

Sitronix Annual Report 2022

*Lighting up
your life.*

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Not Applicable

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Chapter 1 Letter to Shareholders

Dear shareholders,

I. Operating Performance in 2022

(I) Implementation results of the business plan

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: the Russia-Ukraine war, rapid inflation, and the 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) Budget performance

Sitronix did not disclose the financial forecasting for the year 2022; thus it is unnecessary to disclose the budget performance.

(III) Profitability analysis

Item Analyzed \ Year		2022 (Note 2)	2021 (Note 2)
Return on Assets (%)		19.86%	38.79%
Return on Equity (%)		28.23%	57.79%
Ratio in Paid-in Capital (%)	Operating Profit	394.75%	678.96%
	Income before Tax	425.05%	695.35%
Net Profit Rate (%)		23.46%	31.78%
Net Profit Per Share (NT\$) (Note 1)		30.10	50.03

Note 1: Calculated by the weighted average number of shares outstanding in the current year.

Note 2: Consolidated financial information using IFRS.

(IV) The condition of research and development

Sitronix is committed to expanding its DDI product line for smartphones, automotive and industrial DDI, and touch applications. In addition, the Company continues to develop non-cellular DDI products with long-term potentials, such as distance and ambient light sensors, flash detection, gyroscope and gravitational acceleration sensors, pressure gauge sensors, and electromagnetic wave sensors.

II. Business Plan Summary for 2023

In 2023, Sitronix will persistently adhere to the strategy of product differentiation and diversification.

In terms of product differentiation strategy, Sitronix continues to innovate its technology to provide zero-capacitor, low-power consumption products, and to develop multiple application markets such as automotive, medical, education, and touch.

In terms of the product diversification strategy, Sitronix's products cover various DDI markets such as artificial intelligence internet of things (AIoT), industrial control, handheld and smart wearable devices, and in-vehicle, as well as non-DDI products such as high-end optical sensors and MEMS sensors, MCUs, and power management ICs.

III. Future Development Strategies of the Company

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.

IV. Impacts of External Competition, Regulatory, and Overall Business Environment

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 to steadily respond to the dynamic external environment.

Once again, we would like to thank you for your 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.

Wishing you good health and happiness!

Sitronix Technology Corp.

Chairman: Vincent Mao

Chapter 2 Company Profile

I Company Profile

(I) Date of Incorporation

The Company was established on July 9, 1992.

(II) Company History

1992	✦	Guanlin Technology was incorporated in Taipei with a capital of NT\$5 million.
1993	✦	Established a microcontroller software design team.
1994	✦	Made a cash capital increase of NT\$5 million.
1995	✦	Established a computer peripheral software design team.
1996	✦	Established a consumer electronics software R&D team.
1997	✦	Made a cash capital increase of NT\$10 million.
1998	✦	Made a cash capital increase of NT\$50 million.
	✦	Guanlin Technology officially changed its name to "Sitronix Technology" and reconstructed and transformed it into an IC design company.
	✦	Established a consumer IC design team and set up the System-on-Chip (SOC) Business Unit.
	✦	Gained the investment incentive of "Important Technology Enterprise" from the Industrial Development Bureau, Ministry of Economic Affairs.
1999	✦	Completely transformed into an IC design company.
	✦	Launched a SOC-based consumer IC product.
	✦	Established the Liquid Crystal Display (LCD) Driver Business Unit.
	✦	Made a cash capital increase of NT\$110 million.
2000	✦	Mr. Chen-Chang Hsu, the corporate representative of Wintek Corporation, served as the chairman of the Company.
	✦	Public offering approved by the Securities and Futures Commission, Ministry of Finance.
	✦	Launched electronic dictionary ICs and LCD Drivers for OA.
2001	✦	Successfully developed the LCD Driver displaying Chinese fonts and LCD Driver for PDAs.
	✦	Gained the investment incentive of the "Important Emerging Strategic Industry" from the Industrial Development Bureau, Ministry of Economic Affairs.
2002	✦	The first LCD Driver for mobile phones was mass-produced and delivered.
	✦	Launched a new generation electronic dictionary platform.
	✦	Launched a HIFAS series of LCD drivers.
	✦	Made a cash capital increase of NT\$35 million.
	✦	Listing and transactions on the Emerging Market approved by Taipei Exchange (TPEX), under the stock code of R246.
2003	✦	Obtained the "Letter of Opinion on Successfully Developed Product/Technology with Market Potential by a Technology Enterprise" from Technology Enterprise Commission, Industrial Development Bureau.
	✦	Approved by the Ministry of Economic Affairs to invest and set up factories in mainland China.
	✦	Launched the LCD Driver for color mobile phones.
	✦	Officially listed on the Technology Sector of Taiwan Stock Exchange (TWSE) under the stock code 8016 on December 25, 2003.
2004	✦	Indirectly invested in Sitronix Technology (Shenzhen) LLC to engage in the development, sales, and after-sales service of computer hardware and software products and provide related technical consulting services.
	✦	Successfully developed the TFT-LCD driver chips for mobile phones.
	✦	Successfully launched the high-end electronic dictionary chipset.
	✦	Started mass production and delivery of the CSTN Driver IC for mobile phones.

2005	✦ Reinvested in Sida Technology Corporation with a 55% shareholding.
	✦ Completed a new generation architecture platform for electronic dictionaries.
	✦ Established the technology of hardware and software for music players.
	✦ Completed the research and development of the educational toy product line.
	✦ Completed the CSTN Driver for the HIFAS architecture.
	✦ Introduced TFT Mobile Driver for mass production.
	✦ Built the technical capability for the Large Panel Driver.
2006	✦ Reinvested in Sifa Technology Corporation with a 25% shareholding.
	✦ Passed the global quality certification SGS ISO-9001.
	✦ Completed the audio DSP software and hardware development.
	✦ Built the software and hardware platform for 32-bit CPUs.
	✦ Introduced the HIFAS Color STN Driver for mass production.
	✦ Built the technology for LCD drivers for automobiles.
	✦ Introduced the Mobile and Monitor TFT Driver for mass production.
	✦ Built the R&D technology for LCD TV Driver.
2007	✦ Named as one of the top 50 IC design houses in IC Insights' Strategic Reviews for the first time in 2007.
	✦ Made a cash capital increase of 3.5 million common shares by private placement and successfully introduced strategic partners.
	✦ Monthly sales broke through NT\$600 million for the first time.
	✦ Built an 8-bit and 32-bit digital photo frame system.
	✦ USB interface single chip for wafer reader was recognized by international manufacturers and introduced for mass production.
	✦ Introduced the Green Driver MSTN/CSTN for mass production and built the R&D technology for Green Driver TFT.
	✦ Introduced the automobile LCD Driver for mass production.
	✦ Completed the new technology of Crosstalk compensating circuit and introduced it for mass production.
	✦ Introduced the Monitor TFT Driver for mass production.
	✦ Completed the verification of 8 bits Source Driver for LCD TV.
	✦ Completed the verification of 400 Channels Gate Driver for LCD monitors.
	✦ Completed the verification of 1200 Channels Source with 480/600 Channels Gate for AV monitor.
2008	✦ Built a multi-functional personal karaoke player.
	✦ Introduced the Palette Driver for mass production.
	✦ Researched and developed the E-Paper driver chip.
	✦ Introduced the LCD driver IC for CABC & Dot Inversion TFT mobile phones.
	✦ Started the mass production of 6 bits 642/720 Channels Source Driver/400 Channels Gate Driver for LCD monitors.
	✦ Completed the verification of 6 bits 960 Channels Source Driver/8 bits Source Driver for LCD monitors.
	✦ Started the mass production of 1200 Channels Source Driver and 600 Channels Gate Driver for low-price notebook panels and completed the verification of 480 Channels Gate Driver.
2009	✦ Started the mass production of products with small-size TFT LCD driver single-chip built-in capacitor technology.
	✦ Started the mass production of products with small-size TFT LCD driver single-chip built-in backlight power-saving technology.
	✦ Researched and developed the TFT LCD drive single-chip Green Driver technology for mobile phones.

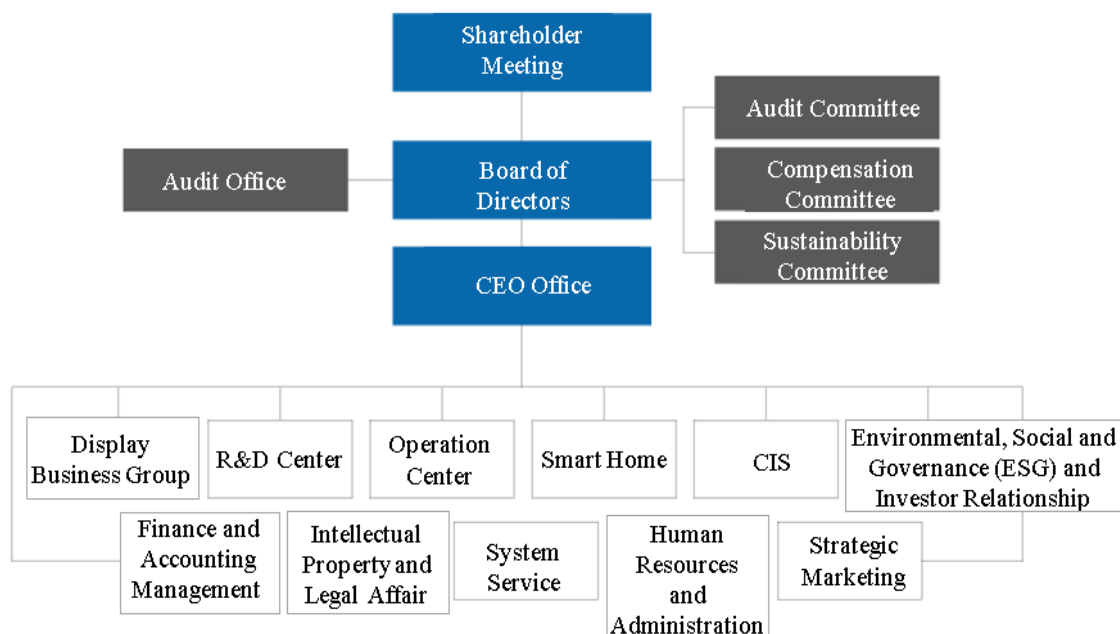
2009	✦ Started the mass production of mini-LVDS/RSDS 6 bits 960 channels COF source driver for LCD monitors.
	✦ Completed the verification of mini-LVDS 6 bits 1026 channels COF source driver for LCD monitors.
	✦ Completed the verification of mini-LVDS 768 channels COG source driver for notebook panels.
	✦ Started the mass production of 2 Channels protection ICs for game console power adapters.
	✦ Completed the verification of 4 Channels/3 Channels protection ICs for switching power supplies.
	✦ Started the mass production of source driver for 1200 Channels built-in Timing Controller for digital photo frame panels.
	✦ Multimedia e-cards.
2010	✦ A new generation of multi-functional control chips and processing platform.
	✦ Portable music singing solution.
	✦ Audio and sound control platform.
	✦ The program of 32-bit processor applied in the learning machine market.
	✦ A new generation of 32-bit processor chips.
	✦ The controller chips for Apple accessories products.
	✦ Expanded the driver chips built-in capacitor products for mobile phones.
	✦ Built the small-size, medium, and high-resolution drive chip technology without capacitors.
	✦ Researched and developed the small-size driver chips of integrated circuits for reducing memory unit.
	✦ Built the driver chip high-speed single-channel interface technology for mobile phones.
	✦ Started the mass production of mini-LVDS 768 channels COG source driver for notebook panels.
	✦ Completed the verification of the 960ch gate driver supporting Dual gate architecture for medium-size panels.
	✦ Completed the verification of source driver with 1200 channels built-in Timing Controller for automotive panels.
	✦ Started the mass production of mini-LVDS 6 bits 1026 channels COF source drivers for LCD monitors.
	✦ Started the mass production of Source/Gate drivers for industrial panels.
2011	✦ Expanded the TFT LCD single-chip driver built-in capacitor products for mobile phones.
	✦ Expanded the TFT LCD single-chip driver built-in capacitor products for mobile phones.
	✦ Built the TFT LCD medium and high-resolution drive single-chip technology without capacitors for mobile phones.
	✦ Built the driver single-chip high-speed single-channel interface technology for mobile phones.
	✦ Introduced the new STN Driver IC for customer testing and successfully introduced for mass production at the end of the year.
	✦ Completely developed the TN Driver COG IC and introduced it to the market for promotion.
	✦ Developed the medium-sized TFT 800*480 resolution 2 chip solution, high pin count gate driver, built-in timing generation circuit, driver IC supporting 1024*768 resolution, and arbitrary resolution timing generation circuit.
	✦ Developed the driver IC built-in timing generation circuits, real 8-bit driver chips, and temperature compensation circuits for automotive TFT panels.
	✦ Started the mass production of multi-finger touch solutions for tablet computers.
	✦ Passed the certification of Win7 10-finger touch Logo.
	✦ Built the Single-layer ITO touch sensing technology.
	✦ Started the mass production of a new generation of five-finger touch single chip for 2012 and 2013 smartphones.
	✦ Launched a multi-finger touch single chip designed specifically for tablet computers.
	✦ Completed the support of OGS (One Glass Solution) multi-finger touch technology.
	✦ Built the multi-touch technology that is resistant to high noise of power adapters.
2012	✦ Built the drive single-chip technology with small-size, TFT LCD, medium and high resolution, without capacitors.
	✦ Developed the driver chip with built-in timing generation circuits and power circuits.
	✦ Developed the control chip for 3D glasses.

	✦ Mono-STN Green Driver external power supply system.
	✦ Developed the 1024*600 resolution 2 Chip solution.
2013	✦ Built the TFT LCD driver IC with high-speed interface, high-speed SRAM, Line buffer technology for mobile phones.
	✦ HD720(800*1280) for LTPS LCD Driver.
	✦ Built the small-size drive single-chip technology with TFT LCD, medium and high resolution without capacitor for feature phones.
	✦ Developed the ES of PND 480x272 0C driver ICs.
	✦ Researched and developed the STN DRIVER NEW BOOST SYSTEM WITH ZERO CAPS.
2014	✦ 2/4 direction gesture control proximity sensor.
	✦ Small sensor hole proximity sensor.
	✦ 320*240 resolution STN display driver chip for industrial control instrument.
	✦ 480*272 resolution color TFT display driver chip for Smart Home product.
	✦ HVGA(480*320) Zero Cap a_Si TFT LCD driver IC.
	✦ HD720(1280*800) a_Si TFT LCD driver IC.
	✦ WVGA Burst Out DC/DC Convertor for Zero Cap Driver IC.
	✦ MIPI with 1.5G pbs Lane Speed.
	✦ Touch IP for TDDI (Touch + display driver) Integrated IC.
2015	✦ 320*240 STN with LVDS display driver chip for industrial control instrument.
	✦ 800*480 STN display driver chip for industrial control instrument.
	✦ 1.5 m/m small-sensor-hole proximity sensors.
	✦ 1920*720 1440-channel TFT display driver chip for automotive center stack/instrument cluster.
2016	✦ Announced to launch the HD720 Zero capacitor version.
	✦ Announced to launch the FHD Zero capacitor version.
2017	✦ Started the mass production of automotive touch controllers.
	✦ Launched the upgraded version of the proximity sensor.
2018	✦ Launched the low-power consumption industrial control DDI products.
	✦ Launched the micro-gap distance sensor and under-screen distance sensor.
2019	✦ Launched the upgraded version of the distance and ambient light sensors.
	✦ Launched the advanced drive chip for industrial control displays.
	✦ Launched the drive chip for wearable display.
2020	✦ Launched the RGB + Flicker sensor for mobile phones and cameras.
2021	✦ High sensitivity slit-type light sensor.
	✦ HD TFT integrated display driver and capacitive touch control chip
	✦ TFT display driver chip with QSPI interface for wearable devices.
	✦ MCU-based generator voltage regulator control chip for automobiles.
	✦ Capacitive touch control chip for advanced wearable devices.
	✦ Display driver chip for smart meters.
	✦ Executed the division of the Company's Vehicle Business Division to Forcelead Technology Corp.
2022	✦ First Sustainability Report issued and accredited by AA-1000 Type 2.
	✦ Ultra low power consumption industrial control display driver chip.
	✦ Second generation of 7" STN display driver chip for industrial control instrument.
	✦ 360x390 display driver chip with RAM TFT for wearable devices.
	✦ 400x400 AMOLED display driver chip for wearable devices.
	✦ High-sensitivity under-screen InP distance sensor and light sensor.
	✦ Pressure sensor for height detection.

Chapter 3 Corporate Governance Report

I Organization

(I) Chart of Organization Structure



(II) The Business of Each Major Department

CEO Office	<ol style="list-style-type: none"> 1. To establish the company's operational policies, major strategies and operation goals. 2. To plan and implement strategic investment cooperation.
Audit Office	To implement and manage internal audits and improve management performance.
Finance and Accounting Management	<ol style="list-style-type: none"> 1. To coordinate the funds, establish and maintain related accounting systems. 2. To deal with matters related to the shareholder meeting, and stock-related business.
Intellectual Property and Legal Affairs	Corporate legal affairs and intellectual property management.
System Service	To be responsible for the automation of the Company's operational system and the management of electronic message transmission.
Human Resources and Administration	<ol style="list-style-type: none"> 1. To implement matters relate to HR planning, training development, and employee bonus and benefits. 2. To manage general matters, procurement, insurance, occupational safety and health, and property management.

Strategic Marketing	<ol style="list-style-type: none"> 1. New technology and new application market research and feasibility studies and implementation. 2. Technical team investment investigation and feasibility studies and execution. 3. Evaluation and execution of product and market growth-related matters for the new team after the investment.
Environmental, Social, and Governance (ESG) and Investor Relationship	<ol style="list-style-type: none"> 1. To provide environmental, social, and corporate governance objectives, strategies and implementation plans. 2. To promote sustainable development and report regularly on the implementation of the Sustainability Committee. 3. To focus on stakeholder concerns and integrate internal and external communication. 4. To implement the corporate governance system and improve information disclosure and information symmetry. 5. To publish and respond to external information, and establish a communication network between investors and media. 6. To summarize market and industry dynamics to provide a reference for the management team's decision-making.
CIS	<ol style="list-style-type: none"> 1. Responsible for CIS product specification planning, product development, market information collection, marketing, production and customer support. 2. Application software, hardware development and maintenance related to the customer promotion platform. 3. Application software and function development of related FPGA verification platform. 4. To cooperate for ISP adaptation and image optimization of major platform factories/final-end customers.
Smart Home	Design and produce intelligent switches, intelligent sockets, and products related to home automation.
Operation Center	<ol style="list-style-type: none"> 1. To be responsible for the product sales services. Expansion and marketing plans for domestic and foreign markets. 2. Services related to customer complaint analysis and response. To develop application software and verify functions for related products. 3. Delivery reply, delivery deadline tracking, and management of customer services. 4. Planning and implementation of product development activities. 5. Planning and implementation of product quality and product delivery. 6. Monitoring and improvement of products and supplied commodities. 7. Planning and implementation of product cost improvement.

R&D Center	<ol style="list-style-type: none"> 1. To be responsible for specification planning, product development, market information collection, production, and customer support for vehicle electronics. 2. To develop application software and verify functions for related products. 3. Development and maintenance of product system validation tools and methods. 4. IC layout drawing preparation and document backup. 5. Development and maintenance of various circuit architectures and hardware and software core tools related to the previous items.
Display Business Group	<ol style="list-style-type: none"> 1. To be responsible for specification planning, product development, market information collection, production, and customer support for display drive products. 2. To be responsible for specification planning, product development, market information collection, production, and customer support for touch control products. 3. To develop application software and verify functions for related products. 4. Development and maintenance of product system validation tools and methods. 5. IC layout drawing preparation and document backup. 6. Development and maintenance of various circuit architectures and hardware and software core tools related to the previous items.

II. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assistants and Heads of Departments and Branches

(I) Information of directors

April 23, 2023; Unit: share, %

Title	Nationality or Place of Registration	Name	Gender Age	Selected (Entered Office) Date	Tenure	Date First Elected	Shareholding at the Time of Appointment		Current shareholding		Shareholding by Spouse and Minor Children		Shareholding through Nominees		Major Education and Work Experience	Position(s) Held Concurrently in the Company and/or in Any Other Company	Other Managers, Directors and Supervisors Roles Held by Spouse or Second-degree Relations			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Chairman	R.O.C.	Vincent Mao	Male <u>61~70</u>	7/27/2021	3 years	7/9/1992	1,771,699	1.47%	1,771,699	1.47%	81,243	0.07%	-	-	EMBA, National Taiwan University Institute of Microelectronics, Cheng Kung University General Manager, Sitronix Technology Corp. Market Planning, United Microelectronics Corp.	Chairman & CEO, Sitronix Technology Corp. Chairman, Sitronix Holding International Limited. Director, mCore Technology Corp. Director, Sensortek Technology Corp. Chairman & CEO, Forcelead Technology Corp. Director, INF Sitronix Technology Corp. Chairman, Sitronix Investment Corp. Director, Sync-Tech System Corp. Director, Silicon Power Computer & Communications Inc. Independent Director, Compal Broadband Networks Inc. Director, ezGlobal Corp.	-	-	-	(Note 2)
Director	R.O.C.	Wen-Bin Lin	Male <u>61~70</u>	7/27/2021	3 years	1/5/1999	2,200,000	1.83%	2,200,000	1.83%	1,100,000	0.92%	-	-	Electronics, Taipei Tech	None	-	-	-	-
Director	R.O.C.	I-Hsi Cheng (Note 1)	Male <u>51~60</u>	7/27/2021	3 years	1/5/1999	411,052	0.34%	411,052	0.34%	189,617	0.16%	-	-	Department of Electronics Engineering, NCTU Deputy Manager, Design Department, Novatek Microelectronics Corp.	CRO, Sitronix Technology Corp. Chairman, mCore Technology Corp.	-	-	-	-
Director	R.O.C.	Silicon Power Computer & Communications Inc.	-	7/27/2021	3 years	6/11/2014	3,150,000	2.62%	3,150,000	2.62%	-	-	-	-	-	-	-	-	-	-
	R.O.C.	Representative: Hui-Min Chen	Male <u>51~60</u>	7/27/2021	3 years	6/11/2014	-	-	20	0.00%	20	0.00%	-	-	MBA, University of Central Oklahoma (U.S.) Assistant General Manager, Sales Division, Transcend Information, Inc.	Chairman & CEO, Silicon Power Computer & Communications Inc. Chairman, Silicon Power Computer & Communications Netherlands B.V. Director, Wang Xin Investment Corp. Director, Silicon Power Investment Co., Ltd. Supervisor, Silicon Power Japan Co., Ltd.	-	-	-	-

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

Note 2: Where the Chairman of the Board of Directors and the General Manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.:

At present, the Chairman of the Board of Directors concurrently holds the post of CEO, which is reasonable and necessary to improve the decision-making efficiency of the operation and improve the performance of operation to create higher value for the Company. The Company has added one independent director in 2021 to strengthen the supervisory function of the Board.

April 23, 2023; Unit: share, %

Title	Nationality or Place of Registration	Name	Gender Age	Selected (Entered Office) Date	Tenure	Date First Elected	Shareholding at the Time of Appointment		Current shareholding		Shareholding by Spouse and Minor Children		Shareholding through Nominees		Major Education and Work Experience	Position(s) Held Concurrently in the Company and/or in Any Other Company	Other Managers, Directors and Supervisors Roles Held by Spouse or Second-degree Relations			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Director	R.O.C.	Sheng-Su Lee (Note 3)	Male <u>61~70</u>	7/27/2021	3 years	6/22/2015	259,821	0.22%	259,821	0.22%	-	-	-	-	Graduate Institute of Electrical Engineering, National Taiwan University General Manager, Corporation.	Deputy Chairman & Deputy CEO, Silicon Power Computer & Communications Inc. Chairman & CEO, Sensortek Technology Corp. Director, Silicon Power Investment Co., Ltd.	-	-	-	-
Independent Director	R.O.C.	Cheng-Chieh Dai	Male <u>61~70</u>	7/27/2021	3 years	6/10/2010	1,019	0.00%	18,688	0.02%	-	-	-	-	Institute of Electrical Engineering, State University of New York at Stony Brook Assistant General Manager, Accusys, Inc. Business Manager, Elitegroup Computer Systems Inc.	General Manager, Accuvision Technology Inc. Director, Accuvision Technology Inc. Independent Director, NEXCOM International Co., Ltd. Director, STL Technology Ltd. Director, Cheng Yu Investment Co., Ltd.	-	-	-	-
Independent Director	R.O.C.	Yu-Nu Lin	Female <u>51~60</u>	7/27/2021	3 years	6/27/2018	-	-	-	-	-	-	-	-	EMBA, Taiwan University Department of Accounting, Chengchi University Taiwan Securities Co., Ltd. Sales Deputy Manager KPMG Taiwan Intermediate auditor Passing the Accounting Entrance Exam	Financial Assistant General Manager, Chin-Poon Industrial Co., Ltd.	-	-	-	-
Independent Director	R.O.C.	Jui-Hsiang Lo	Male <u>61~70</u>	7/27/2021	3 years	7/27/2021	-	-	40,000	0.03%	4,000	0.00%	-	-	MBA, National Chengchi University Department of Communications Engineering, National Chiao Tung University; Manager, Consumer Communications Products Department, United Microelectronics Corporation	Chairman, IC PLUS Corp. Director, Dadi Kid Education Co., Ltd.	-	-	-	-
Independent Director	R.O.C.	Ching-Jung Hsu	Male <u>71~80</u>	7/27/2021	3 years	7/27/2021	-	-	-	-	460	0.00%	-	-	Accounting and Statistics Department of Aletheia University	General Manager, Shin Hwa Clock Industry Co., Ltd.	-	-	-	-

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

(II) Major shareholders of the institutional shareholders

Name of Institutional	Top 10 Institutional Shareholders	Shareholding Ratio (%)
Silicon Power Computer & Communications Inc.	Sitronix Technology Corp.	6.61%
	Wang Xin Investment Corp.	5.90%
	Guang-sheng Investment LTD.	3.80%
	Pei-Jung Yuan	1.51%
	Trust Property Account Entrusted by Hui-Min Chen in Mega International Commercial Bank	1.50%
	Chin-Cheng Huang	1.26%
	Hui-Min Chen	1.15%
	H&Z TECHNOLOGY LIMITED	1.14%
	Trust Property Account Entrusted in Mega International Commercial Bank by Pei-Jung Yuan	0.96%
	Kuei-Ting Liu	0.86%

Note: The shareholding information of Silicon Power Computer & Communications Inc. as of April 18 2023.

(III) Where major shareholder is legal person and its major shareholders:

Name of Institutional Shareholders	Top 10 Institutional Shareholders	Shareholding Ratio(%)
Sitronix Technology Corp.	Please refer to the information on top ten shareholders in the Company's annual report	—
Wang Xin Investment Corp.	Hui-Min Chen	99.7%
	Sin-Sin Yang	0.3%
Guang-sheng Investment LTD.	Li-Li Su	12%
	Sheng-Su Lee	12%
	Jui-Huan Lee	76%
H&Z TECHNOLOGY LIMITED	Hsi Pin Lee	35%
	Shu-Nuan Hou	25%
	Shao-Hui Lee	20%
	Jou-Wei Lee	20%

(IV) Disclosure of information on the professional qualifications of the directors and supervisors and the independence of the independent directors

Condition Name	Professional Qualifications & Experience	Meets the Independence	Hold concurrent post of Independent Director of other publicly owned corporations
Chairman Vincent Mao	<ol style="list-style-type: none"> 1. Acquired work experience in business, technology, practice of industry knowledge, and operational decision making. 2. Chairman and CEO (for consecutive terms), Sitronix Technology Corp.; Chairman, Sitronix Holding International Limited; Director, mCore Technology Corp; Director, Sensortek Technology Corp.; Chairman & CEO, Forcelead Technology Corp.; Director, INFSitronix Technology Corp.; Chairman, Sitronix Investment Corp.; Director, Sync-Tech System Corp.; Director, Silicon Power Computer & Communications Inc.; Independent Director, Compal Broadband Networks Inc.; Director, ezGlobal Corp. 3. Not subject to any of the matters under Article 30 of the Company Act. 	Not applicable	1
Director Wen-Bin Lin	<ol style="list-style-type: none"> 1. Has the work experience required in the business sector and that requires operational judgement. 2. Director of Gu Ming Investment Corp. for consecutive terms. 3. Not subject to any of the matters under Article 30 of the Company Act. 	Not applicable	0
Director I-Hsi Cheng	<ol style="list-style-type: none"> 1. Acquired work experience in business, technology, practice of industry knowledge, and operational decision making. 2. CRO (for consecutive terms), Sitronix Technology Corp.; Chairman, mCore Technology Corp. 3. Not subject to any of the matters under Article 30 of the Company Act. 	Not applicable	0
Director Silicon Power Computer & Communications Inc. Representative : Hui-Min Chen	<ol style="list-style-type: none"> 1. Acquired work experience in business, technology, and operational decision making. 2. Chairman and CEO (for consecutive terms), Silicon Power Computer & Communications Inc.; Chairman, Silicon Power Computer & Communications Netherlands B.V; Director, Wang Xin Investment Corp.; Director, Silicon Power Investment Co., Ltd.; Supervisor, Silicon Power Japan Co., Ltd. 3. Not subject to any of the matters under Article 30 of the Company Act. 	Not applicable	0
Director Sheng-Su Lee	<ol style="list-style-type: none"> 1. Acquired work experience in business, technology, practice of industry knowledge, and operational decision making. 2. Deputy Chairman and Deputy CEO (for consecutive terms), Silicon Power Computer & Communications Inc.; Chairman & CEO, Sensortek Technology Corp.; Director, Silicon Power Investment Co., Ltd. 3. Not subject to any of the matters under Article 30 of the Company Act. 	Not applicable	0

Condition Name	Professional Qualifications & Experience	Meets the Independence	Hold concurrent post of Independent Director of other publicly owned corporations
Independent Director Cheng-Chieh Dai	<ol style="list-style-type: none"> 1. Acquired work experience in business, technology, and operational decision making. 2. General Manager (for consecutive terms), Accuvision Technology Inc.; Director, Accuvision Technology Inc.; Independent Director, NEXCOM International Co., Ltd.; Director, STL Technology Ltd.; Director, Cheng Yu Investment Co., Ltd. 3. Not subject to any of the matters under Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Neither the principal, his/her spouse or his/her relative within the second degree of kinship is a director, supervisor or an employee of the Company or any of its affiliates. 2. A total of 18,688 shares of the Company were held by the principal, his/her spouse and relatives within the second degree of kinship (or in the name of others). 3. Not serving as a director, supervisor or an employee of a company with a specific relationship with the Company. 4. No business, legal, finance, or accounting services were provided to the Company or its affiliates in the past two years. 	1
Independent Director Yu-Nu Lin	<ol style="list-style-type: none"> 1. Acquired work experience in accounting and operational decision making and passed the national exam required by certified accountant and obtained certification of the professionals and technologists examination. 2. Assistant Business Manager (for consecutive terms), Taiwan Securities Co., Ltd.; Financial Assistant General Manager, Chin-Poon Industrial Co., Ltd. 3. Not subject to any of the matters under Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Neither the principal, his/her spouse or his/her relative within the second degree of kinship is a director, supervisor or an employee of the Company or any of its affiliates. 2. No shares of the Company were held by the principal, his/her spouse and relatives within the second degree of kinship (or in the name of others). 3. Not serving as a director, supervisor or an employee of a company with a specific relationship with the Company. 4. No business, legal, finance, or accounting services were provided to the Company or its affiliates in the past two years. 	0

Condition Name	Professional Qualifications & Experience	Meets the Independence	Hold concurrent post of Independent Director of other publicly owned corporations
Independent Director Jui-Hsiang Lo	<ol style="list-style-type: none"> 1. Acquired work experience in business, technology, and operational decision making. 2. Chairman (for consecutive terms), IC PLUS Corp.; Director, Dadi Early-Childhood Education Group Ltd.; Independent Director and Remuneration Committee Member, Silicon Integrated Systems Corp.; Director, Cloudberry Consultant Corp. 3. Not subject to any of the matters under Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Neither the principal, his/her spouse or his/her relative within the second degree of kinship is a director, supervisor or an employee of the Company or any of its affiliates. 2. A total of 44,000 shares of the Company were held by the principal, his/her spouse and relatives within the second degree of kinship (or in the name of others). 3. Not serving as a director, supervisor or an employee of a company with a specific relationship with the Company. 4. No business, legal, finance, or accounting services were provided to the Company or its affiliates in the past two years. 	0
Independent Director Ching-Jung Hsu	<ol style="list-style-type: none"> 1. Acquired work experience in business, technology, and operational decision making. 2. General Manager (for consecutive terms), Shin Hwa Clock Industry Co., Ltd. 3. Not subject to any of the matters under Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Neither the principal, his/her spouse or his/her relative within the second degree of kinship is a director, supervisor or an employee of the Company or any of its affiliates. 2. A total of 460 shares of the Company were held by the principal, his/her spouse and relatives within the second degree of kinship (or in the name of others). 3. Not serving as a director, supervisor or an employee of a company with a specific relationship with the Company. 4. No business, legal, finance, or accounting services were provided to the Company or its affiliates in the past two years. 	0

(V) Board Diversity and Independence

- (1) Board Diversity: Description of the Board's diversity policy, objectives and achievements. The diversity policy refers to, but is not limited to, the selection criteria of the Directors, the professional qualifications and experience required of the Board of Directors (hereinafter "the Board"), and the composition or ratio of the Board in terms of gender, age, nationality, and cultural background. Descriptions are provided on the Company's specific objectives and the status of its achievements in accordance with the aforementioned policy.

The Company's Board shall guide the corporate strategy, supervise the management, and be accountable to the Company and the shareholders. The corporate governance system shall operate and be arranged in a way that ensures the Board exercises its powers in accordance with the laws and regulations, the Articles of Association, and the resolutions of the shareholders' meetings.

The specific management objectives of the Board's diversity policy are as follows:

1. The Company's Board respects gender equality, where it ensures there is at least one female director on the Board.
2. The Company's Board prioritizes operational decision making, operation management, and crisis management capabilities, where it ensures at least 2/3 of the members of the Board possess relevant core abilities.
3. For the purpose of supervision, the number of members of the Board who are employees of the Company, its parent, subsidiary, or brother companies shall be less than (including) 1/3 of the number of directors.
4. For the purpose of supervision, the number of independent directors shall represent more than 1/3 of the Board's seats.

Board diversity achievements are as follows:

There are 9 Directors of Sitronix this year, with 4 Independent Directors, accounting for 44%. 3 Directors are aged between 51 to 60, 5 Directors are aged between 61 to 70, and 1 Director is aged between 71 to 80.

Among the Independent Directors, there is one female with professional qualification of accountant and is proficient at financial accounting, The 3 other Independent Directors have accumulated the work experience of being a chairman and/or a general manager in the technology sector. They are all proficient at business, technology, and operational decision making and can contribute their expertise to the improvement of corporate governance and planning of future business strategies of the Company.

Among the non-independent directors, there are 3 Directors with employee status,

accounting for 33% of the total number of Directors. All 3 Directors are proficient at business, technology, industry knowledge, and operational decision making. 1 Director is a legal person director of the information electronics industry, who is able to provide different industry experience insights and advices while being equipped with the work experience in business, technology, and operational decision making; 1 Director has extensive industry knowledge and expertise in finance; all Directors are able to adopt an international perspective to implement the action plans of board diversity.

- (2) Independence of the Board: Description shall be provided on the number and ratio of independent directors and the status of independence of the Board. Explanations shall be provided with reasons on the Board's compliance with paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act, including the existence of spousal relationship and second-degree family kinship among or between directors and supervisors. There are 9 Directors of Sitronix this year, with 4 Independent Directors, accounting for 44%. The Board is independent. There is only one legal person Director, and the rest are natural person Directors; None of the Directors has any relationship with each other as stipulated in paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act, or spousal relationship or second degree family kinship.

