

Sitronix Technology Corporation
2022 Annual Shareholders' Meeting Minutes
(Translation)

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)

Type of the meeting: Physical shareholders meeting.

Attendants : The total number of shares issued by the company is 120,136,876 shares. The outstanding shares of the company is 120,136,876 shares. All shareholders and their proxy holders, representing 76,242,183 shares (Including 48,623,315 shares voted via electronic), or 63.46% of the total 120,136,876 outstanding shares, constitutes a quorum. The following persons were present: Vincent Mao (the chairman of the Board of Directors), I-Hsi Cheng (Director), Cheng-Chieh Dai (Independent Director & Chairman of the Audit Committee), Yu-Nu Lin (Independent Director), Jui-Hsiang Lo (Independent Director), Ching-Jung Hsu (Independent Director), the number of Directors present at the meeting is more than half of total number of Directors.

Others Present : Cheng Chih Lin, CPA of Deloitte & Touche

Chairman : Mr. Vincent Mao, the chairman of the Board of Directors

Minute Recorder : Shu-Fang Hsu

I. Chairman announced commencement. (The aggregate shareholding of the shareholders present in person or by proxy constitutes a quorum. The Chairman called the meeting to order.)

II. Chairman's Address (omitted)

III. Report Items

1. 2021 Business Report (see Attachment I).
2. 2021 Audit Committee's Review Report (see Attachment II).
3. 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.

4. Report on cash dividends of earnings distribution for 2021.

Explanation: (1) According the Article of Incorporation, the Board of Directors was authorized to resolve specifically to distribute all or part of the dividends payable and bonus in cash, which was reported at the shareholders' meeting.

(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.

IV. Matters for Ratification and Proposed Resolutions

1. 2021 Financial Statements and Business Report is submitted for approval.

(Proposed by the Board of Directors)

Explanation:

(1) 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.

(2) 2021 Business Report please refer to Attachment I, Independent Auditors' Report and the aforementioned financial statements, please refer to Attachment III and IV.

(3) Please approve.

Resolved, that the above proposal be and hereby was approved as proposed.

Voting Results:

Shares represented at the time of voting: 76,242,183 (48,623,315)*

Voting Results*		% of the total represented share present
Votes in favor:	73,215,174 votes (45,596,306 votes)	96.02%
Votes against:	337,399 votes (337,399 votes)	0.44%
Votes invalid:	0 votes (0 votes)	0.00%
Votes abstained:	2,689,610 votes (2,689,610 votes)	3.52%

* Including votes casted electronically (numbers in brackets)

2. 2021 Profit Distribution Proposal is submitted for approval.

(Proposed by the Board of Directors)

Explanation:

- (1) The 2021 Profit Distribution Proposal of the Company has been approved by the Board of Directors on March 17, 2022.
- (2) For the 2021 Profit Distribution Proposal, please refer to Attachment V.
- (3) Please approve.

Resolved, that the above proposal be and hereby was approved as proposed.

Voting Results:

Shares represented at the time of voting: 76,242,183 (48,623,315)*

Voting Results*		% of the total represented share present
Votes in favor:	73,681,120 votes (46,062,252 votes)	96.64%
Votes against:	23,452 votes (23,452 votes)	0.03%
Votes invalid:	0 votes (0 votes)	0.00%
Votes abstained:	2,537,611 votes (2,537,611 votes)	3.32%

* Including votes casted electronically (numbers in brackets)

3. 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:

- (1) According to JGZFZ 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.
- (2) For the Comparison Table for the "Operational Procedures for Acquisition and Disposal of Assets" Before and After Amendment, please refer to Attachment VI.
- (3) Please discuss.

Resolved, that the above proposal be and hereby was approved as proposed.

Voting Results:

Shares represented at the time of voting: 76,242,183 (48,623,315)*

Voting Results*		% of the total represented share present
Votes in favor:	73,681,840 votes (46,062,972 votes)	96.64%
Votes against:	22,783 votes (22,783 votes)	0.02%
Votes invalid:	0 votes (0 votes)	0.00%
Votes abstained:	2,537,560 votes (2,537,560 votes)	3.32%

* Including votes casted electronically (numbers in brackets)

V. Extemporary Motions : None.

VI. Adjournment : 9:10 a.m.

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	-	-	-	123,059	-	(123,059)	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	174,421	-	-	-	-	-	-
Special reserve	-	-	-	-	(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	-	-	-	-	-	(116,012)	-	-	-	(116,012)	-	(116,012)
Actual acquisition or disposal of interests in subsidiaries	-	-	-	-	-	-	-	-	-	890,518	(890,518)	-
Changes in percentage of ownership interests in subsidiaries	-	-	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	-	-	-	117,719	-	(117,719)	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	(102,697)	-	-	-	-	-	-
Special reserve	-	-	-	-	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	-	-	-	-	-	-	-	-	-	1,658	-	1,658
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	1,658	-	-	-	-	-	-	(53,586)	53,586	-
Changes in percentage of ownership interests in subsidiaries	-	-	(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> <p>1. Where the difference between the valuation result and transaction amount is more than 20% of the transaction amount.</p> <p>2. Where the difference in valuation results of more than two professional valuers is more than 10% of the transaction amount.</p> <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> <p>1. Where the difference between the valuation result and transaction amount is more than 20% of the transaction amount.</p> <p>2. Where the difference in valuation results of more than two professional valuers is more than 10% of the transaction amount.</p> <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 style="text-align: center;">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> <ol style="list-style-type: none"> 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. <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 style="text-align: center;"><u>bonds whose credit rating is no less than the sovereign rating level of our country.</u></p> <ol style="list-style-type: none"> (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>The aforementioned transaction amount shall be calculated according to the following method:</p> <ol style="list-style-type: none"> 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. <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 style="text-align: center;">If the Company acquires or disposes of property or right-of-use assets</p>	<p>Article 15: Resolution Procedure</p> <p style="text-align: center;">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>	