



Stock Code: 8016

# Sitronix Technology Corporation 2023 Annual Shareholders' Meeting

## Meeting Agenda (Translation)

Meeting Date: June 21, 2023

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# Sitronix Technology Corp.

## 2023 Annual Shareholders' Meeting Procedures

I. Call Meeting to Order

II. Chairman's Address

III. Report Items

IV. Matters for Ratification

V. Extemporaneous Motions

VI. Adjournment

Sitronix Technology Corp.  
2023 Annual Shareholders' Meeting Agenda

Time: 9:00 a.m., June 21, 2023 (Wednesday)

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

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

Convening method: Physical meeting

- I. Call Meeting to Order (Number of shares reported on attendance)
- II. Chairman's Address
- III. Report Items
  - (I.) 2022 Business Report
  - (II.) 2022 Audit Committee's Review Report
  - (III.) Report on the distribution of remuneration of employees and directors for 2022
  - (IV.) Report on cash dividends of profit distribution for 2022
- IV. Matters for Ratification
  - (I.) Recognition of 2022 Financial Statements and Business Report
  - (II.) Recognition of 2022 Profit Distribution Proposal
- V. Extemporaneous Motions
- VI. Adjournment

# Report Items

## **I. 2022 Business Report**

**Explanation:** 2022 Business Report. Please refer to Attachment I on page 6~7 of the handbook.

## **II. 2022 Audit Committee's Review Report**

**Explanation:** 2022 Audit Committee's Review Report. Please refer to Attachment II on page 8 of the handbook.

## **III. Report on the distribution of remuneration for employees and directors for 2022**

**Explanation:** In accordance with the provisions of the Company's Articles of Incorporation, the remuneration of NT\$58,816,417 and NT\$317,180,305 have been distributed to directors and employees in cash, respectively.

## **IV. Report on cash dividends of profit distribution for 2022**

### **Explanation:**

1. According to the Article of Incorporation, the Board of Directors was authorized to resolve specifically to distribute all or part of the dividends payable and bonus in cash, which was reported at the shareholders' meeting.
2. Allocate the shareholders dividends of NT\$2,643,011,272 for the distribution in cash at NT\$22 per share. The calculation method of "unconditional leaving out the number less than NT\$1" was adopted for the distribution of cash dividends, and the total number of decimal fraction less than NT\$1 shall be adjusted on the decimal number from big to small and the account number from front to back to accord with the total cash dividend distribution.

## Matters for Ratification

I. 2022 Financial Statements and Business Report is submitted for approval.

**Proposed by the Board of Directors**

**Explanation:**

- (I.) The Board of Directors has delivered the Company's 2022 Parent Company Only Financial Statements and Consolidated Financial Statements, which have been audited and completed by CPA Cheng-Chih Lin and Mei-Chen Tsai of the Deloitte & Touche Taipei, Taiwan Republic of China, together with the business report, to the Audit Committee for verification, and the audit report has been issued.
- (II.) 2022 Business Report, please refer to Attachment I on page 6~7 of the handbook, Independent Auditors' Report and the aforementioned financial statements, please refer to Attachment III and IV on page 9~28 of the handbook.
- (III.) Please approve.

**Resolution:**

II. 2022 Profit Distribution Proposal is submitted for approval.

**Proposed by the Board of Directors**

**Explanation:**

- (I.) The 2022 Profit Distribution Proposal of the Company has been approved by the Board of Directors on March 16, 2023.
- (II.) For the 2022 Profit Distribution Proposal, please refer to Attachment V on page 29 of the handbook.
- (III.) Please approve.

**Resolution:**

## Extemporaneous Motions

## Adjournment

# Sitronix Technology Corp.

## Business Report

Attachment I
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### I. 2022 Business Report

#### (I.) Business Plan Implementation Results

In 2022, the annual consolidated operating revenue of Sitronix totaled about NT\$18.0 billion, the consolidated operating gross profit was NT\$8.25 billion, the consolidated net profit after tax was NT\$4.23 billion, and the after-tax EPS was NT\$30.1 per share.

During the year, the market was volatile: Russia-Ukraine war, rapid inflation and China lockdown led to a reversal of supply and demand, and the supply chain shifted from tight supply to huge pressure on inventory accumulation; the management team noticed the change in demand in the first half of the year and took decisive action to bring the tape-out and downstream inventory under control in no time. Despite the conservative economic environment, Sitronix continues to optimize its product portfolio to achieve long-term profitability by actively developing new products with competitive advantages in the in-vehicle market.

As a global leader in small and medium-sized display driver ICs (DDI), Sitronix offers zero-capacitor, low-power consumption green products for Artificial Internet of Things (AIoT), industrial control, and in-vehicle applications, and continues to expand into the automotive, medical, education, and touch markets. At the same time, the Company has laid out the application of mobile phone under-screen distance and ambient light sensor chip, specific absorption rate sensor chip, and air pressure sensor chip, and has entered the global brand gradually, with promising future growth.

#### (II.) Profitability Analysis

Items	Year	2022 (Note 2)	2021 (Note 2)
Return on total assets (%)		19.86%	38.79%
Return on equity (%)		28.23%	57.79%
Ratio in paid-in capital (%)	Operating income	394.75%	678.96%
	Pre-tax income	425.05%	695.35%
Net margin (%)		23.46%	31.78%
Basic earnings per share (NT\$) (Note 1)		30.10	50.03

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**

Looking forward to the future, we will continue to develop differentiated products and expand the market with diversified applications. Despite the challenges of the downturn, the Company will strive to reduce costs, control expenses and optimize the organization to maintain competitiveness.