(VI) President, Vice Presidents, Associate Managers, and Supervisors of All the Company's Divisions and Branch Units

April 23, 2023; Unit: share, %

Title	Nationality	Name	Gender	Selected (Entered Office) Date	Shareholding		Shareholding by Spouse and Minor Children		Shareholding through Nominees		Major Education and Work Experience	Titles Currently hold concurrent posts in other companies	Managers Held by Spouse or Second-degree Relations			Remarks
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Chairman & CEO	R.O.C.	Vincent Mao	Male	4/28/2003	1,771,699	1.47%	81,243	0.07%	-	-	EMBA, National Taiwan University Institute of Microelectronics, Cheng Kung University General Manager, Corporation. Market Planning, United Microelectronics Corp.	Chairman, Sitronix Holding International Limited. Director, mCore Technology Corp. Director, Sensortek Technology Corp. Chairman & CEO, Forcelead Technology Corp. Director, INFSitronix Technology Corp. Chairman, Sitronix Investment Corp. Director, Sync-Tech System Corp. Director, Silicon Power Computer & Communications Inc. Independent Director, Compal BroadbandNetworks Inc. Director, ezGlobal Corp.	None	None	None	(Note 3)
General Manager	R.O.C.	Wei Wang	Male	3/13/2013	65,719	0.05%	-	-	-	-	Department of Electronic, Chung Yuan Christian University Market Division Deputy General Manager, Holtek Semiconductor Inc.	None	None	None	None	None
CRO	R.O.C.	I-Hsi Cheng (Note 1)	Male	4/1/2004	411,052	0.34%	189,617	0.16%	-	-	Department of Electronics Engineering, NCTU United Microelectronics Corp. Deputy Manager, Design Department, Novatek Microelectronics Corp.	Chairman, mCore Technology Corp.	None	None	None	None
CRO	R.O.C.	Chun-Sheng Lin (Note 2)	Male	2/1/2005	787	0.00%	26,313	0.02%	-	-	Department of Electronics, Feng Chia University Executive Manager, R&D Division, EPSON	Director, Forcelead Technology Corp.	None	None	None	None
Chief Operating Officer	R.O.C.	Meng-Huang Liu	Male	3/13/2013	1,005	0.00%	-	-	-	-	Ph. D., Institute of Microelectronics, Cheng Kung University Senior Deputy Assistant General Manager, Analog Design Division, Sentelic Corporation Deputy Manager, Macronix International Co., Ltd	Director, Sync-Tech System Corp. Director, Forcelead Technology Corp. Legal Representative, Sitronix Technology (Shenzhen) Co., Ltd. Legal Representative, HeFei Sitronix Technology Co., Ltd.	None	None	None	None
Supervisor of Financial Division	R.O.C.	Shu-Fang Hsu	Female	7/1/2014	49,430	0.04%	-	-	-	-	Department of Accounting, Soochow University	Director, Sitronix Investment Corp. Supervisor, Sync-Tech System Corp. Supervisor, INFSitronix Technology Corp. Supervisor, mCore Technology Corp. Supervisor, Forcelead Technology Corp.	None	None	None	None
Supervisor of Accounting Division	R.O.C.	Shu-Fang Hsu	Female	10/26/2011	49,430	0.04%	-	-	-	-	Department of Accounting, Soochow University	Director, Sitronix Investment Corp. Supervisor, Sync-Tech System Corp. Supervisor, INFSitronix Technology Corp Supervisor, mCore Technology Corp. Supervisor, Forcelead Technology Corp.	None	None	None	None

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

Note 2: CRO Chun-Sheng Lin holds 200,000 shares of trust shares reserved with the right to decide utilization.

Note 3: Where the Chairperson of the Board of Directors and the General Manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto:

At present, the Chairman of the Board of Directors concurrently holds the post of CEO, which is reasonable and necessary to improve the decision-making efficiency of the operation and improve the performance of operation to create higher value for the Company. The Company has added one independent director in 2021 to strengthen the supervisory function of the Board.

III. Remuneration Paid during the Most Recent Fiscal Year to Directors, Supervisors, the General Manager, and Assistant General Managers

1. Remuneration of general Directors and Independent Directors

December 31, 2022; Unit: NT\$ thousand

Title	Name	Remuneration of Directors								Ratio of Total Remuneration of A, B, C and D in Net Income After Tax		Compensations Paid to Concurrent Employees								Ratio of Total Remuneration of A, B, C, D, E, F and G in Net Income After Tax(%)		Remuneration from an Invested Company Other than The Company's Subsidiary or from the Parent Company		
		Base Compensation (A)		Retirement Pension (B)		Remuneration to Directors (Note 1)		Business Execution Expenses (D) (Note 2)				Salary, Bonus and Allowances (E)		Retirement Pension (F)		Employee's Remuneration (G) (Note 1)								
		The Company	All Companies in the Consolidate d Financial Statements	The Company	All Companies in the Consolidate d Financial Statements	The Company	All Companies in the Consolidate d Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidate d Financial Statements	The Company	All Companies in the Consolidate d Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company		All Companies in the Consolidated Financial Statements		The Company	All Companies in the Consolidated Financial Statements			
Chairman & CEO	Vincent Mao	-	-	-	-	49,216	49,216	32	56	49,248 1.36%	49,272 1.36%	7,218	10,577	273	273	5,994	-	8,134	6,689	62,733 1.74%	74,946 2.08%	None		
Director	Wen-Bin Lin																							
Director & CRO	I-Hsi Cheng																							
Director	Silicon Power Computer & Communications Inc. Company																							
	Representative: Hui-Min Chen																							
Director	Sheng-Su Lee																							
Independent Director	Cheng-Chieh Dai	-	-	-	-	9,600	9,600	564	564	10,164 0.28%	10,164 0.28%	-	-	-	-	-	-	-	-	10,164 0.28%	10,164 0.28%	None		
Independent Director	Yu-Nu Lin																							
Independent Director	Ching-Jung Hsu																							
Independent Director	Jui-Hsiang Lo																							
<div>1. Please state the policies, systems, standards, and structure for the remuneration of the Independent Directors, and state the correlation to the remuneration according to the responsibilities, risks time commitment and other factors: The Independent Directors of the Company is also members of the Remuneration Committee and Audit Committee, and is responsible for independent supervision of the corporate governance, and is liable for presumed fault. The Independent Directors of the Company shall receive a fixed remuneration from the Remuneration Committee on a monthly basis. And If the Company has gained profits within a fiscal year, less than 3% of the profits shall be reserved as the Director's remuneration in accordance with the current Articles of Incorporation. The annual remuneration for each Independent Director of the Company accounts for 3-5% of the remuneration for Directors approximately. In addition to attending the Remuneration Committee, the Audit Committee and the Board of Directors in person each year, the Independent Director shall also understand the operating conditions of the Company and master the trends of the industry so as to make a correct assessment and judgment and achieve the objectives of supervision and review.</div> <div>2. Unless disclosed in the above table, the remuneration received in the most recent year by the Directors for providing services (e.g. serving as a non-employee consultant) to the companies listed in the consolidated financial report: NT\$ 0 thousands.</div>																								

Note 1: The remuneration of Directors and employees in this table was approved by the Board of Directors in March 2023, and the proposed allocation was calculated according to the proportion of the actual amount allocated in the previous year and the term of office.

Note 2: Hui-Min Chen is an Institutional Director - Representative of Silicon Power Computer & Communications Inc. The business execution expenses was paid to the individual, and the surplus was distributed as remuneration to the Institutional Director. The business execution fees received by the Independent Directors refers to the remuneration received from the Remuneration Committee.

Ranges of Remuneration Paid to Each Director of the Company	Name of Director			
	Total Remuneration for the First Four Items (A+B+C+D)		Total Remuneration for the First Seven Items (A+B+C+D+E+F+G)	
	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements
Less than 1,000,000	Corporate representative of Silicon Power Computer & Communications Inc.: Hui-Min Chen	Corporate representative of Silicon Power Computer & Communications Inc.: Hui-Min Chen	Corporate representative of Silicon Power Computer & Communications Inc.: Hui-Min Chen	Corporate representative of Silicon Power Computer & Communications Inc.: Hui-Min Chen
1,000,000 (inclusive) ~ 2,000,000 (exclusive)	—	—	—	—
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	Cheng-Chieh Dai, Yu-Nu Lin Ching-Jung Hsu, Jui-Hsiang Lo	Cheng-Chieh Dai, Yu-Nu Lin Ching-Jung Hsu, Jui-Hsiang Lo	Cheng-Chieh Dai, Yu-Nu Lin Ching-Jung Hsu, Jui-Hsiang Lo	Cheng-Chieh Dai, Yu-Nu Lin Ching-Jung Hsu, Jui-Hsiang Lo
3,500,000 (inclusive) ~ 5,000,000 (exclusive)	—	—	—	—
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	Wen-Bin Lin, Silicon Power Computer & Communications Inc., Sheng-Su Lee, I-Hsi Cheng,	Wen-Bin Lin, Silicon Power Computer & Communications Inc., Sheng-Su Lee, I-Hsi Cheng,	Wen-Bin Lin, Silicon Power Computer & Communications Inc., Sheng-Su Lee,	Wen-Bin Lin, Silicon Power Computer & Communications Inc.,
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	Vincent Mao	Vincent Mao	I-Hsi Cheng	I-Hsi Cheng, Sheng-Su Lee
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	—	—	Vincent Mao	Vincent Mao
30,000,000 (inclusive) ~ 50,000,000 (exclusive)	—	—	—	—
50,000,000 (inclusive) ~ 100,000,000 (exclusive)	—	—	—	—
More than 100,000,000	—	—	—	—
Total	10	10	10	10

2. Remuneration for Supervisors: The Company has set up an Audit Committee, thus it is not applicable.

3. Remuneration of General Manager and Deputy General Manager

December 31, 2022; Unit: NT\$ thousand

Title	Name	Pay (A)		Retirement Pension (B) (Note 1)		Bonuses and Allowances (C)		Employees' Remuneration (D) (Note 2)				Ratio of Total Remuneration of A, B, C and D in Net Income After Tax(%)		Remuneration from an Invested Company Other than The Company's Subsidiary or from the Parent Company
								The Company		All Companies in the Consolidated Financial Statements				
		The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	Cash	Stock amount	Cash	Stock amount	The Company	All Companies in the Consolidated Financial Statements	
Chairman & CEO	Vincent Mao	15,424	15,424	794	794	5,036	5,091	16,350	-	17,146	9,243	37,604 1.04%	47,698 1.32%	None
General Manager	Wei Wang													
CRO	I-Hsi Cheng													
CRO	Chun-Sheng Lin													
Chief Operating Officer	Meng-Huang Liu													
Finance/Accounting Supervisor	Shu-Fang Hsu													

Ranges of Remuneration paid to General Manager and Assistant General Managers of the Company	Name of General Manager and Assistant General Manager	
	The Company	All Companies in the Consolidated Financial Statements
Less than 1,000,000	-	-
1,000,000 (inclusive) ~ 2,000,000 (exclusive)	-	-
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	-	-
3,500,000 (inclusive) ~ 5,000,000 (exclusive)	-	-
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	Wei Wang, Chun-Sheng Lin I-Hsi Cheng, Meng-Huang Liu, Vincent Mao	Wei Wang, Chun-Sheng Lin I-Hsi Cheng, Meng-Huang Liu
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	-	Vincent Mao
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	-	-
30,000,000 (inclusive) ~ 50,000,000 (exclusive)	-	-
50,000,000 (inclusive) ~ 100,000,000 (exclusive)	-	-
More than 100,000,000	-	-
Total	5	5

Note 1: The retirement pensions in this table was set aside by the expensed of the 2022 fiscal year.

Note 2: The remuneration of employees in this table was approved by the Board of Directors in March 2023, and the proposed distribution was calculated according to the proportion of the actual amount distributed in the previous year.

4. Names of Managers and the Allocation of Employee's Remuneration:

December 31, 2022; Unit: NT\$ thousand

Title		Name	Stock amount	Cash	Total	Ratio of total amount to net income after tax (%)
Manager	Chairman & CEO	Vincent Mao	-	16,350	16,350	0.45%
	General Manager	Wei Wang				
	CRO	I-Hsi Cheng				
	CRO	Chun-Sheng Lin				
	Chief Operating Officer	Meng-Huang Liu				
	Finance Supervisor/Accounting Supervisor	Shu-Fang Hsu				

Note: The remuneration of employees in this table was approved by the Board of Directors in March 2023, and the proposed distribution was calculated according to the proportion of the actual amount distributed in the previous year.

5. Separate Comparisons and Descriptions of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company-only Financial Reports or Individual Financial Reports, as Paid by the Company and All Other Companies Included in the Consolidated Financial Statements During the Past Two Fiscal Years to Directors, Supervisors, the President, and Vice Presidents, with Analysis and Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Link

(1) Total Remuneration as a Percentage of Net Income Stated in the Parent Company-only Financial Reports or Individual Financial Reports, as Paid by the Company During the Past Two Fiscal Years to Directors, Supervisors, the President, and Vice Presidents

Item Title Category	Total Remuneration as A Proportion of Net Income After Tax (%)			
	2021		2022	
	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements
Director(Including Concurrent Managers)	1.96%	2.41%	2.02%	2.36%
Supervisors	-	-	-	-
General Manager and Assistant General Manager	0.94%	1.38%	1.04%	1.32%

(2) Remuneration policies, standards, and packages, procedure for determining remuneration, and linkage thereof to operating performance and future risk exposure:

In accordance with Article 18-1 of the current Articles of Incorporation, if the Company has gained profits within a fiscal year, less than

3% of the profits shall be reserved as the Director's remuneration. Except for the remuneration of Directors and the payment of business execution costs, the Company has no other remuneration payment items. In addition to the Questionnaire of Self-Evaluation of Performance of Board Members (for Themselves or Peers), the results of board performance evaluation, attendance on board meetings and the continuing education status of Directors shall also be used as the reference for the remuneration allocation. The remuneration to Directors of the Company shall be reviewed by the Remuneration Committee and submitted to the Board of Directors for approval upon resolution, and shall be reported to the shareholders' meeting.

The remuneration paid to the General Manager and Assistant General Managers was based on their positions, with reference to the remuneration standard of the same trade concerned, including fixed salary, performance bonus, employee remuneration and other remuneration, in which the performance bonus and employee remuneration are linked to business performance. The Company conducts performance evaluation on the Managers twice a year, including the aspects of the positions held, management effectiveness and achievement rate of annual performance targets, etc. Meanwhile, the overall profit of the Company in the current year is taken into consideration to calculate the amount of remuneration, which shall be submitted to the Remuneration Committee for review and approved by the Board of Directors. When paying the remuneration referred to in the preceding paragraph, the Company also evaluates the changes in the global economy, the international financial environment and the industrial climate to predict the Company's future operation development, profit situation and operation risks, so as to minimize the possibility of future risks and strike a balance between the Company's sustainable operation and risk control.

IV. The State of the Company's Implementation of Corporate Governance

(I) The Operation of the Board of Directors

A total of four meetings (A) have been held by the Board in the most recent fiscal year and the attendance of the Directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) 【B/A】	Remarks
Chairman	Vincent Mao	4	0	100%	None
Director	I-Hsi Cheng	4	0	100%	None
Director	Wen-Bin Lin	4	0	100%	None
Director	Silicon Power Computer & Communications Inc. Corporate representative: Hui-Min Chen	4	0	100%	None
Director	Sheng-Su Lee	4	0	100%	None
Independent Director	Cheng-Chieh Dai	4	0	100%	None
Independent Director	Yu-Nu Lin	4	0	100%	None
Independent Director	Jui-Hsiang Lo	4	0	100%	None
Independent Director	Ching-Jung Hsu	4	0	100%	None

Other matters that shall be reported:

- I. Where one of the following circumstances apply for the operations of the Board of Director meetings, the date, session, proposal contents, opinions of all Independent Directors, and the Company's actions in response to the opinions of the Independent Directors shall be stated:
 - (I) Matters specified in Article 14-3 of the Securities and Exchange Act: please refer to pages 82 to 85.
 - (II) In addition to the matters set out above, other resolutions of the Board where an independent director expressed a dissenting or qualified opinion that have been recorded or stated in writing: None.
- II. During the execution process where the Director avoid from interested proposal, the name of the Director, the content of proposal, the reason of avoidance and the results of the voting should be stated:
 - (I) March 17, 2022 Board of Directors
 Proposal content: Passed the Structural Compensation Adjustment Plan of Managers Reviewed by the Remuneration Committee of the Company.
 Name of Director: Vincent Mao, I-Hsi Cheng

Reasons for avoidance of interests and participation in voting: The director concurrently serves as the Company manager and has an interest in the director himself. Chairman Vincent Mao and Director I-Hsi Cheng did not participate in the discussion and voting due to avoidance of interests, and all other attending directors agreed to approve.

Proposal content: Passed the Distribution Plan of Operation and Project Bonus for Managers for the 2021 Fiscal Year Reviewed by the Remuneration Committee of the Company.

Name of Director: Vincent Mao, I-Hsi Cheng

Reasons for avoidance of interests and participation in voting: The director concurrently serves as the Company manager and has an interest in the director himself. Chairman Vincent Mao and Director I-Hsi Cheng did not participate in the discussion and voting due to avoidance of interests, and all other attending directors agreed to approve.

Proposal content: Proposal on the Distribution of the Remuneration to Employees and Directors for the Year 2021.

Name of director: Vincent Mao, I-Hsi Cheng, Wen-Bin Lin, Silicon Power Computer & Communications Inc. Corporate representative: Hui-Min Chen, Sheng-Su Lee, Cheng-Chieh Dai, Yu-Nu Lin, Jui-Hsiang Lo, Ching-Jung Hsu.

Reasons for avoidance of interests and participation in voting: In the distribution of remuneration, individual directors have an interest in the legal person represented by the directors and the directors themselves. During the discussion and voting of this proposal, the directors who are present and have an interest in the voting shall take turns to avoid it, and all other attending directors shall agree to pass it.

(II) May 5, 2022, Board of Directors

Proposal content: Passed the Compensation Adjustment Plan of Managers Reviewed by the Remuneration Committee of the Company.

Name of Director: Vincent Mao, I-Hsi Cheng

Reasons for avoidance of interests and participation in voting: The director concurrently serves as the Company manager and has an interest in the director himself. Chairman Vincent Mao and Director I-Hsi Cheng did not participate in the discussion and voting due to avoidance of interests, and all other attending directors agreed to approve.

(III) August 4, 2022 Board of Directors

Proposal content: Passed the Distribution Plan of Remuneration for Managers in Cash for the 2021 Fiscal Year Reviewed by the Remuneration Committee of the Company.

Name of Director: Vincent Mao, I-Hsi Cheng

Reasons for avoidance of interests and participation in voting: The director concurrently serves as the Company manager and has an interest in the director himself. Chairman Vincent Mao and Director I-Hsi Cheng did not participate in the discussion and voting due to avoidance of interests, and all other attending directors agreed to approve.

Proposal content: set up the Sustainable Development Committee and formulate the Organizational Procedures of the Sustainable Development Committee.

Name of director: Vincent Mao, Cheng-Chieh Dai, Yu-Nu Lin.

Reasons for avoidance of interests and participation in voting: The director concurrently serves as the member of the Sustainable Development Committee and has an interest in the director himself. Chairman Vincent Mao, Director Cheng-Chieh Dai and Director Yu-Nu Lin did not participate in the discussion and voting due to avoidance of interests, and all other attending directors agreed to approval.

III. A company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEX) shall disclose the cycles, periods, scope, method, contents and other matters of the self-evaluation by the board members of themselves (or peers), and state the implementation status of the board members' evaluation:

(I) The internal performance evaluation results of the Company's Board of Directors for 2022 were between 5 points of "Strongly Agree" and 4 points of "Agree". The majority of directors strongly agreed with the operation of various evaluation indicators, and the overall operation of the evaluation board and functional committees was good, in line with the Company's governance requirements, effectively strengthened the functions of the Board of Directors and protected shareholder rights. The evaluation results were disclosed on the Company's website after the board report in the first quarter of 2023.

(II) The external evaluation results of the Board of Directors for 2022 were disclosed on the Company's website after the board report in the first quarter of 2023.

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Once a year	January 1, 2022 to December 31, 2022	Board of Directors	1. The internal self-evaluation of the Board of Directors. 2. The Board of Directors shall carry out the internal self-evaluation questionnaire of the Board of Directors.	1. Participation in the operation of the Company. 2. Improve the quality of decision making of the Board of Directors. 3. Composition and structure of the Board of Directors. 4. Election and continuing education of directors. 5. Internal control.
	January 1, 2022 to December 31, 2022	Individual board members	Questionnaire of self-evaluation of board members.	1. Alignment of the goals and missions of the Company. 2. Awareness of the duties of a director. 3. Participation in the operation of the Company. 4. Management of internal relationships and communication. 5. Professionalism and continuing education of the Directors. 6. Internal control.
	January 1, 2022 to December 31, 2022	Functional committee: Audit Committee	Questionnaire of self-evaluation of Audit Committee Members.	1. Participation in the operation of the Company. 2. Awareness of the duties of the functional committee. 3. Improvement of quality of decisions made by the functional committee. 4. Makeup of the functional committee and election of its members. 5. Internal control.

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Once a year	January 1, 2022 to December 31, 2022	Functional committee: Remuneration Committee	Questionnaire of self-evaluation of Remuneration Committee Members.	<ol style="list-style-type: none"> 1. Participation in the operation of the Company. 2. Awareness of the duties of the functional committee. 3. Improvement of quality of decisions made by the functional committee. 4. Makeup of the functional committee and election of its members.
	August 4, 2022 to December 31, 2022 (On August 4, 2022, the Board of Directors decided to establish the "Sustainable Development Committee".)	Functional committee: Sustainable Development Committee	Questionnaire of self-evaluation of Sustainable Development Committee Members.	<ol style="list-style-type: none"> 1. Participation in the operation of the Company. 2. Awareness of the duties of the functional committee. 3. Improvement of quality of decisions made by the functional committee. 4. Makeup of the functional committee and election of its members. 5. Internal control.
Once three years	October 1, 2021 to September 30, 2022	Board of Directors	<ol style="list-style-type: none"> 1. External evaluation of Board of Directors. 2. External evaluation agency: Taiwan Investor Relations Association. 3. Conducted on the basis of the documents provided by the Company, self-evaluation questionnaires, and on-site visit and evaluation. 	<ol style="list-style-type: none"> 1. Organization and professional development of the Board of Directors. 2. Quality of decision making of the Board of Directors. 3. The operation efficiency of the Board of Directors. 4. Internal control and risk management. 5. The degree of board participation in corporate social responsibility.

IV. An evaluation of objectives and implementation status in the area of strengthening the functions of the Board of Directors for current and most recent fiscal year:

Targets for Strengthening of the Functions of the Board of Directors	The Evaluation of Implementation Status
Improve the quality of the Board of Directors	<p>Improve the function of the Board of Directors, adopt a candidate nomination system for Directors, with members of diversify and profession.</p> <p>Arrange the Directors to participate in advanced courses every year and regularly advocate policies and regulations to enhance the Board's operational and decision-making capabilities.</p>
Establish a sound structure of the Board of Directors	<p>The Company has set up an Audit Committee, with review by each Independent Director on all important proposals in their professional capacity. Besides, the Company has set up the Remuneration Committee to evaluate and review the Remuneration Committee system of the Company's Directors and Managers every year, and make recommendations to the Board of Directors for decision-making. On August 4, 2022, the Board of Directors of the Company approved the establishment of a Sustainable Development Committee to assist the Board of Directors in promoting the decision-making and implementation of sustainable development, including environmental sustainability (E), social responsibility (S), and corporate governance (G), in order to focus on environmental protection, carbon emission management, social responsibility, and strengthen corporate governance, so that the Board of Directors can perform its responsibilities to protect the sustainable operation of the Company, the rights and interests of employees, and the rights and interests of shareholders and stakeholders.</p>
The compliance of Directors recuse himself to avoid conflicts of interest	<p>Where a Director is required to refuse the proposal involving a conflict of interest, the Director refused voluntarily from the proposal.</p>
Evaluate the independence of the CPA	<p>Deloitte & Touche Taipei currently entrusted by the Company is one of the four largest domestic accounting firms. The Board of Directors regularly assesses the independence and competency of the CPA once a year. The Company, taking into account Article 47 of the CPA Act and the CPA Professional Ethics Bulletin No. 10 of Republic of China "Integrity, impartiality, objectivity and independence", has formulated the following assessment items to enhance the credibility of the Company's financial reports:</p>

Targets for Strengthening of the Functions of the Board of Directors	The Evaluation of Implementation Status
Evaluate the independence of the CPA	<p>(I) The CPA has no direct or significant indirect financial interest in the Company.</p> <p>(II) The CPA does not have a close business relationship with the Company.</p> <p>(III) The CPA has no potential employment relationship with the Company.</p> <p>(IV) The CPAs and their audit team have not held any position as a director, manager, or significant influence on the audit case during the audit period or in the past two years.</p> <p>(V) The CPA has not borrowed any funds from the Company.</p> <p>(VI) The CPA has not provided non-audit services to the Company that may directly affect the audit work.</p> <p>(VII) Whether the CPA has met the independence requirements of the CPA Professional Ethics Bulletin No. 10, and whether the "Declaration of Independence" issued by the CPA has been obtained.</p> <p>(VIII) The CPA has not provided audit services to the Company for seven consecutive years.</p>
The compliance of laws and policies	The Board of Directors has indeed complied with the operation of the "Rules of Procedure for Board of Directors Meetings" and adhered to the information transparency. The material resolutions of the Board of Directors were publicly announced and filed on the Market Observation Post System (MOPS) and the Company's website in accordance with the regulations, and the implementation was in a good condition.
Internal control	The auditing unit shall supervise the Company's internal control and risk management, and the auditing Supervisor shall attend the Board of Directors and report the implementation of the Company.

(II)The Operation of the Audit Committee

A total of four meetings (A) have been held by the Audit Committee were held in the most recent year and the attendance of independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) 【B/A】	Remarks
Independent Director	Cheng-Chieh Dai	4	0	100%	None
Independent Director	Yu-Nu Lin	4	0	100%	None
Independent Director	Jui-Hsiang Lo	4	0	100%	None
Independent Director	Ching-Jung Hsu	4	0	100%	None

Other matters that shall be reported:

- I. Where one of the matters listed in Article 14-5 of the Securities and Exchange Act and the matters are not approved by the Audit Committee, but had the consent of more than two-thirds of all Directors, the date, session, proposal contents and resolutions of the Audit Committee, and the Company's actions in response to the opinions of the Audit Committee shall be stated:

Date of Meeting	Major Resolutions	Resolutions passed by more than two-thirds of all Directors but without approval of the Audit Committee
2022.03.17 The 3rd meeting of the 2nd Committee	Passed the proposal on self-evaluation report and the declaration of internal control system for the year 2021.	None
	Passed the proposal on the 2021 Financial Statements and Business Report.	None
	Passed the proposal on the Company's long-term equity investment.	None
	Passed the proposal on the new endorsement and guarantee for the subsidiary (Hefei Sitronix Co., Ltd).	None
	Passed the proposal on the removal of the Company's endorsement and guarantee for the subsidiary (Forcelead Technology Corp.)	None
	Passed the proposal on the formulation of the Company's "Handling Procedures for the Acquisition and Disposal of Assets".	None
2022.05.05 The 4th meeting of the 2nd Committee	Passed the proposal on change of the CPA and the evaluation of the independence of the CPA.	None
	Passed the proposal on the amendment to partial provisions of the Company's "Internal Audit Implementation Guidelines."	None

Date of Meeting	Major Resolutions	Resolutions passed by more than two-thirds of all Directors but without approval of the Audit Committee
2022.08.04 The 5th meeting of the 2nd Committee	Passed the proposal on loaning funds to the subsidiary (INFSitronix Technology Corp.).	None
	Passed the proposal on loaning funds to the subsidiary (mCore Technology Corp.).	None
2022.11.03 The 6th meeting of the 2nd Committee	Passed the proposal on the Internal Audit Plan for the year 2023.	None
	Passed the proposal on the amendment to partial provisions of "Information Cycle" of the internal control system.	None
	Passed the proposal on the evaluation of the independence of the CPA.	None
	Passed the proposal on the review of the CPA's professional fees.	None
	Passed the proposal on the annual evaluation and adjustment of the amount of endorsements and guarantees for subsidiaries.	None

II. Implementation Status of the Independent Director's refusal of proposal involved in conflicts of interest: None.

III. Communication between Independent Directors, Supervisor of internal audit and CPA:

(I) Communication between Independent Directors and the Head of Internal Audit:

1. The audit Supervisor shall send the audit report of the previous month to the Independent Directors via E-mail every month and communicate as necessary.
2. The important contents of the communication and interaction between the Independent Directors and the Supervisor of internal audit within the Audit Committee shall be recorded in the Audit Committee's proceedings.
3. Independent Directors and internal audit supervisors shall hold a symposium at least once a year to fully communicate on issues related to the Company's internal audit business. In case of major abnormal matters, meetings may be convened at any time.

Date	Communication Method	Matters of communication with the Head of Internal Audit	Opinions of Independent Directors and Follow-up Measures
2022.03.17	The 3rd meeting of the 2nd Committee	The performance and results of the internal audit in the fourth quarter of 2021.	The Independent Director expressed consent on the content of the report.
		Passed the proposal on self-evaluation report and the declaration of internal control system for the year 2021.	Passed the proposal, without objection from the Independent Director.
2022.05.05	The 4th meeting of the 2nd Committee	The performance and results of the internal audit in the first quarter of 2022.	The Independent Director expressed consent on the content of the report.
2022.08.04	Forum between Independent Directors, Supervisor of audit and CPA	Internal audit business report.	The Supervisor of internal audit communicated and exchanged opinions with the Independent Director. The Independent Director expressed consent on the content of the report.
	The 5th meeting of the 2nd Committee	The performance and results of the internal audit in the second quarter of 2022.	The Independent Director expressed consent on the content of the report.
2022.11.03	The 6th meeting of the 2nd Committee	The performance and results of the internal audit in the third quarter of 2022.	The Independent Director expressed consent on the content of the report.
		Passed the Internal Audit Plan for the year 2023.	Passed the proposal, without objection from the Independent Director.

(II) Communication between Independent Directors and CPA:

1. The Company's CPA has reported the audit results and key audit matters of the financial report for 2021, the latest laws and regulations and audit results of the financial report for the second quarter of 2022 through attending the audit committee and symposium. They also communicated with the independent directors on the Company's financial and business status.

Date	Communication Method	Matters of communication with the CPA	Opinions of Independent Directors and Follow-up Measures
2022.03.17	The 3rd meeting of the 2nd Committee	The CPA reported the audit results and key audit matters of the financial report for 2021, and the latest laws and regulations.	The CPA communicated and exchanged opinions with the Independent Director. The Independent Director expressed consent on the content of the report, without special opinions.
2022.08.04	Forum between Independent Directors, Supervisor of audit and CPA	The CPA reported the audit results of the financial report for the second quarter.	The CPA communicated and exchanged opinions with the Independent Director. The Independent Director expressed consent on the content of the report, without special opinions.

(III) State of corporate governance implementation and differences from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons

Assessed Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
I. Does the Company set and disclose the corporate governance code of practice according to the "Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies"?	✓		In order to establish a good corporate governance system, the Company has formulated the "Corporate Governance Best-Practice Principles" according to the "Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies", which has been approved by the Board of Directors and disclosed on the Company's website.	No material difference.
II. Ownership structure and the rights and interests of shareholders				No material difference.
(I) Has the Company set internal operating procedures to deal with shareholder proposals, doubts, disputes, and litigation matters, and does it implement these in accordance with its procedures?	✓		(I) The Company has formulated the "Rules of Procedure for Shareholders' Meetings" and set up a speech system in accordance with the regulations, in which the spokesperson or a deputy spokesperson can properly handle issues such as the shareholders' Suggestions, objections, or disputes. A contact window and contact information were maintained in the stakeholder area of the Company's website to facilitate good communication between the Company and investors.	
(II) Does the Company have a list of those who ultimately control the major shareholders of the Company?	✓		(II) The Company has controlled the list of its shareholders provided by the shareholder services agent and has reported the information of the changes in the shareholding of Directors and major shareholders on a monthly basis in accordance with the provisions.	
(III) How does the Company establish its risk management mechanism and firewalls involving related enterprises?	✓		(III) The Company has formulated the "Supervision Measures for Subsidiary", "Operational Procedures for Transactions of Affiliates, Specific Companies, and Enterprise Groups", and transactions within the affiliated enterprises were carried out in accordance with the Measures and Procedures to clearly delineate the management objectives and responsibilities of personnel, assets, and finances between associated enterprises, which should be able to effectively assess risks and establish appropriate firewalls.	

Assessed Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
(IV) Has the Company set internal standards to prohibit insiders from using undisclosed information in the market to trade securities?	✓		<p>(IV) The Company has established the "Internal Material Information Processing Operating Procedures" to prevent insiders from using unpublished information in the market to trade securities, including (but not limited to) the fact that directors are not allowed to trade their stocks during the closed period of 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report from the date of learning of the Company's financial report or related performance content, promoted the relevant regulations prohibiting insider trading, and indeed informed insiders to strictly abide by the situation of preventing insider trading.</p> <p>At least once a year, the Company conducts educational and promotional activities on the "Prohibition of Insider Trading" digital course for current employees at or above the department level; Sends the supervisory authority's promotional information on preventing insider trading to the directors via email; Communicates the prevention of insider trading propaganda information of the competent authority through internal announcements to all employees; The newly hired employees will undergo a course on "Internal Major Information Processing Procedures" during their training, which will cover topics such as internal major information confidentiality operations and disclosure procedures, prevention of insider trading education and promotion, and employee education and promotion to prevent customer confidentiality leakage. In 2022, a total of 41 people completed the online course and passed the test. It is expected that all staff education and training will be carried out in response to the new regulations in 2023.</p> <p>In 2022, a digital course on "Prohibition of Insider Trading" was held for company executives at or above the department level. A total of 53 people completed the online course and passed the test.</p>	

Assessed Items	Implementation Status						Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons	
	Yes	No	Description					
				Course Name	Number of trainees	Total training hours (hours)		
				Procedures for Handling Material Inside Information	41	6.8 hours		
				Prohibition of Insider Trading	53	26.5 hours		
III. ganization and responsibilities of the Board of Directors								No material difference.
(I) Does the Board of Directors set and implement a diversity policy?	✓		(I)	The Board of Directors has formulated diversification policies, specific management objectives, and implementation status. Please refer to the description of "Chapter III. Corporate Governance Report II. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assistants and Heads of Departments and Branches (V) Board Diversity and Independence" in this annual report.				
(II) Has the Company established other functional committees besides the Remuneration Committee and Audit Committee?	✓		(II)	The Company has set up the Remuneration Committee and Audit Committee. In August 2022, the Sustainable Development Committee was established, with the Committee and its executive team as full-time units, responsible for proposing and implementing sustainable development policies or systems. In the future, the Company will set up other functional committees according to the needs of operational development.				
(III) Has the Company set performance assessment rules and methods for the Board of Directors and does it perform this evaluation every year, report the results of the performance appraisal to the Board of Directors and apply them to the remuneration of individual Directors and their nomination for reappointment?	✓		(III)	The Company has formulated the "Evaluation of Performance of the Board" and the assessment method, which have been disclosed on the Company's website. The performance of the Board of Directors, functional committees, and individual board members is evaluated regularly once a year; an evaluation is conducted every three years by an external professional independent institution or a team of external experts and scholars, and the evaluation results are submitted to the Board of Directors in the first quarter of the following year. The performance evaluation report for 2022 has been				

Assessed Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons										
	Yes	No	Description											
(IV) Does the Company regularly evaluate the independence of the CPA?	✓		<p>reported to the Board of Directors on March 16, 2023. Please refer to Company's website (https://www.sitronix.com.tw/tw/investor-relations/corporate-principles/board-of-directors/)</p> <p>(IV) The Audit Committee of the Company regularly evaluates the independence and adequacy of the CPA once a year and submits to the board the conclusion of such evaluation.</p> <p>i. Independence Evaluation With reference to Article 47 of the CPA Act and the CPA Professional Ethics Bulletin No. 10 of the Republic of China "Integrity, impartiality, objectivity, and independence", the Company has formulated the following assessment items, and the CPA has issued a declaration of independence for the entrusted audit of the Company's financial statements. The latest evaluation was approved by the Audit Committee on November 3, 2022, and was submitted to the Board of Directors for approval on November 3, 2022.</p> <table><tr><th>Assessed Items</th><th>Evaluation results</th></tr><tr><td>(i) The CPA has no direct or significant indirect financial interest in the Company.</td><td>Yes</td></tr><tr><td>(ii) The CPA does not have a close business relationship with the Company.</td><td>Yes</td></tr><tr><td>(iii) The CPA has no potential employment relationship with the Company.</td><td>Yes</td></tr><tr><td>(iv) The CPAs and their audit team have not held any position as a director, manager, or significant influence on the audit case during the audit period or in the past two years.</td><td>Yes</td></tr></table>	Assessed Items	Evaluation results	(i) The CPA has no direct or significant indirect financial interest in the Company.	Yes	(ii) The CPA does not have a close business relationship with the Company.	Yes	(iii) The CPA has no potential employment relationship with the Company.	Yes	(iv) The CPAs and their audit team have not held any position as a director, manager, or significant influence on the audit case during the audit period or in the past two years.	Yes	
Assessed Items	Evaluation results													
(i) The CPA has no direct or significant indirect financial interest in the Company.	Yes													
(ii) The CPA does not have a close business relationship with the Company.	Yes													
(iii) The CPA has no potential employment relationship with the Company.	Yes													
(iv) The CPAs and their audit team have not held any position as a director, manager, or significant influence on the audit case during the audit period or in the past two years.	Yes													

Assessed Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons											
	Yes	No	Description												
				<table><tr><th>Assessed Items</th><th>Evaluation results</th></tr><tr><td>(v) The CPA has not borrowed any funds from the Company.</td><td>Yes</td></tr><tr><td>(vi) The CPA has not provided non-audit services to the Company that may directly affect the audit work.</td><td>Yes</td></tr><tr><td>(vii) Whether the CPA has met the independence requirements of the CPA Professional Ethics Bulletin No. 10, and whether the "Declaration of Independence" issued by the CPA has been obtained.</td><td>Yes</td></tr><tr><td>(viii) The CPA has not provided audit services to the Company for seven consecutive years.</td><td>Yes</td></tr></table>	Assessed Items	Evaluation results	(v) The CPA has not borrowed any funds from the Company.	Yes	(vi) The CPA has not provided non-audit services to the Company that may directly affect the audit work.	Yes	(vii) Whether the CPA has met the independence requirements of the CPA Professional Ethics Bulletin No. 10, and whether the "Declaration of Independence" issued by the CPA has been obtained.	Yes	(viii) The CPA has not provided audit services to the Company for seven consecutive years.	Yes	
				Assessed Items	Evaluation results										
				(v) The CPA has not borrowed any funds from the Company.	Yes										
				(vi) The CPA has not provided non-audit services to the Company that may directly affect the audit work.	Yes										
				(vii) Whether the CPA has met the independence requirements of the CPA Professional Ethics Bulletin No. 10, and whether the "Declaration of Independence" issued by the CPA has been obtained.	Yes										
				(viii) The CPA has not provided audit services to the Company for seven consecutive years.	Yes										
ii. Suitability Evaluation															
The Company has obtained information on Audit Quality Indicators (AQIs) provided by the accounting firm and evaluated the audit quality of the accounting firm and audit team in accordance with the "Guidance on Interpretation of Audit Quality Indicator (AQI) by Audit Committee" issued by the competent authority. Based on the framework that consists of 13 indicators covering five scopes (listed below), we confirm that the indicator data of the Company's certified public accountants and the accounting firm are comparable to those of the industry average standards and the Company's last year auditing. The latest evaluation was approved by the Audit Committee on March 16, 2023, and submitted to the Board of Directors for approval on March 16, 2023.															

