

Sitronix

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**Sitronix Technology Corporation
2022 Annual Shareholders' Meeting**

Meeting Agenda
(Translation)

Meeting Date: June 23, 2022

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Sitronix Technology Corp.

2022 Annual Shareholders' Meeting Procedures

I. Call Meeting to Order

II. Chairman's Address

III. Report Items

IV. Matters for Ratification and Proposed Resolutions

V. Extemporaneous Motions

VI. Adjournment

Sitronix Technology Corp.

2022 Annual Shareholders' Meeting Agenda

Time: 9:00 a.m., June, 23, 2022 (Thursday)

Place: 2F., No.3, Taiyuan 1st Street, Jhubei City, Hsinchu County

(Multi-functional Conference Room, Tai Yuen Hi-Tech Industrial Park
Phase III)

Convening method: Physical meeting

- I. Call Meeting to Order (Number of shares reported on attendance)
- II. Chairman's Address
- III. Report Items
 - (I.) 2021 Business Report
 - (II.) 2021 Audit Committee's Review Report
 - (III.) Report on the distribution of remuneration of employees and directors for 2021
 - (IV.) Report on cash dividends of profit distribution for 2021
- IV. Matters for Ratification and Proposed Resolutions
 - (I.) Recognition of 2021 Financial Statements and Business Report
 - (II.) Recognition of 2021 Profit Distribution Proposal
 - (III.) Amendments to "Operational Procedures for Acquisition and Disposal of Assets" of the Company
- V. Extemporary Motions
- VI. Adjournment

Report Items

I. 2021 Business Report

Explanation: 2021 Business Report. Please refer to Attachment I on page 7~8 of the handbook.

II. 2021 Audit Committee's Review Report

Explanation: 2021 Audit Committee's Review Report. Please refer to Attachment II on page 9 of the handbook.

III. Report on the distribution of remuneration for employees and directors for 2021

Explanation: In accordance with the provisions of the Company's Articles of Incorporation, the remuneration of NT\$96,163,342 and NT\$539,474,407 have been distributed to directors and employees in cash, respectively.

IV. Report on cash dividends of profit distribution for 2021

Explanation:

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

Matters for Ratification and Proposed Resolutions

I. 2021 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 2021 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.) 2021 Business Report, please refer to Attachment I on page 7~8 of the handbook, Independent Auditors' Report and the aforementioned financial statements, please refer to Attachment III and IV on page 10~29 of the handbook.
- (III.) Please approve.

Resolution:

II. 2021 Profit Distribution Proposal is submitted for approval.

Proposed by the Board of Directors

Explanation:

- (I.) The 2021 Profit Distribution Proposal of the Company has been approved by the Board of Directors on March 17, 2022.
- (II.) For the 2021 Profit Distribution Proposal, please refer to Attachment V on page 30 of the handbook.
- (III.) Please approve.

Resolution:

III. The amendments to "Operational Procedures for Acquisition and Disposal of Assets" of the Company are submitted for discussion.

Proposed by the Board of Directors

Explanation:

- (I.) According to JGZFFZ No. 1110380465 of the Financial Supervisory Commission and actual operating needs of the Company, it is proposed to change the name of "Operational Procedures for Acquisition and Disposal of Assets" of the Company to "Operational Procedures for Acquisition or Disposal of Assets", and amend part of the provisions thereof.
- (II.) For the Comparison Table for the "Operational Procedures for Acquisition and Disposal of Assets" Before and After Amendment, please refer to Attachment VI on page 31~40 of the handbook.
- (III.) Please discuss.

Resolution:

Extemporaneous Motions

Adjournment

Sitronix Technology Corp.

Business Report

I. 2021 Business Report

(I.) Business Plan Implementation Results

The consolidated net revenue in 2021 was approximately NT\$22.2 billion, and was increased greatly from 2020. In the market condition where demand exceeded supply, the net operating profit was increased significantly to NT\$8.16 billion, the net profit after tax was NT\$7.07 billion and the earnings per share after tax were NT\$50.03. Sitronix will continue to strive to achieve peak performance in the future.

In the 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, the sales volume has resumed smooth growth, and 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 artificial intelligence of Things (AIoT), in-vehicle DDI, industrial DDI, power management control chips, MEMS sensing chips, ambient light sensing chips, distance sensing chips, 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.) Profitability Analysis

Items	Year	2021 (Note 2)	2020 (Note 2)
Return on total assets (%)		38.79%	17.65%
Return on equity (%)		57.79%	27.24%
Ratio in paid-in capital (%)	Operating income	678.96%	198.36%
	Pre-tax income	695.35%	210.06%
Net margin (%)		31.78%	15.67%
Basic earnings per share (NT\$) (Note 1)		50.03	11.53

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

Note 2: The International Financial Reporting Standards for consolidated financial information were 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 the R&D focus to the artificial intelligence of Things (AIoT) while consolidating the existing phone 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 and enhance 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 pursue 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.

2021 Audit Committee's Review Report

The Board of Directors has prepared the Company's business report, financial statements, and the profit distribution proposal for 2021, in which the financial statements have been audited by Deloitte & Touche Taipei, Taiwan Republic of China with the audit report issued. The above business statement, financial 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,

2022 Annual Shareholders' Meeting of Sitronix Technology Corp.

Sitronix Technology Corp.

Chairman of the Audit Committee: Cheng-Chieh Dai

March 17, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
Sitronix Technology Corporation

Opinion

We have audited the accompanying financial statements of Sitronix Technology Corporation (the Company), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Emphasis of Matter

As disclosed in Notes 1 and 12, Sitronix Technology Corp. carried out an organizational restructuring of the Group in accordance with the Business Mergers And Acquisition Act on June 1, 2021, and spun off the automotive business division to its subsidiary, Forcelead Technology Corp., which issued new ordinary shares as consideration for the transfer. The aforementioned transaction is a business reorganization under common control, and Sitronix Technology Corp. should split the business from the beginning and the comparative financial statements of Sitronix Technology Corp. should be retrospectively restated. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Company's parent company only financial statements for the year ended December 31, 2021 are stated as follows:

Recognition of sales revenue

The Company's main source of revenue comes from the sale of goods. For the year ended December 31, 2021, the revenue recognized was NT\$12,570,005 thousand, please refer to Notes 4 and 22 for information on the accounting policies of revenue recognition. Such revenue is recognized when the goods are transferred to the customer and the performance obligations are met. The revenue recognition process is that after receiving customers' order and checking the transaction conditions, the business unit creates a manufacturing notice in the system, and enters into the production schedule after obtaining the approval from the supervisor. As soon as the production is completed, the production unit would issue packing lists and invoices from the system, the Company would obtain signed packing list or the bill of lading from the shipping companies when those shipping companies pick up the goods, then the system would check the shipping-related information, to generate the sales details. The accounting officers would recognize sales revenue according to the sales details.

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

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

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2022

Notice to Readers

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

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

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020		LIABILITIES AND EQUITY	2021		2020	
	Amount	%	Amount (Audited after Restatement)	%		Amount	%	Amount (Audited after Restatement)	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 4, 6 and 29)	\$ 4,186,154	26	\$ 1,682,165	19	Short-term borrowings (Notes 4, 18, 27 and 29)	\$ -	-	\$ 247,776	3
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 29)	297,258	2	256,741	3	Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 29)	1,228	-	4,390	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 29)	327,380	2	315,311	3	Trade payables (Note 29)	1,039,587	7	794,423	9
Financial assets at amortized cost - current (Notes 4, 9, 29 and 31)	1,588,226	10	83,004	1	Payables to related parties (Notes 29 and 30)	489,488	3	157,122	2
Notes receivables and trade receivables (Notes 4, 10, 22 and 29)	1,141,792	7	697,813	8	Accrued profit sharing bonus to employees' compensation and remuneration of directors (Note 23)	635,637	4	161,683	2
Notes receivables and trade receivables from related parties (Notes 4, 22, 29 and 30)	28,891	-	12,832	-	Other payables (Notes 19 and 29)	1,071,351	7	507,525	5
Other receivables (Notes 4, 10 and 29)	79,320	-	61,681	1	Other payables to related parties (Notes 29 and 30)	6,951	-	8,167	-
Other receivables from related parties (Notes 4, 29 and 30)	27,018	-	62,884	1	Current tax liabilities (Notes 4 and 24)	775,760	5	180,075	2
Inventories (Notes 4, 5 and 11)	798,822	5	759,766	8	Lease liabilities - current (Notes 4, 14, 27, 29 and 30)	24,052	-	13,163	-
Prepayments (Note 17 and 30)	103,312	1	77,706	1	Other current liabilities (Notes 19, 22 and 29)	66,622	-	74,224	1
Other current assets (Note 4 and 29)	5,533	-	6,503	-					
Total current assets	8,583,706	53	4,016,406	45	Total current liabilities	4,110,676	26	2,148,548	24
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 29)	88,241	1	7,036	-	Deferred tax liabilities (Notes 4 and 24)	10,706	-	6,850	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 29)	476,394	3	304,916	3	Lease liabilities - non-current (Notes 4, 14, 27, 29 and 30)	80,613	1	2,409	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 29)	28,019	-	58,534	1	Net defined benefit liabilities - non-current (Notes 4 and 20)	38,277	-	44,877	-
Investment accounted for using the equity method (Notes 4, 12, 26 and 30)	5,043,853	31	3,550,155	40	Other non-current liabilities (Notes 27, 29, 30 and 32)	75,075	-	52,538	1
Property, plant and equipment (Notes 4, 13 and 30)	390,531	3	402,314	5	Total non-current liabilities	204,671	1	106,674	1
Right-of-use assets (Notes 4, 14 and 30)	104,192	1	16,515	-	Total liabilities	4,315,347	27	2,255,222	25
Investment properties (Notes 4 and 15)	459,928	3	467,787	5	EQUITY (Notes 4, 21, 26)				
Intangible assets (Notes 4 and 16)	21,520	-	18,002	-	Share capital				
Deferred tax assets - non-current (Notes 4 and 24)	12,993	-	15,214	-	Ordinary shares	1,201,369	7	1,201,369	13
Other non-current assets (Notes 4, 17, 29 and 32)	861,145	5	39,481	1	Capital surplus	1,610,911	10	1,662,839	19
Total non-current assets	7,486,816	47	4,879,954	55	Retained earnings				
					Legal reserve	1,200,307	8	1,082,588	12
					Special reserve	180,223	1	77,526	1
					Unappropriated earnings	7,699,611	48	2,805,919	32
					Total retained earnings	9,080,141	57	3,966,033	45
					Other equity				
					Exchange differences on translating the financial statement of foreign operations	(14,086)	-	(10,444)	-
					Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(91,377)	(1)	(169,780)	(2)
					Total other equity	(105,463)	(1)	(180,224)	(2)
					Treasury shares	(31,783)	-	(8,879)	-
					Total equity	11,755,175	73	6,641,138	75
TOTAL	\$ 16,070,522	100	\$ 8,896,360	100	TOTAL	\$ 16,070,522	100	\$ 8,896,360	100