The Company is dedicated to corporate sustainability and corporate governance, and continues to pay attention to the external competitive environment, regulatory trends, climate risks and changes in the overall operating environment so as to steadily respond to the dynamic external environment.

Once again, we would like to thank you for the long-term interest and support. Sitronix will integrate the wisdom of our team to expand new customers and new application markets, create corporate value, and allow shareholders, customers and employees to share the fruits of our operations.

Sitronix Technology Corp.

**2022 Audit Committee's Review Report**

The Board of Directors has prepared the Company's business report, financial statements, and the profit distribution proposal for 2022, 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,

2023 Annual Shareholders' Meeting of Sitronix Technology Corp.

Sitronix Technology Corp.

Chairman of the Audit Committee: Cheng-Chieh Dai

March 16, 2023

## 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, 2022 and 2021, 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 (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. 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, 2022 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, 2022, the revenue recognized was NT\$11,589,599 thousand, 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' orders 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, then the production unit would issue packing lists and invoices from the system, and the Company would obtain a signed packing list or the bill of ladings 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 significantly changed in 2022 are 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 obtained an understanding of the internal controls over revenue recognition, evaluated the design of the key controls, determined that the controls were implemented and tested the operating effectiveness of the controls.
2. We sampled and inspected the existence of the original purchase orders for each sale and were approved appropriately.
3. We inspected product names and quantities on notifications of manufacturing, invoices and goods receipts. We also inspected and confirmed the amounts were consistent.
4. We inspected the reasonableness of the collection of accounts receivable and confirmed 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 Standards on Auditing of 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 Standards on Auditing of 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, 2022 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 Mei-Chen Tsai.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 16, 2023

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, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

ASSETS	2022		2021		LIABILITIES AND EQUITY	2022		2021	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 4, 6 and 29)	\$ 3,172,013	22	\$ 4,186,154	26	Short-term borrowings (Notes 4, 18, 27 and 29)	\$ 18,119	-	\$ -	-
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 29)	311,208	2	297,258	2	Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 29)	35,362	-	1,228	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 29)	244,225	2	327,380	2	Trade payables (Note 29)	480,668	3	1,039,587	7
Financial assets at amortized cost - current (Notes 4, 9, 29 and 31)	766,087	5	1,588,226	10	Payables to related parties (Notes 29 and 30)	179,646	1	489,488	3
Notes receivable and trade receivables (Notes 4, 10, 23 and 29)	637,606	4	1,141,792	7	Accrued profit sharing bonus to employees' compensation and remuneration of directors (Note 23)	375,996	3	635,637	4
Notes receivable and trade receivables from related parties (Notes 4, 22, 29 and 30)	34,294	-	28,891	-	Other payables (Notes 19 and 29)	1,071,845	8	1,071,351	7
Other receivables (Notes 4, 10 and 29)	86,718	1	79,320	-	Other payables to related parties (Notes 29 and 30)	21,709	-	6,951	-
Other receivables from related parties (Notes 4, 29 and 30)	30,243	-	27,018	-	Current tax liabilities (Notes 4 and 24)	630,146	4	775,760	5
Inventories (Notes 4, 5 and 11)	2,203,749	15	798,822	5	Lease liabilities - current (Notes 4, 14, 27 and 29)	25,642	-	24,052	-
Prepayments (Notes 17 and 30)	78,764	1	103,312	1	Other current liabilities (Notes 19, 22 and 29)	92,228	1	66,622	-
Other current assets (Note 4 and 29)	6,917	-	5,533	-	<b>Total current liabilities</b>	<b>2,931,361</b>	<b>20</b>	<b>4,110,676</b>	<b>26</b>
<b>Total current assets</b>	<b>7,571,824</b>	<b>52</b>	<b>8,583,706</b>	<b>53</b>	<b>NON-CURRENT LIABILITIES</b>				
<b>NON-CURRENT ASSETS</b>					Deferred tax liabilities (Notes 4 and 24)	11,697	-	10,706	-
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 29)	240,177	2	88,241	1	Lease liabilities - non-current (Notes 4, 14, 27 and 29)	62,871	1	80,613	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 29)	424,719	3	476,394	3	Net defined benefit liabilities - non-current (Notes 4 and 20)	31,391	-	38,277	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 29)	30,983	-	28,019	-	Other non-current liabilities (Notes 27, 29, 30 and 32)	147,758	1	75,075	-
Investment accounted for using the equity method (Notes 4, 12, 26 and 30)	4,613,240	31	5,043,853	31	<b>Total non-current liabilities</b>	<b>253,717</b>	<b>2</b>	<b>204,671</b>	<b>1</b>
Property, plant and equipment (Notes 4, 13 and 30)	450,432	3	390,531	3	<b>Total liabilities</b>	<b>3,185,078</b>	<b>22</b>	<b>4,315,347</b>	<b>27</b>
Right-of-use assets (Notes 4 and 14)	87,435	1	104,192	1	<b>EQUITY (Notes 4, 21, 26)</b>				
Investment properties (Notes 4 and 15)	452,069	3	459,928	3	Share capital				
Intangible assets (Notes 4 and 16)	38,282	-	21,520	-	Ordinary shares	1,201,369	8	1,201,369	7
Deferred tax assets - non-current (Notes 4 and 24)	9,191	-	12,993	-	Capital surplus	1,690,740	11	1,610,911	10
Other non-current assets (Notes 4, 17, 29 and 32)	689,679	5	861,145	5	Retained earnings				
<b>Total non-current assets</b>	<b>7,036,207</b>	<b>48</b>	<b>7,486,816</b>	<b>47</b>	Legal reserve	1,801,820	12	1,200,307	8
					Special reserve	105,464	1	180,223	1
					Unappropriated earnings	6,961,331	48	7,699,611	48
					<b>Total retained earnings</b>	<b>8,868,615</b>	<b>61</b>	<b>9,080,141</b>	<b>57</b>
					Other equity				
					Exchange differences on translating the financial statement of foreign operations	9,186	-	(14,086)	-
					Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(290,948)	(2)	(91,377)	(1)
					<b>Total other equity</b>	<b>(281,762)</b>	<b>(2)</b>	<b>(105,463)</b>	<b>(1)</b>
					Treasury shares	(56,009)	-	(31,783)	-
					<b>Total equity</b>	<b>11,422,953</b>	<b>78</b>	<b>11,755,175</b>	<b>73</b>
<b>TOTAL</b>	<b>\$ 14,608,031</b>	<b>100</b>	<b>\$ 16,070,522</b>	<b>100</b>	<b>TOTAL</b>	<b>\$ 14,608,031</b>	<b>100</b>	<b>\$ 16,070,522</b>	<b>100</b>