Assessed Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons		
	Yes	No	Description			
				Framework	Indicators	Evaluation Results
				Profession	1-1 Audit Experience 1-2 Training Hours 1-3 Attrition Rate 1-4 Professional Support	All professional indicators, except for "professional support", are better than the industry standard, and the indicator of "professional support" has kept improving, indicating that the firm and the CPAs have good professional and management capabilities in performing audits.
				Quality Control	2-1 Workload 2-2 Involvement 2-3 Engagement Quality Control Review 2-4 Quality Supporting Capacity	All quality control indicators, except for the "workload", are better than the industry standard, and the "workload" indicator has kept improving, indicating that the firm and the CPAs have good quality control.
				Independence	3-1 Non-audit service fees 3-2 Customer familiarity	The percentage of non-audit service fees is less than 40%. The firm has audited the Company's financial statements for 16 years, and the CPAs have not provided audit services to the Company for seven consecutive years, indicating that the firm and the CPAs

Assessed Items	Implementation Status						Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description				
				Framework	Indicators	Evaluation Results	
						maintain an independent position in terms of form or substance and express their opinions impartially when performing an audit.	
				Monitor	4-1 External inspection results and enforcement 4-2 Number of official improvement letters issued by authority	All monitoring indicators are in the mid-range of industry standards, indicating good audit quality.	
				Innovation	5-1 Innovative planning or initiatives	The firm has formulated various innovative planning, which improve the quality of its audit planning or innovation capability.	
IV. Does the TWSE/TPEx listed company dedicate an eligible and appropriate number of personnel for corporate governance and have appointed a Supervisor in charge of the Company' corporate governance affairs (including but not limited to providing information required for Director/Supervisor's operations, assisting Directors and Supervisors to comply with laws and regulations, convening board/shareholder meetings in compliance with the law, and producing meeting minutes of board/shareholder meetings)?	✓			The finance and accounting Supervisor of the Company is concurrently the corporate governance Supervisor, who has more than 10 years' management experience in accounting, finance, stock affairs or proceedings in a public company. And the finance and accounting department is jointly responsible for corporate governance-related affairs, with the main responsibilities of providing information required for Director's operations and the latest legal developments relating to operating companies, to assist Directors to comply with laws and regulations, handling matters related to the meetings of the Board of Directors and shareholders' meetings in accordance with the law, and make minutes of the meetings of the Board of Directors and shareholders' meetings, company registration, amendment of corporate governance related codes, updating of corporate governance related laws and regulations, and regular arrangement of refresher course of compliance with corporate			No material difference.

Assessed Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
			governance related laws and regulations for Directors. The cumulative number of training hours for corporate governance supervisors in the year 2022 is 12 hours.	
V. Has the Company established communication channels and dedicate section for stakeholders (including but not limited to shareholders, employees, customers and suppliers) on its website, and responded appropriately to interested parties concerning important corporate social responsibility issues?	✓		(I) Stakeholders can communicate with the Company through our spokesperson and acting spokesperson. The Company's website also provides sessions for stakeholders, with e-mail address and contact available for stakeholders, which are used by various stakeholders to ask questions to respond immediately to issues of concern to stakeholders. (https://www.sitronix.com.tw/tw/investor-relations/stakeholder/) (II) The Company's website provides a technical support service mailbox, and the dedicated person is responsible for handling the application issues of the product. (https://www.sitronix.com.tw/tw/contacts/) (III) The Company's website has also disclosed the contact information of the shareholder services agent and CPA, providing investors with contact information. (https://www.sitronix.com.tw/tw/investor-relations/shareholders-meeting/ir-contact/)	No material difference.
VI. Has the Company appointed a professional stock affairs agency for shareholders affairs?	✓		The Company has appointed the Share Agency Department of Taishin Securities Co., Ltd. for the agent of shareholders' meeting affairs.	No material difference.
VII. Information Disclosure				
(I) Does the Company set up THE website to disclose financial operations and corporate governance information?	✓		(I) The Company set up a website and constructed a section for investor relations to disclose financial operations and corporate governance information. The shareholders and investors can also inquire about related information on the Company's financial business and corporate governance.	Except for item (III), which will be subject to legal provisions and the actual operation evaluation of the Company, there are no significant differences.
(II) Has the Company adopted other measures (such as English website, a designated person responsible for the collection and disclosure of information, implementation of the spokesman system, the legal entities announcements	✓		(II) The Company's website contains both Chinese and English information. According to our job responsibilities, there are dedicated units responsible for collecting and disclosing information on the Company's website and the MOPS. We have established a spokesperson system to communicate relevant information about the Company externally. At the same time, the Company's	

Assessed Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
<p>uploaded to website, etc.) to disclose information?</p> <p>(III) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year? Does it announce and declare the first, second and third quarter financial reports and operating conditions of each month as soon as possible before the prescribed period?</p>		✓	<p>operational information is disclosed on the Company's website and the MOPS and investor conference briefing is disclosed on the Company website. In accordance with the regulations of the competent authority, the Company has fulfilled its responsibilities and obligations for information disclosure in accordance with laws and the provisions of the competent authority.</p> <p>(III) The Company did not announce and declare its annual financial reports within two months after the end of the fiscal year. However, it has announced and declared the quarterly financial report in advance within the prescribed period, as well as the operating status of each month.</p>	
<p>VIII. Does the Company have any other important information for better understanding the Company's corporate governance system (including but not limited to interests and rights of employees, care for employees, relation with investors, relation with suppliers, relation with interested parties, continuing education of Directors and Supervisors, execution of risk management policies and risk measuring standards, execution of customer policies, liability insurance for the Company's Directors and Supervisors)?</p>	✓		<p>(I) Employee rights and interests, employee care: please refer to the statement of " Chapter V. Operations Overview V. Labor Relations " in this annual report.</p> <p>(II) Investor relations: In order to protect shareholders' rights and interests and make it easier for investors to understand the Company's operating conditions, the Company has dedicated a spokesman and acting spokesman, who are specially responsible for external communication; Through legal representative meetings and invited participation in investor meetings, relevant financial and operational information is disclosed on the MOPS and the Company websites in accordance with regulations, in order to achieve information openness and transparency.</p> <p>(III) Supplier relationship: the Company has established supplier management procedures, and only those who pass the audit can become the cooperative partner of the Company. And the Company regularly evaluates the quality, delivery time, price and cooperation condition of major raw material suppliers to ensure that the suppliers can provide products of stable quality to the Company.</p>	No material difference.

Assessed Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
			<p>(IV) Rights of stakeholders: The Company maintains good communication channels with employees, clients, suppliers, and other stakeholders, and has established a stakeholder section to respect and safeguard their legitimate rights and interests.</p> <p>(V) Situation of continuing education of directors and supervisors: In order to implement corporate governance, all directors of the Company have professional background, ability, and practical experience in business management. Nine directors (including independent directors) of the Company have completed more than 6 hours of continuing education during the year. For the situation of the advanced studies of Directors of the Company, please refer to the MOPS - Summary Table of Directors and Supervisors' Attendance on the Board of Directors and Situation of Their Advanced Studies.</p> <p>(VI) Implementation of risk management policies and risk measurement standards: please refer to the description of "Chapter VII. Review, Analysis, and Risks of Financial Conditions and Performance"</p> <p>(VII) Implementation of customer policy: the Company always keeps close contact with customers, and the cooperation with customers is handled in accordance with the Company's specifications and the contracts signed by both parties to safeguard the rights and interests of both parties. It devotes itself to providing the best products for customers, and emphasizes on differentiation and value creation. It has a special person responsible for communicating with customers and dealing with related issues.</p> <p>(VIII) Liability insurance bought by the Company for Directors: The Company buys liability insurance for Directors and major Managers every year. Evaluate the insurance limit regularly every year and report to the Board of Directors on the renewal of liability insurance for Directors.</p>	

Assessed Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
IX. Please specify the measures adopted by the Company to improve the items listed in the corporate governance review result from Taiwan Stock Exchange's Corporate Governance Center and the improvement plans for items yet to be improved				
The 9th annual corporate governance evaluation for the year 2022 resulted in Sitronix ranking in the top 6-20% tier, which is a significant improvement from 2021's ranking of top 36%-50%, indicating a substantial progress in performance.				
Improved items of the 9th Corporate Governance Evaluation Index				
Number	Index Item		Improvement methods	
2.2	Has the Company established a policy for diversifying its board members, and disclosed the specific management objectives and implementation of the diversification policy on the Company's website and annual report?		The specific management objectives and implementation status of the diversification policy have been disclosed on the Company's website and annual report.	
2.14	Does the Company set up a nominating committee, a risk management committee, a sustainable development committee, and other non-statutory functional committees, with no less than three members, more than half of the members being independent directors, and more than one member having professional competence required by the committee, and disclose its composition, responsibilities and operations?		On August 4, 2022, the Board of Directors decided to establish the "Sustainable Development Committee", with the Chairman as the convener and two independent directors as members. For details of its composition, responsibilities, and operation, please refer to the Company's website.	
2.23	Has the performance evaluation method established by the Company's Board of Directors been approved by the Board of Directors, specifying that external evaluations should be conducted at least once every three years, and that evaluations have been conducted in the year being evaluated or in the past two years, and the implementation status and evaluation results have been disclosed on the Company's website or annual report?		On November 3, 2022, the Board of Directors approved the revision of the "Measures for Evaluation of Performance of the Board of Directors", stipulating that external evaluations will be conducted every three years. The Company commissioned an external agency, the Taiwan Investor Relations Association, to conduct an external evaluation of the performance of the Board of Directors in 2022. The evaluation results were disclosed on the Company's website after the board report in the first quarter of 2023.	
2.30	Does at least one internal auditor of the Company have a certificate of passing the international internal auditor, international computer auditor, or accountant exam?		An auditor who has obtained a passing certificate in the accounting exam was recruited in February 2022.	

Assessed Items		Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
		Yes	No	Description	
Number	Index Item	Improvement methods			
4.1	Does the Company set up a full-time (part-time) unit to promote sustainable development, conduct risk evaluation on environmental, social, or corporate governance issues related to the Company's operations in accordance with the principle of materiality, formulate relevant risk management policies or strategies, the Board of Directors supervise the promotion of sustainable development and discloses it on the Company's website and annual report?	On August 4, 2022, the Board of Directors approved the establishment of the "Sustainable Development Committee", under which an executive office and functional groups on environmental sustainability, social responsibility, and corporate governance were established. The Company conducts risk evaluation on environmental, social, or corporate governance issues related to the Company's operations and formulates relevant risk management policies or strategies. The Board of Directors supervises the promotion of sustainable development and discloses it on the Company's website and annual report for 2022.			
4.4	Does the Company prepare and upload sustainability reports to MOPS and the Company’s website before the end of September in accordance with the GRI guidelines issued by the Global Reporting Initiatives (GRI)? [If the sustainability report refers to the SASB guidelines to disclose relevant ESG information, an additional point will be added to the total score.]	We prepared the sustainability report for 2021 based on GRI and SASB guidelines in 2022, and uploaded it to the MOPS and the Company’s website before the end of September 2022.			
4.5	Whether has the sustainable development report formulated by the Company been validated by a third party certification unit?	The sustainability report has been verified by a third party, and the verification agency is TUV NORD Taiwan Co., Ltd.			
4.11	Has the Company disclosed the greenhouse gas emissions, water consumption and total waste weight over the past two years?	It has been disclosed in the sustainability report for 2021.			
4.12	Does the Company develop policies for greenhouse gas reduction, water reduction or other waste management, including reduction goals, promotion measures and achievement status?	It has been disclosed in the sustainability report for 2021.			
4.14	If the communication with various stakeholders is regularly reported to the Board of Directors, an additional point will be added to the total score.	The Board of Directors reported the communication situation among stakeholders for the year on November 3, 2022.			

Assessed Items		Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
		Yes	No	Description	
The ninth corporate governance evaluation indicators have not yet been improved, and priority projects have been strengthened					
Number	Index Item			Improvement methods	
1.11	If the English version of the annual report is uploaded 16 days before the regular shareholders' meeting, an additional point will be added to the total score.			It is expected to be implemented in 2023.	
2.22	Has the Company formulated risk management policies and procedures approved by the Board of Directors, disclosed the scope of risk management, organizational structure and its operation, and reported to the Board of Directors at least once a year?			It is expected to be implemented in 2023.	
3.6	Has the Company disclosed its interim financial report in English within two months after the reporting period of the Chinese version of the interim financial report?			It is expected to be implemented in 2023.	

(IV) Where a remuneration committee is established, the Company shall disclose its composition and operation status

1. Information on Members of the Remuneration Committee

December 31, 2022

Title	Name	Condition	Professional qualifications and experiences	Meets the Independence	Concurrent remuneration committee position in other publicly listed companies
Independent Director (Convener)	Cheng-Chieh Dai		Please refer to the description of the Company's annual report "III. Corporate Governance Report II. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assistants and Heads of Departments and Branches (IV) Disclosure of information on the professional qualifications of the directors and supervisors and the independence of the independent directors".	Please refer to the description of the Company's annual report "III. Corporate Governance Report II. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assistants and Heads of Departments and Branches (IV) Disclosure of information on the professional qualifications of the directors and supervisors and the independence of the independent directors".	0
Independent Director	Yu-Nu Lin		Please refer to the description of the Company's annual report "III. Corporate Governance Report II. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assistants and Heads of Departments and Branches (IV) Disclosure of information on the professional qualifications of the directors and supervisors and the independence of the independent directors".	Please refer to the description of the Company's annual report "III. Corporate Governance Report II. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assistants and Heads of Departments and Branches (IV) Disclosure of information on the professional qualifications of the directors and supervisors and the independence of the independent directors".	0
Independent Director	Jui-Hsiang Lo		Please refer to the description of the Company's annual report "III. Corporate Governance Report II. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assistants and Heads of Departments and Branches (IV) Disclosure of information on the professional qualifications of the directors and supervisors and the independence of the independent directors".	Please refer to the description of the Company's annual report "III. Corporate Governance Report II. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assistants and Heads of Departments and Branches (IV) Disclosure of information on the professional qualifications of the directors and supervisors and the independence of the independent directors".	0

2. Operational Status of the Remuneration Committee

I. There are 3 members in the Company's Remuneration Committee.

II. Current Term: From July 27, 2021 to July 26, 2024. The Remuneration Committee held four meetings (A) in the recent year, the qualifications and attendance of the committee members are shown as follows:

Title	Name	Attendance in Person (B)	By Proxy	Rate of Actual Presence (%) (B/A)	Remarks
Convener	Cheng-Chieh Dai	4	-	100%	None
Member	Yu-Nu Lin	4	-	100%	None
Member	Jui-Hsiang Lo	4	-	100%	None

Other matters that shall be reported:

1. If the Board of Directors does not adopt or amend recommendations proposed by the Remuneration Committee, the date, session, proposal contents and resolutions of the Board of Directors, and the Company's actions in response to the opinions of the Audit Committee shall be stated (also, where the remuneration approved by the Board of Directors is superior to that recommended by the Remuneration Committee, the differences and reasons shall be stated): None.

2. Where resolutions of the Remuneration Committee include dissenting or qualified opinion which is on record or stated in a written statement, the date, session, proposal contents, opinions from every member, and actions in response to the opinions of the members shall be stated:

Item	Matters for discussion	Resolution Results	Handling of Members' Opinions by the Company
2022.02.09 The 2nd meeting of the 5th Committee	Distribution of the Remuneration to Employees and Directors for the Year 2021 of the Company.	Except for the members who did not participate in the discussion and vote because of conflicts of interest, the proposal was passed with consent of the rest attending members.	None
2022.03.25 The 3rd meeting of the 5th Committee	Compensation Adjustment Plan of Managers of the Company.	Passed by all attending members of the Remuneration committee.	None

Item	Matters for discussion	Resolution Results	Handling of Members' Opinions by the Company
2022.05.25 The 4th meeting of the 5th Committee	Distribution Plan of Remuneration for Managers in Cash for the 2021 Fiscal Year of the Company.	Passed by all attending members of the Remuneration committee.	None
2022.12.23 The 5th meeting of the 5th Committee	Distribution Plan of Managers Operation and Project Bonus for the Year 2022 of the Company.	Passed by all attending members of the Remuneration committee.	None

(V) The State of The Company's Performance of Social Responsibilities, Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
I. Does the Company formulate a framework and set up exclusively (or concurrently) dedicated units to promote corporate social responsibility, and authorize high level managers to handle and report to the Board of Directors?	✓		<p>(I) Since August 4, 2022, the Company has set up a Sustainable Development Committee under the Board of Directors, with the Chairman (Vincent Mao) as the convener and the two independent directors as members, to set the annual goals of sustainable development in the economy, environment and society, and corporate governance, and regularly monitor the implementation, leading the Company to implement the vision, and short, medium, and long-term goals of sustainable development.</p> <p>(II) Under the Sustainable Development Committee, the Executive Office and the Environmental Sustainability, Social Responsibility and Corporate Governance Functional Group were set up to ensure the promotion and implementation of the work related to the sustainable development of the enterprise. In 2022, the sustainable issues were proposed by various departments and stakeholders of the Company, and corresponding strategies were formulated to implement the sustainable development policies of the Company in operation, environmental protection, customers and suppliers.</p> <p>(III) The Sustainable Development Committee held a meeting on October 28, 2022, and reported the implementation to the Board of Directors on November 3, 2022. The topics included: (1) identifying the sustainable issues to be concerned, and formulating the corresponding action plan, (2) revising the objectives and policies of sustainable related issues, (3) supervising the implementation of sustainable business matters, and evaluating the implementation; After listening to the report, the Board of Directors will evaluate the effectiveness of implementing relevant goals and policies, track the progress of implementation, and urge the management team to make adjustments when necessary. The detailed annual goals and implementation, please refer to Company's website(https://www.sitronix.com.tw/tw/investor-relations/corporate-principles/committee/)</p> <p>(IV) Duties and members of the Sustainability Committee: i. To prepare the sustainability policy of the Company.</p>	No material difference.

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance																
	Yes	No	Description																	
			ii. To ensure the sustainability of the Company, including sustainable governance, integrity management, environmental and social targets, and preparation of strategies and implementation plans.																	
			iii. To review, track and revise the implementation and performance of the sustainability of the Company, and report to the Board of Directors regularly.																	
			iv. To address the concerns of various stakeholders, including shareholders, customers, suppliers, employees, government agencies, non-profit organizations, community, and media, and to oversee communication plans.																	
			<table><thead><tr><th>Name</th><th>Title</th><th>Expertise</th><th>Number of attendance in 2022</th></tr></thead><tbody><tr><td>Vincent Mao Chairman of the Board/ Director</td><td>Chairman/ Convener</td><td>• With work experience in business, technology, industry knowledge, and operation judgment capacity.</td><td>1</td></tr><tr><td>Dai, Cheng-Chieh Independent Director</td><td>Member</td><td>• With work experience in business, technology, and operation judgment capacity.</td><td>1</td></tr><tr><td>Lin, Yu-Nu Independent Director</td><td>Member</td><td>• With work experience in accounting and operation judgment capacity • Professional and technical personnel who have passed the national examinations required for accountants to obtain a certificate.</td><td>1</td></tr></tbody></table>	Name	Title	Expertise	Number of attendance in 2022	Vincent Mao Chairman of the Board/ Director	Chairman/ Convener	• With work experience in business, technology, industry knowledge, and operation judgment capacity.	1	Dai, Cheng-Chieh Independent Director	Member	• With work experience in business, technology, and operation judgment capacity.	1	Lin, Yu-Nu Independent Director	Member	• With work experience in accounting and operation judgment capacity • Professional and technical personnel who have passed the national examinations required for accountants to obtain a certificate.	1	
Name	Title	Expertise	Number of attendance in 2022																	
Vincent Mao Chairman of the Board/ Director	Chairman/ Convener	• With work experience in business, technology, industry knowledge, and operation judgment capacity.	1																	
Dai, Cheng-Chieh Independent Director	Member	• With work experience in business, technology, and operation judgment capacity.	1																	
Lin, Yu-Nu Independent Director	Member	• With work experience in accounting and operation judgment capacity • Professional and technical personnel who have passed the national examinations required for accountants to obtain a certificate.	1																	

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
II. Does the Company conduct risk evaluation on environmental, social and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	✓		<p>The disclosed information covers the sustainable development performance of the Company in the main strongholds from January, 2022 to December, 2022. The risk assessment boundary is dominated by the Company, including the existing strongholds of Hsinchu Head Office and Taipei Office.</p> <p>According to the nature of the Company's business, all relevant units shall take precautionary measures in advance for risk management to minimize the loss caused by risks, regularly carry out relevant assessment, monitoring, reporting and handling, and submit reports to the CEO's office.</p> <p>Please refer to Appendix I on Page 74 to Page 75 for information on relevant risk management policies.</p>	No material difference.
III. Environmental matters (I) Does the Company establish proper environment management systems based on the characteristics of its industries?	✓		<p>The Company is a professional IC design company, and mainly engaged in IC research and development and design. With all processes outsourced, it is not directly engaged in production and manufacturing. Therefore, after evaluation, the ISO14001 environmental management system is not applicable. To establish an applicable environmental management system, the Company also has formulated the "Procedures for the Management of Environmental Restricted Substances", which stipulate that the raw materials and packaging materials used by suppliers shall fully comply with the EU RoHS (Directive 2011/65/EU)/REACH SVHC/ Packaging and Packaging Waste (Directive 94/62/EC)/Hogen-free Directive and the green environmental protection requirements of customers, to jointly enhance sustainable development of environment.</p>	No material difference.
(II) Does the Company endeavor to utilize all resources more efficiently and	✓		<p>i. The Company actively promotes various energy reduction measures, selects high energy efficiency and energy-saving equipment, reduces energy consumption of enterprises and products, and optimizes energy efficiency.</p>	No material difference.

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
uses renewable materials which have a low impact on the environment?			<p>The goal for 2021 is to reduce carbon emissions per unit product by 2.38% compared to 2020, and for 2022 by 5.39%. The planned goal has been achieved, and the goal for the future (2023-2025) is to reduce carbon emissions per unit product by 5% compared to 2022.</p> <p>ii. The Company's products mainly focus on display driver ICs (DDIs), which are used in various AIoT products, including smart homes, smart action devices, smart watches, and vehicle-mounted applications. During the product development process, it assists customers in developing display driver products with optimal display performance, minimal peripheral components, and minimal volume. The zero capacitor display drive technology developed and promoted by the Company significantly reduces the use of capacitors. The Zero capacitor technology makes it possible to eliminate external passive components (capacitors) in FPC, and accumulatively saves billions of ceramic capacitors, achieving significant carbon reduction results.</p> <p>iii. The raw materials used in the Company's products comply with EU RoHS, REACH, and halogen-free specifications to reduce environmental impact. In green manufacturing, in order to reduce resource waste, the Company continues to seek waste reduction and reuse technology development; In the upstream and downstream of the value chain, make joint efforts to recycle and share packaging materials.</p> <p>iv. The Company promotes the electronic signature verification system to reduce the printing of correspondence and official letters, and issues the publicity announcements by E-mail to reduce the use of large amounts of paper. Moreover, it also advocates the policies of using recycled paper and energy saving and carbon reduction to reduce the impact of the Company's operations on the environment.</p> <p>v. For the implementation strategies and achievements of the Company, please read the Company's Sustainability Report 3-3 Process Energy Management and 5-4 Social Impact.</p>	
(III) Does the Company evaluate the present and future potential risks and	✓		<p>i. The Company takes the Sustainable Development Committee as the core of promoting enterprise sustainable action, and the convener and two members as well as the subordinate executive group as the full-time unit. After regularly collecting issues from all parties, it formulates long-term sustainability goals. Climate issues related to the</p>	No material difference.

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
opportunities of climate change to the Company, and taken measures to respond to climate-related issues?			<p>Company's operations will be identified, corresponding strategies will be developed, target achievement status will be tracked, and implementation status will be reported to the Board of Directors once a year.</p> <p>ii. The Company evaluates the risks and opportunities of climate change to the Company in accordance with the TCFD proposal framework of the "Climate Related Financial Disclosure Recommendations". The Company is an IC design company, without production line, and is upstream in the semiconductor industry chain. It is mainly faced with the potential risk of climate change and natural disasters caused by the impact of the greenhouse effect, resulting in water and power restrictions, supply chain disruption, rising raw material costs, etc., which have a potential impact on the Company's operations and increase the risk of loss.</p> <p>At the same time, the Company will also be concerned that climate change may bring new opportunities for business development: extreme weather has aroused a rise in global environmental awareness, leading to an increase in consumer demand for environmentally friendly and energy-saving products.</p> <p>iii. The Company will continue to pay attention to and comply with relevant environmental protection regulations to effectively respond to risks related to climate change; And in response to the global trend of energy conservation and carbon reduction, it will continue to implement relevant energy-saving and carbon reduction measures. "Energy Saving and Carbon Reduction" is one of the Company's environmental policies. Through measures such as energy-saving lamps and air-conditioned environmental control devices, the Company enables employees to deeply embed in the concept of energy saving and carbon reduction in their working environment, continuously reduce electricity consumption and achieve the reduction of carbon emissions, making the concept of carbon reduction deeply rooted in life.</p>	
(IV) Does the Company calculate greenhouse gas emissions, water consumption and total waste weight	✓		The Company is a professional IC design company, which is engaged in product design, R&D and sales. Wafer manufacturing, packaging, testing and other production operations are entrusted to professional factories. No manufacturing related industrial waste and wastewater discharge will be generated. The disclosed industrial waste comes from the amount of gold waste recycled from outsourcing treatment. The main types of recycled gold waste include gold containing adhesive films, silicon crystal rods, and crystal wafers (containing gold).	No material difference.

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance						
	Yes	No	Description							
over the past two years, and formulate policies for energy conservation and carbon emissions reduction, greenhouse gas emissions reduction, water consumption reduction or other waste management?			<p><u>i. Greenhouse gas emissions in the past 2 years:</u></p> <p>(i) All factories and subsidiaries of the Company completed the inventory of ISO 14064-1 categories 1 and 2 in the second quarter of 2023; The Company (Hsinchu Head Office, Taipei Office) and its subsidiary (SENSORTEK) completed third-party verification of ISO 14064-1 in the second quarter of 2023.</p> <p>(ii) The Company independently conducts greenhouse gas inventory in accordance with ISO14064-1:2018, with the main source of emissions being purchased electricity; the rest are fugitive emission sources, mainly from fire extinguishers and refrigerant. The Company neither has a production process nor a source of process emissions.</p> <p>(iii) The Company conducted the greenhouse gas inventory for 2022 in 2023, using 2022 as the benchmark year for our carbon inventory. We disclosed information in categories 1 and 2, and disclosed total emissions regardless of category in 2021.</p> <table><tr><th>Year</th><th>Emissions</th><th>Electricity consumption</th></tr><tr><td>2021</td><td>977.503 metric tons</td><td>1,926,997</td></tr></table> <p>*The emission is calculated based on the coefficient published by the Ministry of Economic Affairs, and the calculation formula is: total electricity consumption * carbon emission coefficient in current year</p>	Year	Emissions	Electricity consumption	2021	977.503 metric tons	1,926,997	
Year	Emissions	Electricity consumption								
2021	977.503 metric tons	1,926,997								

Assessed Items	Implementation State					Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance																				
	Yes	No	Description																							
			<table><tr><th colspan="2">Category \ Year</th><th>Direct greenhouse gas emissions (Category 1)</th><th>Connecting greenhouse gas emissions between input energy sources (Category 2)</th><th>Total</th></tr><tr><td rowspan="2">2022</td><td>Emissions (metric tons of CO2e/year)</td><td>7.3728</td><td>990.9628</td><td>998.3356</td></tr><tr><td>Proportion to total emissions</td><td>0.738%</td><td>99.262%</td><td>100%</td></tr></table>				Category \ Year		Direct greenhouse gas emissions (Category 1)	Connecting greenhouse gas emissions between input energy sources (Category 2)	Total	2022	Emissions (metric tons of CO2e/year)	7.3728	990.9628	998.3356	Proportion to total emissions	0.738%	99.262%	100%						
			Category \ Year		Direct greenhouse gas emissions (Category 1)	Connecting greenhouse gas emissions between input energy sources (Category 2)	Total																			
			2022	Emissions (metric tons of CO2e/year)	7.3728	990.9628	998.3356																			
				Proportion to total emissions	0.738%	99.262%	100%																			
			<table><tr><th>Year</th><th>Types of greenhouse gases</th><th>CO2</th><th>CH4</th><th>N2O</th><th>HFCs</th><th>Total</th></tr><tr><td rowspan="2">2022</td><td>Emissions (metric tons of CO2e/year)</td><td>992.2630</td><td>0.0131</td><td>0.0409</td><td>6.0186</td><td>998.3356</td></tr><tr><td>Proportion to total emissions</td><td>99.392%</td><td>0.001%</td><td>0.004%</td><td>0.603%</td><td>100%</td></tr></table>				Year	Types of greenhouse gases	CO2	CH4	N2O	HFCs	Total	2022	Emissions (metric tons of CO2e/year)	992.2630	0.0131	0.0409	6.0186	998.3356	Proportion to total emissions	99.392%	0.001%	0.004%	0.603%	100%
			Year	Types of greenhouse gases	CO2	CH4	N2O	HFCs	Total																	
			2022	Emissions (metric tons of CO2e/year)	992.2630	0.0131	0.0409	6.0186	998.3356																	
				Proportion to total emissions	99.392%	0.001%	0.004%	0.603%	100%																	
			Inventory scope: Categories 1 and 2 information covers the Company (Hsinchu Head Office, Taipei Office), while for Categories 3 and 4, the Company is still planning inventory.																							
			PS: The Company's greenhouse gas inventory disclosure data is expected to undergo third-party verification at the end of May 2023, and the actual emission results will be based on the completion of the verification process.																							
In 2022, the total greenhouse gas emissions in categories 1 and 2 were 998.3356metric tons of CO2e, mainly from electricity emissions in category 2, accounting for 99.262% of the previous emissions.																										

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance						
	Yes	No	Description							
			<p>In order to continue to achieve the international trend of volume reduction, the Company tracked the volume reduction through the Sustainable Office under the Sustainable Development Committee, and set 2022 as the base year. At present, for the main air conditioning equipment with the largest electricity consumption, the Company adjusts the water outlet temperature of ice water and timely operate in parallel to raise the temperature of indoor cooling room to reduce the electricity consumption of air conditioning, thus reducing the greenhouse gas emissions. It is expected to complete the replacement of energy consuming fluorescent tubes by LED tubes throughout the Company by the end of 2026. It is expected that with active carbon reduction measures, the carbon emissions per unit product and absolute total carbon emissions will continue to be revised downwards.</p> <p>In addition, in order to respond to climate change and promote the sustainable operation of the Company, the Company will continue to negotiate the purchase of renewable energy and invest in the development of energy-saving products in the future. It is expected to achieve the long-term goal of "zero carbon emissions of office sites" by the end of 2050 and further achieve the net zero carbon emissions of the entire company and the use of 100% renewable energy by the end of 2050.</p> <p>ii. <u>Water consumption in the past 2 years:</u></p> <p>The company is a non-manufacturing company. Our facility's main water consumption uses are for general employee use, as air-conditioning condensate, and as data-center coolant. The total water consumption in 2022 was 6,506.83 tons, an increase of 11.51% compared to the previous year, mainly due to the expansion of our footprint and the increase in the number of employees.</p> <table><tr><td>Year</td><td>2021</td><td>2022</td></tr><tr><td>Water consumption (mt)</td><td>5,835.12</td><td>6,506.83</td></tr></table> <p>*Inventory scope: the Company (Hsinchu Head Office, Taipei Office)</p> <p>The Company has been paying attention to energy conservation and environmental protection issues in water resources for a long time, and will continue to invest in multiple improvement measures. In terms of water-saving plans, we will</p>	Year	2021	2022	Water consumption (mt)	5,835.12	6,506.83	
Year	2021	2022								
Water consumption (mt)	5,835.12	6,506.83								

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance						
	Yes	No	Description							
			<p>comprehensively implement water conservation in daily life, including the installation of sensing faucets, water-saving devices, and two-stage toilets, save appropriate water volume, and clearly mark water conservation propaganda at each water use point, in order to maximize the benefits of available water resources.</p> <p>The Company will be committed to water resource recycling and reuse, starting from 2020 and aligning with SDGs. It is expected to achieve a long-term goal of reducing water resource usage by 5% by 2025.</p> <p>iii. <u>Waste output in the last 2 years:</u></p> <p>The Company is committed to environmental protection, has set the KPI for waste reduction, which is reviewed annually by the Sustainable Development Committee, and has set the direction of industrial waste production towards zero waste in resource recycling. The Company's waste comes from industrial waste and domestic waste, and the industrial waste comes from the amount of gold waste recovered from outsourcing; Domestic garbage is divided into general garbage, kitchen waste and resource recovery. Colleagues collect garbage in temporary storage areas, and then a cleaning company confirms the classification of recycling and transports it to the designated recycling area, and then the qualified waste cleaning company transports it to the incineration plant for treatment.</p> <p>The statistical method of the amount of industrial waste is obtained from the statistics of the recycling and transportation company. The amount of domestic waste is shared with others in the office area, and the waste is treated uniformly in the building. It cannot be counted, but only the amount of industrial waste is disclosed.</p> <table border="1"> <tr> <th>Year</th> <th>Industrial waste (kg)</th> </tr> <tr> <td>2021</td> <td>13.5</td> </tr> <tr> <td>2022</td> <td>11.4</td> </tr> </table> <p>*Inventory scope: the Company (Hsinchu Head Office, Taipei Office) “Zero waste in resource recycling” is the ultimate goal of the Company's waste management. The Company has developed an "Environmental Control Procedures" to</p>	Year	Industrial waste (kg)	2021	13.5	2022	11.4	
Year	Industrial waste (kg)									
2021	13.5									
2022	11.4									

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance		
	Yes	No	Description			
			<p>implement the resource recovery mechanism for general wastes and enterprise wastes respectively. It is planned that the Green 2025 Program will be carried out in the future, with the strategy of reducing the total amount of waste and waste resource recovery, and through source management measures such as process technology improvement, raw material reduction, etc., waste output will be reduced to achieve a reduction of 5% of industrial waste (taking 2022 as the base year).</p> <p>In terms of implementation, the Company's output of industrial waste in 2022 was 11.4kg, 16% less than that in 2021.</p>			
IV. Social matters (I) Does the Company establish proper management methods and procedures in accordance with the relevant regulations and the international conventions on human rights?	✓		<p>i. The Company recognizes and supports internationally recognized human rights norms and principles, including the Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labor Organization's Declaration of Fundamental Principles and Rights at Work. To fulfill corporate social responsibility and implement human rights protection, the Company hereby formulates the human rights policies applicable to the Company, and treat and respect all colleagues with a fair and equitable attitude, prevents any violation of human rights, providing a reasonable and safe workplace and reasonable and dignified treatment for the Company's current employees.</p> <p>ii. The Company's human rights policy is explained as follows:</p> <ul style="list-style-type: none">Diversity, inclusiveness, and equal opportunities <table><tr><td>Human rights commitments</td><td><p>(i) In the personnel recruitment, employment, promotion, rewards, and various welfare aspects, there shall be no discrimination based on race, language, blood type, religion, party affiliation, place of origin, gender, age, marriage, facial features, or other factors.</p><p>(ii) Except for special job restrictions, we will hire employees with physical and mental disabilities and promise not to receive differential treatment due to any of the above factors.</p><p>(iii) In terms of personnel management, we attach great importance to the principle of "recruiting on the basis</p></td></tr></table>	Human rights commitments	<p>(i) In the personnel recruitment, employment, promotion, rewards, and various welfare aspects, there shall be no discrimination based on race, language, blood type, religion, party affiliation, place of origin, gender, age, marriage, facial features, or other factors.</p> <p>(ii) Except for special job restrictions, we will hire employees with physical and mental disabilities and promise not to receive differential treatment due to any of the above factors.</p> <p>(iii) In terms of personnel management, we attach great importance to the principle of "recruiting on the basis</p>	No material difference.
Human rights commitments	<p>(i) In the personnel recruitment, employment, promotion, rewards, and various welfare aspects, there shall be no discrimination based on race, language, blood type, religion, party affiliation, place of origin, gender, age, marriage, facial features, or other factors.</p> <p>(ii) Except for special job restrictions, we will hire employees with physical and mental disabilities and promise not to receive differential treatment due to any of the above factors.</p> <p>(iii) In terms of personnel management, we attach great importance to the principle of "recruiting on the basis</p>					

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
				of intellectual ability, matching people to jobs" and do not use irrelevant personal characteristics as management assessment indicators.
			Management/Operation Guidelines	Develop the 'Personnel Selection and Appointment Measures' and the 'Grading and Promotion Management Measures' to implement the above equality commitments.
			Improvement measures	(i) Review the working environment and regulations at any time in cooperation with and in accordance with government decrees and changes in the social environment. (ii) If there is a violation of the 'Human Rights Policy', necessary improvement measures will be taken with the supervisor and the employee's rights will be returned.
			<ul style="list-style-type: none"> Meet basic salary Human rights commitments	(i) In order to ensure the economic well-being of employees, the salaries of all employees are in line with and superior to the basic salary level stipulated by local laws and regulations, and social insurance is handled according to regulations. (ii) On the premise of taking care of employees, and providing group insurance and related welfare and bonus distribution measures beyond legal regulations.

