

(II) Confirmation on the trading position.

(III) Determination of specific methods for hedging.

1. Trading object.
2. Trading positions.
3. Target price and range.
4. Strategies and types of trad

(IV) Obtaining approval for trading.

(V) Making trading.

1. Trading objects: Limited to domestic and aboard financial institutions or organizations with excellent credit.
2. Trading personnel: the Company's trading personnel who perform derivatives trading as instructed by the authority and duty supervisor. Any person other than the said personnel shall not make the trading.

(VI) Confirmation on trading: After the trading personnel confirms the trading, it also shall be submitted to the authority and duty supervisor for approval.

(VII) Settlement: After trading is confirmed, the financial unit shall, on the settlement date, prepare the money and the relevant receipts to make a settlement based on the agreed price.

Article 4: Accounting and Filing Procedures:

- I. In the event where losses from derivatives trading reaching the upper limit on the losses under a single contract and all contracts as set out in these Procedures, the Company shall file a public report of relevant information on the competent authority's designated website within two days immediately from the date of occurrence of the event.
- II. The Company shall enter the status of derivative trading engaged in up to the end of the preceding month by itself and the subsidiaries which are not domestic public

companies, in the prescribed format, by the 10th day of each month, onto the information filing website designated by the competent authority.

Article 5: Accounting Treatment

The trading of derivative products shall be recognized as appropriate items one by one based on the characteristics of the products traded. Contingent assets or liabilities also shall be recorded, and those with discounts and premiums shall be amortized reasonably. Their accounting treatment shall be conducted according to IFRS or related regulations.

Article 6: Internal Control System

I. Risk management measures

(I) Credit risk management

Trading objects are limited to the financial institutions that are the Company's counterparties, which can provide professional information.

(II) Market price risk management

For derivatives trading, the market price shall be evaluated at all times, and attention shall be paid to the possible influences of market price fluctuations in the future on the profits and losses from the positions held.

(III) Liquidity risk management

To ensure the liquidity of trading, the trading bank must have sufficient equipment, information, trading ability, and be able to trade in any market, focusing on high liquidity, upon selecting financial products.

(IV) Cash flow risk management

Before trading, it shall be confirmed that the trading amount will not cause insufficient liquidity and that delivery obligation can be fulfilled duly.

(V) Operational risk management

In order to avoid operational risks, the rules regarding authorized trading amount and relevant operating procedures must be observed duly.

(VI) Legal risk management

All the contracts to be signed with trading objects must be reviewed by professional personnel before they can be formally signed so as to avoid legal risk.

II. Internal control

- (I) The trading personnel, confirmation personnel, and settlement personnel shall not hold concurrent positions among each other.
- (II) Trading personnel shall deliver trading certificates or contracts to the confirmation personnel for records.
- (III) The confirmation personnel shall regularly verify accounts or certificates with the financial institutions that conduct trading with the Company.
- (IV) The trading personnel shall verify at any time whether the total trading amount has exceeded the foreign currency assets, liabilities, and committed net part.
- (V) At the end of each month, the trading personnel shall evaluate profits and losses based on the closing exchange rate on the current day and make them into statements and submit them to the managements above financial managers for review.

III. Risk measurement, monitoring, and control personnel shall be assigned to a department different from that of the personnel specified in the preceding subparagraph and shall report to the Board of Directors or senior management who are not responsible for decision-making in the transaction or positions.

IV. Derivatives trading positions held by the Company shall be evaluated by its financial unit at least once per week; however, the hedging trades required for business shall be evaluated at least twice per month. Evaluation reports shall be submitted to the senior management authorized by the Board of Directors.

Article 7: Methods of Regular Evaluation and Handling of Irregular Situation

- I. The senior management designated by the Board of Directors shall pay attention to the supervision and control of derivatives trading risks at all times.
- II. The authorized senior management personnel shall regularly evaluate that whether the trading performance is consistent with established operating strategy and whether the risk undertaken is within the Company's permitted acceptable level.

The authorized senior management personnel shall regularly evaluate that whether the risk management procedures currently being used are suitable and whether they conform to these Procedures. Trading, profits and losses shall be monitored, necessary measures shall be taken in response to abnormal situations, and report

shall be made to the Board of Directors immediately. Where there are Independent Directors, they shall present at 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.

Shareholdings of All Directors

- I. The total number of shares issued by the company is 120,136,876 shares.
- II. The minimum required combined shareholding of all directors of the company by law is 8,000,000 shares. (Note 1)
- III. As of the book closure date of the shareholders' meeting (April 25, 2021), the number of shares held by all the directors shall be 10,585,465 shares (including 1,791,874 shares of trust shares reserved with the right to decide utilization), which has met the statutory minimum shareholding percentage requirements.

Book closure date: April 25,2021

| Title | Name | Number of shares held |
|---------------------------|--|-----------------------|
| Chairman | Vincent Mao | 1,771,699 |
| Director | Wen-Bin Lin | 2,200,000 |
| Director | I-Hsi Cheng (Note 2) | 411,052 |
| Director | Sheng-Su Lee (Note 3) | 259,821 |
| Director | Silicon Power Computer&Communications Inc. | 3,150,000 |
| Director | Yan-Chiang Fan | 1,000,000 |
| Independent Director | Cheng-Chieh Dai | 1,019 |
| Independent Director | Yu-Nu Lin | 0 |
| Total number of directors | | 8,793,591 |

Note 1: In accordance with the provisions of Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies," if two or more independent directors are elected, the shareholding ratio calculated of all the directors other than independent directors shall be reduced to 80%.

Note 2: Director I-Hsi Cheng holds 1,200,000 shares of trust shares reserved with the right to decide utilization.

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

Note 4: The company has established an Audit Committee and therefore there is no statutory number of shares held by the supervisor applicable.

Note 5: Chieh-Sheng Hsiao, an Independent Director, was dismissed naturally on August 14, 2020.



Headquarters

11F-1, No. 5, Taiyuan 1st St., Jhubei City
Hsinchu County 302, Taiwan
TEL +886-3-5526500
FAX +886-3-5526501

Taipei Office

6F., No. 608, Ruiguang Rd., Neihu Dist.,
Taipei City 114, Taiwan
TEL +886-2-2659-1276
FAX +886-2-2658-2554

www.sitronix.com.tw