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

(With Deloitte & Touche auditors' report dated March 17, 2022)

SITRONIX TECHNOLOGY CORPORATION

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

	2021		2020	
	Amount	%	Amount (Audited after Restatement)	%
NET REVENUE (Notes 4, 22 and 30)	\$ 12,570,005	100	\$ 6,796,970	100
OPERATING COSTS (Notes 4, 11, 23 and 30)	<u>5,677,518</u>	<u>45</u>	<u>5,031,260</u>	<u>74</u>
GROSS PROFIT	<u>6,892,487</u>	<u>55</u>	<u>1,765,710</u>	<u>26</u>
OPERATING EXPENSES (Notes 4, 20, 23 and 30)				
Selling and marketing expenses	264,838	2	143,985	2
General and administrative expenses	444,304	4	243,807	3
Research and development expenses	<u>1,732,658</u>	<u>14</u>	<u>939,976</u>	<u>14</u>
Total operating expenses	<u>2,441,800</u>	<u>20</u>	<u>1,327,768</u>	<u>19</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 4, 23 and 30)	<u>6,156</u>	<u>-</u>	<u>93,172</u>	<u>1</u>
INCOME FROM OPERATIONS	<u>4,456,843</u>	<u>35</u>	<u>531,114</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES(Notes 4, 12, 23, 30)				
Interest incomes	17,803	-	13,177	-
Other incomes	71,870	1	52,820	1
Other gains and losses	52,324	-	68,709	1
Finance costs	(2,289)	-	(4,286)	-
Share of profit of subsidiaries	<u>2,089,618</u>	<u>17</u>	<u>845,180</u>	<u>12</u>
Total non-operating income and expenses	<u>2,229,326</u>	<u>18</u>	<u>975,600</u>	<u>14</u>
INCOME BEFORE INCOME TAX	6,686,169	53	1,506,714	22
INCOME TAX EXPENSE (Notes 4 and 24)	<u>680,409</u>	<u>5</u>	<u>121,896</u>	<u>1</u>
NET INCOME FOR THE YEAR	<u>6,005,760</u>	<u>48</u>	<u>1,384,818</u>	<u>21</u>

(Continued)

SITRONIX TECHNOLOGY CORPORATION

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

	2021		2020	
	Amount	%	Amount (Audited after Restatement)	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 4, 20 and 21)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	\$ 4,358	-	\$ (2,836)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	46,339	-	(107,406)	(2)
Share of the other comprehensive income (loss) of subsidiaries accounted for using the equity method	37,622	-	(85,167)	(1)
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating the financial statements of foreign operations	(3,642)	-	(756)	-
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	1,283	-	(529)	-
Share of the other comprehensive income of subsidiaries accounted for using the equity method	<u>(1,825)</u>	<u>-</u>	<u>2,377</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>84,135</u>	<u>-</u>	<u>(194,317)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 6,089,895</u>	<u>48</u>	<u>\$ 1,190,501</u>	<u>18</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 50.03</u>		<u>\$ 11.53</u>	
Diluted	<u>\$ 49.29</u>		<u>\$ 11.44</u>	

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

(With Deloitte & Touche auditors' report dated March 17, 2022)

(Concluded)

SITRONIX TECHNOLOGY CORPORATION

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

	Share Capital (Notes 4 and 21)		Capital Surplus (Notes 21 and 26)	Retained Earnings (Note 21)			Other Equity (Notes 4 and 21)		Treasury Share (Note 21)	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2020	120,137	\$ 1,201,369	\$ 772,321	\$ 959,529	\$ 251,947	\$ 2,358,260	\$ (9,688)	\$ (67,838)	\$ -	\$ 5,465,900
Appropriation of 2019 earnings										
Legal reserve	-	-	-	123,059	-	(123,059)	-	-	-	-
Special reserve	-	-	-	-	(174,421)	174,421	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(780,890)	-	-	-	(780,890)
The Company's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	(8,879)	(8,879)
Other changes in capital surplus										
Actual acquisition or disposal of interests in subsidiaries	-	-	-	-	-	(116,012)	-	-	-	(116,012)
Changes in percentage of ownership interests in subsidiaries	-	-	890,518	-	-	-	-	-	-	890,518
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(88,783)	-	88,783	-	-
Net income for the year ended December 31, 2020	-	-	-	-	-	1,384,818	-	-	-	1,384,818
Other comprehensive income (loss) for year ended December 31, 2020, net of income tax	-	-	-	-	-	(2,836)	(756)	(190,725)	-	(194,317)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	1,381,982	(756)	(190,725)	-	1,190,501
BALANCE AT DECEMBER 31, 2020	120,137	1,201,369	1,662,839	1,082,588	77,526	2,805,919	(10,444)	(169,780)	(8,879)	6,641,138
Appropriation of 2020 earnings										
Legal reserve	-	-	-	117,719	-	(117,719)	-	-	-	-
Special reserve	-	-	-	-	102,697	(102,697)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(901,026)	-	-	-	(901,026)
The Company's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	(22,904)	(22,904)
Other changes in capital surplus										
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	1,658	-	-	-	-	-	-	1,658
Changes in percentage of ownership interests in subsidiaries	-	-	(53,586)	-	-	-	-	-	-	(53,586)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	5,016	-	(5,016)	-	-
Net income for the year ended December 31, 2021	-	-	-	-	-	6,005,760	-	-	-	6,005,760
Other comprehensive income (loss) for year ended December 31, 2021, net of income tax	-	-	-	-	-	4,358	(3,642)	83,419	-	84,135
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	6,010,118	(3,642)	83,419	-	6,089,895
BALANCE AT DECEMBER 31, 2021	120,137	\$ 1,201,369	\$ 1,610,911	\$ 1,200,307	\$ 180,223	\$ 7,699,611	\$ (14,086)	\$ (91,377)	\$ (31,783)	\$ 11,755,175

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

(With Deloitte & Touche auditors' report dated March 17, 2022)

SITRONIX TECHNOLOGY CORPORATION

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

	2021	2020 (Audited after Restatement)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 6,686,169	\$ 1,506,714
Adjustments for:		
Depreciation expense	120,360	136,073
Amortization expense	20,903	21,808
Net gain on fair value changes of financial assets at fair value through profit or loss	(72,918)	(92,891)
Finance costs	2,289	4,286
Interest income	(17,803)	(13,177)
Dividend income	(15,411)	(6,701)
Compensation cost of share-based payment	2,580	-
Share of profits of subsidiaries	(2,089,618)	(845,180)
Gain on disposal of property, plant and equipment	(4,874)	(29,038)
Gain on disposal of investment properties	-	(62,396)
Loss on disposal of financial assets	1,797	-
Write-down of inventories	19,790	48,512
Unrealized net loss on foreign currency exchange	21,166	41,326
Gain on modification of lease agreements	-	(10)
Deferred other income	(17,646)	(2,623)
Changes in operating assets and liabilities		
Notes receivable and trade receivables	(449,061)	72,431
Receivables from related parties	(16,072)	3,363
Other receivables	(4,282)	(6,941)
Other receivables from related parties	(704)	(5,679)
Inventories	(58,846)	132,073
Prepayments	(305,126)	7,768
Other current assets	970	(2,872)
Trade payables	252,704	(332,828)
Payables to related parties	334,574	(26,709)
Other payables	549,926	178,718
Other payables to related parties	(1,216)	(314)
Other current liabilities	(7,602)	48,102
Net defined benefit liabilities	(2,242)	(4,605)
Accrued profit sharing bonus to employees' compensation and remuneration of directors	473,954	18,654
Cash generated from operations	5,423,761	787,864
Interest received	14,604	13,544
Interest paid	(1,421)	(4,127)
Income tax paid	(78,647)	(54,772)
Net cash generated from operating activities	<u>5,358,297</u>	<u>742,509</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(136,284)	(150,216)
Disposal of financial assets at fair value through other comprehensive income	28,562	166,509
Purchase of financial assets measured at amortized cost	(2,210,721)	(434,900)
Proceeds from the return of principle of financial assets at amortized cost	736,925	469,826

(Continued)

SITRONIX TECHNOLOGY CORPORATION

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

	2021	2020 (Audited after Restatement)
Purchase of financial assets at fair value through profit or loss	\$ (238,893)	\$ (381,154)
Proceeds from sale of financial assets at fair value through profit or loss	176,861	366,571
Acquisition of subsidiaries	(261,161)	(287,447)
Increase in prepayments for investment	-	(30,000)
Disposal of subsidiaries	-	60,380
Proceeds from capital reduction of subsidiary	180,000	-
Payments for property, plant and equipment	(84,173)	(104,076)
Proceeds from disposal of property, plant and equipment	10,010	30,744
Increase in refundable deposits	(563,074)	(33)
Decrease in refundable deposits	20	916
Decrease in other receivable from related parties	36,831	9,547
Payment of intangible assets	(19,217)	(7,916)
Proceeds from disposal of investment properties	-	113,710
Dividends received	658,338	557,765
Disposal of expertise	<u>6,543</u>	<u>78,691</u>
Net cash (used in) generated from investing activities	<u>(1,679,433)</u>	<u>458,917</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,903,150	3,828,791
Repayments of short-term borrowings	(2,151,100)	(3,864,445)
Proceeds from guarantee deposits received	43,853	24,189
Repayments of guarantee deposits	(21,881)	(6,097)
Repayment of the principal portion of lease liabilities	(25,002)	(24,516)
Cash dividends distributed	(901,026)	(780,890)
Net cash inflow on disposal of subsidiaries	<u>-</u>	<u>19,422</u>
Net cash used in financing activities	<u>(1,152,006)</u>	<u>(803,546)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(22,869)</u>	<u>(32,743)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,503,989	365,137
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,682,165</u>	<u>1,317,028</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,186,154</u>	<u>\$ 1,682,165</u>

