

Sitronix Technology Corp.

Procedures for Derivatives Trading

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Article 1 Purpose

- I. In order to protect the Company's investments, implement information disclosure, reduce risks associated with fluctuations in exchange rates and thereby increase industry competitiveness, these procedures (the "Procedures") are specially formulated as the basis for the management of the Company's derivatives trading.
- II. The Procedures are established in accordance with Article 36-1 of the Securities and Exchange Act and "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."

Article 2 Trading principles and guidelines

- I. Types of derivatives that may be traded
Derivatives referred to herein are defined as forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. Forward contracts referred to herein does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts and long-term purchase (sales) contracts.

Derivatives trading can only be executed after the finance unit have submitted a written report to the Chairman on the operation method, advantages and disadvantages, and risk assessment method of the relevant derivatives.

- II. Operational and hedging strategies
The Company's derivatives transactions are mainly for the purpose of hedging or financial products related to the Company's business operation, so as to ensure the company's operating profits. Counterparties shall be financial institutions that have business dealings with the Company to avoid credit risks.

- III. Segregation of responsibilities

(I.) Finance unit:

1. Responsible for the formulation of the strategy for foreign exchange operations for the entire company. In response to changes in the foreign exchange market, the finance unit shall collect relevant information periodically, assess trends and risks, familiarize with financial instruments and legal provisions, and subsequently consider the Company's foreign exchange position to formulate operational strategy proposals. The unit shall also trade in accordance with the instructions and authorization of the competent supervisor.
2. Regularly calculate the positions that have been realized or may occur in the future, and execute transactions in accordance to authorization

(II.) Accounting unit:

Responsible for accounting and preparation of financial statements

- IV. Essentials of performance evaluation

The finance unit shall record the operation details on the derivatives trading details table on a daily basis, so as to grasp the profit and loss situation and review the operation performance, and regularly report the operation performance to the

responsible director to review the operation strategy.

V. Establishing trading amount and maximum loss limit

(I.) The total unsettled contractual amount of financial instruments for hedging purposes shall not exceed the total amount of accounts receivable and accounts payable of the Company arising from its business.

(II.) The total amount of unsettled contracts of financial instruments for trading purposes shall not exceed 20% of the net worth of the Company.

(III.) For the amount of losses incurred in derivatives trading, the maximum loss for single contracts and the maximum loss for aggregate contracts shall not exceed 10% of the total transaction amount.

(IV.) In the event of a material adverse impact due to exchange rate, the Company shall promptly call on relevant personnel to deal with the situation.

Article 3 Operation procedures

I. Authorized limit

All trades shall be reviewed by the finance supervisor and then submitted to the Chairman for approval. Amendments, if any, shall be effective only after approval has been sought from the Chairman.

II. Execution unit

The finance unit shall be authorized to execute.

III. Trading process

(I.) Analyze and assess related trends.

(II.) Confirm transaction position

(III.) Decide on the specific practice of risk mitigation:

1. Trade target.

2. Trade position.

3. Target price and range.

4. Trade strategy and type.

(IV.) Obtain approval for trade.

(V.) Execute trade.

1. Counterparty: Restricted to domestic or foreign financial institutions or organizations with excellent credit ratings.

2. Trading personnel: The Company's personnel who execute derivatives trading shall act in accordance with the instructions of the competent supervisor; persons other than the aforementioned shall not engage in derivatives trading.

(VI.) Confirmation of trade: After confirming the transaction, the trading personnel shall still send the trade to the competent supervisor for approval.

(VII.) Settlement: After confirming the trade, the finance unit shall prepare the settlement amount and relevant document on the settlement date and perform the settlement at the agreed settlement price.

Article 4 Public announcement and reporting procedures

I. When the loss of engaging in derivatives trading amounts to the maximum amount of aggregate or individual contractual losses stipulated in these Procedures, the relevant information shall be announced on the website designated by the competent securities authority within two days from the date of the occurrence of the event.