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance				
	Yes	No	Description					
			<table><tr><td>Management/Operation Guidelines</td><td>(i) Develop the 'Salary Operation Guidelines', where all colleagues' salaries are superior to the basic salary stipulated by laws and regulations. (ii) Newly admitted personnel shall sign an admission notice before the registration date, which shall specify their salary to ensure that the agreed employment conditions comply with legal regulations. (iii) The monthly salary is provided with project details and calculation methods to ensure that the payment content complies with laws and regulations.</td></tr><tr><td>Improvement measures</td><td>Every year, we refer to the salary level of our peers and regularly review the salary evaluation standards to ensure that the salary level is competitive in the market.</td></tr></table>	Management/Operation Guidelines	(i) Develop the 'Salary Operation Guidelines', where all colleagues' salaries are superior to the basic salary stipulated by laws and regulations. (ii) Newly admitted personnel shall sign an admission notice before the registration date, which shall specify their salary to ensure that the agreed employment conditions comply with legal regulations. (iii) The monthly salary is provided with project details and calculation methods to ensure that the payment content complies with laws and regulations.	Improvement measures	Every year, we refer to the salary level of our peers and regularly review the salary evaluation standards to ensure that the salary level is competitive in the market.	
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			Improvement measures	Every year, we refer to the salary level of our peers and regularly review the salary evaluation standards to ensure that the salary level is competitive in the market.				
			• Reasonable working hours					
			Human rights commitments	To ensure work and life balance for employees, Sitronix Technology Corp. complies with laws and regulations on weekly working hours, and provides a leave system superior to the Labor Standards Law.				
			Management/Operation Guidelines	There is an attendance and access control management system, which will proactively provide reminders to colleagues with abnormal working hours.				
			Improvement measures	Proactively set up a reminder function in the attendance access control system, and conduct regular inspection and control.				
			• Prohibition of child labor					
			Human rights commitments	Comply with local minimum age laws and regulations, and do not employ child labor.				

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
			<div>Management/Operation Guidelines</div> <div> (i) The recruitment form provides age related information, and interviews are not arranged for individuals under the age of 16. (ii) Newly admitted employees must submit relevant identification documents on the registration day, confirming that they have reached the age of 16 before being promoted. </div>	
			<div>Improvement measures</div> <div>Regularly review government laws and regulations to ensure and comply with corporate social responsibility and ethics.</div>	
			<div>• Health and Safety Workplace</div> <div>Human rights commitments</div> <div> (i) Taking care of employees' health is an obligation that the Company should fulfill. To ensure the health of its colleagues, Sitronix Technology Corp. regularly provides employees with free and comprehensive health checks every year. After the health examination, employees can consult with a doctor, who will provide health guidance based on the results of the examination. (ii) Providing a safe working environment for employees is the responsibility of the Company. Sitronix Technology Corp. has occupational safety and health business supervisors, emergency personnel, and fire protection teams in accordance with the law, continuously promoting a safe working environment and occupational disaster prevention. (iii) To safeguard the legitimate rights and interests of employees, Sitronix Technology Corp. has an employee complaint mailbox and a special complaint mailbox for sexual harassment, so that all employees are free from the threat of workplace violence and sexual harassment. </div>	

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
			Management/Operation Guidelines	The Labor Health Management Procedure, Fire Protection Plan, Employee Complaint Handling Measures, and Sexual Harassment Prevention Measures, Complaint and Punishment Measures shall be formulated and managed by relevant responsible units.
			Improvement measures	Implement personnel education and training, work environment inspections, and internal/external audits in accordance with government laws and regulations, and inspect the entire company's environment, safety, and hygiene operations to ensure the safety of the work environment.
			<ul style="list-style-type: none"> Freedom of association 	
			Human rights commitments	(i) Establish an Employee Welfare Committee (referred to as the Welfare Committee) and select employee representative members in accordance with the law to ensure the rights and interests of employees (ii) Encourage employees to establish clubs and participate in legitimate leisure activities, in order to achieve the goal of peer friendship and physical and mental health.
			Management/Operation Guidelines	(i) Welfare Committee meetings are held regularly, and the Welfare Committee plans employee welfare activities. (ii) According to the 'Club Management Measures', it shall regularly organize activities. Sitronix Technology Corp. will provide activity subsidy funds to ensure the smooth operation of the employee club.
			Improvement measures	Establish a responsible unit to review clubs and regularly supervise the organization of club activities and reimbursement of funds; If there are violations of employee rights or other illegal matters, they will be corrected.

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
			Moreover, the Company held a workshop on the “Prevention and Management of Unlawful Infringement in the Workplace” in 2022, which was attended by 356 employees, each completed 178 hours of training. The Company also has a dedicated employee complaint mailbox for sexual harassment.	
(II) Does the Company establish and implement reasonable employee benefits measures (including remuneration, leave and other benefits, etc.) and reflect the corporate business performance or achievements appropriately in the employee remuneration?	✓		<p>i. Employee remuneration: The Company regularly adjusts the level of remuneration and benefits by referring to the results of salary survey in the same industry and relevant welfare measures. Employee compensation is based on the provisions of the Company's articles of association. If there is a profit in the year, a proportion of no more than 25% and no less than 1% shall be allocated as employee compensation. After measuring the achievement status and contribution of employee performance goals, employee compensation and performance bonus distribution shall be made.</p> <p>ii. Employee benefits: The Company regards our employees as its most valuable assets. In order to attract, motivate, and retain the best talents, we offer competitive salaries and diverse thoughtful benefits to our employees. For details, please refer to the statement of "V. Labor Management Relations of Chapter V. Operations Overview" in this annual report.</p> <p>iii. Workplace Diversity and Equality: The Company is committed to developing a friendly workplace environment, realizing gender neutral reward conditions and gender equal promotion opportunities. The proportion of male and female full-time employees in 2022 was 69.8% and 30.2%, respectively, while the proportion of female supervisors was 27.8%. The Company has also overfunded 2 disabled individuals, providing fair and diverse employment opportunities.</p> <p>iv. Business performance is reflected in employee compensation: The Company distributes the remuneration and performance bonus according to the profit situation and the employee performance evaluation system every year.</p>	No material difference.
(III) Does the Company provide a safe and healthful work	✓		The Company attaches great importance to the health and safety of employees, and employs a full-time labor health service nursing staff. In addition to the annual health examination for employees, the Company also regularly organizes occupational safety and health related	No material difference.

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
environments for its employees and organize training on safety and health for employees on a regular basis?			<p>training to develop employees' emergency response ability and correct safety concepts, so as to reduce the occurrence and loss of accidents caused by unsafe behaviors. The Company has obtained ISO 45001 occupational safety and health management system certification in 2020.</p> <ul style="list-style-type: none"> • Occupational disasters The Company has established a public injury notification and care process. When colleagues suffer injuries due to disasters or accidents, they will follow the process of emergency rescue and medical treatment for the injured (ill) patients, and conduct investigation, analysis, and record keeping of the causes of the injuries and accidents. After the investigation of the causes of disasters and accidents is completed, subsequent improvement and injury prevention measures will be taken, while the effectiveness and progress of the improvement measures shall be tracked. The number of employees suffering from occupational disasters in Company in 2022 was 0. • Environment Measurement In order to grasp the actual state of the labor working environment and evaluate the exposure status of workers, and to protect workers from the harm of hazardous substances in the workplace, and ensure that the exposure concentration meets legal standards, an evaluation is conducted on the actual state of the labor working environment to quantify it. Based on its detection results, on-site improvements are made to enable every employee to work in a healthy and safe environment, enhance the Company's competitiveness, and provide workers with a healthy and comfortable working environment. The Company's operating environments involving the use of chemical hazardous substances and physical hazards comply with the operational regulations designated by the central regulatory authority and operational environment monitoring is conducted. • Health Examination and Management When the Company employs workers, it implements physical examination, correctly distributes the work (confirms whether the workers are suitable for the work), protects the workers' health and avoids harming others (avoids unsuitable workers from engaging in dangerous work), and establishes basic health information of workers. On-the-job 	

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
			<p>colleagues undergo annual health examinations that are superior to those prescribed by law.</p> <ul style="list-style-type: none"> • Four Major Plans By identifying and evaluating hazards in the work environment, personnel composition, and work activities, analyzing human factors, and grading disease risk control measures, four major plans are proposed to prevent and reduce workplace violations, diseases caused by abnormal workload, and musculoskeletal injuries, and to protect the health of female workers and infants. • Education and Training for Safety and Health The Company regularly implements workplace safety education and training, including fire drills, general safety and health education and training, hazardous chemical labeling and common knowledge rules, and preventive measures for illegal infringement of workplaces. In 2022, a total of 1,337 people were trained in safety and health education, with a total of 2,577 hours of training. 	

Assessed Items	Implementation State					Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance																																						
	Yes	No	Description																																									
(IV) Does the Company establish effective career development training programs for its employees?	✓		<p>The Company has formulated an "Education and Training Management Procedure" and a complete training framework, developed perfect training courses according to the professional functions and career needs of employees, and is committed to building a diversified, autonomous and high-quality learning culture to strengthen the development ability of employees.</p> <table><tr><td rowspan="5">Leadership Development Program</td><td>Management Level</td><td>Advanced Leadership Development</td><td>Advanced Management Capacity</td><td>Advanced Professional Career Development</td><td>Chief Engineer</td><td rowspan="5">Professional Competency Development Program</td></tr><tr><td rowspan="2">Senior Management</td><td rowspan="2">Advanced Leadership</td><td>Personal Effectiveness</td><td rowspan="2">Advanced Skill Development</td><td rowspan="2">Senior Engineer (Manager)</td></tr><tr><td>Quality Management</td></tr><tr><td rowspan="2">Department Supervisors</td><td rowspan="2">Basic Managerial Ability</td><td>Patent Course</td><td rowspan="2">Professional Engineering Skill</td><td rowspan="2">Engineer (Manager)</td></tr><tr><td>General Course</td></tr><tr><td colspan="5">New Staff Development Program</td></tr></table> <p>The implementation of employee training in 2022 is as follows:</p> <table><tr><th>Item</th><th>Number (people)</th><th>Total hours</th></tr><tr><td>Training for new employees</td><td>53</td><td>318</td></tr><tr><td>Internal professional ability training</td><td>162</td><td>825</td></tr><tr><td>External professional ability training</td><td>35</td><td>617</td></tr></table>			Leadership Development Program	Management Level	Advanced Leadership Development	Advanced Management Capacity	Advanced Professional Career Development	Chief Engineer	Professional Competency Development Program	Senior Management	Advanced Leadership	Personal Effectiveness	Advanced Skill Development	Senior Engineer (Manager)	Quality Management	Department Supervisors	Basic Managerial Ability	Patent Course	Professional Engineering Skill	Engineer (Manager)	General Course	New Staff Development Program					Item	Number (people)	Total hours	Training for new employees	53	318	Internal professional ability training	162	825	External professional ability training	35	617	No material difference.		
Leadership Development Program	Management Level	Advanced Leadership Development	Advanced Management Capacity	Advanced Professional Career Development	Chief Engineer		Professional Competency Development Program																																					
	Senior Management	Advanced Leadership	Personal Effectiveness	Advanced Skill Development	Senior Engineer (Manager)																																							
			Quality Management																																									
	Department Supervisors	Basic Managerial Ability	Patent Course	Professional Engineering Skill	Engineer (Manager)																																							
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Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
(V) Is the Company in compliance with relevant laws and regulations as well as international standards when it comes to customer health and safety, customer privacy, marketing and labeling of products and services, and make relevant policies and appeal procedures on the protection of consumer rights and interests?	✓		<p>i. The Company is in compliance with relevant laws and regulations as well as international standards when it comes to marketing and labeling of products and services to ensure the quality of its products and services and protect the rights and interests of customers. For the health and safety of customers, the Company has developed an 'Environmental Restricted Substance Management Procedure' to ensure that suppliers' materials comply with international environmental standards. We also independently arrange SGS inspections every year to ensure that all products sold comply with international green environmental standards, such as RoHS, Halogen Free (HF), and REACH from the European Union. We label products with green environmental standards, such as GP (Green Product) and RoHS.</p> <p>ii. In terms of customer privacy and business behavior, the Company has formulated the "Confidential Information and Intellectual Property Management Measures" to ensure the protection of confidential information between the Company and customers. Each new employee is required to receive training courses on the "Internal Major Handling Procedures", and sign the "Confidential Information and Intellectual Property Guarantee Letter" when reporting to promote employees' confidentiality obligations and responsibilities, and ensure the prevention of customer confidentiality leakage.</p> <p>iii. In terms of protecting the rights and interests of customers/consumers, the Company formulates the "Customer Service and Complaint Handling Procedure" and the "Customer Satisfaction Operation Procedure", strives to provide high-quality customer service, and records the handling process of each customer complaint with the customer service system. Moreover, monthly quality meetings are held every month to review the quality performance of products, and deeply review major quality events to improve the quality of products.</p>	No material difference.
(VI) Does the Company has established a supplier management policy that requires suppliers to comply with the	✓		<p>i. The Company has a "Supplier Management Procedure", which includes standardized and appropriate control procedures and methods, from the initial evaluation of new suppliers to the quarterly evaluation and annual audit of qualified suppliers. The Company has established a prior and regular evaluation mechanism for the list of new and qualified suppliers, including certification of relevant standards such as quality, environmental management, and occupational safety and health systems. Audit and evaluation items such as products and processes that do not contain environmental hazardous substances</p>	No material difference.

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
relevant standards on issues such as environmental protection, occupational safety and health, or labor and human rights? And the implementation status.			<p>must be improved within a specified period of time. Those who fail to improve must be removed from the list of qualified suppliers to ensure that suppliers shall comply with relevant specifications in environmental protection, occupational safety and health or labor rights.</p> <p>(i) New Supplier Evaluation We will conduct comparison and assessment in terms of quality, delivery time, cost, process capability, green product management, and occupational safety system with regard to domestic and international adoption of new suppliers. New suppliers that have been preliminarily approved still need to pass the actual audit before entering the Company's qualified supplier list.</p> <p>(ii) Qualified Supplier Management Conduct regular performance evaluations of qualified suppliers on a quarterly basis to confirm their compliance with various requirements. If the evaluation results do not meet the standards, an evaluation team should be arranged to conduct a new audit; Every year, an annual audit is also conducted for qualified suppliers to ensure that they continuously meet the quality requirements of the Company's products, and to strengthen cooperation and communication with suppliers to enhance their awareness of independent management. However, if a qualified supplier experiences situations such as using prohibited substances or violating the Company's sustainable standards, they will be required to improve within a specified period of time or be discontinued.</p> <p>ii. The Company is a fabless chip design company, occupying a global leading position in the application field of small and medium-sized display driver chips. The Company's main business is responsible for the design and layout of integrated circuit products. After the design is completed, it is handed over to a professional wafer foundry to produce wafers, and then handed over to a professional factory for the production, testing, cutting, and packaging of the rear bumping. The supplier management mechanism for wafer and outsourced processing is as follows:</p> <p>(i) Quality Management The Company introduces the ISO 9001 quality management system, and all suppliers must pass the ISO 9001 quality system certification.</p>	

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
			<p>(ii) Environment Protection According to the regulations of various countries and customer requirements, the Company integrates a green product management system for environmentally restricted substances that are harmful to ecology, environment and human body. Based on the "Procedures for the Management of Environmental Restricted Substances", the Company stipulates that the raw materials and packaging materials used by suppliers shall fully comply with the EU RoHS (Directive 2011/65/EU)/REACH SVHC/ Packaging and Packaging Waste (Directive 94/62/EC)/Hogen-free Directive and the green environmental protection requirements of customers, and moreover, they must cooperate with the "Declaration that the supplier does not use environmentally hazardous substances" signed by the Company and provide the test report of the third notary to jointly enhance corporate social responsibility. Suppliers are required to pass the ISO 14001 environmental management system evaluation. If there is no certification, a plan to complete the certification is required.</p> <p>(iii) Occupational Safety, Health, and Labor Rights Protection Suppliers must pass the ISO 45001 occupational health and safety management system evaluation. If there is no certification, they need to have a plan to complete the certification; or comply with relevant laws and regulations such as safety and hygiene, labor laws and regulations, and the labor human rights standards such as not employing child labor.</p> <p>(iv) Conflict Minerals Management The Company uses the CMRT (Conflict Minerals Reporting Template) questionnaire issued by the RMI (Responsible Minerals Initiative) to investigate suppliers, ensure that the metals used in the products provided by suppliers do not come from conflict minerals in Congo and its surrounding countries, as well as in any areas controlled by armed forces in these countries, and continue to monitor direct supply chain procurement practices to avoid obtaining controversial metal raw materials.</p>	

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance	
	Yes	No	Description		
			iii. The statistics of the certification and compliance with environmental substance management standards of the Company's main wafer and outsourced processing suppliers for 2022 are as follows:		
			Item		
			Obtaining/Complying with Statistics		
			Quality Management	ISO 9001 Quality Management System	100%
				IATF 16949 Automobile Industry Quality Management System	72%
			Environment Protection	ISO 14001 Environmental Management System	100%
				QC 080000 or SONY GP Hazardous Substance Management System	66.67%
			Occupational Safety, Health, and Labor Rights Protection	ISO 45001 Occupational Health and Safety Management System	80.56%
Environmental Matters Management Standards	RoHS /HF/ REACH	100%			

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
V. Does the Company adopt internationally widely recognized standards or guidelines when producing corporate social responsibility report and other reports that disclose non-financial information of the Company? Whether assurance or guarantee opinions have been obtained for the aforementioned reports by a third party certification unit?	✓		The Company prepared the annual sustainability report 2021 in accordance with the internationally accepted GRI Standards, which was verified by TUV NORD Taiwan Co., Ltd. in accordance with the AA1000 AS V3 assurance standard and the GRI sustainability reporting standard issued by the Global Sustainability Standards Board (GSSB). The Company obtained a statement and assurance opinions, showing that the Company attaches importance to sustainable development, and disclosed them to the public and stakeholders on the website (https://www.sitronix.com.tw/tw/about-sitronix/corporate-social-responsibility/). Download and browse relevant information.	No material difference.
VI. For companies who have formulated their own sustainable development guidelines in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe the Company’s variance in operation, if any, from the aforementioned standard The Company has formulated its own “Sustainable Development Best Practice Principles” in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, with the Sustainable Development Committee and its executive team as dedicated units in charging of the promotion of relevant practices. The Company’s operation has no material difference with its stipulated set of principles.				
VII. Other important information helpful in understanding the implementation of sustainable development: While focusing on developing innovative technologies and pursuing surplus to create shareholders' interests, the Company has not forgotten to pay attention to social needs				

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
and environmental issues, and encourages employees to contribute their own efforts to jointly fulfill corporate social responsibilities and obligations and share the common good with the society through caring for the weak and environmental protection.				
(I)			Implementing corporate governance: The Company has established a designated section for stakeholders on the Company website, understands the reasonable expectations and demands of stakeholders through proper communication with them, and adequately responds to the important corporate social responsibility issues which they are concerned about.	
(II)			Assistance to Weakly People	
			i. From 2015, it has handled Christmas wish donation activities for children in nurseries every year. In 2022, the Company funded a total of 3 nurseries to fulfill the Christmas wishes of 70 children.	
			ii. Regularly order afternoon tea from vulnerable institutions every month, allowing mentally disabled individuals to return to society in a normalized manner.	
			iii. Donate computers to Green Miracle and ASUS Foundation from time to time.	
			iv. Hire visually-impaired friends from time to time to provide staff massage services.	
(III)			Environment Protection	
			i. According to the regulations of various countries and customer requirements, the Company integrates a green product management system for chemical substances that are harmful to ecology, environment and human body. Based on the "Procedures for the Management of Environmental Restricted Substances", the Company stipulates that the raw materials and packaging materials used by suppliers shall fully comply with the EU RoHS (Directive 2011/65/EU)/REACH SVHC/ Packaging and Packaging Waste (Directive 94/62/EC)/Hogen-free Directive and the green environmental protection requirements of customers, and moreover, they must cooperate with the “Declaration that the supplier does not use environmentally hazardous substances” signed by the Company and provide the test report of the third notary to jointly enhance corporate social responsibility.	
			ii. Suppliers are required to pass ISO 14001 evaluation. If there is no certification, a plan to complete the certification is required.	
			iii. The employee portal website promotes the Sitronix Green+, driving energy saving and carbon reduction and other environmental protection operations.	
(IV)			Cultivation of Scientific and Technological Talents	
			i. Industry-academy cooperation is one of the cradles for the Company to introduce new talents. In order to strengthen the industry-academy cooperation relationship and improve the industry-academy effectiveness, the Company continues to establish long-term cooperative relationships with various industry-academy cooperation alliance centers, such as the SoC System Chip Center of National Taiwan University, and actively participates in seminars and scholarships sponsored by the school. The Company actively expands industry-academy resources, collaborates with the school to promote industry-academy collaborative research, talent cultivation, and recruitment activities, and maintains long-term good cooperative relationships.	
			ii. Industry-academy cooperation plan for 2022: Sponsor the "Industry Sponsored Doctoral Talent Cultivation Scholarship": NT\$ 288,000 per year.	

Appendix I

Material Issue	Risk Assessment Items	Description
Environment	Environmental Impacts and Management	<ol style="list-style-type: none"> 1. The Company's products is in compliance with the RoHS regulations of the European Union and are free of any hazardous substances. The Company has also established an "Management Procedure for Environmentally Restricted Substance" to perform a systematic management of raw materials, under which the suppliers are required to provide a third-party inspection report (ICP Report), that has a good standing of one year. This means that the suppliers will have to conduct inspection annually to monitor if their raw materials comply with environmental regulations. 2. An internal audit is conducted in the fourth quarter of each year to ensure that the Company complies with the stipulated environmental regulations and operating procedures.
	Energy and Greenhouse Gas Reduction	<ol style="list-style-type: none"> 1. The Company continuously strengthens employees' environmental awareness and promotes relevant energy-saving and carbon reduction measures in response to the environmental impact of office spaces and employees' lives.
Social	Occupational Safety	<ol style="list-style-type: none"> 1. The Company completed the ISO 45001 Occupational Health and Safety Management System Verification. The Company also organizes regular fire drills, general safety and health educational training, training courses on hazardous chemicals labeling and general rules and regulations as a part of the safety management of its employees. 2. Moreover, the Company also conducts regular inspection of the working environment to inspect the emission level of carbon dioxide, lead and isopropanol emission to ensure the safety of employees in the offices and experimental sites.
	Product Safety	<ol style="list-style-type: none"> 1. The Company has purchased cargo transportation insurance, and product liability insurance for some of its products to transfer product liability risks, mitigate financial losses and improve product safety.
	Green Products	<ol style="list-style-type: none"> 1. Introduce the green supply chain and promote the green process, formulate the "Environmental Restricted Substance Management Procedure", purchase products that meet the EU environmental protection regulations and other relevant international environmental standards from the source, and verify that the raw materials delivered do not contain environmentally hazardous controlled substances and do not use conflict minerals by reviewing the inspection certification documents of raw materials.
Corporate Governance	Strengthening the functions of the Directors	<ol style="list-style-type: none"> 1. Each member of the Board is required to receive at least 6 hours of training each year to update on new knowledge and gain understanding of their roles, functions, responsibilities and obligations on the Board to effectively implement the corporate governance system. 2. The Company has purchased liability insurance for the Directors and Supervisors to indemnify them against legal actions or claims arising from their performance of duties.

Material Issue	Risk Assessment Items	Description
Corporate Governance	Communication with Stakeholders	<p>1. The Company has a diverse Board. When discussing the Company's operation management, a wide range of opinions can be derived from the different experience of the members, thereby improving corporate governance and operation performance. Therefore, issues of concern to various stakeholders can also be properly analyzed and discussed.</p> <p>2. The Company has set up a stakeholders' section, which includes a specific contact window for investors, company spokesperson, and support services for equity matters and technical issues to serve as a channel for active communication with stakeholders.</p>
	Society, Economy and Law Compliance	<p>1. Through the establishment of various corporate governance related rules and regulations and governance organizations, the internal control mechanism is implemented to ensure the transparency of information disclosure and the compliance of all operations with relevant laws and regulations. To demonstrate the Company's business philosophy of integrity, transparency of information, implementation of internal control, and emphasis on shareholders' equity.</p>

(VI) The state of the Company's performance in the area of ethical corporate management, any variance from the ethical corporate management best practice principles for TWSE/TPEX listed companies, and the reason for any such variance

Assessed Items	Implementation Status			Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
I. Adopting ethical corporate management policy and programs				No material difference.
(I) Has the Company formulated its ethical management policy approved by the Board of Directors, clarified it in its regulations and external documents and the commitment of board of Directors and senior Managers to active implementation?	✓		(I) According to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, the Company has formulated the Ethical Corporate Management Best Practice Principles, the Operating Procedure and Conduct Guide for Ethical Corporate Management and other relevant measures, which shall be disclosed on the Company's website after being adopted by the Board of Directors, stating that Directors, Managers, employees, appointees or persons with material control shall abide by the principle of good faith, the commitment that they shall not engage in unethical conduct and shall actively implement the policy of good faith, and shall follow in their internal management and external business activities. The members of the Board of Directors and senior management also adhere to the principle of ethical corporate management in operating the Company, and report to the Board of Directors once a year on the implementation of ethical corporate management in the current year.	
(II) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include preventive measures against the behaviors as stipulated in item 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		(II) According to the Ethical Corporate Management Best Practice Principles, the Company has formulated the Operating Procedure and Conduct Guide for Ethical Corporate Management, which explicitly defines business activities within its business scope which are at a higher risk of being involved in unethical conduct, and has formulated the preventive measures and notification procedures against the unethical conducts as stipulated in Paragraph 2, Article 7 of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. In order to prevent any unethical conduct, the Company requires all suppliers not to engage in any illegal business conduct and not to provide improper benefits and bribes to the Company's employees, and regularly conduct audits and evaluations on the suppliers. In case of a manufacturer engaging in unethical conduct of high risk, the Company may terminate or rescind the contract with it at any time, and if the case is serious, the Company will notify the judicial unit.	
(III) Has the Company in the prevention programs for unethical conduct clearly prescribed the operation procedures, conduct guidelines and disciplinary and	✓		(III) The Company has formulated the "Ethical Corporate Management Best Practice Principles", the "Operating Procedure and Conduct Guide for Ethical Corporate Management" and the "Regulations for the Whistle-blowing of Fraudulent Conduct", which stipulate the prohibitions against unethical conduct, reporting	

Assessed Items	Implementation Status			Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
appeal system for violations of the ethical corporate management rules and implemented them, and conducted review and amendment on the aforementioned programs on a regular basis?			system and disciplinary system, which shall be implemented in the operation of each unit, and the relevant contents shall be regularly educated, publicized and reviewed and revised.	
II. Implementation of ethical corporate management				No material difference.
(I) Does the Company evaluate the ethical record of its business partners and set ethical conduct policies in the terms and conditions of its contracts with the clients?	✓		(I) For the internal control system and various management measures that should be followed by suppliers and customers, the Company shall conduct credit investigation or evaluation operations, and avoid engaging in business transactions with agents, suppliers, customers or other business associates involved in unethical conduct. If the business associates or cooperation partners have engaged in unethical conduct, the Company shall immediately stop the business dealings with them and list them as the objects of refusal to engage in business dealings to implement the ethical management policy of the Company.	
(II) Has the Company set up exclusively dedicated units supervised by the Board of Directors to be in charge of ethical corporate management which report its ethical management policy, prevention programs for unethical conduct, and the supervision and implementation state to the Board of Directors?	✓		(II) In publicity and implementation of ethical corporate management, the Company designates the Human Resources and Administration Department as the dedicated unit to be in charge of formulating and supervising the implementation of the ethical corporate management policies and prevention programs, and reporting the implementation status to the Board of Directors every year. The latest reporting date was November 3, 2022 and it was disclosed on the Company's website.	
(III) Does the Company work out policies to prevent conflicts of interest, provide proper statement channels and implement?	✓		(III) The Company's "Rules of Procedure for Board of Directors Meetings" provides for a system of recusal of Directors from participation in discussion and voting, and shall not act as a proxy for other Directors to exercise voting rights in respect of matters in the meetings and board resolutions which are in conflict with the interests of the Company or the legal person represented thereby and are likely to prejudice the interests of the Company. To prevent conflicts of interest, the Company has formulated the "Ethical Corporate Management Best Practice Principles", the "Operating Procedure and Conduct Guide for Ethical Corporate Management" and the "Regulations for the Whistle-blowing of Fraudulent Conduct" and implements as required by the Principles. In case of any unlawful act, the whistle-blower can report to the dedicated unit through the independent whistle-blowing mailbox (report@sitronix.com.tw).	

Assessed Items	Implementation Status			Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance																
	Yes	No	Description																	
(IV) Has the Company established an effective accounting system, internal control system to put ethical corporate management into practice? The internal auditors shall draw up the relevant audit plan to audit the compliance of the prevention programs for unethical conduct according to the risk valuation results of the unethical conduct, or audited by CPAs?	✓		(IV) To ensure ethical corporate management, the Company has set up an effective accounting system and internal control system in accordance with the relevant laws and regulations. Internal auditors shall conduct audits in accordance with the audit plan, submit quarterly reports to the Board of Directors, and submit them to Independent Directors for signature before the end of the following month after the completion of the audit report; Moreover, the implementation of self-evaluation operations is used to ensure that the design and implementation of the internal control system is continuously effective, which is the basis for issuing the internal control system statement, and is submitted to the Board of Directors for approval.																	
(V) Does the Company organize internal or external trainings on the ethical corporate management regularly?	✓		(V) In addition to the “Operating Procedure and Conduct Guide for Ethical Corporate Management” and "Procedures for Handling Material Inside Information" as required courses for new employees, the Company also carries out the training publicity of "Prohibition of Insider Trading" for senior managers every year. In addition, Directors and Managers participate in corporate governance training courses every year as required. In 2022, the employees attended the ethical corporate management courses organized by the Company:																	
			<table><tr><th>COURSE NAME</th><th>NUMBER OF TRAINEES COMPLETED</th><th>TOTAL TRAINING HOURS</th><th>COMPLETION RATE</th></tr><tr><td>ETHICAL CORPORATE MANAGEMENT OPERATING PROCEDURES AND GUIDELINES FOR CONDUCT</td><td>41 persons</td><td>6.8 hours</td><td>100%</td></tr><tr><td>PROCEDURES FOR HANDLING MATERIAL INSIDE INFORMATION</td><td>41 persons</td><td>6.8 hours</td><td>100%</td></tr><tr><td>PROHIBITION OF INSIDER TRADING</td><td>53 persons</td><td>26.5 hours</td><td>100%</td></tr></table>		COURSE NAME	NUMBER OF TRAINEES COMPLETED	TOTAL TRAINING HOURS	COMPLETION RATE	ETHICAL CORPORATE MANAGEMENT OPERATING PROCEDURES AND GUIDELINES FOR CONDUCT	41 persons	6.8 hours	100%	PROCEDURES FOR HANDLING MATERIAL INSIDE INFORMATION	41 persons	6.8 hours	100%	PROHIBITION OF INSIDER TRADING	53 persons	26.5 hours	100%
COURSE NAME	NUMBER OF TRAINEES COMPLETED	TOTAL TRAINING HOURS	COMPLETION RATE																	
ETHICAL CORPORATE MANAGEMENT OPERATING PROCEDURES AND GUIDELINES FOR CONDUCT	41 persons	6.8 hours	100%																	
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Assessed Items	Implementation Status			Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
III. Operation of the Company's Whistle-blowing System (I) Has the Company set specific whistle-blowing and reward system to facilitate the whistle-blowing channel and assign appropriate specialist accepting to spot the whistle-blowing object? (II) Has the Company set the standard operating procedures, follow-up measures shall be adopted depending on the severity of the circumstances after investigations of cases reported are completed and relevant confidentiality mechanism to investigate reported misconducts? (III) Has the Company taken measures to protect whistle-blowers from inappropriate disciplinary actions due to their whistleblowing?	✓		(I) The Company has set up the "Regulations for the Whistle-blowing of Fraudulent Conduct", and provides an independent whistle-blowing mailbox (report@sitronix.com.tw) for external and internal whistle-blower of the Company. This whistle-blowing channel is publicly disclosed on the website of the Company, and a dedicate unit is designated to handle reporting cases according to the impeachment content. (II) The Company clearly stipulates in the "Regulations for the Whistle-blowing of Fraudulent Conduct" the standard operating procedures, and that it will keep the whistle-blowers' identity and contents of information confidential. (III) The Company clearly stipulates in the "Regulations for the Whistle-blowing of Fraudulent Conduct" that it will keep the whistle-blowers' identity and contents of information confidential. The Company also undertakes to protect the whistle-blowers from improper treatment due to their whistle-blowing.	No material difference.
IV. Strengthening information disclosure Does the Company disclose the information of implementation and results of ethical management on its website and the MOPS?	✓		The Company has established relevant measures such as the "Ethical Corporate Management Best Practice Principles" and the "Operating Procedure and Conduct Guide for Ethical Corporate Management", which will be disclosed on the MOPS. The content and effectiveness of the established Ethical Corporate Management Best Practice Principles will also be disclosed on the Company's website.	No material difference.
V. If the Company develops its own ethical management rules according to the Integrity Operation Best Practice Principles for TWSE/GTSM-Listed Companies, please state the differences: No difference.				
VI. Other important information for better understanding of the ethical management: (such as review and amendment of the regulations on ethical management) (I) The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, and the relevant rules and regulations on TWSE/GTSM-Listed Companies and business conduct as the foundation for implementing ethical corporate management. (II) The Company's "Rules of Procedure for Board of Directors Meetings" provides for a system of recusal of Directors from participation in discussion and voting, and shall not act as a proxy for other Directors to exercise voting rights in respect of board resolutions which are in conflict with the interests of the Company or the legal person represented thereby and are likely to prejudice the interests of the Company.				