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

(With Deloitte & Touche auditors' report dated March 17, 2022)

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
Sitronix Technology Corporation

Opinion

We have audited the accompanying consolidated financial statements of Sitronix Technology Corporation and its subsidiaries (the "Group"), which comprise the balance sheets as of December 31, 2021 and 2020, the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Recognition of sales revenue

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

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

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

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

Other Matter

We have also audited the parent company only financial statements of Sitronix Technology Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2022

Notice to Readers

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

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

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

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

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

(Continued)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2021		2020	
	Amount	%	Amount	%
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	93,840	-	(193,447)	(2)
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	(3,729)	-	(443)	-
Unrealized gain on investments in debt instruments at fair value through other comprehensive income	<u>(1,903)</u>	<u>-</u>	<u>1,839</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>92,566</u>	<u>-</u>	<u>(194,887)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 7,165,584</u>	<u>32</u>	<u>\$ 1,969,226</u>	<u>14</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 6,005,760	27	\$ 1,384,818	10
Non-controlling interests	<u>1,067,258</u>	<u>5</u>	<u>779,295</u>	<u>6</u>
	<u>\$ 7,073,018</u>	<u>32</u>	<u>\$ 2,164,113</u>	<u>16</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 6,089,895	27	\$ 1,190,501	8
Non-controlling interests	<u>1,075,689</u>	<u>5</u>	<u>778,725</u>	<u>6</u>
	<u>\$ 7,165,584</u>	<u>32</u>	<u>\$ 1,969,226</u>	<u>14</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 50.03</u>		<u>\$ 11.53</u>	
Diluted	<u>\$ 49.29</u>		<u>\$ 11.44</u>	

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

(Concluded)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

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

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

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

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

(Continued)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

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

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

(Concluded)

Sitronix Technology Corp.

2021 Profit Distribution Proposal

Unit: NT\$

Item	Amount
Unappropriated retained earnings	1,684,475,664
Net profit after tax for current period	6,005,760,107
Disposal of financial assets measured at fair value through other comprehensive income to adjust retained earnings	5,016,000
Actuarial profit and loss for adjustment of retained earnings	4,358,848
Items other than net profit for the current period are included in the amount of undistributed surplus for the current year	6,015,134,955
Less: appropriation of legal surplus reserve of 10%	(601,513,496)
Add: reversal of special reserve in accordance with law	74,760,880
Retained earnings available for distribution for current period	7,172,858,003
Less: allocated items	
Shareholders' dividends (cash dividends of N\$32per share)	(3,844,380,032)
Unappropriated retained earnings	3,328,477,971

Note:

- (I.) The registered number of paid-in shares of the Company on Mar. 17, 2022 was 120,136,876. 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.) According to the provisions of TCS No. 871941343 promulgated by the Ministry of Finance on Apr. 30, 1998, the earnings shall be distributed with the method of individual identification. According to the principle for distribution of earnings of the Company, the earnings of 2021 shall be distributed first. In case of any insufficient section, the distributable earnings accumulated previously shall be distributed in the order of first in first out and the order of year of generation of earnings.

Sitronix Technology Corp. Comparison Table for the "Operational Procedures for Acquisition and Disposal of Assets" Before and After Amendment

Before amendment	After amendment	Description
Operational Procedures for Acquisition <u>and</u> Disposal of Assets	Operational Procedures for Acquisition <u>or</u> Disposal of Assets	Change the name of the operational procedures
<p>Article 4: Exclusion of related parties</p> <p>The Company shall obtain the valuation report or opinions of the accountant, attorney or securities underwriter, and the professional valuer and its appraisers, accountant, attorney or securities underwriter shall meet the following provisions:</p> <p>I. Such persons have not been sentenced to fixed-term imprisonment of more than one year due to violation of the law, Company Act, Banking Act, Insurance Act, Financial Holding Company Act or Business Account Act or the crime of fraud, breach of trust, embezzlement, forgery or other business crimes. However, if it is more than three years upon expiration of the term of sentence or probation period or pardon, the above provisions shall not apply.</p> <p>II. Such persons shall not be related parties to transactions or parties having substantial relationship with transaction parties.</p> <p>III. If the Company should obtain the valuation report from more than two professional valuers, different professional valuers or appraisers shall not be related parties to each other or parties having substantial relationship with each other.</p> <p>When the above persons issue the valuation report or opinion, they shall handle the following matters:</p> <p>I. Before accepting the case, such persons shall evaluate their own professional abilities, practical experience and independence deliberately.</p> <p>II. When <u>reviewing</u> the case, such persons shall plan and execute</p>	<p>Article 4: Exclusion of related parties</p> <p>The Company shall obtain the valuation report or opinions of the accountant, attorney or securities underwriter, and the professional valuer and its appraisers, accountant, attorney or securities underwriter shall meet the following provisions:</p> <p>I. Such persons have not been sentenced to fixed-term imprisonment of more than one year due to violation of the law, Company Act, Banking Act, Insurance Act, Financial Holding Company Act or Business Account Act or the crime of fraud, breach of trust, embezzlement, forgery or other business crimes. However, if it is more than three years upon expiration of the term of sentence or probation period or pardon, the above provisions shall not apply.</p> <p>II. Such persons shall not be related parties to transactions or parties having substantial relationship with transaction parties.</p> <p>III. If the Company should obtain the valuation report from more than two professional valuers, different professional valuers or appraisers shall not be related parties to each other or parties having substantial relationship with each other.</p> <p>When the above persons issue the valuation report or opinion, they shall handle the following matters according to <u>the self-disciplining standards of the related trade association</u>:</p> <p>I. Before accepting the case, such persons shall evaluate their own professional abilities, practical</p>	<p>Amended in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies".</p>

Before amendment	After amendment	Description
<p>appropriate operation procedures properly to form the conclusion and issue a report or opinion based on the conclusion; publish the procedures executed, data collected and conclusion on the working paper of the case in detail.</p> <p>III. Such persons shall evaluate the <u>integrity, accuracy</u> and reasonableness of the data source, parameters and information used one by one, as the basis for issuance of the valuation report or opinion.</p> <p>IV. The matters of statement shall include the professionalism and independence of relevant personnel, reasonableness <u>and accuracy</u> of the information used in evaluation and compliance with relevant laws and regulations.</p>	<p>experience and independence deliberately.</p> <p>II. When <u>conducting</u> the case, such persons shall plan and execute appropriate operation procedures properly to form the conclusion and issue a report or opinion based on the conclusion; publish the procedures executed, data collected and conclusion on the working paper of the case in detail.</p> <p>III. Such persons shall evaluate the <u>appropriateness</u> and reasonableness of the data source, parameters and information used one by one, as the basis for issuance of the valuation report or opinion.</p> <p>IV. The matters of statement shall include the professionalism and independence of relevant personnel, <u>appropriateness and</u> reasonableness of the information used in evaluation and compliance with relevant laws and regulations.</p>	
<p>Article 7: Evaluation procedure and price determination method</p> <p>I. Investment in negotiable securities When acquiring or disposing of negotiable securities, the Company shall use the financial statements of the target company audited or reviewed by the accountant prior to the date of occurrence of acquisition or disposal as the reference for evaluation of the transaction value; besides, if the transaction amount is more than 20% of the paid-in capital of the Company or NT\$0.3 billion, the Company shall consult and require the accountant to express an opinion on the reasonableness of the transaction price, <u>and if the accountant needs to adopt the expert's report, he/she shall be subject to the provisions of No. 20 Statement of Auditing Standards published by the Accounting Research and Development Foundation of juridical persons (hereinafter referred to as the Accounting Research and</u></p>	<p>Article 7: Evaluation procedure and price determination method</p> <p>I. Investment in negotiable securities When acquiring or disposing of negotiable securities, the Company shall use the financial statements of the target company audited or reviewed by the accountant prior to the date of occurrence of acquisition or disposal as the reference for evaluation of the transaction value; besides, if the transaction amount is more than 20% of the paid-in capital of the Company or NT\$0.3 billion, the Company shall consult and require the accountant to express an opinion on the reasonableness of the transaction price. However, if there is a public offer for negotiable securities at the active market or the competent securities authority requires otherwise, the above provisions shall not apply.</p> <p>II. Property, equipment or right-of-use assets The acquisition or disposal of property shall be negotiated by</p>	<p>Amended in accordance with the “Regulations Governing the Acquisition or Disposal of Assets by Public Companies”.</p>