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

# SITRONIX TECHNOLOGY CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
NET REVENUE (Notes 4, 22 and 30)	\$ 11,589,599	100	\$ 12,570,005	100
OPERATING COSTS (Notes 4, 11, 23, 30 and 32)	<u>6,576,347</u>	<u>57</u>	<u>5,677,518</u>	<u>45</u>
GROSS PROFIT	<u>5,013,252</u>	<u>43</u>	<u>6,892,487</u>	<u>55</u>
OPERATING EXPENSES (Notes 4, 20, 23 and 30)				
Selling and marketing expenses	221,654	2	264,838	2
General and administrative expenses	320,269	2	444,304	4
Research and development expenses	<u>1,491,072</u>	<u>13</u>	<u>1,732,658</u>	<u>14</u>
Total operating expenses	<u>2,032,995</u>	<u>17</u>	<u>2,441,800</u>	<u>20</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 4, 23 and 30)	<u>1,458</u>	<u>-</u>	<u>6,156</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>2,981,715</u>	<u>26</u>	<u>4,456,843</u>	<u>35</u>
NON-OPERATING INCOME AND EXPENSES(Notes 4, 12, 23, 30)				
Interest incomes	46,694	-	17,803	-
Other incomes	94,057	1	71,870	1
Other gains and losses	110,131	1	52,324	-
Finance costs	(1,444)	-	(2,289)	-
Share of profit of subsidiaries	<u>940,642</u>	<u>8</u>	<u>2,089,618</u>	<u>17</u>
Total non-operating income and expenses	<u>1,190,080</u>	<u>10</u>	<u>2,229,326</u>	<u>18</u>
INCOME BEFORE INCOME TAX	4,171,795	36	6,686,169	53
INCOME TAX EXPENSE (Notes 4 and 24)	<u>561,630</u>	<u>5</u>	<u>680,409</u>	<u>5</u>
NET INCOME FOR THE YEAR	<u>3,610,165</u>	<u>31</u>	<u>6,005,760</u>	<u>48</u>

(Continued)



# SITRONIX TECHNOLOGY CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 4, 20 and 21)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	\$ 2,065	-	\$ 4,358	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(98,259)	(1)	46,339	-
Share of the other comprehensive (loss) income of subsidiaries accounted for using the equity method	(70,096)	-	37,622	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating the financial statements of foreign operations	23,272	-	(3,642)	-
Unrealized (loss) gain on investments in debt instruments at fair value through other comprehensive income	(695)	-	1,283	-
Share of the other comprehensive income of subsidiaries accounted for using the equity method	<u>(9,897)</u>	<u>-</u>	<u>(1,825)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(153,610)</u>	<u>(1)</u>	<u>84,135</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,456,555</u>	<u>30</u>	<u>\$ 6,089,895</u>	<u>48</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 30.10</u>		<u>\$ 50.03</u>	
Diluted	<u>\$ 29.57</u>		<u>\$ 49.29</u>	

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

**SITRONIX TECHNOLOGY CORPORATION**

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(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, 2021	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
Appropriation of 2021 earnings										
Legal reserve	-	-	-	601,513	-	(601,513)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(3,844,380)	-	-	-	(3,844,380)
Special reserve	-	-	-	-	(74,759)	74,759	-	-	-	-
The Company's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	(24,226)	(24,226)
Other changes in capital surplus										
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	6,456	-	-	-	-	-	-	6,456
Changes in percentage of ownership interests in subsidiaries	-	-	73,373	-	-	-	-	-	-	73,373
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	20,624	-	(20,624)	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	3,610,165	-	-	-	3,610,165
Other comprehensive income (loss) for year ended December 31, 2022, net of income tax	-	-	-	-	-	2,065	23,272	(178,947)	-	(153,610)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	3,612,230	23,272	(178,947)	-	3,456,555
BALANCE AT DECEMBER 31, 2022	120,137	\$ 1,201,369	\$ 1,690,740	\$ 1,801,820	\$ 105,464	\$ 6,961,331	\$ 9,186	\$ (290,948)	\$ (56,009)	\$ 11,422,953