Assessed Items	Implementation Status			Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
(III) The Company has formulated the “Operating Procedures for Handling Material Inside Information” and disclosed it on the Company’s website in order to establish a good internal material information processing and disclosure mechanism for the Company. It is also to avoid improper disclosure of information and ensure the consistency and accuracy of information disseminated to the public.				
(IV) The Company regularly arranges corporate governance courses for the Directors and Managers to enhance their ability to supervise and manage the Company, with a view to enhancing the effectiveness of corporate governance and the implementation of ethical management.				

(VII) If the Company has formulated its Corporate Governance Code and other relevant regulations, the directory to such information shall be disclosed.

The sector "Investors" on the Company's website provides a "Corporate Governance" section for investors to inquire and download the relevant rules and regulations of corporate governance.

(VIII) Other important information that can further the understanding of the Company’s corporate governance status may be disclosed together.

- i. The Company continues to strengthen the operation of corporate governance. The website of the Company provides investors with relevant rules and regulations on corporate governance and important resolutions of the Board of Directors for their reference.
- ii. In order to continuously enrich the corporate governance information, the Company has taken the initiative to inform the Company's Directors of the relevant education information, and all the nine Directors have met the requirements of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies".
- iii. Company website <http://www.sitronix.com.tw> Information is collected and maintained by dedicated personnel, regularly disclosed and updated for investors to access financial, business, and other information.

(IX) Implementation of Internal Control System

1. Statement of Internal Control System

Sitronix Technology Corp. Statement of Internal Control System

Date: March 16, 2023

Based on the findings of a self-assessment, the following statement is made with regard to the Company's internal control systems during the 2022 fiscal year:

- I. Sitronix has established an adequate internal control system. Sitronix's Board of Directors and Managers are responsible for establishing, implementing, and maintaining the internal control systems. Our internal control system is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable laws, regulations and bylaws.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the preceding three objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to the changing environment or circumstances that are beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and we will take immediate remedial actions in response to any identified deficiencies.
- III. Sitronix evaluates the design and operating effectiveness of its internal control systems based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter below, the "Regulations"). The criteria adopted by the Regulations identify five constituent elements of internal control systems based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. For the preceding five constituent elements, please refer to the provisions for the aforesaid "Regulations".
- IV. Sitronix has evaluated the design and operating effectiveness of its internal control system according to the aforesaid "Regulations".
- V. Based on the findings of such evaluation, Sitronix believes that, on December 31, 2022, it has maintained, in all material respects, an effective internal control system (including the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable laws, regulations and bylaws.
- VI. This Statement is the essential content of Sitronix's annual report and prospectus, and will be made public. Any misrepresentation and omission, or other illegality in the content publicly disclosed will entail a legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement was passed by the Board of Directors in their meeting held on March 16, 2023, with none of the nine attending directors expressing dissenting opinions, and the rest all agreed the content of this Statement.

Sitronix Technology Corp.

Chairman: Vincent Mao

General Manager: Wei Wang

2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None.

(X) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the Company or its internal personnel, any sanctions imposed by the Company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: None.

(XI) Material resolutions of a shareholders meeting or a board of Directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

1. Major resolutions of the Board of Shareholders and state of implementation

Major Resolutions of the 2022 Regular Shareholders' Meeting	Implementation Status
1. 2021 Earning Distribution Plan.	By the resolution of the shareholders' meeting, the cash dividend of NT\$32 per share was distributed to the shareholders, with the total amount of NT\$3,844,380,032. The date of cash dividend payment: August 5, 2022
2. 2021 Business Reports and Financial Statements.	After being recognized by the shareholders' meeting, it has been announced to the public information observatory as required.
3. Amendments to "Operational Procedures for Acquisition and Disposal of Assets" of the Company.	Upon approval by the regular shareholders' meeting, the new amended provisions shall apply.

2. Major Resolutions of the Board of Directors

Date of Meeting	Major Resolutions	Matters specified in Article 14-3 of the Securities and Exchange Act
2022.03.17 The 4th meeting of the 10th Board	1. Passed the Structural Compensation Adjustment Plan of Managers Reviewed by the Remuneration Committee of the Company.	✓
	2. Passed the Distribution Plan of Operation and Project Bonus for Managers for the 2021 Fiscal Year Reviewed by the Remuneration Committee of the Company.	✓
	3. Passed the Distribution Plan of the Remuneration to Employees and Directors for the Year 2021.	✓
	4. Passed the Statement of Internal Control System for the Year 2021.	✓
	5. Passed the proposal on the 2021 Financial Statements and Business Report.	
	6. Passed the proposal on the 2021 Earning Distribution Plan.	

Date of Meeting	Major Resolutions	Matters specified in Article 14-3 of the Securities and Exchange Act
	7. Passed the proposal on the formulation of the Company's "Handling Procedures for the Acquisition and Disposal of Assets".	✓
	8. Passed the Company's 2022 Operating Plan.	
	9. Passed the proposal on the Company's long-term equity investment.	✓
	10. Passed the proposal on the new endorsement and guarantee for the subsidiary (Hefei Sitronix Co., Ltd).	✓
	11. Passed the proposal on the removal of the Company's endorsement and guarantee for the subsidiary (Forcelead Technology Corp.)	✓
	12. Passed the proposal on allowing the competition among Managers.	
	13. Passed the convening of the Company's regular shareholders' meeting in the year 2022 and related matters.	
	All Independent Directors' opinions: None. The Company's actions in response to the opinions all Independent Directors' opinions: None. Resolution outcome: approved by all the Directors present.	
2022.05.05 The 5th meeting of the 10th Board	1. Passed the Compensation Adjustment Plan of Managers Reviewed by the Remuneration Committee of the Company.	✓
	2. Passed the proposal on change of the CPA and the evaluation of the independence of the CPA.	✓
	3. Passed the proposal on the consolidated financial reports for the first quarter of 2022.	
	4. Passed the proposal on the amendment to partial provisions of the Company's "Internal Audit Implementation Guidelines."	✓
	All Independent Directors' opinions: None. The Company's actions in response to the opinions all Independent Directors' opinions: None. Resolution outcome: approved by all the Directors present.	
2022.08.04 The 6th meeting of the 10th Board	1. Passed the Distribution Plan of Remuneration for Managers in Cash for the 2021 Fiscal Year Reviewed by the Remuneration Committee of the Company.	✓
	2. Passed the proposal on the consolidated financial reports for the second quarter of 2022.	
	3. Passed the proposal on loaning funds to the subsidiary (INFSitronix Technology Corp.).	✓
	4. Passed the proposal on loaning funds to the subsidiary (mCore Technology Corp.).	✓
	5. Passed the proposal on the establishment of the Sustainable Development Committee and the formulation of the Organizational Procedures of the Enterprise Sustainable Development Committee.	

Date of Meeting	Major Resolutions	Matters specified in Article 14-3 of the Securities and Exchange Act
	All Independent Directors' opinions: None. The Company's actions in response to the opinions all Independent Directors' opinions: None. Resolution outcome: approved by all the Directors present.	
2022.11.03 The 7th meeting of the 10th Board	1. Passed the proposal on the Internal Audit Plan for the year 2023.	✓
	2. Passed the proposal on the consolidated financial reports for the third quarter of 2022.	
	3. Passed the proposal on the amendment to partial provisions of "Information Cycle" of the Company's internal control system.	✓
	4. Passed the proposal on the amendment to partial provisions of the Company's "Asset Management Procedures".	
	5. Passed the proposal on the amendment to partial provisions of the Company's "Measures for Evaluation of Performance of Board of Directors".	
	6. Passed the proposal on the evaluation of the independence of the CPA.	✓
	7. Passed the proposal on the review of the CPA's professional fees.	✓
	8. Passed the proposal on the Adjustment of the amount of endorsements and guarantees for subsidiaries.	✓
	All Independent Directors' opinions: None. The Company's actions in response to the opinions all Independent Directors' opinions: None. Resolution outcome: approved by all the Directors present.	
112.03.16 The 8th meeting of the 10th Board	1. Passed the proposal on the evaluation of the competency of the CPA.	✓
	2. Passed the Distribution Plan of Operation and Project Bonus for Managers for the 2022 Fiscal Year Reviewed by the Remuneration Committee of the Company.	✓
	3. Passed the Distribution Plan of the Remuneration to Employees and Directors for the Year 2022.	✓
	4. Passed the Statement of Internal Control System for the Year 2022.	✓
	5. Passed the proposal on the 2022 Financial Statements and Business Report.	
	6. Passed the proposal on the 2022 Earning Distribution Plan.	
	7. Passed the proposal on Company's 2023 Operating Plan.	
	8. Passed the proposal on allowing the competition among Managers.	
	9. Passed the proposal on convening of the Company's regular shareholders' meeting in the year 2023 and related matters.	
	10. Passed the proposal on amendment of the Company's "Rules of Procedure for Board of Directors".	
	11. Passed the proposal on the amendment to partial provisions of the Company's "Information Circulation".	✓

Date of Meeting	Major Resolutions	Matters specified in Article 14-3 of the Securities and Exchange Act
	12. Passed the proposal on the amendment of Company's "Corporate Governance Best-Practice Principles".	
	All Independent Directors' opinions: None. The Company's actions in response to the opinions all Independent Directors' opinions: None. Resolution outcome: approved by all the Directors present.	
112.05.04 The 9th meeting of the 10th Board	1. Passed the Compensation Adjustment Plan of Managers Reviewed by the Remuneration Committee of the Company.	✓
	2. Passed the consolidated financial report for the first quarter of 2023.	
	3. Passed the proposal on the Company's long-term equity investment.	✓
	4. Passed the proposal on loaning funds to others.	✓
	5. Passed the proposal on the " Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises ".	
	All Independent Directors' opinions: None. The Company's actions in response to the opinions all Independent Directors' opinions: None. Resolution outcome: approved by all the Directors present.	

(XII) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a Director or Supervisor has expressed a dissenting opinion with respect to a material resolution passed by the Board of Directors, and said dissenting opinion has been recorded or prepared as a written declaration, the main content: None.

(XIII) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the Company's Chairman, General Manager, Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D: None.

V. Information on CPA Professional Fees

- (I) The amounts of audit and non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm as well as details of non-audit services that shall be disclosed:

Unit: NT\$ thousand

Name of Accounting Firm	Name of the CPA	Audit Period	Audit Fee	Non-audit Fee	Total	Remarks
Deloitte & Touche Taipei, Taiwan Republic of China	Cheng-Chih Lin	2022.01.01~2022.12.31	\$4,400	\$330	\$4,730	
	Mei-Chen Tsai	2022.01.01~2022.12.31				

Please state the content of non-audit services in detail: Non-Audit Fees for Transfer Pricing Report

- (II) When the Company changes its accounting firm and the audit fee paid for the year is less than previous year, the reduction in the amount, percentage, and reasons shall be disclosed: None.
- (III) When the audit fee paid for the current year is less than previous year by 10 percent or more, the reduction in the amount, percentage, and reasons shall be disclosed: None.

VI. Information on Replacement of CPA

- (I) Regarding the former CPA:

Replacement Date	The replacement was approved by the Company's board of directors on May 5, 2022.		
Replacement reasons and explanations	Due to Deloitte & Touche Taipei, Taiwan Republic of China, the accounting firm's job rotation in accordance with relevant regulations, the CPA for auditing financial statements will be changed from Cheng-Chih Lin and Yu-Feng Huang to Cheng-Chih Lin and Mei-Chen Tsai from the first quarter of 2022.		
Describe whether the Company terminated or the CPA did not accept the appointment	Parties	CPA	The Company
	Status		
	Termination of appointment	Not applicable	Not applicable
	No longer accepted (continued) appointment	Not applicable	Not applicable
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the company	None		
Other Revealed Matters (Those who should be disclosed in Article 10, Paragraph 6, Item 1-4 to Item 1-7)	None		

(II) Regarding the successor CPA:

Name of Accounting Firm	Deloitte & Touche Taipei, Taiwan Republic of China
Name of CPA	Cheng-Chih Lin, Mei-Chen Tsai
Date of appointment	May 5, 2022
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	Not applicable
Succeeding CPA's written opinion of disagreement toward the former CPA	Not applicable

(III) Reply letter from the former CPA on item 1 and item 2-3 of Article 10, paragraph 6 of this standard: Not applicable.

VII. The State of the Company's Chairman, General Manager, or any Manager in Charge of Finance or Accounting Matters Has in the Most Recent Year Held a Position at the Accounting Firm of Its Certified Public Accountant or at an Affiliated Enterprise of Such Accounting Firm

The company's Chairman, General Manager, or any Manager in charge of finance or accounting matters has not held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm in the most recent year.

VIII. The Status of any Transfer of Equity Interests And/or Pledge of or Change in Equity Interests by a Director, Supervisor, Manager, or Shareholder With a Stake of More Than 10 Percent during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report

(I) The Status of any Transfer of Equity Interests And/or Pledge of or Change in Equity Interests by a Director, Supervisor, Manager, or Shareholder With a Stake of More Than 10 Percent

Unit: Share

Title	Name	2022		The Current Fiscal Year up to April 23, 2023	
		Increase/Decrease of Shareholding	Increase/Decrease of Pledged Shares	Increase/Decrease of Shareholding	Increase/Decrease of Pledged Shares
Chairman & CEO	Vincent Mao	-	(200,000)	-	-
Director	Wen-Bin Lin	-	-	-	-
Director & CRO	I-Hsi Cheng	-	-	-	-
Director	Silicon Power Computer & Communications Inc.	-	-	-	-
	Representative: Hui-Min Chen	-	-	-	-
Director	Sheng-Su Lee	-	-	-	-
Independent Director	Cheng-Chieh Dai	17,669	-	-	-
Independent Director	Yu-Nu Lin	-	-	-	-
Independent Director	Jui-Hsiang Lo	30,000	-	-	-
Independent Director	Ching-Jung Hsu	-	-	-	-
General Manager	Wei Wang	(5,000)	-	-	-
CRO	Chun-Sheng Lin	55,000	-	(55,000)	-
Chief Operating Officer	Meng-Huang Liu	-	-	-	-
Supervisor of Finance/Accounting Division	Shu-Fang Hsu	-	-	-	-

(II) Information on Equity Transfer (Where the counterparty is a related party)

Information on the transfer of or change in equity interests incurred to the counterparty that is a related party by a Director, Supervisor, Manager, or Shareholder with a stake of more than 10 percent of the Company.

Unit: NT\$; Shares

Name	Reasons for Equity Transfer	Transaction Date	Counterparty	Counterparty that is a related party by a Director, Supervisor, Manager, or Shareholder with a stake of more than 10 percent of the company.	Number of Shares	Trading Price
Cheng-Chieh Dai	Grant	3/24/2022	Pi-Yu Chen	Spouse of Director	17,669	284.49

(III) Information on Pledge of or Change in Equity (Where the counterparty is a related party)

No pledge or change in equity interests incurred to the counterparty that is a related party by a Director, Supervisor, Manager, or Shareholder with a stake of more than 10 percent of the Company.

IX. Information about the Domestic Relation Among the Shareholders Whose Shareholding Ratio is Within the Top Ten, Whether They are Related Persons or Their Spouses or Second Cousins

April 23, 2023

Unit: Share; %

NAME	Shareholding		Shareholding by spouse and minor children		Total shareholding through nominees		Top 10 shareholders where they are related parties or relatives within the second degree of kinship		Remarks
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Title (or Name)	Relationship	
Gu Ming Investment Corp.	3,358,339	2.80%	-	-	-	-	Wen Long Lin	Chairman	-
Silicon Power Computer & Communications Inc.	3,150,000	2.62%	-	-	-	-	-	-	-
Wen Bin Lin	2,200,000	1.83%	1,100,000	0.92%	-	-	Wen Long Lin	brother	-
MAO,YING-WEN	1,771,699	1.47%	81,243	0.07%	-	-	-	-	-
New labor pension fund	1,643,000	1.37%	-	-	-	-	-	-	-
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted with the custody of the investment account of Arcadia Emerging Markets	1,544,000	1.29%	-	-	-	-	-	-	-
Citibank (Taiwan) Commercial Bank is entrusted with the custody of the Pacific Capital UCITS Funds	1,543,000	1.28%	-	-	-	-	-	-	-
Citibank (Taiwan) Commercial Bank is entrusted with the custody of the Norwegian Central Bank investment account	1,461,066	1.22%	-	-	-	-	-	-	-
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	1,369,070	1.14%	-	-	-	-	-	-	-
Wen Long Lin	1,344,345	1.12%	-	-	-	-	Wen Bin Lin	brother	-

X. The Number of Shares Held by the Company, Directors, Supervisors, Managers, and Entities Directly or Indirectly Controlled by the Company in the Same Investee Enterprise, and the Calculation of the Consolidated Shareholding Ratio of the above Categories

December 31, 2022

Unit: Share; %

Investee business (Note)	Ownership by the Company		Investment by Directors, Supervisors, Managers, Direct or Indirect Control Groups		Total Ownership	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Sitronix Holding International Ltd.	6,000,000	100%	-	-	6,000,000	100%
Sitronix Technology (Shenzhen) Co., Ltd.	Capital contribution USD 400,000	100%	-	-	Capital contribution USD 400,000	100%
HeFei ezGreen Co., Ltd.	Capital contribution RMB 10,000,000	100%	-	-	Capital contribution RMB 10,000,000	100%
HeFei Sitronix Co., Ltd.	Capital contribution RMB 22,500,000	90%	-	-	Capital contribution RMB 22,500,000	90%
HeFei Sitronix Technology Co., Ltd.	Capital contribution RMB 30,000,000	100%	-	-	Capital contribution RMB 30,000,000	100%
mCore Technology Corp.	9,583,010	91%	-	-	9,583,010	91%
INFSitronix Technology Corp.	9,796,220	58%	607,928	4%	10,404,148	62%
Sensortek Technology Corp.	22,529,596	46%	1,706,310	4%	24,235,906	50%
Forcelead Technology Corp.	24,336,545	71%	871,247	2%	25,207,792	73%
Sitronix Investment Corp.	33,249,060	100%	-	-	33,249,060	100%
Sync-Tech System Corp.	12,160,305	43%	2,193,752	8%	14,354,057	51%
ezGreen Inc.	10,000,000	100%	-	-	10,000,000	100%

Note: Long-term investments accounted for using the equity method by the company.

Chapter 4 Capital and Shares

I. Capital and Shares

(I) Source of Capital Stock

April 23, 2023

Year/ Month	Issue Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares (Thousand share)	Amount (NT\$ thousand)	Number of Shares (Thousand share)	Amount (NT\$ thousand)	Sources of Capital Stock (NT\$ thousand)	Capital Increase by Assets Other than Cash	Others
1998/08	10	4,500	45,000	4,500	45,000	Capital increase 25,000 by cash	None	Jian Yi No. 87329500
1998/12	10	7,000	70,000	7,000	70,000	Capital increase 25,000 by cash	None	Jian Yi No. 88256462
1999/12	10	16,000	160,000	16,000	160,000	Capital increase 90,000 by cash	None	Jing (089) Shang No. 089101284
1999/12	10	18,000	180,000	18,000	180,000	Capital increase 20,000 by cash	None	Jing (089) Shang No. 089101157
2000/08	10	21,500	215,000	21,500	215,000	Capital increase 35,000 by cash	None	Jing (089) Shang No. 130952
2002/11	10	30,000	300,000	25,000	250,000	Capital increase 35,000 by cash	None	Jing-Shou-Shang No. 09101479070
2003/06	10	66,800	668,000	33,432	334,325	Capital increase 84,325 transferred from earnings, capital reserve and employee bonus	None	Jing-Shou-Jhong No. 0923228806
2004/07	10	66,800	668,000	46,668	466,680	Capital increase 132,355 transferred from earnings, capital reserve and employee bonus	None	Jing-Shou-Jhong No. 09332442630
2005/01	10	66,800	668,000	47,303	473,035	Employee stock option certificates converted to common stocks 6,355	None	Jing-Shou-Jhong No. 09431572610
2005/04	10	66,800	668,000	47,488	474,880	Employee stock option certificates converted to common stocks 1,845	None	Jing-Shou-Jhong No. 09431949940
2005/07	10	100,000	1,000,000	63,704	637,044	Capital increase 162,164 transferred from earnings, capital reserve and employee bonus	None	Jing-Shou-Shang No. 09401122960
2005/07	10	100,000	1,000,000	66,785	667,855	Employee stock option certificates converted to common stocks 1,255 Domestic convertible bonds converted to common stocks 29,556	None	Jing-Shou-Shang No. 09401145870
2005/10	10	100,000	1,000,000	68,513	685,135	Employee stock option certificates converted to common stocks 8,175 Domestic convertible bonds converted to common stocks 9,105	None	Jing-Shou-Shang No. 09401213050
2006/01	10	100,000	1,000,000	69,520	695,206	Employee stock option certificates converted to common stocks 1,545 Domestic convertible bonds converted to common stocks 8,526	None	Jing-Shou-Shang No. 09501006430
2006/04	10	100,000	1,000,000	71,008	710,078	Employee stock option certificates converted to common stocks 4,680 Domestic convertible bonds converted to common stocks 10,193	None	Jing-Shou-Shang No. 09501069740

Year/ Month	Issue Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares (Thousand share)	Amount (NT\$ thousand)	Number of Shares (Thousand share)	Amount (NT\$ thousand)	Sources of Capital Stock (NT\$ thousand)	Capital Increase by Assets Other than Cash	Others
2006/07	10	100,000	1,000,000	71,232	712,318	Employee stock option certificates converted to common stocks 353 Domestic convertible bonds converted to common stocks 1,887	None	Jing-Shou-Shang No. 09501144330
2006/09	10	150,000	1,500,000	88,260	882,595	Capital increase 170,277 transferred from earnings, capital reserve and employee bonus	None	Jing-Shou-Shang No. 09501200340
2006/11	10	150,000	1,500,000	89,388	893,882	Employee stock option certificates converted to common stocks 7,638 Domestic convertible bonds converted to common stocks 3,649	None	Jing-Shou-Shang No. 09501254780
2007/01	10	150,000	1,500,000	90,451	904,508	Employee stock option certificates converted to common stocks 3,977 Domestic convertible bonds converted to common stocks 6,649	None	Jing-Shou-Shang No. 09601010850
2007/05	10	150,000	1,500,000	90,773	907,728	Employee stock option certificates converted to common stocks 3,220	None	Jing-Shou-Shang No. 09601106890
2007/09	10	150,000	1,500,000	103,764	1,037,639	Capital increase 128,523 transferred from earnings, capital reserve and employee bonus Employee stock option certificates converted to common stocks 1,388	None	Jing-Shou-Shang No. 09601224560
2007/12	10	150,000	1,500,000	107,635	1,076,351	Capital increase 35,000 by private placement Employee stock option certificates converted to common stocks 3,712	None	Jing-Shou-Shang No. 09601295620 Jing-Shou-Shang No. 09601307070
2008/04	10	150,000	1,500,000	107,641	1,076,414	Employee stock option certificates converted to common stocks 63	None	Jing-Shou-Shang No. 09701090630
2008/08	10	150,000	1,500,000	103,028	1,030,284	Employee stock option certificates converted to common stocks 3,870 Cancel treasury shares 50,000	None	Jing-Shou-Shang No. 09701192540 Jing-Shou-Shang No. 09701205760
2008/09	10	150,000	1,500,000	111,100	1,110,998	Capital increase 80,714 transferred from earnings, capital reserve and employee bonus	None	Jing-Shou-Shang No. 09701245290
2008/11	10	150,000	1,500,000	111,244	1,112,438	Employee stock option certificates converted to common stocks 1,440	None	Jing-Shou-Shang No. 09701300130
2009/04	10	150,000	1,500,000	111,336	1,113,365	Employee stock option certificates converted to common stocks 927	None	Jing-Shou-Shang No. 09801071590
2009/07	10	150,000	1,500,000	111,341	1,113,415	Employee stock option certificates converted to common stocks 50	None	Jing-Shou-Shang No. 09801132660
2009/09	10	150,000	1,500,000	115,258	1,152,581	Capital increase 39,028 transferred from earnings, capital reserve and employee bonus Employee stock option certificates converted to common stocks 138	None	Jing-Shou-Shang No. 09801211170
2009/12	10	150,000	1,500,000	115,316	1,153,161	Employee stock option certificates converted to	None	Jing-Shou-Shang No. 09801275030

Year/ Month	Issue Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares (Thousand share)	Amount (NT\$ thousand)	Number of Shares (Thousand share)	Amount (NT\$ thousand)	Sources of Capital Stock (NT\$ thousand)	Capital Increase by Assets Other than Cash	Others
						common stocks 580		
2010/04	10	150,000	1,500,000	115,487	1,154,871	Employee stock option certificates converted to common stocks 1,710	None	Jing-Shou-Shang No. 09901079490
2010/06	10	150,000	1,500,000	115,524	1,155,241	Employee stock option certificates converted to common stocks 370	None	Jing-Shou-Shang No. 09901132430
2010/09	10	150,000	1,500,000	117,835	1,178,346	Capital increase 23,105 transferred from earnings and capital reserve	None	Jing-Shou-Shang No. 09901200640
2010/12	10	150,000	1,500,000	117,889	1,178,886	Employee stock option certificates converted to common stocks 540	None	Jing-Shou-Shang No. 09901268170
2011/04	10	150,000	1,500,000	118,062	1,180,616	Employee stock option certificates converted to common stocks 1,730	None	Jing-Shou-Shang No. 10001067760
2011/05	10	150,000	1,500,000	118,148	1,181,476	Employee stock option certificates converted to common stocks 860	None	Jing-Shou-Shang No. 10001105470
2013/10	10	150,000	1,500,000	119,148	1,191,476	New restricted employee shares 10,000	None	Jing-Shou-Shang No. 10201211420
2014/08	10	150,000	1,500,000	119,118	1,191,176	Cancel new restricted employee shares 300	None	Jing-Shou-Shang No. 10301179340
2014/12	10	150,000	1,500,000	119,138	1,191,376	Employee stock option certificates converted to common stocks 200	None	Jing-Shou-Shang No. 10301248020
2016/08	10	150,000	1,500,000	120,638	1,206,376	New restricted employee shares 15,000	None	Jing-Shou-Shang No. 10501208560
2017/11	10	150,000	1,500,000	120,518	1,205,176	Cancel new restricted employee shares 1,200	None	Jing-Shou-Shang No. 10601149850
2018/04	10	150,000	1,500,000	120,503	1,205,026	Cancel new restricted employee shares 150	None	Jing-Shou-Shang No. 10701037000
2018/11	10	150,000	1,500,000	120,227	1,202,273	Cancel new restricted employee shares 2,753	None	Jing-Shou-Shang No. 10701148560
2019/04	10	150,000	1,500,000	120,223	1,202,226	Cancel new restricted employee shares 47.5	None	Jing-Shou-Shang No. 10801040290
2019/11	10	150,000	1,500,000	120,137	1,201,369	Cancel new restricted employee shares 857	None	Jing-Shou-Shang No. 10801174420

Unit: Share
April 23, 2023

Type of Shares	Authorized Capital			Remarks
	Outstanding Shares	Un-issued Shares	Total	
Registered common stock	120,136,876	29,863,124	150,000,000	Outstanding shares is listed stock

(II) Composition of Shareholder

April 23, 2023

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Legal Persons	Individuals	Foreign Institutions and Foreigners	Total
Number (people)	5	47	237	32,163	298	32,750
Number of Shares Held (share)	3,182,000	5,911,182	9,092,167	63,356,673	38,594,854	120,136,876
Shareholding Ratio	2.65%	4.92%	7.57%	52.74%	32.12%	100.00%

(III) Distribution of Ownership (par value of NT\$ 10 each share)

April 23, 2023

Shareholding Range	Number of Shareholders	Number of Shares Held (share)	Shareholding Ratio %
1 to 999	16,048	1,247,857	1.04%
1,000 to 5,000	14,520	25,854,052	21.52%
5,001 to 10,000	1,145	8,855,300	7.37%
10,001 to 15,000	324	4,148,730	3.45%
15,001 to 20,000	195	3,590,235	2.99%
20,001 to 30,000	141	3,589,260	2.99%
30,001 to 40,000	86	3,021,976	2.52%
40,001 to 50,000	50	2,305,231	1.92%
50,001 to 100,000	105	7,514,265	6.26%
100,001 to 200,000	60	8,412,694	7.00%
200,001 ~ 400,000	35	10,322,226	8.59%
400,001 ~ 600,000	16	8,271,919	6.89%
600,001 ~ 800,000	6	3,885,045	3.23%
800,001 ~ 1,000,000	3	2,780,000	2.31%
1,000,001 above	16	26,338,086	21.92%
Total	32,750	120,136,876	100.00%

(IV) List of Major Shareholders

Name, number of shares held, and shareholding ratio of shareholders who hold more than 5% of the shares or the top 10 shareholders

April 23, 2023

Share	Number of Shares	Shareholding
Name of Major Shareholders	Held	Ratio
Gu Ming Investment Corp.	3,358,339	2.80%
Silicon Power Computer & Communications Inc.	3,150,000	2.62%
Wen Bin Lin	2,200,000	1.83%
MAO, YING-WEN	1,771,699	1.47%
New labor pension fund	1,643,000	1.37%
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted with the custody of the investment account of Arcadia Emerging Markets	1,544,000	1.29%
Citibank (Taiwan) Commercial Bank is entrusted with the custody of the Pacific Capital UCITS Funds	1,543,000	1.28%
Citibank (Taiwan) Commercial Bank is entrusted with the custody of the Norwegian Central Bank investment account	1,461,066	1.22%
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	1,369,070	1.14%
Wen Long Lin	1,344,345	1.12%

(V) Market Prices, Net Worth Per Share, Earnings Per Share, Dividends Per Share and Related Information in the Most Recent 2 Fiscal Years

Unit: NT\$ thousand; thousand share

Year		2021	2022	The Current Fiscal Year up to March 31, 2023
Item				
Market Price Per Share	Highest	416.5	323.5	249.5
	Lowest	156.5	136.0	176.0
	Average	264.91	221.17	221.15
Net Worth Per Share	Before Distribution	97.85	95.08	98.36
	After Distribution	65.85	73.08	76.36
Earnings Per Share	Weighted Average Number of Shares (thousand shares)	120,036	119,928	119,858
	Earnings Per Share	50.03	30.10	2.48
Dividends Per Share	Cash Dividend	32.0	22.0	-
	Stock Dividends	-	-	-
		-	-	-
	Accumulated Undistributed Dividends	-	-	-
Investment Return Analysis	Price-to-Earnings Ratio (Note 1)	5.30	7.35	-
	Price-to-Dividends Ratio (Note 2)	8.28	10.05	-
	Yield on cash dividend (%) (Note 3)	12.08	9.95	-

Note 1: Price/Earnings ratio = Average closing price per share for the current fiscal year/earnings per share.

Note 2: Price/dividend ratio = Average closing price per share for the current fiscal year/cash dividend per share.

Note 3: Cash dividend yield = Cash dividend per share/Average closing price per share for the current fiscal year.

(VI) Company's Dividend Policy and Implementation thereof

1. Dividend policy

The overall working capital needs and financial planning of the Company are taken into account in the Company's dividend distribution. In the absence of other special circumstances, the dividend shall be distributed at 50% or more of the net profit after tax of the current year.

Dividend policy stipulated in the Company's Articles of Incorporation:

Article 19 Any profit of the Company after annual closing of the books shall be

distributed in the following order:

- (1) Pay all taxes and dues.
- (2) Make up for accumulated losses.
- (3) 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.
- (4) Appropriate or reverse special surplus reserve as prescribed by law.
- (5) 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 Board of Shareholders 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 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 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.

2. The proposed dividend distribution of Shareholders' Meeting this year:
 - (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 of cash dividends of 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.
3. Any expected material changes in the dividend policy: None.

(VII) Effects upon the Company's business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent Shareholders' Meeting

Since the Company did not disclose financial forecasts in 2023 fiscal year, there is no relevant information to calculate the impact of the stock grants on the Company's business performance, and earnings per share.

(VIII) Remuneration to the Employee, Directors and Supervisors

1. The percentages or ranges with respect to the remuneration of the employee, Directors and Supervisors, as set forth in the Company's the Articles of Incorporation

As prescribed by the Articles of Incorporation, 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.

2. The basis for estimating the amount of employee, director, and supervisor remuneration, for calculating the number of shares to be distributed as employee remuneration, and the

accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

The basis for estimating the amount of employee, director, and supervisor remuneration of this year is calculated according to the Articles of Incorporation of the Company. Any discrepancy between the actual distributed amount and the estimated figure has been handled in accordance with the relevant laws and regulations.

3. Information on the remuneration distribution approved by the Board of Directors

The Board of Directors of the Company adopted the following resolutions on March 16, 2023:

- (1) The amount of any employee compensation distributed in cash or stocks and compensation for Directors and Supervisors.

The employee remuneration distributed in cash is of NT\$317,180,305, and NT\$58,816,417 for the directors, which has no discrepancy with the estimated figure for the current fiscal year.

- (2) The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee remuneration: Not applicable.

4. The actual distribution remuneration of employees, Directors, and Supervisors for the previous fiscal year (including the distributed number, amount and shares price), and where is any discrepancy between the actual distribution and the recognized remunerations for employees, Directors and Supervisors, the discrepancy, cause, and how it is treated shall be stated:

Item	2021 Fiscal Year (distributed in 2022)		
	Amount Recognized in Financial Statements	Actual Distribution	Differences
Employee remuneration	NT\$539,474,407	NT\$539,474,407	None
Remuneration to Directors	NT\$96,163,342	NT\$96,163,342	None

(IX) Share Repurchases

None.

II. The Annual Report Shall Provide Information on the Company's Issuance of Corporate Bonds, Including Unretired Bonds and Unissued Bonds for which an Issue is currently Under Preparation, and in Accordance with Article 248 of the Company Act the Report Shall Disclose all the Matters Set Forth Thereunder and Explain Their Effect upon shareholders' Equity

None.

III. The Section on Preferred Shares Shall Include Both Outstanding and Unissued Shares for Which an Issue is Currently under Preparation, and Shall Disclose Any Conditions Attaching to Issuance and Their Effect upon Shareholders' Equity. The Information on Preferred Shares Shall Also Specify the Matters Listed under Article 157 of the Company Act

None.

IV. The Section on Global Depository Receipts Shall Include Information on Receipts Issues that Remain Partially Outstanding, and on Unissued Receipts for Which an Issue is Currently under Preparation. Also to be Disclosed are the Date of Issue, Total Value of Issue, the Rights and Responsibilities of the Holders of Global Depository Receipts and Related Matters

None.

V. The Section on Employee Stock Option Certificates

None.

VI. The Section on New Restricted Employee Shares

None.

VII. The Section on New Share Issuance in Connection with Mergers and Acquisitions

None.

VIII. The State of Implementation of The Company's Capital Allocation Plans

None.

Chapter 5 Operations Overview

I. Business Activities

(I) Business scope

1. Major contents of business

The main business items as stated in the Certificate of Incorporation and Business Registration Certificate are as follows:

- (1) Design, manufacture, test, and sale of various integrated circuits.
- (2) Design, manufacture, test, and sale of various integrated modules.
- (3) Research, development, and sales of various integrated circuit applications.
- (4) Trading and agency business of various integrated circuits.

2. Major lines of business and percentage of each line

Unit: NT\$ thousand

Major Product	2022	
	Sales Volume	Percentage (%)
Integrated Circuit Design Products	17,520,329	97.18%
Others	507,498	2.82%
Total	18,027,827	100.00%

Note: "Others" refer to other products purchased on behalf of the customers.

3. New products (services) planned for development

- (1) Integrated touch display driver ICs (TDDI) for vehicle use.
- (2) Integrated smartphone touch display driver ICs (TDDI).
- (3) High-end AMOLED display driver ICs for wearable display.
- (4) AIoT integrated touch display driver ICs (TDDI).
- (5) Ultra-high sensitivity optical ambient light and proximity sensors.
- (6) Integrated gravity acceleration and gyroscope multi-axis sensors.

(II) Industrial overview

The standard integration of cross domain systems enables a seamless flow of data from different ecosystems, bringing people a safer, more convenient, environmentally friendly, and efficient life. This is an ongoing industrial change: the development trend of products such as AIoT, industrial control, smartphone sensors, and vehicle-mounted devices has seen new applications of artificial intelligence combined with the Internet of Things, and has promoted the advancement of various sensors and DDI technologies. Sitronix has the advantages of multiple display application technologies, providing diversified green products and applications, and robust research and development. We are optimistic about this trend.

1. The current status and development of the industry

Diversified electronic product applications of Sitronix cover multiple markets and customer groups: display driver ICs (DDIs) have the largest revenue share, and their applications cover Artificial Intelligence Internet of Things (AIoT), industrial control, and vehicle-mounted categories; the second largest revenue share is in the sensors business, which includes optical sensors and microelectromechanical systems (MEMS). Other businesses that are under development include microcontroller MCU and power management IC.