Before amendment	After amendment	Description
<p><u>Development Foundation</u>). However, if there is a public offer for negotiable securities at the active market or the competent securities authority requires otherwise, the above provisions shall not apply.</p> <p>II. Property, equipment or right-of-use assets</p> <p>The acquisition or disposal of property shall be negotiated by reference to the announced current value of land, assessed value of land and actual transaction price of the adjacent property; for acquisition or disposal of equipment, relevant price information shall be collected first, and then the transaction price shall be fixed upon inquiry, comparison and negotiation of price.</p> <p>In the circumstances where the Company acquires or disposes of property, equipment or right-of-use assets, except for transaction with the domestic government authority, entrusted construction at the Company's own land or leased land, or acquisition and disposal of the equipment used for operation or right-of-use assets, if the transaction amount is more than 20% of the paid-in capital of the Company or NT\$0.3 billion, the Company shall obtain the valuation report issued by a professional valuer prior to the actual date of occurrence of acquisition or disposal, and the following provisions shall be met:</p> <p>(I.) If a limited price, specific price or special price is used as the reference for transaction price due to a particular reason, the transaction shall be submitted to the Board of Directors for approval, and in case of any change in transaction conditions therefore, such provisions shall also apply.</p> <p>(II.) If the transaction amount is more than NT\$1 billion, the price shall be evaluated by more than two professional</p>	<p>reference to the announced current value of land, assessed value of land and actual transaction price of the adjacent property; for acquisition or disposal of equipment, relevant price information shall be collected first, and then the transaction price shall be fixed upon inquiry, comparison and negotiation of price.</p> <p>In the circumstances where the Company acquires or disposes of property, equipment or right-of-use assets, except for transaction with the domestic government authority, entrusted construction at the Company's own land or leased land, or acquisition and disposal of the equipment used for operation or right-of-use assets, if the transaction amount is more than 20% of the paid-in capital of the Company or NT\$0.3 billion, the Company shall obtain the valuation report issued by a professional valuer prior to the actual date of occurrence of acquisition or disposal, and the following provisions shall be met:</p> <p>(I.) If a limited price, specific price or special price is used as the reference for transaction price due to a particular reason, the transaction shall be submitted to the Board of Directors for approval, and in case of any change in transaction conditions therefore, such provisions shall also apply.</p> <p>(II.) If the transaction amount is more than NT\$1 billion, the price shall be evaluated by more than two professional valuers.</p> <p>(III.) If the valuation result of professional valuers is in any of the following circumstances, except that the valuation result of assets acquired is higher than the transaction amount or the valuation result of assets disposed of is lower than the transaction amount, the</p>	

Before amendment	After amendment	Description
<p>valuers.</p> <p>(III.) If the valuation result of professional valuers is in any of the following circumstances, except that the valuation result of assets acquired is higher than the transaction amount or the valuation result of assets disposed of is lower than the transaction amount, the Company shall consult and require the accountant to <u>act in accordance with the provisions of No. 20 Statement of Auditing Standards published by the Accounting Research and Development Foundation</u> and express an explicit opinion on the reason for difference and appropriateness of transaction price.</p> <ol style="list-style-type: none"> 1. Where the difference between the valuation result and transaction amount is more than 20% of the transaction amount. 2. Where the difference in valuation results of more than two professional valuers is more than 10% of the transaction amount. <p>(IV.) For a professional valuer, it shall not be more than three months from the issue date of a report to the date of conclusion of a contract; however, if the announced current value of the same period is applied and it is less than six months, the original professional valuer shall issue an opinion.</p> <p>III. Intangible assets or right-of-use assets or membership cards For acquisition or disposal of membership cards, relevant price information shall be collected first, the benefits that may be produced shall be taken into consideration, and then the transaction price shall be fixed by reference to the most recent transaction price; for acquisition of</p>	<p>Company shall consult and require the accountant to express an explicit opinion on the reason for difference and appropriateness of transaction price.</p> <ol style="list-style-type: none"> 1. Where the difference between the valuation result and transaction amount is more than 20% of the transaction amount. 2. Where the difference in valuation results of more than two professional valuers is more than 10% of the transaction amount. <p>(IV.) For a professional valuer, it shall not be more than three months from the issue date of a report to the date of conclusion of a contract; however, if the announced current value of the same period is applied and it is less than six months, the original professional valuer shall issue an opinion.</p> <p>III. Intangible assets or right-of-use assets or membership cards For acquisition or disposal of membership cards, relevant price information shall be collected first, the benefits that may be produced shall be taken into consideration, and then the transaction price shall be fixed by reference to the most recent transaction price; for acquisition of disposal of intangible assets or right-of-use assets, the transaction price shall be determined by reference to the international or market practice, usable life and impact on the Company's technology and business upon deliberate evaluation of relevant laws and regulations as well as contract contents.</p> <p>If the transaction amount of the Company's acquisition or disposal of intangible assets or use-of-right assets or membership cards is more than 20% of the paid-in capital of the Company or NT\$0.3 billion, except</p>	

Before amendment	After amendment	Description
<p>disposal of intangible assets or right-of-use assets, the transaction price shall be determined by reference to the international or market practice, usable life and impact on the Company’s technology and business upon deliberate evaluation of relevant laws and regulations as well as contract contents.</p> <p>If the transaction amount of the Company’s acquisition or disposal of intangible assets or use-of-right assets or membership cards is more than 20% of the paid-in capital of the Company or NT\$0.3 billion, except for the transaction with the domestic government authority, the Company shall consult and require the accountant to express an opinion on the reasonableness of transaction price prior to the date of occurrence of acquisition or disposal. <u>and the accountant shall act in accordance with the provisions of No. 20 Statement Auditing Standards published by the Accounting Research and Development Foundation.</u></p> <p>4 to 6 (omitted)</p>	<p>for the transaction with the domestic government authority, the Company shall consult and require the accountant to express an opinion on the reasonableness of transaction price prior to the date of occurrence of acquisition or disposal.</p> <p>4 to 6 (omitted)</p>	
<p>Article 9: Announcement and Filing Procedures</p> <p>If the Company acquires or disposes of assets in the following circumstances, it shall announce and file the information on the website designated by the competent securities authority in the required format based on the nature and according to relevant regulations within two days as of the date of occurrence of acquisition or disposal:</p> <p>I. Where the Company acquires or disposes of property or right-of-use assets from the related parties or acquires or disposes of the assets other than property or right-of-use assets jointly with the related parties and the transaction amount is more than 20% of the paid-in capital of the Company, 10% of the total assets of the Company or NT\$ 0.3 billion. However, the above provisions shall</p>	<p>Article 9: Announcement and Filing Procedures</p> <p>If the Company acquires or disposes of assets in the following circumstances, it shall announce and file the information on the website designated by the competent securities authority in the required format based on the nature and according to relevant regulations within two days as of the date of occurrence of acquisition or disposal:</p> <p>I. Where the Company acquires or disposes of property or right-of-use assets from the related parties or acquires or disposes of the assets other than property or right-of-use assets jointly with the related parties and the transaction amount is more than 20% of the paid-in capital of the Company, 10% of the total assets of the Company or NT\$ 0.3 billion. However, the above provisions shall</p>	<p>Amended in accordance with the “Regulations Governing the Acquisition or Disposal of Assets by Public Companies”.</p>

Before amendment	After amendment	Description
<p>not apply to the trading of domestic government bonds and bonds with reverse purchase and sale conditions, subscription or repurchase of money market funds issued by the domestic securities investment trust business.</p> <p>II. Merger, division, acquisition or share transfer.</p> <p>III. Upper limit for all or part of contract losses stipulated in the operational procedures developed for losses from trading derivatives.</p> <p>IV. The type of assets acquired or disposed of is the equipment used for operation or right-of-use assets, the transaction object is not a related party and the transaction amount meets any of the following provisions:</p> <p>(I.) Where the amount of paid-in capital of the Company is less than NT\$10 billion, the transaction amount shall be more than NT\$0.5 billion.</p> <p>(II.) Where the amount of paid-in capital of the Company is more than NT\$10 billion, the transaction amount shall be more than NT\$1 billion.</p> <p>V. Where the property is acquired by means of entrusted construction on the Company's own land or leased land, co-construction and housing allotment, co-construction and share of profit, co-construction and separate sale, and the transaction object is not a related party, the transaction amount to be invested by the Company is expected to be more than NT\$0.5 billion.</p> <p>VI. The transaction amount of the assets transaction other than the transactions mentioned in the preceding five paragraphs, or that of the investment in Chinese mainland is more than 20% of the paid-in capital of the Company or NT\$0.3 billion, however, such provisions shall not apply to the following circumstances:</p> <p>(I.) Trading of domestic government bonds.</p> <p>(II.) Trading of bonds with reverse</p>	<p>not apply to the trading of domestic government bonds and bonds with reverse purchase and sale conditions, subscription or repurchase of money market funds issued by the domestic securities investment trust business.</p> <p>II. Merger, division, acquisition or share transfer.</p> <p>III. Upper limit for all or part of contract losses stipulated in the operational procedures developed for losses from trading derivatives.</p> <p>IV. The type of assets acquired or disposed of is the equipment used for operation or right-of-use assets, the transaction object is not a related party and the transaction amount meets any of the following provisions:</p> <p>(I.) Where the amount of paid-in capital of the Company is less than NT\$10 billion, the transaction amount shall be more than NT\$0.5 billion.</p> <p>(II.) Where the amount of paid-in capital of the Company is more than NT\$10 billion, the transaction amount shall be more than NT\$1 billion.</p> <p>V. Where the property is acquired by means of entrusted construction on the Company's own land or leased land, co-construction and housing allotment, co-construction and share of profit, co-construction and separate sale, and the transaction object is not a related party, the transaction amount to be invested by the Company is expected to be more than NT\$0.5 billion.</p> <p>VI. The transaction amount of the assets transaction other than the transactions mentioned in the preceding five paragraphs, or that of the investment in Chinese mainland is more than 20% of the paid-in capital of the Company or NT\$0.3 billion, however, such provisions shall not apply to the following circumstances:</p> <p>(I.) Trading of domestic government bonds <u>or foreign</u></p>	

Before amendment	After amendment	Description
<p>purchase and sale conditions, subscription or repurchase of money market funds issued by the domestic securities investment trust business.</p> <p>The aforementioned transaction amount shall be calculated according to the following method:</p> <p>I. Amount of each transaction.</p> <p>II. Amount accumulated within one year in the transaction of the subject matter of the same nature acquired or disposed of jointly with the same counterpart.</p> <p>III. Amount accumulated within one year in the acquisition or disposal (the amount of such acquisition or disposal shall be accumulated separately) of the property under the same development plan or right-of-use assets.</p> <p>IV. Amount accumulated within one year in the acquisition or disposal (the amount of such acquisition or disposal shall be accumulated separately) of the same negotiable securities.</p> <p>The period “within one year” as mentioned in the preceding paragraph is one year calculated by going back to the date of occurrence of the transaction, and the section announced according to provisions of the operational procedures shall not be counted again.</p> <p>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 securities authority.</p>	<p><u>bonds whose credit rating is no less than the sovereign rating level of our country.</u></p> <p>(II.) Trading of bonds with reverse purchase and sale conditions, subscription or repurchase of money market funds issued by the domestic securities investment trust business.</p> <p>The aforementioned transaction amount shall be calculated according to the following method:</p> <p>I. Amount of each transaction.</p> <p>II. Amount accumulated within one year in the transaction of the subject matter of the same nature acquired or disposed of jointly with the same counterpart.</p> <p>III. Amount accumulated within one year in the acquisition or disposal (the amount of such acquisition or disposal shall be accumulated separately) of the property under the same development plan or right-of-use assets.</p> <p>IV. Amount accumulated within one year in the acquisition or disposal (the amount of such acquisition or disposal shall be accumulated separately) of the same negotiable securities.</p> <p>The period “within one year” as mentioned in the preceding paragraph is one year calculated by going back to the date of occurrence of the transaction, and the section announced according to provisions of the operational procedures shall not be counted again.</p> <p>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 securities authority.</p>	
<p>Article 15: Resolution Procedure</p> <p>If the Company acquires or disposes of property or right-of-use assets</p>	<p>Article 15: Resolution Procedure</p> <p>If the Company acquires or disposes of property or right-of-use assets</p>	<p>Amended in accordance with the “Regulations Governing the</p>