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

# SITRONIX TECHNOLOGY CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 4,171,795	\$ 6,686,169
Adjustments for:		
Depreciation expense	130,558	120,360
Amortization expense	21,848	20,903
Net gain on fair value changes of financial assets at fair value through profit or loss	(4,309)	(72,918)
Finance costs	1,444	2,289
Interest income	(46,694)	(17,803)
Dividend income	(26,097)	(15,411)
Compensation cost of share-based payment	12	2,580
Share of profits of subsidiaries	(940,642)	(2,089,618)
Loss (gain) on disposal of property, plant and equipment	2	(4,874)
Loss on disposal of financial instruments	-	1,797
Write-down of inventories	113,000	19,790
Loss on impairment of prepayment in advance	167,520	-
Unrealized net (gain) loss on foreign currency exchange	(139,301)	21,166
Other income	(19,009)	(17,646)
Changes in operating assets and liabilities		
Notes receivable and trade receivables	501,938	(449,061)
Receivables from related parties	(5,403)	(16,072)
Other receivables	(5,661)	(4,282)
Other receivables from related parties	(69,588)	(704)
Inventories	(1,517,927)	(58,846)
Prepayments	24,548	(305,126)
Other current assets	(1,384)	970
Trade payables	(554,762)	252,704
Payables to related parties	(312,752)	334,574
Other payables	7,476	549,926
Other payables to related parties	14,758	(1,216)
Other current liabilities	25,606	(7,602)
Net defined benefit liabilities	(4,821)	(2,242)
Accrued profit sharing bonus to employees' compensation and remuneration of directors	(259,641)	473,954
Cash generated from operations	1,272,514	5,423,761
Interest received	44,970	14,604
Interest paid	(97)	(1,421)
Income tax paid	(702,451)	(78,647)
Net cash generated from operating activities	<u>614,936</u>	<u>5,358,297</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(55,112)	(136,284)
Disposal of financial assets at fair value through other comprehensive income	90,975	28,562
Purchase of financial assets measured at amortized cost	(1,165,136)	(2,210,721)
Proceeds from the return of principle of financial assets at amortized cost	1,987,275	736,925
Purchase of financial assets at fair value through profit or loss	(370,238)	(238,893)
Proceeds from sale of financial assets at fair value through profit or loss	242,795	176,861
Acquisition of subsidiaries	(136,965)	(261,161)

(Continued)

# SITRONIX TECHNOLOGY CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Proceeds from capital reduction of subsidiary	\$ -	\$ 180,000
Payments for property, plant and equipment	(160,256)	(84,173)
Proceeds from disposal of property, plant and equipment	123	10,010
Increase in refundable deposits	(970)	(563,074)
Decrease in refundable deposits	59,335	20
Decrease in other receivable from related parties	66,028	36,831
Payment of intangible assets	(39,263)	(19,217)
Dividends received	1,552,196	658,338
Disposal of expertise	<u>-</u>	<u>6,543</u>
Net cash generated from (used in) investing activities	<u>2,070,787</u>	<u>(1,679,433)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	73,695	1,903,150
Repayments of short-term borrowings	(55,650)	(2,151,100)
Proceeds from guarantee deposits received	88,866	43,853
Repayments of guarantee deposits	(29,686)	(21,881)
Repayment of the principal portion of lease liabilities	(26,957)	(25,002)
Cash dividends distributed	<u>(3,844,380)</u>	<u>(901,026)</u>
Net cash used in financing activities	<u>(3,794,112)</u>	<u>(1,152,006)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>94,248</u>	<u>(22,869)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,014,141)	2,503,989
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,186,154</u>	<u>1,682,165</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,172,013</u>	<u>\$ 4,186,154</u>

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

(Concluded)

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders  
Sitronix Technology Corporation

### Opinion

We have audited the accompanying consolidated financial statements of Sitronix Technology Corporation and its subsidiaries (the "Group"), which comprise the balance sheets as of December 31, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of 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, 2022. 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, 2022 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, 2022, the revenue recognized was NT\$18,027,827 thousand, refer to Notes 4, 22 and 36 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' orders

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, then the Group would obtain a 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 significantly changed in 2022 are 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 obtained an understanding of the internal controls over revenue recognition, evaluated the design of the key controls, determined that the controls were implemented and tested the operating effectiveness of the controls.
2. We sampled and inspected the existence of the original purchase orders existed for each sale and were appropriately approved.
3. We inspected product names and quantities on notifications of manufacturing, invoices and goods receipts. We also inspected and confirmed the amounts were consistent.
4. We inspected the reasonableness of the collection of accounts receivable and confirmed 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, 2022 and 2021 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 Standards on Auditing of 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 Standards on Auditing of 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, 2022 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 Mei-Chen Tsai.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 16, 2023