II. The Company shall compile monthly reports on the status of derivatives trading up to the end of the preceding month by the Company and any subsidiaries that are not

domestic public companies, and enter the information in the prescribed format into the information reporting website designated by the competent securities authority by the tenth day of each month.

Article 5

Accounting treatment

Derivatives trades shall be accounted for on a case-by-case basis in accordance with the characteristics of the derivatives. Contingent assets or liabilities shall also be recorded and discount premium, if any, shall be reasonably amortized. The accounting treatment shall be in accordance with international financial reporting standards or relevant regulations.

Article 6

Internal control system

I. Risk management measures

(I.) Credit risk management

In principle, counterparties shall be financial institutions that have business dealings with the Company and can provide professional advice.

(II.) Market price risk management

When engaging in derivatives trading, the market value of derivatives shall be evaluated periodically, and the possible impact of future market price fluctuations on the profit and loss of the position shall be noted.

(III.) Liquidity risk management

To ensure liquidity, when selecting the financial instrument, liquidity is paramount. The transacting bank must have adequate facilities, advisory and trading capabilities, and be able to trade in any market.

(IV.) Cash flow risk management

Prior to transaction, it shall be ascertained that the transaction amount will not result in cash flow shortage and settlement obligations can be faithfully fulfilled.

(V.) Operational risk management

To avoid operational risk, authorized limits and operational procedures must be faithfully complied.

(VI.) Legal risk management

To avoid legal risk, all agreements with counterparties must be reviewed by the professional personnel before the documents can be formally signed.

II. Internal control

(I.) Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

(II.) The trading personnel shall hand the transaction certificate or contract to the confirmation personnel for record.

(III.) The confirmation personnel shall periodically reconcile or confirm by writing with the financial institutions that have business dealings.

(IV.) Trading personnel shall periodically check whether the total unsettled contractual amount has exceeded the maximum trading limit stipulated in Article 2.

(V.) At the end of each month, the trading personnel shall evaluate the profit and loss according to the closing exchange rate of that day and prepare a statement, which shall be submitted for review by management personnel at the level of financial manager or above.

III. Risk measurement, monitoring, and control personnel shall be assigned to a different department from the personnel in the preceding paragraph and shall report to the Board of Directors or senior management personnel with no responsibility for trading or position decision-making

IV. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel

authorized by the Board of Directors.

Article 7 Regular evaluation method and handling of irregular circumstances

- I. Senior management personnel authorized by the Board of Directors of the Company shall pay continuous attention to monitoring and controlling derivatives trading risk.
- II. The authorized senior management personnel shall periodically assess whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.

The authorized senior management personnel shall periodically evaluate that the current procedures for risk management are adequate and faithfully implemented in accordance to "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and the Procedures. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors. An independent director shall be present at the meeting and express an opinion.

Article 8 Establishment of logbook

When engaging in derivatives trading, the Company shall establish a log book, which details of the types and amounts of derivatives trading engaged in, the date of approval by the Board of Directors, the regular evaluation report on derivatives trading and the regular evaluation of senior management personnel authorized by the Board of Directors shall be recorded in detail in the logbook.

Article 9 Internal audit

Internal audit personnel shall periodically make a determination of the appropriateness of the internal control for derivatives trading, conduct monthly audits of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare corresponding audit reports. If any material violation is discovered, members of the Audit Committee shall be notified in writing.

Article 10 Matters not set forth in the Procedures shall be dealt in accordance with relevant laws and regulations and relevant regulations of the Company.

Article 11 The Procedures, and any amendments hereto, shall, after being approved by the Audit Committee and the Board of Directors, be submitted to the Shareholders' Meeting for approval. When the Procedures is submitted to board meeting for discussion pursuant to the preceding paragraph, opinions from each independent directors shall be considered thoroughly. The independent directors' opinions specifically expressing dissent or reservations about any matter shall be included in the minutes of the board meeting.