Before amendment	After amendment	Description
<p>from the related parties or acquires or disposes of the assets other than property or right-of-use assets jointly with the related parties and the transaction amount is more than 20% of the paid-in capital of the Company, 10% of the total assets of the Company or NT\$ 0.3 billion, except for trading of domestic government bonds and bonds with reverse purchase and sale conditions, subscription or repurchase of money market funds issued by the domestic securities investment trust business, the Company shall submit the following information to the audit committee for approval and propose the Board of Directors to approve, and then the Company can sign a transaction contract and make payment:</p> <ol style="list-style-type: none"> I. Purpose, necessity and expected benefits of acquisition or disposal of assets. II. Reason for choosing related parties as the transaction object. III. Relevant information about evaluation on the reasonableness of predetermined transaction conditions according to the provisions in the acquisition of property or right-of-use assets from related parties. IV. Original acquisition date and price of related parties, transaction object and relationship between the transaction object and the Company and related parties. V. Cash receipt and payment forecast statement of each month in the future one year from the expected contract month, and evaluation on the necessity of transaction and reasonableness of application of funds. VI. Valuation report issued by the professional valuer and obtained according to provisions of the preceding paragraph, or opinions of accountants. VII. Restrictions for the transaction and 	<p>from the related parties or acquires or disposes of the assets other than property or right-of-use assets jointly with the related parties and the transaction amount is more than 20% of the paid-in capital of the Company, 10% of the total assets of the Company or NT\$ 0.3 billion, except for trading of domestic government bonds and bonds with reverse purchase and sale conditions, subscription or repurchase of money market funds issued by the domestic securities investment trust business, the Company shall submit the following information to the audit committee for approval and propose the Board of Directors to approve, and then the Company can sign a transaction contract and make payment:</p> <ol style="list-style-type: none"> I. Purpose, necessity and expected benefits of acquisition or disposal of assets. II. Reason for choosing related parties as the transaction object. III. Relevant information about evaluation on the reasonableness of predetermined transaction conditions according to the provisions in the acquisition of property or right-of-use assets from related parties. IV. Original acquisition date and price of related parties, transaction object and relationship between the transaction object and the Company and related parties. V. Cash receipt and payment forecast statement of each month in the future one year from the expected contract month, and evaluation on the necessity of transaction and reasonableness of application of funds. VI. Valuation report issued by the professional valuer and obtained according to provisions of the preceding paragraph, or opinions of accountants. VII. Restrictions for the transaction and 	<p>Acquisition or Disposal of Assets by Public Companies”.</p>

Before amendment	After amendment	Description
<p>other important matters.</p> <p>The aforementioned transaction amount shall be calculated according to provisions of paragraph 2, Article 9, and the period “within one year” as mentioned above is one year calculated by going back to the date of occurrence of the transaction, and the section submitted to the audit committee for approval according to provisions of the operational procedures and approved by the Board of Directors shall not be counted again.</p> <p>If the following transactions are conducted between the Company and its parent company or subsidiaries or between the subsidiaries where the Company holds 100% of issued shares or total capital directly or indirectly, the Board of Directors shall authorize its chairman to make a decision first within the limit of NT\$0.3 billion (including), and then submit it to the most recent meeting of the Board of Directors for further approval thereafter:</p> <p>I. Acquisition or disposal of equipment used for operation or right-of-use assets.</p> <p>II. Acquisition or disposal of right-of-use assets of the property used for operation.</p> <p>When the Company submits a proposal to the Board of Directors for discussion according to provisions of paragraph 1, it shall take into full consideration the opinions of independent directors, and if independent directors have objections or reservations, it shall be recorded in the minutes of the meeting of the Board of Directors. According to provisions of paragraph 1, the Company shall obtain the consent of more than half of all members of the audit committee first and then propose the Board of Directors to make a</p>	<p>other important matters.</p> <p>If the following transactions are conducted between the Company and its parent company or subsidiaries or between the subsidiaries where the Company holds 100% of issued shares or total capital directly or indirectly, the Board of Directors shall authorize its chairman to make a decision first within the limit of NT\$0.3 billion (including), and then submit it to the most recent meeting of the Board of Directors for further approval thereafter:</p> <p>I. Acquisition or disposal of equipment used for operation or right-of-use assets.</p> <p>II. Acquisition or disposal of right-of-use assets of the property used for operation.</p> <p>When the Company submits a proposal to the Board of Directors for discussion according to provisions of paragraph 1, it shall take into full consideration the opinions of independent directors, and if independent directors have objections or reservations, it shall be recorded in the minutes of the meeting of the Board of Directors. According to provisions of paragraph 1, the Company shall obtain the consent of more than half of all members of the audit committee first and then propose the Board of Directors to make a</p> <p><u>If the Company or its subsidiary other than a domestic public company conducts the transaction mentioned in paragraph 1 and the transaction amount is more than 10% of the total assets of the Company, the Company shall submit all information listed in paragraph 1 to the board of shareholders for approval, and then the Company can sign a transaction contract and make</u></p>	

Before amendment	After amendment	Description
<p>resolution, for which the provisions of paragraph 4 and paragraph 5 of Article 30 shall apply.</p>	<p><u>payment. However, the above provisions shall not apply to the transactions between the Company and its parent company or subsidiaries or between the Company’s subsidiaries.</u> The transaction amount mentioned in <u>paragraph 1 and the preceding paragraph</u> shall be calculated according to the provisions of paragraph 2, Article 9, and the period “within one year” as mentioned above is one year calculated by going back to the date of occurrence of the transaction, and the section <u>submitted to the shareholders’ meeting</u> and audit committee for approval according to provisions of the operational procedures and approved by the Board of Directors shall not be counted again.</p>	

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 in attendance 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.

Sitronix Technology Corp.

Operational Procedures for Acquisition and Disposal of Assets

Chapter 1 General Provisions

Article 1 Purpose and Legal Basis

To secure assets of the Company, implement the publicity of information and strengthen the operation management over the Company's acquisition or disposal of assets, these Operational Procedures are hereby formulated in accordance with relevant provisions of the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" formulated by the competent securities authority authorized by Article 36-1 of the Securities and Exchange Act (hereinafter referred to as the "Act").

Article 2 Scope of assets

- (I.) Shares, government bonds, corporate bonds, financial bonds, negotiable securities of the incentive fund, depository receipts, call (put) warrants, beneficial securities and asset-backed securities.
- (II.) Property (including land, housing and buildings and investment property) and equipment.
- (III.) Membership cards.
- (IV.) Patent right, copyright, trademark right, franchise and other intangible assets.
- (V.) Right-of-use assets.
- (VI.) Creditor's rights (including accounts receivable, remittance bought and discount, loans and receivables on demand) of financial institutions.
- (VII.) Derivative products.
- (VIII.) Assets acquired or disposed of in the merger, division, acquisition or share transfer according to law.
- (IX.) Other important assets.

Article 3 The words used in these Operational Procedures are defined as follows:

- (I.) Derivative products: Mean 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.
- (II.) Assets acquired or disposed of in the merger, division, acquisition or share transfer according to law: Mean the assets acquired or disposed of in the merger, division or acquisition according to the Enterprises Mergers and

Acquisitions Act, Financial Holding Company Act , Financial Institutions Mergers and Acquisitions Act or other acts, or assets acquired or disposed of in the issuance of new shares and acceptance of shares of other companies (hereinafter referred to as share transfer) according to provisions of Article 156-3 of the Company Act.

- (III.) Related parties and subsidiaries: Recognized according to provisions of the Standards for Preparation of Financial Reports of Securities Issuers.
- (IV.) Professional valuer: Mean the property valuer or other businesses engaged in valuation of property and equipment according to law.
- (V.) Date of occurrence: Mean the contract date of transaction, payment date, entrusted transaction date, transfer day, date of resolution by the Board of Directors or other days of determining the transaction object and transaction amount in full amount, whenever is earlier. However, for the investor requiring the approval of the competent authority, the date of occurrence shall be either of the above date or date of approval by the competent authority, whichever is earlier.
- (VI.) Investment in Chinese mainland: Mean the investment in Chinese mainland by the Investment Commission of the Ministry of Economic Affairs or the investment in Chinese mainland stipulated in the Measures for Licensing of Technical Cooperation.
- (VII.) Stock exchange: The domestic stock exchange means Taiwan Stock Exchange Corporation; the foreign stock exchange means any organized security exchange market managed by the foreign country's competent security authority.
- (VIII.) Business premises of the securities dealer: The business premises of the domestic securities dealer mean the place of transaction at the counter specially set by the securities dealer according to the measures for management of negotiable securities for trading in the business premises of the securities dealer; the business premises of the foreign securities dealer mean the business premises of the financial institution engaged in the securities business and managed by the foreign competent securities authority.

Article 4 Exclusion of related parties

The Company shall obtain the valuation report or opinions of the accountant, attorney or securities underwriter, and the professional valuer and its appraisers, accountant, attorney or securities underwriter shall meet the following provisions:

- I. Such persons have not been sentenced to fixed-term imprisonment of more than one year due to violation of the law, Company Act, Banking Act, Insurance Act, Financial Holding Company Act or Business Account Act or the crime of fraud, breach of trust, embezzlement, forgery or other business crimes. However, if it is more than three years upon expiration of the term of sentence or probation period or pardon, the above provisions shall not apply.