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, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

ASSETS	2022		2021		LIABILITIES AND EQUITY	2022		2021	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 4, 6 and 30)	\$ 5,661,717	28	\$ 7,930,508	35	Short-term borrowings (Notes 4, 18, 28 and 30)	\$ 18,119	-	\$ 55,360	-
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 30)	424,634	2	737,137	3	Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 30)	37,725	-	1,228	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 30)	564,206	3	723,885	3	Notes payable and trade payables (Note 30)	992,089	5	2,480,335	11
Financial assets at amortized cost - current (Notes 4, 9, 30 and 32)	2,416,889	12	3,978,720	18	Accrued profit sharing bonus to employees' compensation and remuneration of directors (Note 23)	611,743	3	1,102,781	5
Notes receivable and trade receivables (Notes 4, 10, 22 and 30)	1,226,520	6	1,951,395	9	Other payables (Notes 19 and 30)	1,853,492	10	1,832,532	8
Notes receivable and trade receivables from related parties (Notes 4, 22, 30 and 31)	1,469	-	715	-	Other payables to related parties (Notes 30 and 31)	182	-	210	-
Other receivables (Notes 4, 10 and 30)	98,837	1	90,899	-	Current tax liabilities (Notes 4 and 24)	984,450	5	1,365,698	6
Inventories (Notes 4, 5 and 11)	4,399,343	22	2,450,568	11	Lease liabilities - current (Notes 4, 14, 28 and 30)	45,301	-	44,125	-
Prepayments (Notes 17 and 31)	141,882	1	212,207	1	Other current liabilities (Notes 19, 22 and 30)	153,855	1	96,301	1
Other current assets (Notes 4, 17 and 30)	9,941	-	10,886	-	<b>Total current liabilities</b>	<b>4,696,956</b>	<b>24</b>	<b>6,978,570</b>	<b>31</b>
<b>Total current assets</b>	<b>14,945,438</b>	<b>75</b>	<b>18,086,920</b>	<b>80</b>	<b>NON-CURRENT LIABILITIES</b>				
<b>NON-CURRENT ASSETS</b>					Deferred tax liabilities (Notes 4 and 24)	11,697	-	10,706	-
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 30)	435,199	2	168,352	1	Lease liabilities - non-current (Notes 4, 14, 28 and 30)	87,613	-	121,400	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 30)	950,102	5	950,057	4	Net defined benefit liabilities - non-current (Notes 4 and 20)	31,391	-	38,277	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 30)	30,983	-	28,019	-	Other non-current liabilities (Notes 28, 30, 31 and 33)	362,810	2	326,757	1
Property, plant and equipment (Notes 4 and 13)	1,801,838	9	1,460,550	6	<b>Total non-current liabilities</b>	<b>493,511</b>	<b>2</b>	<b>497,140</b>	<b>2</b>
Right-of-use assets (Notes 4 and 14)	129,164	1	163,826	1	<b>Total liabilities</b>	<b>5,190,467</b>	<b>26</b>	<b>7,475,710</b>	<b>33</b>
Investment properties (Notes 4 and 15)	730,506	4	673,098	3	<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Notes 4, 21, 26 and 27)</b>				
Intangible assets (Notes 4 and 16)	76,898	-	48,574	-	Share capital				
Deferred tax assets - non-current (Notes 4 and 24)	9,191	-	12,993	-	Ordinary shares	1,201,369	6	1,201,369	5
Other non-current assets (Notes 4, 17, 30 and 33)	847,020	4	1,080,388	5	Capital surplus	1,690,740	8	1,610,911	7
<b>Total non-current assets</b>	<b>5,010,901</b>	<b>25</b>	<b>4,585,857</b>	<b>20</b>	Retained earnings				
					Legal reserve	1,801,820	9	1,200,307	5
					Special reserve	105,464	-	180,223	1
					Unappropriated earnings	6,961,331	35	7,699,611	34
					Total retained earnings	8,868,615	44	9,080,141	40
					Other equity				
					Exchange differences on translating the financial statements of foreign operations	9,186	-	(14,086)	-
					Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(290,948)	(1)	(91,377)	-
					Total other equity	(281,762)	(1)	(105,463)	-
					Treasury shares	(56,009)	-	(31,783)	-
					<b>Total equity attributable to owners of the Company</b>	<b>11,422,953</b>	<b>57</b>	<b>11,755,175</b>	<b>52</b>
					<b>NON-CONTROLLING INTERESTS (Notes 12, 21 and 27)</b>	<b>3,342,919</b>	<b>17</b>	<b>3,441,892</b>	<b>15</b>
					<b>Total equity</b>	<b>14,765,872</b>	<b>74</b>	<b>15,197,067</b>	<b>67</b>
<b>TOTAL</b>	<b>\$ 19,956,339</b>	<b>100</b>	<b>\$ 22,672,777</b>	<b>100</b>	<b>TOTAL</b>	<b>\$ 19,956,339</b>	<b>100</b>	<b>\$ 22,672,777</b>	<b>100</b>