The following is an overview of the development of Sitronix's main products in the industry:

I. DDI related to the application of Artificial Intelligence Internet of Things (AIoT)

The Internet of Things and smart applications have penetrated individuals, families, and society, driving products from no screen to screen, and from small to medium-sized screens. Sitronix has successfully introduced various applications and has also driven the long-term growth of DDI.

(a) Consumer electronic products: smartphones, wearable devices, etc.

Medical equipment: Driven by the pandemic, the demand for medical supplies such as electronic thermometers, blood oximeters, and heart rhythm meters has significantly increased, and the product trend has gradually shifted from no screen to small-sized screens, driving DDI shipments.

Handheld and wearable devices: The touch gesture operation TDDI, blood oxygen change measurement DDI, feature phone DDI, navigation device TDDI, and high-end touch gesture TDDI for vehicle devices such

as smartphones and watches (rings) are gradually becoming popular and diversified.

(b) Smart family: sharing devices

Smart speaker: A smart speaker that combines the Internet, allowing consumers to remotely monitor or control air conditioning, lighting, door locks, car parking locations, and remaining fuel levels. Sitronix Group actively participates in the development of smart speaker sensors and screen display DDI chips for major brands, and has successively mass-produced them.

Smart home appliance ecosystem: Smart home applications include smart air conditioning, smart refrigerators, smart door locks, smart lighting control, security monitoring, electronic boilers, smart toothbrushes, and other applications.

II. Industrial Control Applications

Industrial control includes smart factories and smart cities. Smart factories are used for DDI of business meetings, printing equipment, energy equipment, transportation equipment, security control, and other equipment.

The smart city network covers smart meters such as smart grids, smart water meters, and smart gas meters, with great potential for long-term demand. Sitronix is one of the main suppliers of smart meter screen DDI.

III. Smartphone sensors

The smartphone sensor is one of the key components of the smartphone. The sensor is mainly used to identify the direction, geographical location, atmospheric pressure, movement speed, environmental conditions, etc., bringing more functions and a better user experience to the smartphone. With the development of artificial intelligence and IoT technology, the following are some future trends for smartphone sensors:

(a) Increase in a number of sensors:

More sensors are used to enhance the ability to detect surrounding environmental data, thereby achieving more application functions. Sitronix Group will continue to develop high-sensitivity optical and MEMS-based sensors to meet the needs of brand customers and optimize the user experience.

(b) Improved sensor sensitivity and greater integration:

With the development of semiconductor and processor technology, the sensor has higher sensitivity and environmental tolerance, realizing more accurate data processing and more intelligent applications.

(c) The application scenarios of sensors are more extensive:

In addition to optical sensings such as brightness and ambient light, proximity, and flash frequency detection, smartphone sensors will also be extended to impact detection, health environment monitoring, biometrics, motion tracking, smart cars, smart homes, and other fields by combining MEMS products to measure gravity acceleration, rotation angular velocity, spatial perception, electromagnetic wave sensing, noise reduction, pressure sensing, etc., and generate more applications through artificial intelligence interpretation.

Sensors will achieve more application scenarios and improve quality of life through artificial intelligence, with infinite potential. Sitronix Group provides a sensor product line spanning from low to medium to high levels, meeting the needs of various markets.

IV. Automotive Market

The number of vehicle-mounted displays has significantly increased with the rapid development of intelligent vehicles, autonomous driving technology, and smart networking. They are not only used for displaying vehicle information but also will become an important component of vehicle-mounted intelligent systems. A large number of new car models around the world have introduced vehicle display screens for vehicle-mounted entertainment and information systems, (two-wheel and four-wheel) digital dashboards, electronic rearview mirrors, navigation devices, smart keys, air conditioning temperature control displays, rear seat entertainment system displays, wireless charger displays, etc., ensuring the steady growth of DDI products for vehicles.

Vehicle-mounted products generally need to pass high-standard testing specifications to meet the stringent environmental requirements of vehicles in high-temperature differences, high vibrations, water resistance, durability, and reliability. There is difficulty in obtaining the certification in the automotive market, but once it is certified, basically it can have a long-term stable order. Sitronix's vehicle-mounted DDIs are highly trusted by our customers. Moving forward, the Company will continue to collaborate closely with major brands.

2. The relevance among the upstream, midstream, and downstream of the industry

On the whole, the relationship between the upper, middle, and lower reaches of the semiconductor industry is as follows. It can be roughly divided into the upstream of chip design, the midstream of mask and wafer manufacturing, and the downstream of wafer testing and packaging. Sitronix is an IC design company in the upstream.

<u>Upstream</u>	<u>Midstream</u>	<u>Downstream</u>	<u>Application Users</u>
IC Design (Design House)	Mask and Wafer Manufacturing (Foundry)	Package and Testing	Brand Manufacturers Communication manufacturers Computer developer

3. Product development trend

a. Zero capacitor technology

The zero capacitor technology used by Sitronix is ahead of the market, and the R&D team is continuing to push this product feature and competitive advantage into the medium to high-resolution display driver ICs, enabling Sitronix to maintain the lead of the industry continuously in terms of specifications and raising the technological threshold to ensure product advantages.

b. Medium-size vehicle panel driver ICs

In recent years, Sitronix has strengthened its development of medium-size vehicle panel driver ICs and continues to attract frontline brand customers. The intelligent revolution in automobiles is expected to gradually increase the market share of automotive display driver ICs.

c. Sensors

The optical and MEMS-based sensors developed by SENSORTEK, a subsidiary of Sitronix, continue to innovate and have established themselves in the high-end smartphone market, with technology and services recognized by customers.

4. Industrial competition

Product	Partial Peers	Product Technology Difference and Market Position Analysis
LCD Driver IC (Mono)	Ultrachip Epson	<p>A. Product Technology Difference:</p> <p>Sitronix has a number of technical patents, high specification coverage, and various competitive advantages.</p> <p>B. Market Position Analysis:</p> <p>Sitronix is the market leader in monochromatic display driver IC. Sitronix provides customers with various specifications according to the needs of client applications, color differentiation, and resolution, and is one of the few manufacturers that can provide one-stop services on a large scale.</p>
LCD Driver IC (Color)	Novatek Himax Ilitek Focaltech Gcoreinc New Vision	<p>A. Product Technology Difference:</p> <p>Innovative patented circuit design to provide the best quality to customers.</p> <p>B. Market Position Analysis:</p> <p>Sitronix is the current market leader in display drive IC for feature phones. And in the smartphone display driver IC market, we still have a lot of room for growth. Sitronix will continue to improve its competitive advantage through product differentiation.</p>
Touch Control IC	Synaptics Goodix Focaltech	<p>A. Product Technology Difference:</p> <p>The anti-noise technology of Sitronix can effectively resist interference sources, such as chargers, LCM, etc.</p> <p>B. Market Position Analysis:</p> <p>Sitronix is a new entrant in the touch control market and has a lot of room for growth.</p>
Sensors	AMS Bosch	<p>A. Product Technology Difference:</p> <p>In addition to producing the standard version of the proximity sensors, Sensortek, a subsidiary</p>

Product	Partial Peers	Product Technology Difference and Market Position Analysis
		<p>of Sitronix Group, has also successively launched multiple versions such as small aperture, under-screen, high sensitivity, and InP to meet the different needs of various customers.</p> <p>B. Market Position Analysis:</p> <p>Sensortek's proximity sensors and ambient light sensors are continuously adopted by globally first-line brands. The acceleration sensors (accelerometers), barometric pressure sensors and flicker detection sensors are a new entrant in the smartphone application market, and have great room for growth.</p>

(III) Overview of technology and research and development

1. Research and development expenses that have been invested

Unit: NT\$ thousand

Year	2022	2021
R&D Expenses	2,502,919	2,928,328
As a Percentage of Operating Revenue in Current Fiscal Year	14%	13%

2. Technology and products that have been successfully developed

Year	Content of Technologies
1999	Established the SOC architecture based on W65C02.
2000	Completed the electronic dictionary chip with full integration, and set up the IP with a total of 16Mbit Mask ROM, 32Kbit SRAM, dual port SRAM, DMA, LCD controller, low voltage detector circuit, etc.
	Established the self-developed text LCD controller/ driver architecture; Researched and developed and improved the anti-static damage capability to an industrial level.
2001	Completed power-saving SOC chip with a standby current of fewer than three microamps.
	Completed the super power-saving (60 microamps) LCD controller/driver for mobile phones, with the output voltage variation of various display graphics less than 1%.
	Completed the built-in Chinese font LCD Controller.
2002	Designed high voltage (40V) related IP, e.g. Power hoist protection circuit, high voltage ESD protection circuit, Level shift circuit, etc.
	Electronic dictionary, LCD driver for electronic dictionary, LCD driver for mobile phone, LCD driver for PDA.
	Built-in power-saving OP and Booster circuit, which can greatly improve the display quality of the electronic dictionary and save 300 microamps.
	Built-in partial voltage capacitor and double voltage capacitor, saving external parts of the phones. Completed the LCD driver with HI FAS drive mode, saving 40% power compared with traditional circuits.

Year	Content of Technologies
2003	Built 0.35 μ design.
	Built DSP technology.
	Built Audio application technology.
	Built CSTN color technology.
	Started to build TFT color technology.
	Built shared pixels rendering color technology.
	Built color dithering color technology.
	Built white LED driver technology.
2004	Completed an electronic dictionary platform with USB and Flash reading interface.
	Completed the research and development of DSP voice chips.
	Completed 26XX series of educational toy products.
	Completed the research and development of 4K Color STN Driver, mass-produced and delivered.
	Completed the research and development of 65K Color STN Driver, mass-produced and delivered.
	Completed the product research and development of TFT LCD Driver for mobile phone.
2005	Completed a new generation architecture platform for electronic dictionaries.
	Established the technology of hardware and software for music players.
	Completed the research and development of the educational toy product line.
	Completed the CSTN Driver for the HIFAS architecture.
	Introduced the TFT Mobile Driver for mass production.
	Built the technical capability of Large Panel Driver.
	Continued the cost reduction work of STN and CSTN products.
2006	Built VoIP control integrated circuit technology.
	Built the integrated circuit technology of the chip card reader with a USB interface.
	Built an 8-bit microprocessor development system based on a USB interface.
	Successfully introduced the green driver technology into STN and CSTN products.
	Successfully introduced TFT IC into MP4 and high-end mobile phone market and smoothly introduced it to mass production.
	Built a complete small and medium-sized TFT product line.
	Completed the development of automotive LCD Driver IC.
	Started the mass production of 6 bits 384 channels source driver for LCD monitors.
	Started the mass production of 256 channels gate driver for LCD monitors.
	Started the mass production of 6 bits 642 channels source driver for LCD monitors.
2007	Built an 8-bit and 32-bit digital photo frame system.
	USB interface single chip for wafer reader was recognized by international manufacturers and introduced for mass production.
	Established a complete and quick multimedia playback platform.
	Successfully introduced green driver technology into MSTN/CSTN and mass produced.
	Successfully introduced vehicle LCD Driver to mass production.
	Completed the new technology of crosstalk compensating circuit and introduced for mass production.
	Built the research and development technology of green driver TFT.
	Started the mass production of 6 bits 384/642 channels source driver for LCD monitors.
	Started the mass production of 256/300/350 channels gate driver for LCD monitors.
	Completed the verification of 6 bits 720/840 channels source driver for LCD monitors.
	Completed the verification of 8 bits source driver and 400 channels gate driver for LCD monitors.
	Completed the verification of 1200 channels source with 480/600 channels gate for AV monitors.
2008	Established a complete digital photo frame product system.
	Built a multi-functional personal karaoke player.
	Introduced the Palette Driver for mass production.

Year	Content of Technologies
	Researched and developed the E-Paper driver ICs.
	Introduced the LCD driver IC for CABC & Dot Inversion TFT mobile phones.
	Started the mass production of 6 bits 642/720 channels source driver for LCD monitors.
	Started the mass production of 400 channels gate driver for LCD monitors.
	Completed the verification of 6 bits 960 channels source driver for LCD monitors.
	Completed the verification of 88 bits source driver for LCD TV.
	Started the mass production of 1200 channels source driver and 600 channels gate driver for low-price notebook panels and completed the verification of 480 channels gate driver.
	Completed the output of the source driver engineering sample of the 1200 channels built-in timing controller for digital photo frame panels.
2009	Personal portable Karaoke Audio Player product.
	Completed the design of speech book system and development of software.
	Developed the TFT LCD drive single-chip green driver technology for mobile phones.
	Started the mass production of small-size TFT LCD driver single-chip built-in capacitor technology.
	Started the mass production of small-size TFT LCD driver single-chip built-in backlight power-saving technology.
	Started the mass production of mini-LVDS 6-bit 960 channels COF driver for LCD monitors.
	Started the mass production of RSDS 6-bit 960 channels COF driver for LCD monitors.
	Completed the verification of mini-LVDS 6-bit 1026 channels COF driver for LCD monitors.
	Completed the verification of mini-LVDS 768 channels COG source driver for the Netbook panel.
	Completed the verification 800 ch and 600 ch COG gate drivers supporting Dual gate architecture for the Netbook panel.
	Completed the output of the source driver of 1200 Channels built-in Timing controller for digital photo frame panels.
2010	A new generation of multi-functional control chips and processing platforms.
	Portable music singing solution.
	Audio and sound control platform.
	The program of 32-bit processor is applied in the learning machine market.
	A new generation of 32-bit processor chips.
	The controller chips for Apple accessories products.
	Expanded the driver ICs' built-in capacitor products for mobile phones.
	Built the small-size, medium, and high-resolution drive chip technology without capacitors.
	Researched and developed the small-size driver ICs of integrated circuits for reducing memory units.
	Built the driver ICs high-speed single-channel interface technology for mobile phones.
	Started the mass production of mini-LVDS 768 channels COG source driver for notebook panels.
	Completed the verification of the 960ch gate driver supporting Dual gate architecture for medium-size panels.
	Completed the verification of source drivers with 1200 channels built-in Timing Controller for automotive panels.
	Started the mass production of mini-LVDS 6 bits 1026 channels COF source drivers for LCD monitors.
	Started the mass production of Source/Gate drivers for industrial panels.
2011	Expanded the TFT LCD single-chip driver built-in capacitor products for mobile phones.
	Built the TFT LCD medium and high-resolution drive single-chip technology without capacitors for mobile phones.
	Built the driver single-chip high-speed single-channel interface technology for mobile phones.
	Introduced the new STN Driver IC for customer testing and successfully introduced it for mass production at the end of the year.
	Completed the research and development of TN Driver COG IC and introduced it to marketing promotion.

Year	Content of Technologies
	Developed the medium-sized TFT 800*480 resolution 2 chip solution, high pin count gate driver, built-in timing generation circuit, driver IC supporting 1024*768 resolution, and arbitrary resolution timing generation circuit.
	Developed the driver IC built-in timing generation circuits, real 8-bit driver ICs, and temperature compensation circuits for automotive TFT panels.
	Started the mass production of multi-finger touch solutions for tablet computers.
	Passed the certification of Win7 10-finger touch Logo.
	Built the Single-layer ITO touch sensing technology.
	Started the mass production of a new generation of five-finger touch single-chip for smartphones.
	Launched a multi-finger touch single chip designed specifically for tablet computers.
	Completed the support of OGS (One Glass Solution) multi-finger touch technology.
	Built the multi-touch technology that is resistant to high noise of power adapters.
2012	Built the drive single-chip technology with small-size, TFT LCD, medium and high resolution, without capacitor.
	Developed the driver ICs with built-in timing generation circuits and power circuits.
	Developed the control chip for 3D glasses.
	Mono-STN green driver external power supply system.
	Developed the 1024*600 resolution 2 Chip solution.
2013	Built the technology of TFT LCD driver IC with a high-speed interface, high-speed SRAM, Line buffer for mobile phones.
	HD720(800*1280) For LTPS LCD Driver.
	Built the small-size drive single-chip technology with TFT LCD, medium and high resolution without capacitor for feature phones.
	Developed the ES of PND 480x272 OC driver ICs.
2014	Researched and developed the STN DRIVER NEW BOOST SYSTEM WITH ZERO CAPS.
	2/4 direction gesture control proximity sensor.
	Small sensor hole proximity sensor.
	320*240 resolution STN display driver ICs for industrial control instrument.
	480*272 resolution color TFT display driver ICs for Smart Home products.
	HVGA(480*320) Zero Cap a_Si TFT LCD driver IC.
	HD720(1280*800) a_Si TFT LCD driver IC.
	WVGA Burst Out DC/DC Converter for Zero Cap Driver IC.
	MIPI with 1.5G PbS Lane Speed.
2015	Touch IP for TDDI (Touch + display driver) Integrated IC.
	320*240 STN with LVDS display driver ICs for industrial control instrument.
	800*480 STN display driver ICs for industrial control instrument.
	1.5 m/m small-sensor-hole proximity sensors.
2016	1920*720 1440-channel TFT display driver ICs for automotive center stack/instrument cluster.
	Announced to launch the HD720 zero-capacity version.
2017	Announced to launch the FHD Zero capacitor version.
	Started the mass production of automotive touch controller.
2018	Launched the upgraded version of the proximity sensor.
	Launched the low-power consumption industrial control DDI products.
2019	Launched the micro-gap proximity sensor and under-screen proximity sensor.
	Launched the upgraded version of proximity and ambient light sensors.
	Launched the advanced driver ICs for industrial control displays.
2020	Launched the drive chip for wearable display.
	Launched the RGB + Flicker sensor for mobile phones and cameras.

Year	Content of Technologies
	Launched the drive chip for AMOLED wearable display.
	Launched the drive chip for PMOLED industrial control display.
2021	High sensitivity slit-type light sensor.
	TFT display driver ICs with QSPI interface for wearable devices.
	MCU-based generator voltage regulator control chip for automobiles.
	Capacitive touch control chip for advanced wearable devices.
	HD TFT integrated display driver and capacitive touch control chip.
	Display driver ICs for smart meters.
2022	Ultra low power consumption industrial control display driver ICs.
	Second generation of 7" STN display driver ICs for industrial control instrument.
	360x390 display driver ICs with RAM TFT for wearable devices.
	400x400 AMOLED display driver chip for wearable devices.
	High-sensitivity under-screen InP distance sensor and light sensor.
	Pressure sensor for height detection.

(IV) Long-term and short-term business development plans

(1) Short-term business development plans

① Marketing Strategy:

Continuing to expand the channels and strengthening overseas market to increase the market share of display driver ICs.

② Production Strategy:

Strengthen the layout and development of cooperation with domestic and foreign foundries, packaging plants, test plant, and other outsourcing manufacturers, to enhance and stabilize the supply source and flexibility. Actively establishing and grasping the supply chain's immediate production schedule and quantity.

③ Product Strategy:

Continuously diversify product applications, maintain balanced development across product lines, and reduce the impact of business cycles on the company's operations and profits.

(2) Long-term business development plans

① Continuously expand product application and establish a complete sales base. Cooperating with the international development strategy to enhance the international brand customers and market awareness.

② Develop new processes and technologies with supply chain plants to spread risks.

③ Fully grasp the market impulse, develop towards the high profit, high

growth niche products, and continue to invest in research and development, master the key technology and aim for maximum profit.

- ④ Provide a complete analysis of the growth and market development of the Company, and conduct comprehensive financial planning and regular audits accordingly, in order to reduce operational risks and enhance the competitiveness of the Company.
- ⑤ Adhere to the concept of sustainable management, establish a good corporate culture, and continue the direction of short-term development plan to respond to the growth of scale of operation.

II. Overview of Market and Production and Marketing

(I) Market Analysis

1. Sales area of major products

Unit: NT\$ thousand

Sales Area	2021		2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Taiwan	1,395,909	6.27	1,001,199	5.55
Hong Kong and Others	20,859,761	93.73	17,026,628	94.45
Total	22,255,670	100.00	18,027,827	100.00

2. Market share

At present, the Company's main products include small-size display driver ICs, smart device sensors (distance detection, ambient light, flicker detection, gravitational acceleration, and atmospheric pressure) sensors, etc. Sitronix is the market leader in small-size display driver ICs, with wearable devices and feature phones having a global market share of more than 70%. We are also the world's leading supplier of proximity sensors for smartphones. Our existing products have a stable market position and we are gradually increasing the market share of new products.

3. Future supply and demand and growth of the market

Panel driver ICs and smartphone sensors will steadily grow with the trend of the smart Internet of Things and gradually expand into new products from interconnected applications, and are expected to drive stable growth in shipment volume.

4. Competitive niche

(1) Professional and stable management team

The Sitronix management team is experienced, rigorous in decision-making, and has a long-term stable operating strategy. We master the key technology of products, constantly invest in new product research and development, and work closely with upstream and downstream supply chains to maintain a good competitive advantage.

(2) Complete product portfolio

In terms of the display driver ICs (DDI), Sitronix offers a complete product portfolio, varying from monochromatic TN and STN to color TFT & AMOLED, from low resolution to medium and high resolution.

In addition to DDI, Sitronix also provides touch control chip, MCU, power management chip, ambient light sensor, proximity sensor, flicker sensor, acceleration sensor, pressure sensor, etc., with industrial applications in mobile phones, wearable devices, vehicle-mounted devices, industrial control, etc.

The advantages of a diversified product portfolio include: (a) a complete production line, corresponding to customers with different needs, providing one-stop service. (b) reduce the risks brought by a single product and a single industry (application). (c) different industries have the trends of different revenue and gross margin which can balance each other.

(3) Maintaining good relationship with foundries

The Group has a long history of good cooperation with well-known foundries. In addition to fully grasping the timing of product production process, it also can ensure product quality and reduce costs. During the off-season, it can raise product allocation performance and reduce the cost of foundry, which can provide multiple competitiveness for the cost, quality and efficiency of our products.

5. Advantages and disadvantages for future development and response strategies

(1) Advantages

A. Sustainable growth of artificial intelligence application and in-vehicle application

The rapid development of artificial intelligence applications and in-vehicle applications has brought continuous growth to the demand for DDI and related sensors.

B. Number and size growth of panels

The demand for consumer electronics such as smartphones and wearable devices continues to grow, and the introduction of display screens in automotive, medical, industrial control, and digital display paper continues to become a trend. Moreover, the enlargement of panel size is also a trend. The larger the panel size, the more DDI is required. For example, when vehicle-mounted panels gradually shift from less than six inches to seven to nine inches, or even more than nine inches, the enlargement of size also drives the growth of DDI demand.

C. Industrial structure of specialization

The semiconductor industry adopts the operation mode based on specialization, with IC design companies focusing on design. Manufacturing is entrusted to the wafer plant and testing and package plant. Therefore, in the dynamic industrial environment, IC design companies can focus on upgrading existing products or planning new products.

(2) Disadvantages and Response Strategies

A. The functions to drive ICs tend to become more complex

The design of driver ICs has increased its complexity with the evolution of panel technology. Driver ICs of different panel types, such as LCD and OLED, also need to evolve.

Response Strategies

- With clear market positioning, the company will continue to improve its product layout, strengthen joint development with customers, grasp industry development trends and provide advanced technology to meet market needs and reduce risks.

B. Product prices are under downward pressure

Consumer electronic products are affected by supply and demand factors. To maintain profitability, driver IC suppliers must control costs and maintain product uniqueness to mitigate the impact of product price reductions.

Response Strategies

- (1) Continuously invest in research and development and establish technical barriers to increase the gap from competitors.
- (2) Diversifying product portfolio, developing products with low price falling pressure and high gross margin, such as the industrial control, in-vehicle applications, etc.
- (3) Continuously and rigorously manage the upstream and downstream industrial chain to control product cost.

- (4) Continuously improve production process and design, increase grain output per wafer, and strategically adjust inventory during the off-season.
 - (5) Enhance customer service and explore new market opportunities to maintain the Company's competitive advantage.
- C. The market product changes rapidly and the product life cycle becomes shorter
- The rapid progress of semiconductor technology, the increased demand for product functions and the peers' successively development on new products have accelerated the pace of replacement.

Response Strategies

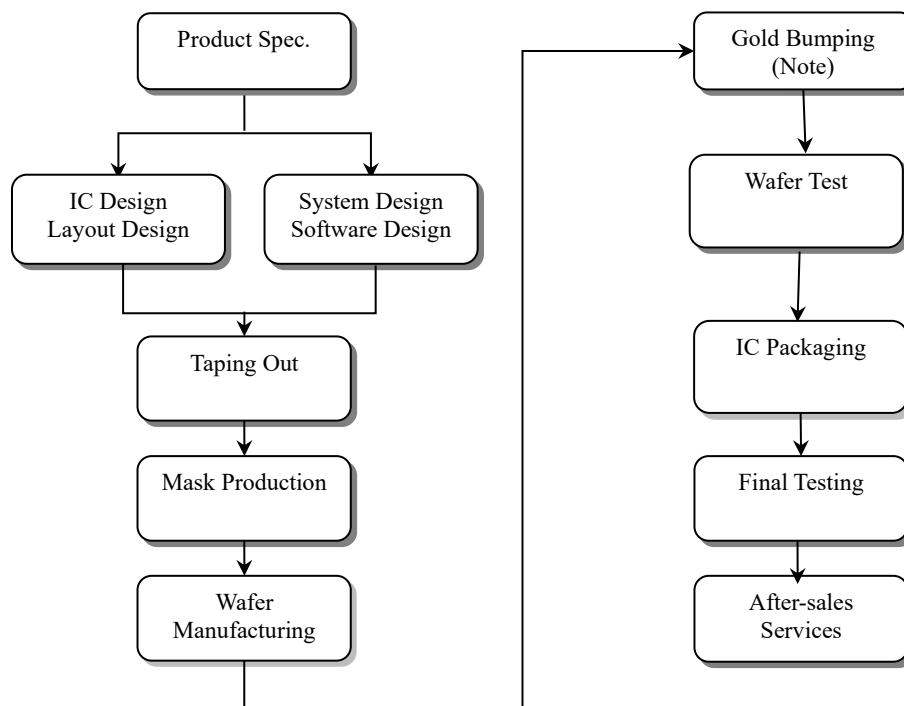
- (1) Continuing to decentralize the application and developing niche products to respond to rapid market changes.
- (2) Strengthen product planning, maintain the leading position in product R&D through accumulated design experience, widen the technological gap with competitors, and get rid of the situation of price competition.
- (3) Continuing to maintain a good cooperative relationship with the downstream wafer foundry and packaging test plant to optimize the IC production schedule.

(II) Important applications and manufacturing processes of main products

1. Important applications of main products

- (a) Display panel driver ICs for AIoT applications, hand-held consumer products, feature phones, smartphones, etc.
- (b) Display panel driver ICs for industrial control products, POS machines, office printers, and communication and conference equipment.
- (c) Chips such as proximity sensors, ambient light sensors, flicker sensors, acceleration sensors and pressure sensors for high-end smartphones and wearable devices.
- (d) Driver ICs for vehicle-mounted display panels.
- (e) Touch control chips for wearable devices, industrial controls and automotive applications.

2. Manufacturing processes of main products



Note: The gold bumping process is subject to the requirements of products or customers

In the aforesaid process of grain production, the Company is responsible for the specification, IC design, system design, and after-sales services. The mask production, wafer manufacturing, gold bumping, wafer testing, IC packaging, and final testing are commissioned by professional manufacturers.

(III) Supply situation of major raw materials

The main raw materials of the Group are wafers, which are mainly provided by Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC) and Vanguard International Semiconductor Corporation. With the stable quality of their products and high cooperation on the capacity of supply and demand and delivery time, the Group has a good relationship with these two suppliers and has cooperated for a long time, thus there is no risk of a shortage of supply.

(IV) Names of customers who have accounted for more than 10% of the total amount of goods purchased (sold) in any of the most recent two years and the amount and proportion of the goods purchased (sold), and state the reasons for the increase or decrease

1. Information of major suppliers in the most recent two years

Unit: NT\$ thousand

	2021				2022				Up to Previous Quarter of 2023 Fiscal Year			
Item	Name	Amount	As a Percentage of the Annual Net Purchases [%]	Relationship with the Issuer	Name	Amount	As a Percentage of the Annual Net Purchases [%]	Relationship with the Issuer	Name	Amount	As a Percentage of the Net Purchases up to the Previous Quarter of the Year [%]	Relationship with the Issuer
1	Manufacturer A	3,387,517	50%	None	Manufacturer A	3,693,324	44%	None	Manufacturer A	256,305	39%	None
2	Manufacturer B	1,526,242	23%	None	Manufacturer B	1,910,425	23%	None	Manufacturer B	97,062	15%	None
3				None	Manufacturer C	880,592	11%	None	Manufacturer C	79,534	12%	None
4	Others	1,827,312	27%	None	Others	1,880,112	22%	None	Others	221,922	34%	None
Total	Net purchases	6,741,071	100%	None	Net purchases	8,364,453	100%	None	Net purchases	654,823	100%	None

Reasons for increase or decrease:

The main purchased products of Sitronix and its subsidiaries are wafers. As a result of the changes in the sales portfolio and the manufacturing process, there are some changes in the suppliers, amounts and proportions.

2. Information of major customers in the most recent two years

Unit: NT\$ thousand

	2021				2022				Up to Previous Quarter of 2023 Fiscal Year			
Item	Name	Amount	As a Percentage of the Annual Net Purchases [%]	Relationship with the Issuer	Name	Amount	As a Percentage of the Annual Net Purchases [%]	Relationship with the Issuer	Name	Amount	As a Percentage of the Net Purchases up to the Previous Quarter of the Year [%]	Relationship with the Issuer
1				None	Customer A	1,819,027	10%	None	Customer A	366,079	10%	None
2									Customer B	369,807	10%	None
3	Others	22,255,670	100%	None	Others	16,208,800	90%	None	Others	2,864,730	80%	None
Total	Net sales	22,255,670	100%	None	Net sales	18,027,827	100%	None	Net sales	3,600,616	100%	None

Reasons for increase or decrease:

As a result of the changes in the sales portfolio and the market environment, the amounts and proportions of sales of major customers of Sitronix and its subsidiaries have changed.

(V) Table of production output for the most recent two years

Unit: NT\$ thousand/thousand pieces

Production Quantity Major Commodities	Year	2021			2022		
		Capacity	Yield	Output Value	Capacity	Yield	Output Value
Integrated Circuit Design Products		-	1,918,609	10,099,878	-	1,291,956	9,744,915
Others		-	-	336,616	-	-	279,664
Total		-	1,918,609	10,436,494	-	1,291,956	10,024,579

Note: The main products of Sitronix and its subsidiaries are IC design of integrated circuit, which are commissioned by semiconductor factory for manufacturing, and outsourced for testing, packaging and shipment. The Company itself does not have the production capacity, thus is not applicable.

(VI) Table of sales volume for the most recent two years

Unit: NT\$ thousand/thousand pieces

Sales Quantity Major Commodities	Year	2021				2022			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Sales Volume	Sales Volume	Sales Volume	Sales Volume	Sales Volume	Sales Volume	Sales Volume	Sales Volume
Integrated Circuit Design Products		70,808	791,800	1,749,164	20,817,844	33,737	539,581	1,192,630	16,980,748
Others		-	604,109	-	41,917	-	461,618	-	45,880
Total		70,808	1,395,909	1,749,164	20,859,761	33,737	1,001,199	1,192,630	17,026,628

III. Employees

Year		2021	2022	The Current Fiscal Year up to March 31, 2023
Numbers of Employees	Management	193	212	217
	Professional	555	608	617
	Assistant	108	130	129
	Technician	131	132	136
Total		987	1,082	1,099
Average Age		38.52	39.01	38.96
Average Years of Services		6.51	6.75	6.80
Educational Ratio at All Levels	Doctor Degree	1.6%	1.7%	1.5%
	Master Degree	39.3%	38.6%	38.8%
	College Degree	52.9%	54.2%	54.0%
	High School	6.0%	5.2%	5.4%
	Below High School	0.2%	0.3%	0.3%
Total		100%	100%	100%

IV. Information on Environmental Protection Expenditure

Any Losses Suffered by the Company in the Most Recent Fiscal Year and up to the Annual Report Publication Date due to Environmental Pollution Incidents (Including Any Compensation Paid and Any Violations of Environmental Protection Laws or Regulations Found in Environmental Inspection, Specifying the Disposition Dates, Disposition Reference Numbers, the Articles of Law Violated, and the Content of the Dispositions), and Disclosing an Estimate of Possible Expenses that Could be Incurred Currently and in the Future and Measures Being or to be Taken. If a Reasonable Estimate Cannot be Made, an Explanation of the Facts of Why It Cannot be Made Shall be Provided: None.

V. Labor Relations

(I) Employee Benefits, Continuing Education, Training, Retirement Systems, and the Status of their Implementation, as Well as the Status of Agreements Between Labor and Management, and All Measures Aimed at Preserving the Rights and Interests of Employees.

1. Benefits from the Company:

Provides diverse and thoughtful benefits for employees, allowing them to devote themselves wholeheartedly to their work without any worries. Moreover, it provides a variety of leisure and entertainment and rich club activities, enabling employees to balance work and life and always maintain full vitality. The Company provides employee benefits as follows:

- (1) Humanized management and a comfortable working environment.
- (2) Weekends off, flexible leave system.
- (3) Leave calculation method and engagement leave based on the Labor Standards Act.
- (4) Annual travel subsidies.
- (5) Employee parking subsidies.
- (6) Providing high-value group insurances, ensuring medical quality and household economy.
- (7) Regular free and comprehensive health check every year, benefiting employees' physical and mental health.
- (8) Festival gift certificates and bonuses; Birthday gift certificates; marriage and funeral subsidies.
- (9) Free afternoon tea and snacks are provided daily.
- (10) Organizing team-building activities occasionally.
- (11) Club activities and financial subsidies.
- (12) Comprehensive education and training system and subsidies.

In order to improve employees' relations, the Company holds various ball games, sports meetings, family days, parent-child days, life lectures and other activities to enhance the interaction and connection among the Company and employees, supervisors and colleagues. The Company also pays attention to employee health. In addition to facilities such as gyms and massage chairs, it also regularly organizes various health promotion activities every year to enhance employee health awareness.

2. Benefits from the Employee Welfare Committee:

The Company has established the Employee Welfare Committee according to regulations, and made allocations to the employee welfare funds on a monthly basis. The Employee Welfare Committee plans and organizes employees to take part in annual domestic and foreign tourism and various festival activities, and issues annual gift certificates.

3. Education and Training:

In order to improve the quality of human resources and meet the needs of the Company's future internationalization and enterprise operation and management, the Company has established Measures for the Administration of Education and Training and provides a complete on-the-job training system, increases on-the-job professional skills and management training, provides subsidies for training expenses, provides a complete training system for new employees to help them quickly integrate into the organizational team, to meet the needs of personal development, enabling employees to enjoy a full range of growth environment and space.

4. Retirement System and Implementation:

In accordance with the provisions of the "Labor Pension Act", the Company contributes 6% of the monthly salary as labor pension funds to individual labor pension accounts at the Bureau of Labor Insurance, Ministry of Labor (hereinafter "the Bureau") for employees covered by the Act. Employees may voluntarily submit pension deposits within 6% of their monthly income from professional practice. The employee's pension deposits voluntarily contributed by themselves may be deducted in full from his/her annual comprehensive income of the year. In addition, if the employee meets the retirement eligibility stipulated in the "Labor Standards Act" and applies for retirement, the Company will, according to the previous standards, pay the pension equivalent to two months' average wages for every full year of employment, pay the pension equivalent to one month's average wages for every full year of employment to whom has seniority of more than 15 years, up to a maximum of 45 months. In accordance with the Labor Standards Act, the Company allocates 2% of the total salary of the employees as the pension fund, which is deposited in the special account of Bank of Taiwan in the name of the Supervisory Committee of Workers' Retirement Reserve Fund.

5. Agreements between Labor and Management:

The Company attaches great importance to labor relations, and has smooth communication channels so that both parties can get a common understanding to promote all work smoothly.

- (II) Any Losses Suffered by the Company in the Most Recent Fiscal Year and up to the Annual Report Publication Date due to Labor Disputes (Including Any Violations of the Labor Standards Act Found In Labor Inspection, Specifying the Disposition Dates, Disposition Reference Numbers, the Articles of Law Violated, the Substance of the Legal Violations, and the Content of the Dispositions), and Disclosing an Estimate of Possible Expenses that could be Incurred Currently and in the Future and Measures Being or to be Taken. If a Reasonable Estimate Cannot be Made, an Explanation of the Facts of Why It Cannot be Made Shall be Provided: None.