- II. Such persons shall not be related parties to transactions or parties having substantial relationship with transaction parties.
- III. If the Company should obtain the valuation report from more than two professional valuers, different professional valuers or appraisers shall not be related parties to each other or parties having substantial relationship with each other.

If the above persons issue the valuation report or opinion, they shall handle the following matters:

- I. Before accepting the case, such persons shall evaluate their own professional abilities, practical experience and independence deliberately.
- II. When reviewing the case, such persons shall plan and execute appropriate operation procedures properly to form the conclusion and issue a report or opinion based on the conclusion; publish the procedures executed, data collected and conclusion on the working paper of the case in detail.
- III. Such persons shall evaluate the integrity, accuracy and reasonableness of the data source, parameters and information used one by one, as the basis for issuance of the valuation report or opinion.
- IV. The matters of statement shall include the professionalism and independence of relevant personnel, reasonableness and accuracy of the information used in evaluation and compliance with relevant laws and regulations.

Article 5 Scope and amount of investment

The respective limits for the amount of the property not used for operation and right-of-use assets or negotiable securities acquired by the Company are as follows:

- I. The total amount of the property not used for operation and right-of-use assets shall not exceed 50% of the shareholders' equity on the Company's financial statements reviewed and approved by the accountant in the most recent period.
- II. The total amount of investment in negotiable securities shall not exceed the shareholders' equity on the Company's financial statements reviewed and approved by the accountant in the most recent period.
- III. The limit for investment in individual negotiable securities shall not exceed 40% of the shareholders' equity on the Company's financial statements reviewed and approved by the accountant in the most recent period.

Chapter 2 Procedure for acquisition or disposal of assets

Article 6 Implementation unit, authorized amount and hierarchy

Acquisition or disposal of assets of the Company: It shall be approved by the Board of Directors except in the following circumstances.

- I. For acquisition or disposal of negotiable securities that the Company intends to hold for a long term, the financial unit shall put forward an evaluation report, and if the amount is more than 20% of the paid-in capital at the end of the preceding year, such acquisition or disposal shall be submitted to the Board of Directors for approval before it may be conducted.
- II. If the amount of each transaction in the acquisition or disposal of negotiable securities held for a short term is less than NT\$0.22 billion or US\$7 million (including), the financial unit shall propose the transaction to the Chairman of the Board for approval before such transaction may be conducted, and if the transaction amount is more than NT\$0.22 billion or US\$7 million, the transaction can be conducted only after a proposal is submitted to the Board of Directors for approval.
- III. For acquisition or disposal of property or right-of-use assets, the management unit shall submit relevant information, and if the amount is more than 20% of the paid-in capital at the end of the preceding year, such acquisition or disposal shall be submitted to the Board of Directors for approval before it may be conducted.
- IV. The acquisition or disposal of other assets (including fixed assets, membership cards and intangible assets or right-of-use assets) of the Company shall be conducted in accordance with relevant provisions of the internal control system of the Company and the measures for authority of approval for payment of purchasing and other kinds of expenses.
- V. The acquisition or disposal of derivative products shall be conducted in accordance with relevant provisions of the “Operational Procedures for Trading Derivatives”.
- VI. The acquisition or disposal of assets in the merger, division, acquisition or share transfer according to law shall be conducted in accordance with relevant provisions of Chapter 5 of the Operational Procedures.

If the operational procedures or other legal provisions for the Company’s acquisition or disposal of assets should be approved by the Board of Directors and any director has an objection, which has been recorded or declared in writing, the information about the director’s objection shall be submitted to the audit committee.

When the Company submits the transaction of acquisition or disposal of assets to the Board of Directors for discussion according to provisions of the preceding paragraph, it shall take into full consideration the opinions of all independent directors, and if independent directors have objections or reservations, it shall be recorded in the minutes of the meeting of the Board of Directors.

The Company's major transactions of assets or derivative products shall be approved by more than half of all members of the audit committee and submitted to the Board of Directors for resolution, for which the provisions of paragraph 4 and paragraph 5 of Article 30 shall apply.

Article 7 Evaluation procedure and price determination method

I. Investment in negotiable securities

When acquiring or disposing of negotiable securities, the Company shall use the financial statements of the target company audited or reviewed by the accountant prior to the date of occurrence of acquisition or disposal as the reference for evaluation of the transaction value; besides, if the transaction amount is more than 20% of the paid-in capital of the Company or NT\$0.3 billion, the Company shall consult and require the accountant to express an opinion on the reasonableness of the transaction price, and if the accountant needs to adopt the expert's report, he/she shall be subject to the provisions of No. 20 Statement of Auditing Standards published by the Accounting Research and Development Foundation of juridical persons (hereinafter referred to as the Accounting Research and Development Foundation). However, if there is a public offer for negotiable securities at the active market or the competent securities authority requires otherwise, the above provisions shall not apply.

II. Property, equipment or right-of-use assets

The acquisition or disposal of property shall be negotiated by reference to the announced current value of land, assessed value of land and actual transaction price of the adjacent property; for acquisition or disposal of equipment, relevant price information shall be collected first, and then the transaction price shall be fixed upon inquiry, comparison and negotiation of price.

In the circumstances where the Company acquires or disposes of property, equipment or right-of-use assets, except for transaction with the domestic government authority, entrusted construction at the Company's own land or leased land, or acquisition and disposal of the equipment used for operation or right-of-use assets, if the transaction amount is more than 20% of the paid-in capital of the Company or NT\$0.3 billion, the Company shall obtain the valuation report issued

by a professional valuer prior to the actual date of occurrence of acquisition or disposal, and the following provisions shall be met:

- (I.) If a limited price, specific price or special price is used as the reference for transaction price due to a particular reason, the transaction shall be submitted to the Board of Directors for approval, and in case of any change in transaction conditions therefore, such provisions shall also apply.
- (II.) If the transaction amount is more than NT\$1 billion, the price shall be evaluated by more than two professional valuers.
- (III.) If the valuation result of professional valuers is in any of the following circumstances, except that the valuation result of assets acquired is higher than the transaction amount or the valuation result of assets disposed of is lower than the transaction amount, the Company shall consult and require the accountant to act in accordance with the provisions of No. 20 Statement of Auditing Standards published by the Accounting Research and Development Foundation and express an explicit opinion on the reason for difference and appropriateness of transaction price.
 - 1. Where the difference between the valuation result and transaction amount is more than 20% of the transaction amount.
 - 2. Where the difference in valuation results of more than two professional valuers is more than 10% of the transaction amount.
- (IV.) For a professional valuer, it shall not be more than three months from the issue date of a report to the date of conclusion of a contract; however, if the announced current value of the same period is applied and it is less than six months, the original professional valuer shall issue an opinion.

III. Intangible assets or right-of-use assets or membership cards

For acquisition or disposal of membership cards, relevant price information shall be collected first, the benefits that may be produced shall be taken into consideration, and then the transaction price shall be fixed by reference to the most recent transaction price; for acquisition or disposal of intangible assets or right-of-use assets, the transaction price shall be determined by reference to the international or market practice, usable life and impact on the Company's technology and business upon deliberate evaluation of relevant laws and regulations as well as contract contents.

If the transaction amount of the Company's acquisition or disposal of intangible assets or use-of-right assets or membership cards is more than 20% of the paid-in capital of the Company or NT\$0.3 billion, except for the transaction with the

domestic government authority, the Company shall consult and require the accountant to express an opinion on the reasonableness of transaction price prior to the date of occurrence of acquisition or disposal, and the accountant shall act in accordance with the provisions of No. 20 Statement Auditing Standards published by the Accounting Research and Development Foundation.

- IV. The acquisition or disposal of derivative products shall be conducted in accordance with relevant provisions of the “Operational Procedures for Trading Derivatives” of the Company, by taking into consideration the status of transaction at the futures market, exchange rate and interest rate trend.
- V. The acquisition or disposal of assets in the merger, division, acquisition or share transfer according to law shall be conducted in accordance with relevant provisions of Chapter 5 of these Operational Procedures, by taking into consideration the nature of business, net value per share, asset value, technology and profitability, production capacity and future growth potential.
- VI. Other important assets

For acquisition or disposal of the creditor's rights of financial institutions, derivative products, assets in the merger, division, acquisition or share transfer according to law, and other important assets, the transaction price shall be determined after collection of relevant price information in advance based on the subject matter of transaction assets, and upon deliberate evaluation of relevant laws and regulations as well as contract contents.

For the assets acquired or disposed of by the Company through the court auction procedure, the certificate issued by the court may supersede the valuation report or the accountant’s opinions.

Article 7-1 The transaction amount mentioned in paragraphs 1 to 3 of the preceding article shall be calculated according to the provisions of paragraph 2, Article 9, and the period “within one year” as mentioned above is one year calculated by going back to the date of occurrence of the transaction, and the section subject to the valuation report issued by the professional valuer or accountant’s opinions obtained according to provisions of these Operational Procedures shall not be counted again.

Article 8 Data Retention

In the event of acquisition or disposal of assets, the Company shall keep relevant contracts, meeting minutes, memorandum books, the valuation report and opinions of the accountant, attorney or securities underwriter in the Company for at least five years, unless otherwise stipulated by other laws and regulations.