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
NET REVENUE (Notes 4, 22, 31 and 36)	\$ 18,027,827	100	\$ 22,255,670	100
OPERATING COSTS (Notes 4, 11, 23 and 33)	<u>9,773,803</u>	<u>54</u>	<u>9,904,534</u>	<u>44</u>
GROSS PROFIT	<u>8,254,024</u>	<u>46</u>	<u>12,351,136</u>	<u>56</u>
OPERATING EXPENSES (Notes 4, 10, 20, 23 and 31)				
Selling and marketing expenses	316,064	1	423,043	2
General and administrative expenses	694,860	4	850,467	4
Research and development expenses	2,502,919	14	2,928,328	13
Expected credit (gain) loss	<u>(1,004)</u>	<u>-</u>	<u>849</u>	<u>-</u>
Total operating expenses	<u>3,512,839</u>	<u>19</u>	<u>4,202,687</u>	<u>19</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 23)	<u>1,339</u>	<u>-</u>	<u>8,448</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>4,742,524</u>	<u>27</u>	<u>8,156,897</u>	<u>37</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 23 and 31)				
Interest income	97,465	-	50,897	-
Other income	115,334	1	60,964	-
Other gains and losses	155,074	1	90,137	1
Finance costs	<u>(3,919)</u>	<u>-</u>	<u>(5,123)</u>	<u>-</u>
Total non-operating income and expenses	<u>363,954</u>	<u>2</u>	<u>196,875</u>	<u>1</u>
INCOME BEFORE INCOME TAX	5,106,478	29	8,353,772	38
INCOME TAX EXPENSE (Notes 4 and 24)	<u>875,775</u>	<u>5</u>	<u>1,280,754</u>	<u>6</u>
NET INCOME FOR THE YEAR	<u>4,230,703</u>	<u>24</u>	<u>7,073,018</u>	<u>32</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 20 and 21)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	2,065	-	4,358	-

(Continued)

# SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	\$ (177,014)	(1)	\$ 93,840	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	23,770	-	(3,729)	-
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	<u>(9,087)</u>	<u>-</u>	<u>(1,903)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(160,266)</u>	<u>(1)</u>	<u>92,566</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 4,070,437</u>	<u>23</u>	<u>\$ 7,165,584</u>	<u>32</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,610,165	20	\$ 6,005,760	27
Non-controlling interests	<u>620,538</u>	<u>3</u>	<u>1,067,258</u>	<u>5</u>
	<u>\$ 4,230,703</u>	<u>23</u>	<u>\$ 7,073,018</u>	<u>32</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,456,555	19	\$ 6,089,895	27
Non-controlling interests	<u>613,882</u>	<u>4</u>	<u>1,075,689</u>	<u>5</u>
	<u>\$ 4,070,437</u>	<u>23</u>	<u>\$ 7,165,584</u>	<u>32</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 30.10</u>		<u>\$ 50.03</u>	
Diluted	<u>\$ 29.57</u>		<u>\$ 49.29</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, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Company (Notes 4, 21, 26 and 27)											
	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, 2021	120,137	\$ 1,201,369	\$ 1,662,839	\$ 1,082,588	\$ 77,526	\$ 2,805,919	\$ (10,444)	\$ (169,780)	\$ (8,879)	\$ 6,641,138	\$ 2,637,939	\$ 9,279,077
Appropriation of 2020 earnings												
Legal reserve	-	-	-	117,719	-	(117,719)	-	-	-	-	-	-
Special reserve	-	-	-	-	102,697	(102,697)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(901,026)	-	-	-	(901,026)	-	(901,026)
The Company's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	(22,904)	(22,904)	(26,821)	(49,725)
Other changes in capital surplus												
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	1,658	-	-	-	-	-	-	1,658	-	1,658
Changes in percentage of ownership interests in subsidiaries	-	-	(53,586)	-	-	-	-	-	-	(53,586)	53,586	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	5,016	-	(5,016)	-	-	-	-
Net income for the year ended December 31, 2021	-	-	-	-	-	6,005,760	-	-	-	6,005,760	1,067,258	7,073,018
Other comprehensive income (loss) for year ended December 31, 2021, net of income tax	-	-	-	-	-	4,358	(3,642)	83,419	-	84,135	8,431	92,566
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	6,010,118	(3,642)	83,419	-	6,089,895	1,075,689	7,165,584
Increase in non- controlling interests	-	-	-	-	-	-	-	-	-	-	302,816	302,816
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(601,317)	(601,317)
BALANCE AT DECEMBER 31, 2021	120,137	1,201,369	1,610,911	1,200,307	180,223	7,699,611	(14,086)	(91,377)	(31,783)	11,755,175	3,441,892	15,197,067
Appropriation of 2021 earnings												
Legal reserve	-	-	-	601,513	-	(601,513)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(3,844,380)	-	-	-	(3,844,380)	-	(3,844,380)
Special reserve	-	-	-	-	(74,759)	74,759	-	-	-	-	-	-
The Company's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	(24,226)	(24,226)	(28,369)	(52,595)
Other changes in capital surplus												
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	6,456	-	-	-	-	-	-	6,456	-	6,456
Changes in percentage of ownership interests in subsidiaries	-	-	73,373	-	-	-	-	-	-	73,373	(73,373)	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	20,624	-	(20,624)	-	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	3,610,165	-	-	-	3,610,165	620,538	4,230,703
Other comprehensive income (loss) for year ended December 31, 2022, net of income tax	-	-	-	-	-	2,065	23,272	(178,947)	-	(153,610)	(6,656)	(160,266)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	3,612,230	23,272	(178,947)	-	3,456,555	613,882	4,070,437
Increase in non- controlling interests	-	-	-	-	-	-	-	-	-	-	354,995	354,995
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(966,108)	(966,108)
BALANCE AT DECEMBER 31, 2022	120,137	\$ 1,201,369	\$ 1,690,740	\$ 1,801,820	\$ 105,464	\$ 6,961,331	\$ 9,186	\$ (290,948)	\$ (56,009)	\$ 11,422,953	\$ 3,342,919	\$ 14,765,872