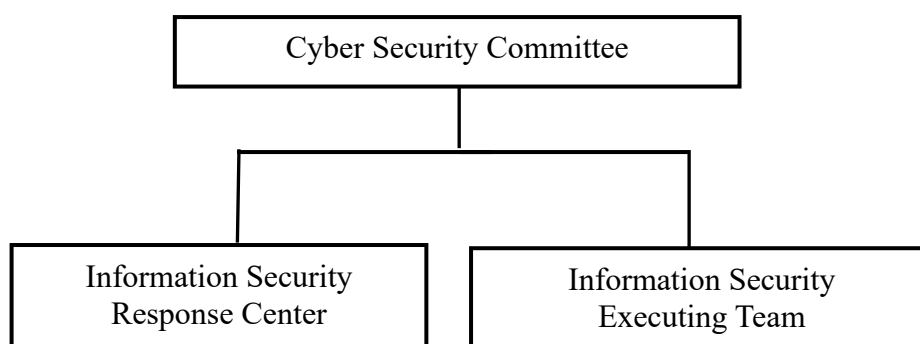
VI. Information and Communication Security Management

- (I) The Company shall clearly describe its risk management framework, policies, specific management solutions, and resources invested in information security management.

1. Information Security Risk Management Framework

The Company has implemented clear information security policies to fulfill its responsibilities in ensuring the robustness of the Company's information security management system. A management framework has been established within the organization to initiate and monitor the implementation of information security. A management task force involving the management executives has been established to approve information security policies, delegate information security management responsibilities, and facilitate the implementation of information security across the whole organization. The Cyber Security Committee of the Company is convened by the CRO, under which an Information Security Response Center and an Information Security Executing Team are established to manage, plan, oversee, and implement information security. The Cyber Security Committee holds regular meetings annually to review matters related to the information security management of the Company and the implementation of the information security policies. The findings are then reported to the Board of Directors.

Information Security Organization Structure and Responsibilities



(1) Cyber Security Committee:

Convened by the CRO with an Information Security Response Center and an Information Security Executing Team established under it to manage, plan, oversee, and implement information security.

(2) Information Security Executing Team:

Formed of members appointed by the convener of the Cyber Security Committee, who are responsible for the planning and execution of various information security operations.

(3) Information Security Response Center:

Generate solutions for unexpected information security incidents as well as track and identify such incidents. Consolidate and control all “risk improvement projects”, where all projects are followed until the improvement targets are achieved.

2. Information Security Policies and Specific Management Program

In order to strengthen the information and communication security and stable operation of the Company and provide reliable information services, including the use of the Internet and information systems, several security precautions must be observed to protect the Company’s information systems and data against operational risks and hazards, such as improper usage, leakage, tampering, and damage, at the same time enhancing the users’ information security awareness. Below are the specific management approaches:

Management Project	Implementation measures
Information Security Policy and Education Training	<ul style="list-style-type: none">• Develop information security policies and enhance colleagues' awareness of information security through information security promotion.
Network Security Management	<ul style="list-style-type: none">• Effectively manage the network environment and partition access control between internal and external network environments based on operational requirements and security levels.
System Access Control	<ul style="list-style-type: none">• Based on the business needs of colleagues, formulate system access control policies, clearly define the access permissions of users and personnel, and properly control the recording process of changes for future reference.• The office is separated from the research and development environment, blocking the direct access channels for confidential and sensitive information, and keeping key information confidential.

Management Project	Implementation measures
Terminal Device Management	<ul style="list-style-type: none"> Information security management and control of servers, personal computers, other devices and other terminal devices, including software and hardware asset inventory, anti-virus, system Patch update, and sensitive data access control.
Data Protection	<ul style="list-style-type: none"> Regularly schedule data preservation backup, including electronic files, documents, mails, server operating environment, personal computers, and network equipment.
Information Security Incident Management	<ul style="list-style-type: none"> Outsource information system vulnerability scanning and fix bugs for vulnerabilities. Generate solutions for unexpected information security incidents, collect tracks, identify such incidents, reduce the likelihood of occurrence and decrease the impact on operations.

3. Resources of Invested Information Security Management

The Information Security Committee meets regularly every year to examine and review the implementation status. The last time it was reported to the Board of Directors was on November 3, 2022. The information security incident in 2022 did not affect operations or goodwill. It is expected that ISO 27001 will be imported and certified in 2023.

Resources of Invested Information Security Management in 2022:

- (1) Carry out information & communication security education and training, and through information security publicity and social engineering drills, enhance the information security awareness of colleagues.
- (2) The access to the network environment is effectively partitioned and controlled based on operational requirements and security levels.
- (3) Terminal device information security control, including software and hardware asset inventory, endpoint protection software (anti-virus), and data leakage protection.

- (4) Outsource information system vulnerability scanning and fix bugs for vulnerabilities.
 - (5) Regularly schedule data preservation backup, including electronic files, documents, mails, server operating environment, personal computers, and network equipment.
 - (6) The manpower investment of information security includes one information security supervisor and several information security personnel, responsible for information and communication security management, planning, supervision, and promotion of execution, as well as information and communication security incident response and investigation.
 - (7) The Cyber Security Committee holds regular meetings annually to review matters related to the information & communication security management of the Company and the implementation of the information & communication security policies. The findings are then reported to the Board of Directors.
- (II) Any Losses Suffered due to Material Information Security Incidents, Estimated Impact and Countermeasures, or the Reasons for Why the Impact Cannot be Reasonably Estimated, if any, in the most recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report shall be stated: None.

VII. Important Contracts: None.

Chapter 6 Financial Conditions

I. Condensed Balance Sheet and Comprehensive Income Statement of the Most Recent Five Fiscal Years

(I) Condensed Balance Sheet - adopting IFRSs

1. Consolidated Financial Statements

Unit: NT\$ thousand

Item	Year	Financial Data for the Most Recent Five Fiscal Years (Note 2)					Financial Data for the Current Fiscal Year up to March 31, 2023 (Note 3)
		2018	2019	2020	2021	2022	
Current assets		6,415,599	8,626,168	11,544,737	18,086,920	14,945,438	15,171,243
Property, Plant and Equipment		810,304	854,126	1,022,534	1,460,550	1,801,838	1,891,748
Intangible Assets		47,875	37,986	43,766	48,574	76,898	71,459
Other Assets		1,092,733	1,242,624	1,205,123	3,076,733	3,132,165	2,921,814
Total Assets		8,366,511	10,760,904	13,816,160	22,672,777	19,956,339	20,056,264
Current Liabilities	Before Distribution	2,940,851	3,845,836	4,195,622	6,978,570	4,696,956	4,722,806
	After Distribution	3,541,964	4,626,726	5,096,648	10,822,950	7,339,967 (Note 1)	7,365,817 (Note 1)
Non-current Liabilities		219,988	309,376	341,461	497,140	493,511	486,792
Total Liabilities	Before Distribution	3,160,839	4,155,212	4,537,083	7,475,710	5,190,467	5,209,598
	After Distribution	3,761,952	4,936,102	5,438,109	11,320,090	7,833,478 (Note 1)	7,852,609 (Note 1)
Equity Attributable to the Shareholders of the Parent		4,712,266	5,465,900	6,641,138	11,755,175	11,422,953	9,173,224
Share Capital		1,202,226	1,201,369	1,201,369	1,201,369	1,201,369	1,201,369
Capital Surplus		761,304	772,321	1,662,839	1,610,911	1,690,740	1,690,916
Retained Earnings	Before Distribution	3,026,335	3,569,736	3,966,033	9,080,141	8,868,615	9,165,531
	After Distribution	2,425,222	2,788,846	3,065,007	5,235,761	6,225,604 (Note 1)	6,522,520 (Note 1)
Other Equities		(277,599)	(77,526)	(180,224)	(105,463)	(281,762)	(185,572)
Treasury Shares		-	-	(8,879)	(31,783)	(56,009)	(56,009)
Non-controlling Interest		493,406	1,139,792	2,637,939	3,441,892	3,342,919	3,030,431
Total Equity	Before Distribution	5,205,672	6,605,692	9,279,077	15,197,067	14,765,872	14,846,666
	After Distribution	4,604,559	5,824,802	8,378,051	11,352,687	12,122,861 (Note 1)	12,203,655 (Note 1)

Note 1: The amount approved by Board of Directors on March 16, 2023.

Note 2: The financial data from 2018 to 2022 has been audited and certified by the CPAs.

Note 3: The financial data for the first quarter of 2023 is reviewed by the CPAs.

(I) Condensed Balance Sheet - adopting IFRSs

2. Parent Company Only Financial Statements

Unit: NT\$ thousand

Year Item		Financial Data for the Most Recent Five Fiscal Years (Note 2, Note 3, and Note 4)				
		2018	2019	2020	2021	2022
Current assets		4,022,086	3,999,315	4,016,406	8,583,706	7,571,824
Property, Plant and Equipment		454,410	416,017	402,314	390,531	450,432
Intangible Assets		40,400	30,291	18,002	21,520	38,282
Other Assets		2,405,849	3,470,418	4,459,638	7,074,765	6,547,493
Total Assets		6,922,745	7,916,041	8,896,360	16,070,522	14,608,031
Current Liabilities	Before Distribution	2,135,760	2,348,613	2,148,548	4,110,676	2,931,361
	After Distribution	2,736,873	3,129,503	3,049,574	7,955,056	5,574,372 (Note 1)
Non-current Liabilities		74,719	101,528	106,674	204,671	253,717
Total Liabilities	Before Distribution	2,210,479	2,450,141	2,255,222	4,315,347	3,185,078
	After Distribution	2,811,592	3,231,031	3,156,248	8,159,727	5,828,089 (Note 1)
Equity Attributable to the Shareholders of the Parent		4,712,266	5,465,900	6,641,138	11,755,175	11,422,953
Share Capital		1,202,226	1,201,369	1,201,369	1,201,369	1,201,369
Capital Surplus		761,304	772,321	1,662,839	1,610,911	1,690,740
Retained Earnings	Before Distribution	3,026,335	3,569,736	3,966,033	9,080,141	8,868,615
	After Distribution	2,425,222	2,788,846	3,065,007	5,235,761	6,225,604 (Note 1)
Other Equities		(277,599)	(77,526)	(180,224)	(105,463)	(281,762)
Treasury Shares		-	-	(8,879)	(31,783)	(56,009)
Non-controlling Interest		-	-	-	-	-
Total Equity	Before Distribution	4,712,266	5,465,900	6,641,138	11,755,175	11,422,953
	After Distribution	4,111,153	4,685,010	5,740,112	7,910,795	8,779,942 (Note 1)

Note 1: The amount approved by Board of Directors on March 16, 2023.

Note 2: The financial data from 2018 to 2022 has been audited and certified by the CPAs.

Note 3: The financial data from 2018 to 2019 has not been restated retrospectively.

Note 4: The financial data from 2020 to 2021 has been restated retrospectively on a pro forma basis.

(II) Condensed Comprehensive Income Statement - adopting IFRSs

1. Consolidated Financial Statements

Unit: NT\$ thousand

Item \ Year	Financial Data for the Most Recent Five Fiscal Years (Note 1)					Financial Data for the Current Fiscal Year up to March 31, 2023 (Note 2)
	2018	2019	2020	2021	2022	
Net Revenue	10,330,505	13,802,738	13,804,562	22,255,670	18,027,827	3,600,616
Gross Profit	2,870,026	4,385,345	4,785,825	12,351,136	8,254,024	1,084,600
Income from Operations	1,042,514	2,086,426	2,383,048	8,156,897	4,742,524	387,074
Non-Operating Income and Expenses	79,416	116,996	140,578	196,875	363,954	66,817
Income before Income Tax	1,121,930	2,203,422	2,523,626	8,353,772	5,106,478	453,891
Income from Continuing Operations	1,013,820	1,938,157	2,164,113	7,073,018	4,230,703	375,812
Loss from Discontinuing Operations	-	-	-	-	-	-
Net Income (Loss)	1,013,820	1,938,157	2,164,113	7,073,018	4,230,703	375,812
Other Comprehensive Income (Net of Tax)	(143,054)	194,609	(194,887)	92,566	(160,266)	100,283
Total Comprehensive Income	870,766	2,132,766	1,969,226	7,165,584	4,070,437	476,095
Net Income Attributable to Shareholders of the Parent	840,363	1,230,588	1,384,818	6,005,760	3,610,165	296,916
Net Income Attributable to Non-controlling Interests	173,457	707,569	779,295	1,067,258	620,538	78,896
Total Comprehensive Income Attributable to Shareholders of the Parent	697,847	1,425,752	1,190,501	6,089,895	3,456,555	393,106
Total Comprehensive Income Attributable to Non-controlling Interests	172,919	707,014	778,725	1,075,689	613,882	82,989
Earnings Per Share	7.03	10.27	11.53	50.03	30.10	2.48

Note 1: The financial data from 2018 to 2022 has been audited and certified by the CPAs.

Note 2: The financial data for the first quarter of 2023 is reviewed by the CPAs.

II Condensed Comprehensive Income Statement - adopting IFRSs

2. Parent Company Only Financial Statements

Unit: NT\$ thousand

Item \ Year	Financial Data for the Most Recent Five Fiscal Years (Note 1, Note 2, and Note 3)				
	2018	2019	2020	2021	2022
Net Revenue	7,503,697	8,306,120	6,796,970	12,570,005	11,589,599
Gross Profit	1,806,085	1,820,241	1,765,710	6,892,487	5,013,252
Income from Operations	550,252	375,051	531,114	4,456,843	2,981,715
Non-Operating Income and Expenses	354,344	917,431	975,600	2,229,326	1,190,080
Income before Income Tax	904,596	1,292,482	1,506,714	6,686,169	4,171,795
Income from Continuing Operations	840,363	1,230,588	1,384,818	6,005,760	3,610,165
Loss from Discontinuing Operations	-	-	-	-	-
Net Income (Loss)	840,363	1,230,588	1,384,818	6,005,760	3,610,165
Other Comprehensive Income (Net of Tax)	(142,516)	195,164	(194,317)	84,135	(153,610)
Total Comprehensive Income	697,847	1,425,752	1,190,501	6,089,895	3,456,555
Earnings Per Share	7.03	10.27	11.53	50.03	30.10

Note 1: The financial data from 2018 to 2022 has been audited and certified by the CPAs.

Note 2: The financial data from 2018 to 2019 has not been restated retrospectively.

Note 3: The financial data from 2020 to 2021 has been restated retrospectively on a pro forma basis.

(III) Name of CPAs and Their Opinions for Most Recent Five Years

Year	Accounting Firm	Name of CPA	Auditor's Opinion
2018	Deloitte & Touche Taipei, Taiwan Republic of China	Cheng-Chih Lin, Yu-Feng Huang	Unqualified Opinion
2019	Deloitte & Touche Taipei, Taiwan Republic of China	Cheng-Chih Lin, Yu-Feng Huang	Unqualified Opinion
2020	Deloitte & Touche Taipei, Taiwan Republic of China	Cheng-Chih Lin, Yu-Feng Huang	Unqualified Opinion
2021	Deloitte & Touche Taipei, Taiwan Republic of China	Cheng-Chih Lin, Yu-Feng Huang	Unqualified Opinion
2022	Deloitte & Touche Taipei, Taiwan Republic of China	Cheng-Chih Lin, Mei-Chen Tsai	Unqualified Opinion

II. Financial Analysis of the Most Recent Five Fiscal Years

(I) Financial Data adopting IFRSs

1. Consolidated Financial Statements

Item \ Year		Financial Analysis of the Most Recent Five Fiscal Years					The Current Fiscal Year up to March 31, 2023 (Note 1)
		2018	2019	2020	2021	2022	
Financial Structure	Debt-To-Asset Ratio	37.77	38.61	32.83	32.97	26.00	39.15
	Long-Term Capital to Property, Plant and Equipment Ratio	669.58	809.60	940.85	1,074.54	846.87	670.83
Solvency	Current Ratio	218.15	224.29	275.16	259.17	318.19	205.96
	Quick Ratio	143.43	170.12	234.20	221.02	221.50	162.28
	Times Interest Earned	122.06	204.66	356.74	1,631.64	1,304.00	539.42
Operating Ability	Receivables Turnover (Times)	8.72	10.00	9.94	13.36	11.33	11.83
	Average Collection Days	41.85	36.50	36.72	27.32	32.21	30.85
	Inventory Turnover (Times)	3.92	4.73	5.22	4.95	2.85	2.67
	Payables Turnover (Times)	5.51	5.16	4.53	4.52	5.62	10.41
	Average Inventory Turnover Days	93.11	77.16	69.92	73.73	128.07	136.70
	Property, Plant and Equipment Turnover (Times)	12.97	16.58	14.71	17.92	11.05	7.79
	Total Asset Turnover (Times)	1.34	1.44	1.12	1.21	0.84	0.71
Profitability	Return on Assets (%)	13.26	20.35	17.65	38.79	19.86	1.88
	Return on Equity (%)	19.87	32.81	27.24	57.79	28.23	2.78
	Pre-tax Income to Paid-in Capital Ratio (%)	93.32	183.40	210.06	695.35	425.05	151.12
	Net Profit Margin (%)	9.81	14.04	15.67	31.78	23.46	10.43
	Earnings Per Share (NT\$)	7.03	10.27	11.53	50.03	30.10	2.48
Cash flow	Cash Flow Ratio (%)	35.43	88.52	72.49	120.67	32.43	19.92
	Cash Flow Adequacy Ratio (%)	100.47	134.79	159.58	219.48	131.24	147.21
	Cash Flow Reinvestment Ratio (%)	6.28	36.79	21.66	44.71	(14.11)	10.67
Leverage	Operating Leverage	2.43	2.01	1.93	1.50	1.69	2.65
	Financial Leverage	1.00	1.00	1.00	1.00	1.00	1.00

Please state the reasons for the changes in financial ratio within the most recent two years: (exempt from analysis if the change is less than 20%)

1. Financial Structure: This was due to the decrease in current liabilities such as purchases, the estimation of employees', directors' and supervisors' remuneration and the estimation of income tax, resulting decrease in the ratio of debt-to-asset ratio. The subsidiary purchased new offices, resulting in decrease in Long-Term Capital to Property, Plant and Equipment Ratio.
2. Solvency: This was due to the decrease in current liabilities such as purchases, the estimation of employees', directors' and supervisors' remuneration and the estimation of income tax, resulting increase in the current ratio. The decrease in profits was greater than the decrease in interest expense in 2022, resulting decrease in Times Interest Earned.
3. Operating Ability: Inventory, property, plant and equipment turnover and total asset turnover decreased compared to the same period last year due to the decline in revenue and increase in inventories in 2022. The increase in payables turnover (times) was mainly due to the decrease in purchases and processing fees, and the decrease in accounts payables.
4. Profitability: As a result of the decline in revenue and profits in 2022, the profitability was lower than that of the same period in 2021.
5. Cash Flow: As a result of the decline in revenue and increase in inventories, the net cash inflow from operating activities was lower than that of the same period in 2021, causing the cash flow ratio, cash flow adequacy ratio, and cash flow reinvestment ratio to be lower than that of the same period in 2021.

Note 1: The financial data for the first quarter of 2023 is reviewed by the CPAs.

(I) Financial Data adopting IFRSs

2. Parent Company Only Financial Statements

Item		Year	Financial Analysis for the Most Recent Five Fiscal Years (Note 1 and Note 2)				
			2018	2019	2020	2021	2022
Financial Structure	Debt-To-Asset Ratio		31.93	30.95	25.34	26.85	21.80
	Long-Term Capital to Property, Plant and Equipment Ratio		1,053.45	1,338.26	1,677.25	3,062.45	2,592.32
Solvency	Current Ratio		188.32	170.28	186.93	208.81	258.30
	Quick Ratio		120.23	122.95	147.95	186.86	180.43
	Times Interest Earned		115.41	162.70	352.54	2,922.00	2,890.05
Operating Ability	Receivables Turnover (Times)		8.15	9.08	8.64	13.36	12.57
	Average Collection Days		44.78	40.19	42.24	27.32	29.03
	Inventory Turnover (Times)		4.39	5.41	5.66	7.28	4.38
	Payables Turnover (Times)		5.60	5.14	4.28	4.57	6.00
	Average Inventory Turnover Days		83.14	67.46	64.48	50.13	83.33
	Property, Plant and Equipment Turnover (Times)		16.98	19.08	16.61	31.70	27.56
	Total Asset Turnover (Times)		1.14	1.11	0.80	1.00	0.75
Profitability	Return on Assets (%)		12.87	16.67	16.51	48.12	23.54
	Return on Equity (%)		17.89	24.18	22.87	65.29	31.15
	Pre-tax Income to Paid-in Capital Ratio (%)		75.24	107.58	125.41	556.54	347.25
	Net Profit Margin (%)		11.19	14.81	20.37	47.77	31.15
	Earnings Per Share (NT\$)		7.03	10.27	11.53	50.03	30.10
Cash flow	Cash Flow Ratio (%)		29.47	58.25	34.55	130.35	20.97
	Cash Flow Adequacy Ratio (%)		97.82	97.30	89.15	195.09	94.44
	Cash Flow Reinvestment Ratio (%)		(0.62)	12.53	(0.52)	35.61	(26.42)
Leverage	Operating Leverage		2.65	3.87	2.81	1.48	1.54
	Financial Leverage		1.01	1.02	1.00	1.00	1.00

Please state the reasons for the changes in financial ratio within the most recent two years: (exempt from analysis if the change is less than 20%)

1. Solvency: The balance of accounts payable at the end of the year was lower than that of 2021 due to the concentration of purchases in the first half of 2022. Lower pre-tax income in 2022 compared to 2021, resulting in lower compensation payable to employees and directors compared to 2021. As a result of the above, the current ratio increased.
2. Operating ability: Due to the decrease in revenue and increase in inventory in 2022, the inventory turnover rate and total asset turnover rate decreased and the average sales days increased compared to the same period last year. Increase in turnover of accounts payable (subordinated) mainly due to the increase in shipments in 2022 compared to 2021 (the arrival of materials in 2021 was delayed to the first half of 2022 due to shortage of materials). In addition, the average balance of accounts payable decreased in 2022 compared to 2021 because most of the purchases were made in the first half of 2022.
3. Profitability: As a result of the decline in revenue and profits in 2022, the profitability was lower than that of the same period in 2021.
4. Cash flow: As a result of the decline in revenue and increase in inventories, the net cash inflow from operating activities was lower than that of the same period in 2021, causing the cash flow ratio, cash flow adequacy ratio, and cash flow reinvestment ratio to be lower than that of the same period in 2021.

Note 1: The financial data from 2018 to 2019 has not been restated retrospectively.

Note 2: The financial data from 2020 to 2021 has been restated retrospectively on a pro forma basis.

The formula for calculating the financial ratio is as follows:

1. Financial Structure
 - (1) Debt-to-asset ratio = total liabilities / total assets.
 - (2) Long term capital to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets / current liabilities.
 - (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
 - (3) Times interest earned = Earnings before interest expense and taxes / Interest expense.
3. Operating Ability
 - (1) Receivables (including accounts receivable and notes receivable arising from business operations) = Net sales / average accounts receivables of each period (including accounts receivable and notes receivable arising from business operations).
 - (2) Average collection days = 365 / receivables turnover.
 - (3) Inventory turnover = cost of sales / average inventories.
 - (4) Payables (including accounts payable and notes payable arising from business operations) turnover ratio = cost of sales / average payables for each period (including accounts payable and notes payable arising from business operations).
 - (5) Average inventory turnover days = 365 / inventory turnover.
 - (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
 - (7) Total asset turnover = net sales / average total assets.
4. Profitability
 - (1) Return on assets = [net income + interest expense x (1 – tax rate)] / average total assets.
 - (2) Return on equity = net income / average total equity.
 - (3) Net profit margin = net income / net sales.
 - (4) Earnings per share = (net income attributable to shareholders of the parent – preferred stock dividend) / weighted average number of shares outstanding.
5. Cash flow
 - (1) Cash flow ratio = net cash flow rising from operating activities / current liabilities.
 - (2) Net cash flow adequacy ratio = net cash flow rising from operating activities in the most recent five years / (capital expenditure + inventory increase + cash dividend) in the most recent five years.
 - (3) Cash reinvestment ratio = (net cash flow rising from operating activities – cash dividend) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital).
6. Leverage
 - (1) Operating leverage = (net operating income – variable operating costs and expenses) / operating income.
 - (2) Financial leverage = operating profit / (operating profit – interest expense).

III. Audit Committee's Review Report for the Most Recent Annual Financial Report

Sitronix Technology Corp.

Audit Committee's Review Report

The Board of Directors has prepared the Company's business report, financial statements, and the earnings 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 statement, and earnings 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 Regular Shareholders' Meeting of Sitronix Technology Corp.

Sitronix Technology Corp.

Convener of the Audit Committee: Cheng-Chieh Dai

March 16, 2023

IV. Consolidated Financial Statements of the Most Recent Year with Independent Auditors' Report and Notes

Please refer to Page 154~236 of the Annual Report.

V. Parent Company Only Financial Statements of the Most Recent Year with Independent Auditors' Report and Notes

Please refer to Page 237~312 of the Annual Report.

VI. If the Company or Its Affiliates have Experienced Financial Difficulties in the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report, the Annual Report shall Explain how Said Difficulties will Affect the Company's Financial Situation: None.

Chapter 7 Review, Analysis, and Risks of Financial Conditions and Performance

I. Review and Analysis of Financial Conditions

Unit: NT\$ thousand

Item \ Year	2022	2021	Differences		Remarks
			Amount	Ratio (%)	
Current assets	14,945,438	18,086,920	(3,141,482)	-17%	
Property, Plant and Equipment	1,801,838	1,460,550	341,288	23%	
Intangible Assets	76,898	48,574	28,324	58%	
Other Assets	3,132,165	3,076,733	55,432	2%	
Total Assets	19,956,339	22,672,777	(2,716,438)	-12%	
Current Liabilities	4,696,956	6,978,570	(2,281,614)	-33%	
Non-current Liabilities	493,511	497,140	(3,629)	-1%	
Total Liabilities	5,190,467	7,475,710	(2,285,243)	-31%	
Share Capital	1,201,369	1,201,369	0	0%	
Capital Surplus	1,690,740	1,610,911	79,829	5%	
Retained Earnings	8,868,615	9,080,141	(211,526)	-2%	
Other Equities	(281,762)	(105,463)	(176,299)	-167%	
Treasury Shares	(56,009)	(31,783)	(24,226)	-76%	
Non-controlling Interest	3,342,919	3,441,892	(98,973)	-3%	
Total Equity	14,765,872	15,197,067	(431,195)	-3%	
Explanation on the change of 20% or more in the current period over the previous period, and the amount of change up to NT\$10 million or more: <ol style="list-style-type: none"> 1. Increase in property, plant, and equipment: This was due to the purchase of new offices by subsidiaries. 2. Increase in intangible assets: This was mainly due to the increase in the purchase of computer software. 3. Decrease in current liabilities: This was mainly due to the decrease in profits of the Group and the decrease in current liabilities such as purchases, the estimation of directors' and supervisors' remuneration and the estimation of income tax. 4. Decrease in total liabilities: This was mainly due to the decrease in current liabilities. 5. Decrease in other equities: This was mainly due to the impact of changes in the unrealized valuation gains and losses from financial assets measured at fair value through other comprehensive income. 6. Increase in treasury stocks: This was mainly due to the purchase of parent company's stocks by subsidiaries. 					

Note: The financial position for the years 2022 and 2021 is presented with the consolidated financial data.

II. Review and Analysis of Financial Performance

Unit: NT\$ thousand

Item \ Year	2022	2021	Increase (Decrease) Amount	Changes Ratio (%)
Net Revenue	18,027,827	22,255,670	(4,227,843)	-19%
Gross Profit	8,254,024	12,351,136	(4,097,112)	-33%
Income from Operations	4,742,524	8,156,897	(3,414,373)	-42%
Non-Operating Income and Expenses	363,954	196,875	167,079	85%
Income before Income Tax	5,106,478	8,353,772	(3,247,294)	-39%
Net Profit for the Current Period	4,230,703	7,073,018	(2,842,315)	-40%
Other Comprehensive Income (Net of Tax)	(160,266)	92,566	(252,832)	-273%
Total Comprehensive Income	4,070,437	7,165,584	(3,095,147)	-43%
Net Income Attributable to Shareholders of the Parent	3,610,165	6,005,760	(2,395,595)	-40%
Net Income Attributable to Non-controlling Interests	620,538	1,067,258	(446,720)	-42%
Total Comprehensive Income Attributable to Shareholders of the Parent	3,456,555	6,089,895	(2,633,340)	-43%
Total Comprehensive Income Attributable to Non-controlling Interests	613,882	1,075,689	(461,807)	-43%
<p>1. Explanation on the change of 20% or more in the current period over the previous period, and the amount of change up to NT\$10 million or more:</p> <p>(1) Decrease in Gross Profit: This was due to the decrease in market demands and a reduction in product price as the global semiconductor market entered an inventory adjustment stage during 2022.</p> <p>(2) Decrease in Income from Operations: This was due to the decrease in revenue and gross profit and a slight decrease in operating expenses, resulting in decrease in overall operating profit.</p> <p>(3) Increase in non-operating income and expenses: This was due to the increase in foreign currency exchange gain or loss, dividend income and government subsidy income.</p> <p>(4) Decrease in net income before income tax, net income for the period, total comprehensive income for the period, net income and total comprehensive income attributable to owners of the parent company: This was due to the decrease in revenue and operating gross profit.</p> <p>(5) Decrease in Other Comprehensive Income in the Current Period: This was due to the increase in the unrealized losses from financial assets measured at fair value through other comprehensive income.</p> <p>(6) Decrease in the net profit and total comprehensive income attributable to non-controlling interests: This was due to the decrease in the subsidiary's profits.</p> <p>2. The sales volume forecast and the basis thereof, and the possible impacts on the Company's future financial operations and response plans: The sales volume forecast in the next year depends on the industrial boom and the changes in market supply and demand. The Company has been actively developing new products to prepare a complete product line and provide customer solutions for future growth and development.</p>				

Note: The financial position for the years 2022 and 2021 is presented with the consolidated financial data.

III. Review and Analysis of Cash Flow

(I) Changes in Cash Flow of the Current Year

Unit: NT\$ thousand

Beginning Cash Balance	Net Cash Flow From Operating Activities	Net Cash Flow from Investment and Financing	Exchange Influence	Cash Surplus (Deficit)	Remedial Measures for Cash Deficit	
					Investment Plan	Financial Plan
7,930,508	1,523,246	(3,951,331)	159,294	5,661,717	-	-

Analysis of changes:

1. Operating activities: net cash inflow generated from operating activities is mainly cash income from net revenue.
2. Investment activities and financing activities: mainly include continuing investments in the cost of masks and other equipments for the research and development of new products this year, purchasing property, plant and equipment, financial assets and bond investments, depositing the time deposits of more than 3 months and paying cash dividends.

(II) Remedial Measures for Cash Deficit and Liquidity Analysis: Not applicable.

(III) Cash Liquidity Analysis for the Coming Year:

Unit: NT\$ thousand

Beginning Cash Balance	Projected Net Cash Flow From Operating Activities Throughout The Year	Projected Net Cash Flow From Investment and Financing Activities Throughout The Year	Projected Cash Surplus (Deficit)	Remedial Measures for Projected Cash Deficit	
				Investment Plan	Financial Plan
5,661,717	3,732,175	(4,273,323)	5,120,569	-	-

Analysis of changes:

1. Operating activities: mainly include the projected continued growth of operating profit in 2023 and the active control of related expenses and losses and inventory turnover.
2. Investment activities and financing activities: mainly include projected activities such as continuous investments in the cost of masks and other types of equipment for the research and development of new products in 2023, purchase of property, plant, and equipment, financial assets investments, cash capital increase in subsidiaries and the payment of cash dividends.

IV. Impact of Any Major Capital Expenditures during the Most Recent Fiscal Year

(I) The Use and Funding Sources of Major Capital Expenditures: None.

(II) Projected benefits: None.

V. Reinvestment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits/Losses Generated thereby, the Plan for Improving Re-Investment Profitability, and Investment Plans for the Coming Year

The reinvestment policy of the Group is to focus on the core business, carry out investments in line with the business strategy, business expansion and long-term development, in order to increase operating revenue and profits. To conduct investment evaluation on the location, organization, shareholding ratio, financial condition and other aspects of the reinvestment in another enterprise as the basis for the reinvestment of the management; The Group also regularly evaluates the investment profit and loss status of the invested enterprises. In addition, the Company has enacted "Supervisory Measures for Subsidiaries" to supervise the operation status of the subsidiary company and set up an operation management mechanism in order to maximize the synergy of the Group.

The Company adopted the equity method to recognize the investment gains of NT\$940,642 thousand in the year 2022. Please refer to the "Parent Company Only Financial Statements of the Most Recent Year with Independent Auditors' Report and Notes" in "Chapter VI Financial Conditions" for the recognition of profit and loss.

The investment plan for the coming year will be evaluated separately according to the overall industrial situation and the Company's business needs.

VI. Risk matters and Assessment

(I) The Effect upon the Company's Profits (Losses) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Response Measures to be Taken in the Future

1. The Effect upon the Company's Profits (Losses) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate

The Group mostly uses its own funds to support its operation needs, thus has low demand for bank loans. Any loans it made is based on the consideration of the risk hedging of exchange rate with modest amount, and the borrowing cost increase from rising interest rate will not have greatly impact on the Group.

The Group's purchases and sales are mainly in US dollars, thus some exchange risks have been automatically avoided. In view of the impact of dollar exchange rate fluctuations on the Company's profits and losses, forward foreign exchange contracts and dollar loans are mainly adopted, so as to lower the risk of exchange rate fluctuations.

There was no material impact on the Group's annual profit or loss due to inflation.

2. Response Measures to be Taken in the Future for the Effect of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate

In the future, the Group will continue to collect information on exchange rate fluctuations and pay attention to the global trend of favorable exchange rate, timely adjust foreign currency positions to reduce the impact of exchange rate fluctuations, and choose low-cost foreign exchange hedging instruments to avoid exchange rate risks according to the relevant regulations of the Company.

(II) The Company's Policy Regarding High-Risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements, Guarantees, and Derivatives Transactions; the Main Reasons for the Profits/Losses Generated thereby; and Response Measures to be Taken in the Future.

1. The Group is not engaged in high-risk and highly leveraged financial investments.
2. The Group has formulated "Operational Procedures for Lending Funds to Others", "Operational Procedures for Endorsements/Guarantees" and "Handling Procedure to engage in the Transaction of Derivative Products", and the relevant operations are conducted in accordance with the above procedures.
3. The Company is engaged in the trading of derivative products, mainly for the purpose of risk hedging, or engaged in the trading financial products related to the Company's business operations, to ensure the Company's operating profit.

(III) Research and Development Work to be Carried out in the Future, and Further Expenditures Expected for Research and Development Work

Please refer to the description of "Chapter V Operations Overview - New Products (Services) Planned for Development" in this annual report for the research and development plan for this year. The R&D manpower and expenditure that the Group continues to invest in the coming year are estimated to account for approximately 10%~15% of the net revenue. The Group will carefully assess the market risks and expected investment returns before investing in various R&D expenses.

(IV) Effect on the Company's Financial Operations of Important Policies Adopted and Changes in the Legal Environment at Home and Abroad, and Measures to be Taken in Response

There is no material impact on the Company's financial operations from important policies adopted and changes in the legal environment at home and abroad. In the future, the Company will obtain relevant information from time to time and develop necessary countermeasures to meet the Company's operational needs.

(V) Effect on the Company's Financial Operations of Developments in Science and Technology (including Information Security Risks) as well as Industrial Change, and Measures to be Taken in Response

The IC industry is changing rapidly, as well as the technology advancing, which will affect the members of the industry to a certain extent. If the Company fails to timely adjust its strategy or launch competitive products in line with technology changes or industry changes, it may have a negative impact on the Company's financial business. In order to avoid adverse effects caused by changes in industry and technology, the Group always pays attention to and evaluates the possible impact of those changes, and proposes effective response strategies and develops products that meet market demand, so that the Group is able to timely launch competitive products, maintain and improve the Company's competitive strategy.

Based on the requirements of risk control, the Company adopts a complete set of control measures for information security, including policies, organizations, processes, software and hardware tools to meet the management requirements, And by planning, operation, supervision and continuous improvement measures, we can ensure to reduce improper threats so as to reduce management risk.

The Company has established information security measures for the protection of network and computer-related information to ensure the confidentiality, integrity and availability of the Company's information assets, comply with relevant laws and regulations, prevent the misuse, leakage, alteration and destruction of the Company's information systems and data, and ensure the appropriateness and effectiveness of its information security management procedures through ongoing inspection and evaluation. However, information security threats are changing rapidly. There is no guarantee that the company will not face new risks and attacks. It is possible that trade secrets and other confidential information, such as customer or other stakeholder information and employee personal information, could be stolen from a company as a result of a cyber attack.