Article 9 Announcement and Filing Procedures

If the Company acquires or disposes of assets in the following circumstances, it shall announce and file the information on the website designated by the competent securities authority in the required format based on the nature and according to relevant regulations within two days as of the date of occurrence of acquisition or disposal:

- I. Where the Company acquires or disposes of property or right-of-use assets from the related parties or acquires or disposes of the assets other than property or right-of-use assets jointly with the related parties and the transaction amount is more than 20% of the paid-in capital of the Company, 10% of the total assets of the Company or NT\$ 0.3 billion. However, the above provisions shall not apply to the trading of domestic government bonds and bonds with reverse purchase and sale conditions, subscription or repurchase of money market funds issued by the domestic securities investment trust business.
- II. Merger, division, acquisition or share transfer.
- III. Upper limit for all or part of contract losses stipulated in the operational procedures developed for losses from trading derivatives.
- IV. The type of assets acquired or disposed of is the equipment used for operation or right-of-use assets, the transaction object is not a related party and the transaction amount meets any of the following provisions:
 - (I.) Where the amount of paid-in capital of the Company is less than NT\$10 billion, the transaction amount shall be more than NT\$0.5 billion.
 - (II.) Where the amount of paid-in capital of the Company is more than NT\$10 billion, the transaction amount shall be more than NT\$1 billion.
- V. Where the property is acquired by means of entrusted construction on the Company's own land or leased land, co-construction and housing allotment, co-construction and share of profit, co-construction and separate sale, and the transaction object is not a related party, the transaction amount to be invested by the Company is expected to be more than NT\$0.5 billion.
- VI. The transaction amount of the assets transaction other than the transactions mentioned in the preceding five paragraphs, or that of the investment in Chinese mainland is more than 20% of the paid-in capital of the Company or NT\$0.3 billion, however, such provisions shall not apply to the following circumstances:
 - (I.) Trading of domestic government bonds
 - (II.) Trading of bonds with reverse purchase and sale conditions, subscription or repurchase of money market funds issued by the domestic securities investment trust business.

The aforementioned transaction amount shall be calculated according to the following method:

- I. Amount of each transaction.
- II. Amount accumulated within one year in the transaction of the subject matter of the same nature acquired or disposed of jointly with the same counterpart.
- III. Amount accumulated within one year in the acquisition or disposal (the amount of such acquisition or disposal shall be accumulated separately) of the property under the same development plan or right-of-use assets.
- IV. Amount accumulated within one year in the acquisition or disposal (the amount of such acquisition or disposal shall be accumulated separately) of the same negotiable securities.

The period “within one year” as mentioned in the preceding paragraph is one year calculated by going back to the date of occurrence of the transaction, and the section announced according to provisions of the operational procedures shall not be counted again.

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 securities authority.

Article 10 Additions, Corrections and Changes to Announcement and Filing

In the event of additions or corrections for errors or omissions in the items to be announced by the Company according to provisions of Article 9, the Company shall announce and file all items again within two days as of the date of being informed of such errors or omissions.

After announcement and filing according to provisions of the preceding paragraph, in any of the following circumstances, the Company shall announce and file relevant information on the website designated by the competent securities authority within two days of the date of occurrence of the following circumstances:

- I. Circumstances of change, termination or rescission of relevant contracts originally signed for transactions.
- II. Where the merger, division, acquisition or share transfer is not completed according to the schedule predetermined in the contract.
- III. Where the original contents announced and filed change.

Article 11 Control Procedures for Acquisition or Disposal of Assets by Subsidiaries

- I. The Acquisition or disposal of assets by the Company’s subsidiaries shall be conducted in accordance with the “Operational Procedures for Acquisition or Disposal of Assets” developed by the subsidiaries.
- II. If the subsidiary of the Company is not a public company and its acquisition or disposal of assets meets the standard for announcement and filing, the subsidiary shall notify the Company on the date of occurrence of acquisition or disposal,

and the Company shall make announcement and filing on the designated website according to the provisions.

- III. If the subsidiary is not a public company and its acquisition or disposal of assets meets the standard for announcement and filing developed in Article 9 of the Operational Procedures, the Company shall handle the announcement, filing and carbon copying matters.
- IV. If the standard for announcement and filing in Article 9 applies to the subsidiary mentioned in the preceding paragraph, the provision of “reaching 20% of the paid-in capital of the Company or 10% of the total assets of the Company” shall be subject to the paid-in capital or total assets of the Company.

Article 12 Scope and amount of investment of subsidiaries

The respective limits for the amount of the property not used for operation and right-of-use assets or negotiable securities purchased by each subsidiary of the Company are as follows:

- I. The total amount of the property not used for operation and right-of-use assets shall not exceed the shareholders’ equity on the subsidiary’s financial statements reviewed and approved by the accountant in the most recent period.
- II. The total amount of investment in negotiable securities shall not exceed the shareholders’ equity on the subsidiary’s financial statements reviewed and approved by the accountant in the most recent period.
- III. The total amount of investment in negotiable securities shall not exceed the shareholders’ equity on the subsidiary’s financial statements reviewed and approved by the accountant in the most recent period.

Article 13 Punishment

If the related personnel of the Company violates provisions of the Operational Procedures and relevant laws and regulations, the Company shall give a warning, record a demerit, demote the personnel, suspend the personnel from his/her duties, cut the salary or impose other punishment on the personnel based on the severity of the circumstances, and regard the punishment as an internal review matter.

Chapter 3 Transactions of related parties

Article 14 Scope of application

In the event of acquisition or disposal of assets between the Company and related parties, except for handling relevant resolution procedures and evaluating the reasonableness of transaction conditions according to provisions of the preceding

chapter and this chapter, if the transaction amount is more than 10% of the total assets of the Company, the Company shall obtain the valuation report issued by the professional valuer or the accountant's opinions according to the provisions.

The transaction amount mentioned in the preceding paragraph shall be calculated according to provisions of Article 7-1.

In the judgment of whether the transaction object is a related party, except for the legal form, the substantial relationship shall be taken into consideration.

Article 15

Resolution procedure

If the Company acquires or disposes of property or right-of-use assets from the related parties or acquires or disposes of the assets other than property or right-of-use assets jointly with the related parties and the transaction amount is more than 20% of the paid-in capital of the Company, 10% of the total assets of the Company or NT\$ 0.3 billion, except for trading of domestic government bonds and bonds with reverse purchase and sale conditions, subscription or repurchase of money market funds issued by the domestic securities investment trust business, the Company shall submit the following information to the audit committee for approval and propose the Board of Directors to approve, and then the Company can sign a transaction contract and make payment:

- I. Purpose, necessity and expected benefits of acquisition or disposal of assets.
- II. Reason for choosing related parties as the transaction object.
- III. Relevant information about evaluation on the reasonableness of predetermined transaction conditions according to the provisions in the acquisition of property or right-of-use assets from related parties.
- IV. Original acquisition date and price of related parties, transaction object and relationship between the transaction object and the Company and related parties.
- V. Cash receipt and payment forecast statement of each month in the future one year from the expected contract month, and evaluation on the necessity of transaction and reasonableness of application of funds.
- VI. Valuation report issued by the professional valuer and obtained according to provisions of the preceding paragraph, or opinions of accountants.
- VII. Restrictions for the transaction and other important matters

The aforementioned transaction amount shall be calculated according to provisions of paragraph 2, Article 9, and the period "within one year" as mentioned above is one year calculated by going back to the date of occurrence of the transaction, and the section submitted to the audit committee for approval according to provisions of the operational procedures and approved by the Board of Directors shall not be counted again.

If the following transactions are conducted between the Company and its parent company or subsidiaries or between the subsidiaries where the Company holds 100% of issued shares or total capital directly or indirectly, the Board of Directors shall authorize its chairman to make a decision first within the limit of NT\$0.3 billion (including), and then submit it to the most recent meeting of the Board of Directors for further approval thereafter:

- I. Acquisition or disposal of equipment used for operation or right-of-use assets.
- II. Acquisition or disposal of right-of-use assets of the property used for operation.

When the Company submits a proposal to the Board of Directors for discussion according to provisions of paragraph 1, it shall take into full consideration the opinions of independent directors, and if independent directors have objections or reservations, it shall be recorded in the minutes of the meeting of the Board of Directors.

According to provisions of paragraph 1, the Company shall obtain the consent of more than half of all members of the audit committee first and then propose the Board of Directors to make a resolution, for which the provisions of paragraph 4 and paragraph 5 of Article 30 shall apply.

Article 16

Evaluation procedure

When the Company acquires property or right-of-use assets from related parties, the Company shall evaluate the reasonableness of the transaction cost according to the following method:

- I. Adding the interest on necessary funds and the buyer's cost to be borne according to law to the transaction price of related parties. The "interest cost of necessary funds" mentioned above shall be calculated according to the weighted average interest rate of annual loans borrowed by the Company to purchase assets, provided that the weighted average interest rate is not higher than the maximum interest rate on borrowings of the non-financial sector published by the Ministry of Finance.
- II. If the related party borrows loans from a financial institution by mortgaging the subject matter, the financial institution shall evaluate the total value of the subject matter, provided that the accumulated value of actual loans granted by the financial institution for the subject matter is more than 70% of the evaluated total value and the term of loan is more than one year. However, if the financial institution is a related party to the transaction party, the above provisions shall not apply.

In the event of joint purchasing or leasing of the land and house of the same subject matter, the transaction cost of the land and house shall be evaluated according to either of the aforementioned methods.

If the Company acquires property or right-of-use assets from related parties, the cost of the property or right-of-use assets shall be evaluated according to provisions of the preceding two paragraphs, and the Company shall consult and require the accountant to reexamine and express an explicit opinion.

If the Company acquires property or right-of-use assets from related parties, in any of the following circumstances, such acquisition shall be conducted according to provisions of Article 15 and the provisions of the preceding three paragraphs shall not apply:

- I. Where the related party acquires the property or right-of-use assets due to inheritance or bestowal.
- II. Where it is more than five years from the time when the related party acquires the property or right-of-use assets by concluding a contract to the contract date of the transaction.
- III. Where the Company signs a co-construction contract with the related party or entrusts the related party to construct the property on the Company's own land or leased land, and thus the Company acquires the property.
- IV. The property used for operation and right-of-use assets are acquired by the Company from its parent company or subsidiaries or between the subsidiaries where the Company holds 100% of issued shares or total capital directly or indirectly held by the Company.

Article 17 If the evaluation result produced by the Company according to provisions of paragraph 1 and paragraph 2 of the preceding article is lower than the transaction price, the Company shall act in accordance with the provisions of Article 18 of the Operational Procedures. However, in the following circumstances if the objective evidence is provided and specific reasonable opinions of the professional property valuer and accountant are obtained, the above provisions shall not apply:

- I. Where the related party constructs the property after obtaining or leasing a land parcel and provides evidence of meeting any of the following conditions:
 - (I.) The land is evaluated according to the method stipulated in the preceding paragraph, and the total value of the house calculated by adding the reasonable construction profits to the construction cost exceeds the transaction price. The "reasonable construction profits" mentioned above shall be the average gross margin of the construction department of the related party in the recent three years or the gross margin of the

construction industry published by the Ministry of Finance most recently, whichever is lower.