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, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 5,106,478	\$ 8,353,772
Adjustments for:		
Depreciation expense	355,839	319,180
Amortization expense	48,183	41,563
Expected credit loss recognized (reversed) on trade receivables	(1,004)	849
Net loss (gain) on fair value changes of financial assets designated as at fair value through profit or loss	7,349	(115,795)
Finance costs	3,919	5,123
Interest income	(97,465)	(50,897)
Dividend income	(43,858)	(28,225)
Compensation costs of share-based payments	70	8,605
Loss (gain) on disposal of property, plant and equipment	33	(6,383)
Loss on disposal of financial instruments	-	1,797
Write-down of inventories	285,708	59,881
Impairment loss recognized on prepayment for purchase	230,540	-
Unrealized net (gain) loss on foreign currency exchange	(182,911)	29,661
Gain on modification of lease agreements	(215)	(961)
Changes in operating assets and liabilities		
Notes receivable and trade receivables	723,769	(582,130)
Receivables from related parties	(754)	157
Other receivables	(6,198)	(6,315)
Inventories	(2,234,483)	(966,715)
Prepayments	79,933	(457,527)
Other current assets	945	8,976
Notes payable and trade payables	(1,484,301)	600,599
Other payables	38,900	688,669
Other payables to related parties	(28)	(841)
Other current liabilities	57,554	(5,329)
Net defined benefit liabilities	(4,821)	(2,242)
Accrued profit sharing bonus to employees' compensation and remuneration of directors	(203,403)	811,991
Cash generated from operations	2,679,779	8,707,463
Interest received	96,751	50,534
Interest paid	(689)	(1,784)
Income tax paid	(1,252,595)	(334,682)
Net cash generated from operating activities	<u>1,523,246</u>	<u>8,421,531</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(261,334)	(229,348)
Disposal of financial assets at fair value through other comprehensive income	248,086	28,562

(Continued)

# SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Purchase of financial assets measured at amortized cost	\$ (3,479,338)	\$ (6,840,173)
Proceeds from the return of principal of financial assets at amortized cost	5,041,169	4,423,168
Acquisitions of financial assets at fair value through profit or loss	(542,428)	(491,969)
Disposal of financial assets at fair value through profit or loss	617,232	326,777
Acquisition of property, plant and equipment	(649,183)	(835,529)
Proceeds from disposal of property, plant and equipment	485	9,115
Increase in refundable deposits	(3,177)	(637,862)
Decrease in refundable deposits	60,006	1,629
Payment of intangible assets	(80,470)	(40,792)
Acquisition of investment properties	(67,996)	(308,857)
Dividends received	<u>43,858</u>	<u>28,225</u>
Net cash generated from (used in) investing activities	<u>926,910</u>	<u>(4,567,054)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	659,582	2,574,315
Repayments of short-term borrowings	(697,017)	(2,786,785)
Increase in guarantee deposits	109,079	152,331
Decrease in guarantee deposits	(110,189)	(60,589)
Repayment of the principal portion of lease liabilities	(50,359)	(45,733)
Cash dividends distributed	(3,830,363)	(899,368)
Payments for buy back of treasury shares	(52,595)	(49,725)
Dividends paid to non-controlling interests	(966,108)	(601,317)
Increase in non-controlling interests	58,000	244,519
Employee compensation issued in the form of stock that are not vested	<u>1,729</u>	<u>2,369</u>
Net cash used in financing activities	<u>(4,878,241)</u>	<u>(1,469,983)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>159,294</u>	<u>(40,527)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,268,791)</b>	<b>2,343,967</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>7,930,508</b></u>	<u><b>5,586,541</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>\$ 5,661,717</b></u>	<u><b>\$ 7,930,508</b></u>

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

(Concluded)

# Sitronix Technology Corp.

## 2022 Profit Distribution Proposal

Unit: NT\$

Item	Amount
Unappropriated retained earnings	3,328,477,971
Net profit after tax for current period	3,610,165,635
Disposal of financial assets measured at fair value through other comprehensive income to adjust retained earnings	20,624,183
Actuarial profit and loss for adjustment of retained earnings	2,064,057
Items other than net profit for the current period are included in the amount of undistributed surplus for the current year	<b>3,632,853,875</b>
Less: appropriation of legal surplus reserve of 10%	(363,285,388)
Less: special reserve in accordance with law	(182,761,534)
Retained earnings available for distribution for current period	<b>6,415,284,924</b>
Less: allocated items	
Shareholders' dividends ( <b>cash dividends of N\$22per share</b> )	(2,643,011,272)
Unappropriated retained earnings	<b>3,772,273,652</b>

## Note:

- (I.) The registered number of paid-in shares of the Company on Mar. 16, 2023 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 2022 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.