(II.) The area of the property constructed is similar to that in the cases of transactions of other non-related parties within one year on other floors or in the adjacent area of the same target land, and the transaction conditions are equivalent upon evaluation on the price difference of the reasonable floor or area that may be produced according to the property trading or leasing practice.

II. The Company shall provide evidence that the transaction conditions for purchasing property or leasing property or right-of-use assets from the related party are equivalent to those for the cases of transactions of other non-related parties within one year in the adjacent area, where the area is similar.

The “cases of transactions in the adjacent area” mentioned above shall be subject to the principle that the property is in the same or adjacent block and it is less than 500 meters from the subject matter of transaction or the announced current value is similar; the “similar area” mentioned above shall be subject to the principle that the area in the cases of transactions of other non-related parties is no less than 50% of the area of the subject matter of transaction; the expression “within one year” mentioned above shall be the period of one year calculated by going back to the date of occurrence of acquisition of property or right-of-use assets.

Article 18 In the event where the Company acquires property or right-of-use assets from the related party, if the evaluation result produced according to provisions of the preceding two paragraphs is lower than the transaction price, the following matters shall be handled:

I. The difference between the transaction price and evaluated cost of property or right-of-use assets shall be appropriated to the special surplus reserve according to provisions of paragraph 1, Article 41 of the Act and not be distributed or converted for increase of capital or allotment of shares. If the investment of the Company in other companies is evaluated with the equity method and other companies meet the transaction conditions mentioned in paragraph 1, the Company shall appropriate an amount to the special surplus reserve in proportion to its shareholding in other companies according to provisions of paragraph 1, Article 41 of the Act.

II. Independent directors shall act in accordance with provisions of Article 218 of the Company Act.

III. The circumstances handled in the preceding two paragraphs shall be submitted to the board of shareholders and the details of transaction shall be revealed in the annual report and public statement.

If the Company appropriates an amount to the special surplus reserve according to the preceding provisions, it can use the special surplus reserve only with the consent of the competent securities authority after the loss from falling price of the assets purchased or leased at a higher price has been recognized, the lease has been disposed of or terminated, appropriate compensation has been paid or reinstatement has been made, or there is other evidence that it is reasonable to do so.

In the event where the Company acquires property or right-of-use assets from the related party, if other evidence shows that the transaction does not comply with the common operation practice, the transaction shall be conducted still in accordance with provisions of the preceding two paragraphs.

Chapter 4 Trading of derivative products

Article 19 To engage in trading of derivative products, the Company shall authorize the related personnel to handle the trading according to provisions of the “Operational Procedures for Trading derivatives” of the Company, and thereafter, the related personnel shall submit a report to the most recent meeting of the Board of Directors and pay attention to risks and audit matters to implement the internal control system.

Chapter 5 Operational procedures for merger, division and acquisition of enterprises and share transfer

Article 20 In the event of merger, division, acquisition or share transfer, before a meeting of the Board of Directors is held to adopt a resolution, the Company shall entrust the accountant, attorney or securities underwriter to express opinions on reasonableness of the exchange ratio, acquisition price or cash or other property distributed to shareholders, and such opinions shall be submitted to the meeting of the Board of Directors for discussion and approval. However, in the event of merger of the Company with subsidiaries where the Company holds 100% of issued shares or total capital directly or indirectly, or merger of subsidiaries where the Company holds 100% of issued shares or total capital directly or indirectly, the above experts may not issue opinions on reasonableness.

Article 21 If the Company participates in merger, division or acquisition, it shall prepare a public document to shareholders relating to important contents and relevant matters of the merger, division or acquisition before the shareholders’ meeting, and deliver it to shareholders, together with the expert’s opinions mentioned in the preceding paragraph and the notice on shareholders’ meeting, as a reference for whether to consent to the merger, division or acquisition proposal. However, if no shareholders’ meeting is required for resolution on the merger, division or acquisition proposal according to other legal provisions, the above provisions shall not apply.

If the shareholders' meeting of the Company and other companies participating in merger, division or acquisition cannot be held or resolutions cannot be adopted at the shareholders' meeting due to insufficiency of attending people or voting rights or restriction by other laws and regulations, or a resolution or proposal is rejected at the shareholders' meeting, the companies participating in merger, division or acquisition shall explain the reason, subsequent operations and expected date of the shareholders' meeting externally.

Article 22 Unless otherwise stipulated by other laws and regulations or with the prior consent of the competent securities authority to special factors, the Company and any company participating in merger, division or acquisition shall hold the meeting of the Board of Directors and the shareholders' meeting in the same day to decide on the matters regarding merger, division or acquisition.

Unless otherwise stipulated by other laws and regulations or with the prior consent of the competent securities authority to special factors, the Company and any company participating in share transfer shall hold the meeting of the Board of Directors in the same day.

If the Company participates in merger, division, acquisition or share transfer, it shall make and keep a full written record of the following information for five years for future reference:

- I. Basic information about personnel: Including the title, name and ID card No. (passport No. for a foreigner) of all persons participating in or executing the plan for merger, division, acquisition or share transfer before information disclosure.
- II. Date of important matters: Including the date of signing of the letter of intent or power of attorney of the financial or legal advisor, contract date and date of the meeting of the Board of Directors.
- III. Important documents and meeting minutes: Including the merger, division, acquisition or share transfer plan, letter of intent or memorandum, important contract and minutes of the meeting of the Board of Directors.

When the Company participates in merger, division, acquisition or share transfer, it shall declare the information mentioned in paragraph 1 and paragraph 2 above with the competent securities authority for future reference through the Internet information system, in the prescribed format, within two days as of the date of adoption of resolutions on the meeting of the Board of Directors.

If the transaction object of merger, division, acquisition or share transfer participated in by the Company is not a listed company or a company whose shares are traded at the business premises of the securities dealer, the Company shall sign an agreement with the transaction object and act in accordance with provisions of the preceding two paragraphs.

Article 23 The Company and all other persons participating in or informed of the merger, division, acquisition or share transfer plan of the Company shall issue a written confidentiality commitment and not disclose contents of the plan to the outside before information disclosure, nor trade any share of the Company or other negotiable securities of the nature of equity related to the merger, division, acquisition or share transfer proposal in their own or other's name.

Article 24 In the event where the Company participates in merger, division, acquisition or share transfer, the exchange ratio or acquisition price shall not be changed arbitrarily except in the following circumstances, and any change thereof shall be stipulated in the merger, division, acquisition or share transfer contract:

- I. Handling of increment of cash, issuance of convertible corporate bonds, free allotment of shares, issuance of warrant bonds, preferred shares with warrants, stock option certificates and other negotiable securities of the nature of equity.
- II. Disposal of major assets of the Company and behaviors affecting the Company's financial business.
- III. Major disasters, major technological changes and other circumstances affecting the shareholders' equity or security price of the Company.
- IV. Adjustment of the treasury shares repurchased by the company participating in merger, division, acquisition or share transfer according to law.
- V. Increase or reduction of the subjects participating in merger, division, acquisition or share transfer or number of such subjects.
- VI. Other conditions for changes stipulated in the contract and disclosed externally to the public.

Article 25 In the event where the Company participates in merger, division, acquisition or share transfer, the rights and obligations of the company participating in merger, division, acquisition or share transfer shall be stated on the contract, and the following matters shall also be stated:

- I. Handling of breach of contract.
- II. Handling principle for negotiable securities of the nature of equity issued previously or treasury shares repurchased by the company eliminated due to merger or divided.
- III. Quantity of treasury shares to be repurchased by the participating company according to law after the base date for calculation of the exchange ratio, and handling principle.
- IV. Handling method of any increase or reduction of the participating subjects or number of such subjects.
- V. Expected progress and expected schedule of the plan.

VI. Expected date of convening of the shareholders' meeting according to law and other operating procedures if the plan is not completed within the time limit.

Article 26 If the Company intends to merge with other companies, divide, acquire other companies or transfer shares to other companies after the information of the company participating in merger, division, acquisition or share transfer is made public, except in the circumstances where the participating company may not hold a shareholders' meeting to adopt resolutions because the participating subjects are reduced, a resolution has been adopted at the shareholders' meeting and the Board of Directors has been authorized to change, the procedures completed or legal acts committed in the original merger, division, acquisition or share transfer case shall be conducted by all participating companies again.

Article 27 If the company participating in merger, division, acquisition or share transfer is not a public company, the Company shall sign an agreement with it and act in accordance with relevant provisions.

Chapter 6 Supplementary Provisions

Article 28 The unfinished part of the Operational Procedures shall be handled in accordance with relevant laws and regulations of the Company.

Article 29 10% of the total assets mentioned in the Operational Procedures shall be calculated according to the amount of total assets under the most recent parent company only or individual financial report stipulated in the Standards for Preparation of Financial Reports of Securities Issuers.

Article 30 The Audit Committee shall approve the Operational Procedures to be submitted to the Board of Directors for approval during the shareholders' meeting; the same rule applies to amendments. If any director has an objection, which has been recorded or declared in writing, the Company shall submit the information about the director's objection to the audit committee.

When independent directors of the Company submit the Operational Procedures to the Board of Directors for discussion according to provisions of the preceding paragraph, their opinions shall be taken into full consideration, and if independent directors have objections or reservations, it shall be recorded in the minutes of the meeting of the Board of Directors.

The formulation or amendment of the Operational Procedures by the Company shall be subject to the consent of more than half of all members of the audit committee and submitted to the Board of Directors for resolution.

If the consent 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.

For all members of the audit committee mentioned in paragraph 3 and all directors mentioned in the preceding paragraph, the members and directors actually in office shall be included.

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, 2022), the number of shares held by all the directors shall be 9,613,134 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, 2022

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
Independent Director	Cheng-Chieh Dai	18,688
Independent Director	Yu-Nu Lin	0
Independent Director	Jui-Hsiang Lo	10,000
Independent Director	Ching-Jung Hu	0
Total number of directors		7,821,260

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.



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