## Articles of Incorporation

### Chapter I General Provisions

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

### Chapter II Shares

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



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

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

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

### **Chapter III Shareholders' meeting**

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

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

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

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

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

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

### **Chapter IV Directors and Audit Committee**

Article 13: The Board of Directors of the company shall comprise of five to nine directors. The term of office of a director shall not exceed three years; but he/she may be eligible for re-election. For the foregoing number of directors, the number of independent directors shall be at least three.

In case a candidates nomination system is adopted by the company for election of the directors, the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. The nomination method shall be in accordance with Article 192-1 of the Company Act.

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

- Article 13-1: When the number of directors falls short by one third of the total number, the Board of Directors shall call, within 60 days, a special shareholders' meeting to elect succeeding directors to fill the vacancies. When the number of independent directors falls below that prescribed in the company's Articles of Incorporation due to the dismissal of an independent director for any reason, a by-election to fill the vacancy shall ideally be held at the next shareholders' meeting. When all independent directors are dismissed, the Board of Directors shall hold a special shareholders' meeting within 60 days from the date of occurrence to hold a by-election.
- Article 13-2: In accordance with Article 14-4 of the Securities and Exchange Act, the company shall set up an Audit Committee composed of all independent directors, which shall exercise the functions and powers of supervisors prescribed by the Company Act, Securities and Exchange Act, and other regulations.
- The company shall establish a Remuneration Committee or other functional committees as required by laws or business.
- Article 14: The Board of Directors is organized by the directors, and shall elect a Chairman of the Board of Directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The Chairman of the Board of Directors shall externally represent the company.
- The Board of Directors shall meet at least quarterly. The reasons for calling a Board of Directors meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice. The Board of Directors may be summoned by fax or e-mail instead of written notice.
- Article 15: In case the Chairman of the Board of Directors is on leave or absent or unable to exercise his power and authority for any cause, the designation of his/her proxy shall be in accordance with Article 208 of the Company Act.
- Article 15-1: Each director shall attend the meeting of the Board of Directors in person. In case a director appoints another director to attend a meeting of the Board of Directors in his/her behalf, he/she shall, in each time, issue a written proxy. A director may accept the appointment to act as the proxy of one other director only. In case a meeting of the Board of Directors is proceeded via video conference, then the directors taking part in such a video conference shall be deemed to have attended the meeting in person.
- Article 16: The Board of Directors shall be authorized to determine the remuneration to directors according to the degree of participation in the operation of the company and the value of their contribution, with reference to the domestic and foreign industry standards.

### **Chapter V Managers**

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

### **Chapter VI Accounting**

- Article 18: At the end of a fiscal year, the Board of Directors of the company shall prepare the following reports and statements to be submitted to the Board of Directors for recognition according to the procedures prescribed by law:
- (I) Business report.
  - (II) Financial statements.
  - (III) Proposals for earnings distribution or loss recovery.

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

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

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

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

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

- (I) Pay all taxes and dues.
- (II) Make up for accumulated losses.
- (III) Appropriate 10% of the remaining net profits as legal surplus reserve. Where such legal reserve amounts to the total paid-in capital of the company, this provision shall not apply.
- (IV) Appropriate or reverse special surplus reserve as prescribed by law.
- (V) If there is still remaining balance, the Board of Directors shall draw up an earnings distribution proposal on the balance and the accumulated undistributed earnings of previous years, and submit to the shareholders' meeting to resolve the dividends distribution to the shareholders.

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

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

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

## Chapter VII Supplementary provisions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sitronix Technology Corp.

Chairman: Vincent Mao

## Sitronix Technology Corp.

### **Rules of Procedures for Shareholders' Meeting**

#### Article 1

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

#### Article 2

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

#### Article 3

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

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

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

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

#### Article 4

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

#### Article 5

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

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

#### Article 6

Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending

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

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

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

#### Article 7

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

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

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

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

#### Article 8

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

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

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

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

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

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

#### Article 9

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

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

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

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

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

#### Article 10

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

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

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

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

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

#### Article 11

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

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

#### Article 12

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

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

#### Article 13

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or armbands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

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

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

#### Article 14

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

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

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

#### Article 15

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



## Sitronix Technology Corp.

### Shareholdings of All Directors

- I. The total number of shares issued by the company is 120,136,876 shares.
- II. The minimum required combined shareholding of all directors of the company by law is 8,000,000 shares. (Note 1)
- III. As of the book closure date of the shareholders' meeting (April 23, 2023), the number of shares held by all the directors shall be 9,613,134 shares (including 1,791,874 shares of trust shares reserved with the right to decide utilization), which has met the statutory minimum shareholding percentage requirements.

Book closure date: April 23, 2023

Title	Name	Number of shares held
Chairman	Vincent Mao	1,771,699
Director	Wen-Bin Lin	2,200,000
Director	I-Hsi Cheng (Note 2)	411,052
Director	Sheng-Su Lee (Note 3)	259,821
Director	Silicon Power Computer&Communications Inc.	3,150,000
Independent Director	Cheng-Chieh Dai	18,688
Independent Director	Yu-Nu Lin	0
Independent Director	Jui-Hsiang Lo	40,000
Independent Director	Ching-Jung Hu	0
Total number of directors		7,851,260

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

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

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

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



# *Sitronix*

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