The Company was attacked by future inadvertent purchases and installations of devices containing malware due to business needs. To prevent and reduce the damage caused by such attacks, the Company continues to improve and implement information security protection and management mechanisms, such as establishing a virus scanning mechanism to prevent machines containing malware from entering the company, strengthening the management and monitoring of network firewalls to prevent the spread of computer viruses in the enterprise, strengthening employees' awareness of information security through regular education and training, introducing new information technologies to enhance data protection, and commissioning external experts to evaluate and test information security. Although the Company continues to strengthen its information security measures, the Company is still unable to guarantee the protection from malware and hacker attacks.

(VI) Effect on the Company's Crisis Management of Changes in the Company's Corporate Image, and Measures to be Taken in Response

The Company is currently a public company with good reputation and business performance, and will continue to improve the product quality and service to maintain a good corporate image in the future, thus there is no effect on the Company's crisis management.

(VII) Expected Benefits and Possible Risks Associated with Any Merger and Acquisitions, and Mitigation Measures being or to be Taken

The Group has no plans for mergers or acquisitions.

(VIII) Expected Benefits and Possible Risks Associated with Any Plant Expansion, and Mitigation Measures being or to be Taken

The Group is an IC design company, with all manufacturing outsourced, thus it is not applicable.

(IX) Risks Associated with Any Consolidation of Sales or Purchasing Operations, and Mitigation Measures being or to be Taken

For a professional IC design company without wafer manufacturing plant, it is necessary to consider the capacity, equipment, quality yield, process technology and confidentiality to select a suitable foundry. Therefore, the consolidation of purchasing is the characteristics of domestic IC design industry. The Company has distributed the source of purchase to TSMC, VIS and Nexchip, and maintained a long-term stable cooperative relationship with the packaging and testing manufacturers to eliminate the risk of consolidation of purchasing.

In terms of sales, the Group's products are widely applied in multiple aspects, with two modes of sales counterparty: agents and manufacturers. The Group distinguishes different agents according to sales area and sales conditions, has dedicated application engineers to directly contact the end customers and provide technical services for the products sold through agents. Therefore, there is no risk of consolidation of sales based on calculation for end-customers.

(X) Effect upon and Risk to the Company in the Event a Major Quantity of Shares Belonging to a Director, Supervisor, or Shareholder Holding Greater than a 10 Percent Stake in the Company has been Transferred or has otherwise Changed Hands, and Mitigation Measures being or to be Taken: None.

(XI) Effect upon and Risk to Company Associated with Any Change in Governance Personnel or Top Management, and Mitigation Measures being or to be Taken: None.

(XII) Litigious and Non-Litigious Matters. List Major Litigious, Non-Litigious or Administrative Disputes That Involve the Company and/or Any Company Director, Any Company Supervisor, the General Manager, Any Person with Actual Responsibility for the

Firm, Any Major Shareholder Holding a Stake of Greater than 10 Percent, and/or Any Company or Companies Controlled by the Company; and Have Been Concluded by Means of a Final and Unappealable Judgment, or are still under Litigation. Where Such a Dispute Could Materially Affect Shareholders' Equity or the Prices of the Company's Securities, the Annual Report Shall Disclose the Facts of the Dispute, Amount of Money at Stake in the Dispute, the Date of Litigation Commencement, the Main Parties to the Dispute, and the Status of the Dispute as of the Date of Publication of the Annual Report.

As of the date of publication of the annual report, the Company did not incur any such matters.

(XIII) Other Important Risks, and Mitigation Measures being or to be Taken: None.

VII. Other Important Matters: None.

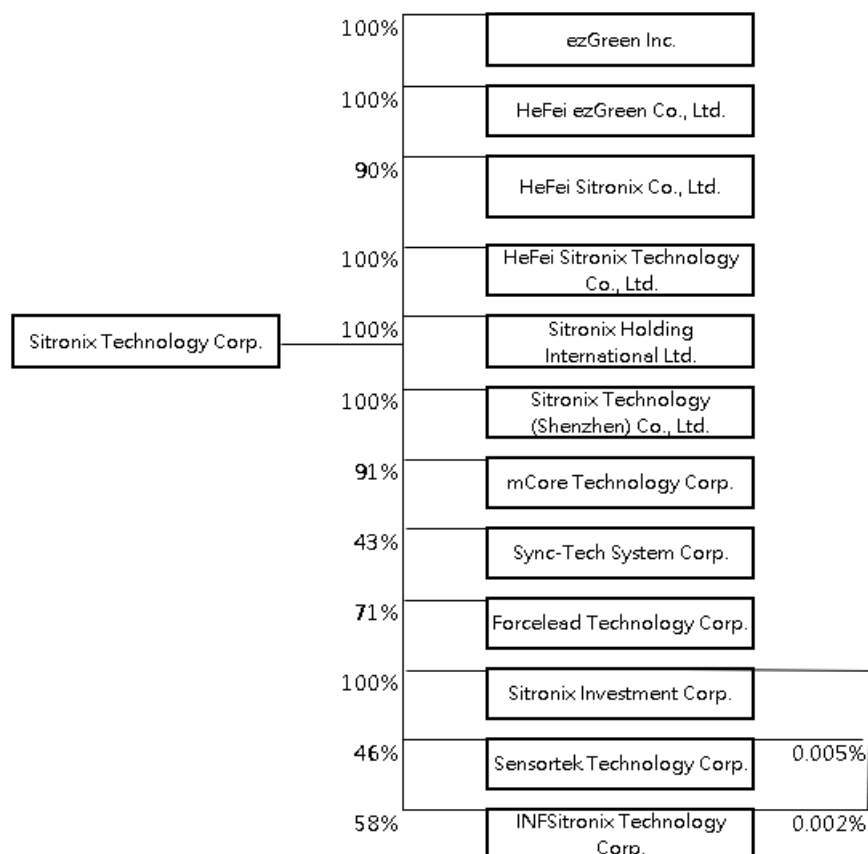
Chapter 8 Special Notes

I. Affiliates Information

(I) Consolidated Business Reports Covering Affiliated Enterprises

1. Overview of Affiliated Enterprises

(1) Organizational Chart of the Affiliates (December 31, 2022)



(2) Basic Information of Affiliates

Name of Affiliates	Date of Establishment	Place of Registration	Paid-in Capital (NT\$ thousand)	Main Business Items
mCore Technology Corp.	2009.12.03	Hsinchu, Taiwan	NT\$ 105,627	Providing solutions for consumer display and voice/audio related applications.
INFSitronix Technology Corp.	2009.12.02	Hsinchu, Taiwan	NT\$ 167,690	Comprehensive line of Power supervisor IC design
Sensortek Technology Corp.	2009.12.01	Hsinchu, Taiwan	NT\$ 489,126	R&D, design and sales of sensor integrated circuit products
Forcelead Technology Corp.	2009.12.11	Hsinchu, Taiwan	NT\$ 343,912	R&D and sale of multi-functional integrated automotive display driver ICs
Sitronix Investment Corp.	2012.12.21	Hsinchu, Taiwan	NT\$ 332,491	Investment

Name of Affiliates	Date of Establishment	Place of Registration	Paid-in Capital (NT\$ thousand)	Main Business Items
Sync-Tech System Corp.	2014.02.06	Hsinchu, Taiwan	NT\$ 283,689	Design, manufacturing and maintenance of semiconductor consumables and testing equipment
ezGreen Inc.	2019.01.17	New Taipei City, Taiwan	NT\$ 100,000	Software design and electronic information supply services
Sitronix Holding International Ltd.	2017.12.05	Samoa	US\$ 6,000	Investment
Sitronix Technology (Shenzhen) Co., Ltd.	2003.11.24	Shenzhen, Mainland China	US\$ 400	Computer software and hardware development, sales and after-sales service business and related technical consulting services
HeFei Sitronix Co., Ltd.	2018.03.22	HeFei, Mainland China	RMB 25,000	R&D, design, sales and technical services of integrated circuits and system hardware and software
HeFei ezGreen Co., Ltd.	2018.03.22	HeFei, Mainland China	RMB 10,000	Design, sales and technical services of Supplier management software development
HeFei Sitronix Technology Co., Ltd.	2021.10.18	HeFei, Mainland China	RMB 30,000	R&D and sale of integrated circuits; R&D, service and sales of integrated circuits chip

(3) Where Companies Presumed to Have a Relationship of Control and Subordination under Article 369-3 of the Company Act: None.

(4) The Industries Covered by the Business Operated by the Affiliates Overall

Name of Affiliates	Main Business Items
mCore Technology Corp.	Providing solutions for consumer display and voice/audio related applications.
INFSitronix Technology Corp.	Comprehensive line of Power supervisor IC design
Sensortek Technology Corp.	R&D, design and sales of sensor integrated circuit products
Forcelead Technology Corp.	R&D and sale of multi-functional integrated automotive display driver ICs
Sitronix Investment Corp.	Investment
Sync-Tech System Corp.	Design, manufacturing and maintenance of semiconductor consumables and testing equipment
ezGreen Inc.	Software design and electronic information supply services

Name of Affiliates	Main Business Items
Sitronix Holding International Ltd.	Investment
Sitronix Technology (Shenzhen) Co., Ltd.	Computer software and hardware development, sales and after-sales service business and related technical consulting services
HeFei Sitronix Co., Ltd.	R&D, design, sales and technical services of integrated circuits and system hardware and software
HeFei ezGreen Co., Ltd.	Design, sales and technical services of Supplier management software development
HeFei Sitronix Technology Co., Ltd.	R&D and sale of integrated circuits; R&D, service and sales of integrated circuits chip

(5) The Names of the Directors, Supervisors or General Managers of Each Affiliates, and their Shareholding or Capital Contribution in Such Affiliate

December 31, 2022

Name of Affiliates	Title	Name or Representative	Shareholding	
			Number of Shares (thousand share)	Shareholding Ratio
mCore Technology Corp.	Director	Sitronix Technology Corp.	9,583	91%
	Chairman & General Manager	Representative: Vincent Mao	-	-
	Director	Representative: I-Hsi Cheng	-	-
	Supervisors	Representative: Ju-Hung Chen	-	-
		Shu-Fang Hsu	-	-
INFSitronix Technology Corp.	Director	Sitronix Technology Corp.	9,796	58%
	Chairman	Representative: Vincent Mao	316	2%
	Director & General Manager	Representative: Ju-Hung Chen	25	-
	Supervisors	Representative: Ruei-Siang Pan	40	-
		Shu-Fang Hsu	-	-
		Compal Electronics, Inc.	4,648	28%
	Director	Representative: Tsung-Pin Weng	186	1%
	Director	Representative: Cheng-Chiang Wang	-	-
	Supervisors	Chiu-Jui Wei	-	-
Sensortek Technology Corp.	Director	Sitronix Technology Corp.	22,530	46%
	Chairman&CEO	Representative: Vincent Mao	327	1%
	Director & General Manager	Representative: Sheng-Su Lee	174	-
	Director	Representative: Jhu-Yuan Yang	15	-
	Independent Director	Hua-Cheng Tseng	-	-
	Independent Director	Jen-Chi Lu	-	-
	Independent Director	Chun-I Hsu	-	-
	Independent Director	Shu-Chun Huang	-	-
	Director		-	-

Name of Affiliates	Title	Name or Representative	Shareholding	
			Number of Shares (thousand share)	Shareholding Ratio
Forcelead Technology Corp.	Chairman&CEO	Sitronix Technology Corp.	24,337	71%
	Director & General Manager	Representative: Vincent Mao	394	1%
	Director	Representative: Cheng-Lung Chiang	238	1%
	Director	Representative: Chun-Sheng Lin	49	-
	Supervisors	Representative: Meng-Huang Liu	56	-
	Supervisors	Shu-Fang Hsu	46	-
	Supervisors	Shu-Hui Cheng	-	-
Sitronix Investment Corp.	Chairman	Sitronix Technology Corp.	33,249	100%
	Director & General Manager	Representative: Vincent Mao	-	-
	Director	Representative: Min-Hui Chang	-	-
	Supervisors	Representative: Shu-Fang Hsu	-	-
	Supervisors	Representative: Ju-Hung Chen	-	-
Sync-Tech System Corp.	Chairman&CEO	Ju-Hung Chen	823	3%
	Director	Sitronix Technology Corp.	12,160	43%
	Director & General Manager	Representative: Vincent Mao	229	1%
	Director	Representative: Tsung-Jun Li	703	2%
	Director	Representative: Meng-Huang Liu	38	-
	Supervisors	Te-Chang Yao	-	-
	Supervisors	Shu-Fang Hsu	2	-
	Supervisors	Shu-Hui Cheng	-	-
Sitronix Holding International Ltd.	Director	Vincent Mao	-	-
Sitronix Technology (Shenzhen) Co., Ltd.	Director	Sitronix Technology Corp. Representative: Chien-Yuan Chao	Capital contribution -	100% -
HeFei Sitronix Co., Ltd.	Director	Sitronix Technology Corp.	Capital contribution -	90% -
	Director& General Manager	Representative: Ju-Hung Chen	-	-
	Supervisor	Representative: Chien-Yuan Chao	-	-
	Director	Representative: Te-Yun Chou Shenzhen Qianhai Zhisheng Investment Co., Ltd. Representative: Chang-Kai Wang	- Capital contribution -	- 8% -
HeFei ezGreen Co., Ltd.	Director	Sitronix Technology Corp. Representative: Ying-Lun Mao	Capital contribution	100%
ezGreen Inc.	Director	Sitronix Technology Corp. Representative: Ying-Lun Mao	10,000	100%
HeFei Sitronix Technology Co., Ltd.	Director	Sitronix Technology Corp. Representative: Chien-Yuan Chao	Capital contribution -	100% -

2. Operations Overview of Affiliates

December 31, 2022

Unit: NT\$ thousand except earnings per share in NT\$

Name of Affiliates (Note1)	Paid-in Capital	Total Assets	Total Liabilities	Net Value	Net Revenue	Operating Profit (Loss)	Profit after Tax for the Current Period	Earnings Per Share (after Tax)
HeFei Sitronix Technology Co., Ltd.	130,680	159,900	31,600	128,300	-	(5,484)	(3,987)	-
Sitronix Technology (Shenzhen) Co., Ltd.	15,916	73,517	46,496	27,021	153,275	4,939	4,558	-
Sitronix Holding International Ltd.	173,570	204,268	-	204,268	-	-	5,134	0.86
mCore Technology Corp.	105,627	168,805	38,467	130,338	222,160	19,954	17,793	1.68
INFSitronix Technology Corp.	167,690	158,682	43,017	115,665	170,232	(22,630)	(20,788)	(1.24)
Sensortek Technology Corp.	489,126	5,685,729	1,216,084	4,469,645	4,025,559	891,485	842,773	17.23
Forcelead Technology Corp.	343,912	2,218,638	644,700	1,573,938	2,809,051	695,517	576,706	18.20
Sitronix Investment Corp.	332,491	225,412	1,329	224,083	-	(4,400)	(4,359)	(0.13)
Sync-Tech System Corp.	283,689	974,999	228,224	746,775	580,654	113,429	97,199	3.66
HeFei Sitronix Co., Ltd.	114,990	514,024	52,672	461,352	404,541	69,859	94,419	-
HeFei ezGreen Co., Ltd.	44,213	22,546	1,967	20,579	2,784	(7,785)	(7,562)	-
ezGreen Inc.	100,000	17,781	8,240	9,541	3,114	(28,192)	(28,193)	(2.82)

Note 1: If an affiliate is a foreign company, the related number of assets, liabilities and profit and loss are shown in NT dollars exchanged at the exchange rate on the reporting date.

(II) Consolidated Financial Statements Covering Affiliated Enterprises

Please refer to "IV Consolidated Financial Statements of the Most Recent Year with Independent Auditors' Report and Notes" in "Chapter VI Financial Conditions" for the consolidated financial statements of the affiliated enterprises and refer to the Declaration in the subsequent page.

(III) Affiliation Reports

Not applicable.

II. Any Private Placement of Securities Carried out by the Company During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report:

Unit: NT\$ thousand

Subsidiary name	Paid-in Capital	Source of Capital	Shareholding Ratio of the Company	Date of Acquisition or Disposal	Number of Shares and Amount Acquired (Note 1)	Number of Shares and Amount Disposed of (Note 2)	Returns on Investment (Note 3)	Number of Shares Held and Amount up to the Date of Publication of the Annual Report (Note 3)	Pledge	The Company's Endorsements/Guarantees to Subsidiary	The Company's Loaning of Funds to Subsidiary
Sensortek Technology Corp.	489,126	Private Capital	46.06%	1/12/2022	Number of shares 10,000 shares Amount 2,880	-	-	Number of shares 10,000 shares Amount 2,235	-	-	-
				1/13/2022	Number of shares 5,000 shares Amount 1,400	-	-	Number of shares 5,000 shares Amount 1,118	-	-	-
				2/7/2022	Number of shares 5,000 shares Amount 1,403	-	-	Number of shares 5,000 shares Amount 1,118	-	-	-
				2/22/2022	Number of shares 5,000 shares Amount 1,460	-	-	Number of shares 5,000 shares Amount 1,118	-	-	-
				3/30/2022	Number of shares 5,000 shares Amount 1,465	-	-	Number of shares 5,000 shares Amount 1,118	-	-	-
				4/19/2022	Number of shares 5,000 shares Amount 1,380	-	-	Number of shares 5,000 shares Amount 1,118	-	-	-

Subsidiary name	Paid-in Capital	Source of Capital	Shareholding Ratio of the Company	Date of Acquisition or Disposal	Number of Shares and Amount Acquired (Note 1)	Number of Shares and Amount Disposed of (Note 2)	Returns on Investment (Note 3)	Number of Shares Held and Amount up to the Date of Publication of the Annual Report (Note 3)	Pledge	The Company's Endorsements/Guarantees to Subsidiary	The Company's Loaning of Funds to Subsidiary
Sensortek Technology Corp.	489,126	Private Capital	46.06%	4/22/2022	Number of shares 4,000 shares Amount 1,044	-	-	Number of shares 4,000 shares Amount 894	-	-	-
				4/25/2022	Number of shares 5,000 shares Amount 1,290	-	-	Number of shares 5,000 shares Amount 1,118	-	-	-
				4/27/2022	Number of shares 5,000 shares Amount 1,210	-	-	Number of shares 5,000 shares Amount 1,118	-	-	-
				5/16/2022	Number of shares 5,000 shares Amount 1,230	-	-	Number of shares 5,000 shares Amount 1,118	-	-	-
				5/23/2022	Number of shares 5,000 shares Amount 1,212	-	-	Number of shares 5,000 shares Amount 1,118	-	-	-
				5/24/2022	Number of shares 5,000 shares Amount 1,185	-	-	Number of shares 5,000 shares Amount 1,118	-	-	-
				6/22/2022	Number of shares 5,000 shares Amount 1,050	-	-	Number of shares 5,000 shares Amount 1,118	-	-	-

Subsidiary name	Paid-in Capital	Source of Capital	Shareholding Ratio of the Company	Date of Acquisition or Disposal	Number of Shares and Amount Acquired (Note 1)	Number of Shares and Amount Disposed of (Note 2)	Returns on Investment (Note 3)	Number of Shares Held and Amount up to the Date of Publication of the Annual Report (Note 3)	Pledge	The Company's Endorsements/Guarantees to Subsidiary	The Company's Loaning of Funds to Subsidiary
Sensortek Technology Corp.	489,126	Private Capital	46.06%	7/4/2022	Number of shares 10,000 shares Amount 1,880	-	-	Number of shares 10,000 shares Amount 2,235	-	-	-
				7/7/2022	Number of shares 5,000 shares Amount 925	-	-	Number of shares 5,000 shares Amount 1,118	-	-	-
				7/8/2022	Number of shares 5,000 shares Amount 925	-	-	Number of shares 5,000 shares Amount 1,118	-	-	-
				7/12/2022	Number of shares 15,000 shares Amount 2,610	-	-	Number of shares 15,000 shares Amount 3,353	-	-	-
				7/13/2022	Number of shares 5,000 shares Amount 850	-	-	Number of shares 5,000 shares Amount 1,118	-	-	-
				7/15/2022	Number of shares 10,000 shares Amount 1,420	-	-	Number of shares 10,000 shares Amount 2,235	-	-	-
				7/19/2022	Number of shares 20,000 shares Amount 2,940	-	-	Number of shares 20,000 shares Amount 4,470	-	-	-

Subsidiary name	Paid-in Capital	Source of Capital	Shareholding Ratio of the Company	Date of Acquisition or Disposal	Number of Shares and Amount Acquired (Note 1)	Number of Shares and Amount Disposed of (Note 2)	Returns on Investment (Note 3)	Number of Shares Held and Amount up to the Date of Publication of the Annual Report (Note 3)	Pledge	The Company's Endorsements/Guarantees to Subsidiary	The Company's Loaning of Funds to Subsidiary
Sensortek Technology Corp.	489,126	Private Capital	46.06%	7/26/2022	Number of shares 30,000 shares Amount 4,770	-	-	Number of shares 30,000 shares Amount 6,705	-	-	-
				7/28/2022	Number of shares 10,000 shares Amount 1,600	-	-	Number of shares 10,000 shares Amount 2,235	-	-	-
				8/3/2022	Number of shares 20,000 shares Amount 3,160	-	-	Number of shares 20,000 shares Amount 4,470	-	-	-
				8/17/2022	Number of shares 10,000 shares Amount 1,720	-	-	Number of shares 10,000 shares Amount 2,235	-	-	-
				9/26/2022	Number of shares 10,000 shares Amount 1,550	-	-	Number of shares 10,000 shares Amount 2,235	-	-	-
				10/13/2022	Number of shares 10,000 shares Amount 1,580	-	-	Number of shares 10,000 shares Amount 2,235	-	-	-
				10/26/2022	Number of shares 10,000 shares Amount 1,670	-	-	Number of shares 10,000 shares Amount 2,235	-	-	-

Subsidiary name	Paid-in Capital	Source of Capital	Shareholding Ratio of the Company	Date of Acquisition or Disposal	Number of Shares and Amount Acquired (Note 1)	Number of Shares and Amount Disposed of (Note 2)	Returns on Investment (Note 3)	Number of Shares Held and Amount up to the Date of Publication of the Annual Report (Note 3)	Pledge	The Company's Endorsements/Guarantees to Subsidiary	The Company's Loaning of Funds to Subsidiary
Sensortek Technology Corp.	489,126	Private Capital	46.06%	10/31/2022	Number of shares 10,000 shares Amount 1,650	-	-	Number of shares 10,000 shares Amount 2,235	-	-	-
				11/25/2022	Number of shares 10,000 shares Amount 1,880	-	-	Number of shares 10,000 shares Amount 2,235	-	-	-
				12/6/2022	Number of shares 10,000 shares Amount 1,850	-	-	Number of shares 10,000 shares Amount 2,235	-	-	-
				12/13/2022	Number of shares 5,000 shares Amount 890	-	-	Number of shares 5,000 shares Amount 1,118	-	-	-
				12/21/2022	Number of shares 1,000 shares Amount 172	-	-	Number of shares 1,000 shares Amount 224	-	-	-
				12/26/2022	Number of shares 2,000 shares Amount 344	-	-	Number of shares 2,000 shares Amount 447	-	-	-
				The current fiscal year up to the date of publication of the annual report	Number of shares 277,000 shares Amount 52,595	-	-	Number of shares 606,000 shares Amount 135,441 (Note 4)	-	-	-

Note 1: "Amount" refers to the amount actually acquired or disposed of.

Note 2: The shareholding and disposing of shall be presented separately.

Note 3: Returns on investment refer to unrealized gains and losses as evaluated in accordance with IFRS9.

Note 4: The number of shares includes the number of shares purchased in the previous year.

IV. Other Matters that Require Additional Description: None.

V. Matters that Materially Affect Shareholders' Equity or the Price of the Company's Securities Specified in Article 36, Paragraph 3, Item 2 of Securities and Exchange Act, Occurred during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of affiliates of Sitronix Technology Corporation for the year ended December 31, 2022 under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are all the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, the relevant information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Sitronix Technology Corporation

By

Vincent Mao
Chairman

March 16, 2023

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	%
CURRENT ASSETS					CURRENT LIABILITIES				
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)	<u>153,855</u>	<u>1</u>	<u>96,301</u>	<u>1</u>
Other current assets (Notes 4, 17 and 30)	<u>9,941</u>	<u>-</u>	<u>10,886</u>	<u>-</u>	Total current liabilities	<u>4,696,956</u>	<u>24</u>	<u>6,978,570</u>	<u>31</u>
Total current assets	<u>14,945,438</u>	<u>75</u>	<u>18,086,920</u>	<u>80</u>	NON-CURRENT LIABILITIES				
NON-CURRENT ASSETS					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)	<u>362,810</u>	<u>2</u>	<u>326,757</u>	<u>1</u>
Property, plant and equipment (Notes 4 and 13)	1,801,838	9	1,460,550	6	Total non-current liabilities	<u>493,511</u>	<u>2</u>	<u>497,140</u>	<u>2</u>
Right-of-use assets (Notes 4 and 14)	129,164	1	163,826	1	Total liabilities	<u>5,190,467</u>	<u>26</u>	<u>7,475,710</u>	<u>33</u>
Investment properties (Notes 4 and 15)	730,506	4	673,098	3	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Notes 4, 21, 26 and 27)				
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	<u>1,201,369</u>	<u>6</u>	<u>1,201,369</u>	<u>5</u>
Other non-current assets (Notes 4, 17, 30 and 33)	<u>847,020</u>	<u>4</u>	<u>1,080,388</u>	<u>5</u>	Capital surplus	<u>1,690,740</u>	<u>8</u>	<u>1,610,911</u>	<u>7</u>
Total non-current assets	<u>5,010,901</u>	<u>25</u>	<u>4,585,857</u>	<u>20</u>	Retained earnings				
					Legal reserve	1,801,820	9	1,200,307	5
					Special reserve	105,464	-	180,223	1
					Unappropriated earnings	<u>6,961,331</u>	<u>35</u>	<u>7,699,611</u>	<u>34</u>
					Total retained earnings	<u>8,868,615</u>	<u>44</u>	<u>9,080,141</u>	<u>40</u>
					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	<u>(290,948)</u>	<u>(1)</u>	<u>(91,377)</u>	<u>-</u>
					Total other equity	<u>(281,762)</u>	<u>(1)</u>	<u>(105,463)</u>	<u>-</u>
					Treasury shares	<u>(56,009)</u>	<u>-</u>	<u>(31,783)</u>	<u>-</u>
					Total equity attributable to owners of the Company	11,422,953	57	11,755,175	52
					NON-CONTROLLING INTERESTS (Notes 12, 21 and 27)	<u>3,342,919</u>	<u>17</u>	<u>3,441,892</u>	<u>15</u>
					Total equity	<u>14,765,872</u>	<u>74</u>	<u>15,197,067</u>	<u>67</u>
TOTAL	<u>\$ 19,956,339</u>	<u>100</u>	<u>\$ 22,672,777</u>	<u>100</u>	TOTAL	<u>\$ 19,956,339</u>	<u>100</u>	<u>\$ 22,672,777</u>	<u>100</u>

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	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(177,014)	(1)	93,840	-

(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	%
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
CASH FLOWS FROM OPERATING ACTIVITIES		
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	1,523,246	8,421,531

(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
CASH FLOWS FROM INVESTING ACTIVITIES		
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
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>
CASH FLOWS FROM FINANCING ACTIVITIES		
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>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>159,294</u>	<u>(40,527)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(2,268,791)</u>	<u>2,343,967</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,930,508</u>	<u>5,586,541</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 5,661,717</u>	<u>\$ 7,930,508</u>

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

(Concluded)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sitronix Technology Corporation (the “Company”) was incorporated in Taipei City, Taiwan (ROC) in July 1992 and commenced operations in the same year. The principal place of business is located in Tai Yuen Hi-Tech Industrial Park, Hsinchu County. The Company operates principally as a designer, manufacturer and supplier of integrated circuits (ICs) and memory chips and focuses on display driver ICs (DDIs) for entry-level mobile phones, industrial displays and automotive systems.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since December 25, 2003.

In order to improve the Company’s overall operating performance and increase market competitiveness, the Company reorganized the Group’s structure, carried out a professional division of labor and coordinated the allocation of the Group’s resources. On March 18, 2021, according to the Business Mergers And Acquisitions Act and the Company Act, the Company’s board of directors resolved to spin off the automotive business division to the Company’s subsidiary, Forcelead Technology Corp., which issued new ordinary shares as consideration for the transfer. The spin-off completion date is June 1, 2021.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on March 16, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group shall recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and the Group shall recognize the cumulative effect of initial application in retained earnings at that date. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

1) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification

of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

See Note 12 and Tables 8 and 9 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and

losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and the entities in the Group (including subsidiaries and associates or those that use currencies different from the currency of the Company) are translated into the presentation currency - the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

Inventories consist of raw materials, work in progress, finished goods and merchandise, and are stated at the lower of cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Property, plant, and equipment

Property, plant and equipment are initially stated at cost and subsequently stated at cost less recognized accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Investment properties of the Group's depreciation is recognized using the straight-line method.

Depreciation is recognized using the straight-line method.

Investment properties is transferred to property, plant and equipment at the carrying amount on the day when the supply for self-use begins.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

a) Measurement category

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, investments in debt instruments at FVTOCI and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets measured at FVTPL include financial assets mandatorily measured or designated as at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, accounts receivable, other receivables measured at amortized cost, time deposits with original maturities of over 3 months, pledged fixed deposits, and refundable deposits) and are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

A credit-impaired financial asset is one where the issuer or debtor has experienced significant financial difficulties, defaults, the debtor is likely to file for bankruptcy or other financial reorganization, or the active market for the financial asset has disappeared due to financial difficulties.

Cash equivalents include short-term investments or time deposits with original maturities of three months or less, which are highly liquid, readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends are recognized in profit and loss when the Group's right to receive the dividends is established, unless they clearly represent a recovery of part of the cost of the investment, in which case, they are included in OCI.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss

allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Group are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all financial liabilities are measured at amortized cost using the effective interest method.

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading as at FVTPL.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss.

Fair value is determined in the manner described in Note 30.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including cross currency swaps and foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

l. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Sale of goods

Revenue from the sale of goods comes from sales of integrated circuits. Sales of integrated circuits are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Rendering of services

Service income is recognized when services are provided.

m. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contain a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying the recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in the lease terms, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss (accounted for as other income) in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

n. Borrowing costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Government grants

Government grants are recognized only when it is reasonably certain that the Group will comply with the conditions attached to the government grant and that the grant will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities are recognized as employee benefit expenses in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in non-controlling interests. The expense is recognized in full at the grant date if the grants are vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to non-controlling interests and capital surplus - employee share options.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, research and development expenditures and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Write-down of inventories

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value was based on current market conditions and the historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Bank deposits	\$ 4,307,822	\$ 5,406,834
Cash on hand	291	246
Cash equivalents	<u>1,353,604</u>	<u>2,523,428</u>
	<u>\$ 5,661,717</u>	<u>\$ 7,930,508</u>

The market rate intervals of bank deposits and cash equivalents at the end of the reporting period were as follows:

	December 31	
	2022	2021
Bank deposits	0.001%-4.20%	0.001%-1.80%
Cash equivalents	0.58%-4.20%	0.25%-2.50%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets at FVTPL - current</u>		
Mandatorily measured at FVTPL		
Derivative financial assets		
Foreign exchange forward contracts	\$ 49,170	\$ 26,044
Credit linked notes - linked with Convertible bonds	22,774	143,929
Equity linked notes	15,355	-
Non-derivative financial assets		
Domestic mutual fund investments	190,223	478,632
Convertible bonds	104,835	85,696
Exchangeable bonds	40,080	-
Domestic listed shares	<u>2,197</u>	<u>2,836</u>
	<u>\$ 424,634</u>	<u>\$ 737,137</u>

(Continued)

	December 31	
	2022	2021
<u>Financial assets at FVTPL - non-current</u>		
Mandatorily measured at FVTPL		
Derivative financial assets		
Credit linked notes - linked with Convertible bonds	\$ 400,431	\$ 150,285
Non-derivative financial assets		
Limited partnership	<u>34,768</u>	<u>18,067</u>
	<u>\$ 435,199</u>	<u>\$ 168,352</u>

Financial liabilities at FVTPL - current

Mandatorily measured at FVTPL		
Derivative financial liabilities		
Foreign exchange forward contracts	\$ 37,725	\$ 1,228
		(Concluded)

At the end of the reporting period, outstanding foreign exchange forward contracts and foreign exchange swaps not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2022</u>			
Sell forward exchange contracts	USD/NTD	2023.01.17-2023.09.26	US\$44,000/NT\$1,322,023
Buy forward exchange contracts	NTD/USD	2023.01.13-2023.09.28	NT\$1,310,577/US\$44,000

December 31, 2021

Sell forward exchange contracts	USD/NTD	2022.01.20-2022.12.21	US\$52,000/NT\$1,441,886
Buy forward exchange contracts	NTD/USD	2022.01.18-2022.12.19	NT\$1,444,750/US\$53,000

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
<u>Current</u>		
Investments in equity instruments at FVTOCI	\$ 474,029	\$ 723,885
Investments in debt instruments at FVTOCI	<u>90,177</u>	<u>-</u>
	<u>\$ 564,206</u>	<u>\$ 723,885</u>
		(Continued)

	December 31	
	2022	2021
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	\$ 640,322	\$ 790,532
Investments in debt instruments at FVTOCI	<u>309,780</u>	<u>159,525</u>
	<u>\$ 950,102</u>	<u>\$ 950,057</u>
		(Concluded)

a. Investments in equity instruments at FVTOCI

	December 31	
	2022	2021
<u>Current</u>		
Domestic investments		
Listed shares (1) and (2)	\$ 474,029	\$ 683,740
Foreign investments		
Listed shares (3)	<u>-</u>	<u>40,145</u>
	<u>\$ 474,029</u>	<u>\$ 723,885</u>
<u>Non-current</u>		
Domestic investments		
Unlisted equity investments (1) and (5)	\$ 193,708	\$ 213,829
Foreign investments		
Unlisted equity investments (1)	<u>446,614</u>	<u>576,703</u>
	<u>\$ 640,322</u>	<u>\$ 790,532</u>

- 1) These investments in equity instruments are not held for trading. Instead, they are held for strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for purposes.
- 2) In 2022 and 2021, the Group acquired the ordinary shares of domestic listed companies at \$10,035 thousand and \$129,348 thousand for strategic investment purposes. The management designated these investments as at FVTOCI.
- 3) In order to manage credit concentration risk, the Group sold its ordinary shares and preferred shares of domestic and foreign listed companies in 2022 in the amounts of \$248,086 thousand; and transferred a gain of \$20,624 thousand from other equity to retained earnings.
- 4) During 2022 and 2021, the Group purchased domestic unlisted equity investments at \$15,000 thousand and \$160,000 thousand, respectively, for strategic investment purposes. The management designated the investment as at FVTOCI, and prepaid \$60,000 thousand for the investment on December 31, 2020.

- 5) Dividends of \$43,728 thousand and \$28,225 thousand were recognized for the years ended December 31, 2022 and 2021, respectively. Those related to investments held on December 31, 2022 and 2021 were \$38,479 thousand and \$28,225 thousand, respectively.

b. Investments in debt instruments at FVTOCI

	December 31	
	2022	2021
<u>Current</u>		
Foreign corporate bonds	\$ 90,177	\$ -
<u>Non-current</u>		
Foreign corporate bonds	\$ 309,780	\$ 159,525

In 2020, the Group purchased foreign corporate bonds for US\$5,822 thousand with a coupon rate of 3.375%-5.65%.

In 2022, the Group purchased foreign corporate bonds for US\$8,012 thousand with a coupon rate of 2.75%-4.125%.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months (a)	\$ 1,659,100	\$ 3,257,000
Pledged fixed deposits (b)	757,789	721,720
	<u>\$ 2,416,889</u>	<u>\$ 3,978,720</u>
<u>Non-current</u>		
Foreign investments		
Foreign corporate bonds (c)	\$ 30,983	\$ 28,019

- a. The interest rates for time deposits with original maturities of more than 3 months ranged from 0.27%-1.60% and 0.10%-0.80% per annum as of December 31, 2022 and 2021, respectively.
- b. Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.
- c. In August 2016, the Group purchased the priority unsecured US dollar debt issued by Formosa Group (Cayman) Limited at US\$1,028 thousand, with an expiry date of April 22, 2025 and the coupon rate of 3.375%.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2022	2021
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 79	\$ -
Less: Allowance for impairment loss	-	-
	<u>\$ 79</u>	<u>\$ -</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,247,779	\$ 1,975,184
Less: Allowance for impairment loss	<u>(21,338)</u>	<u>(23,789)</u>
	<u>\$ 1,226,441</u>	<u>\$ 1,951,395</u>
<u>Other receivables</u>		
Income tax refund receivable	\$ 73,876	\$ 67,133
Interest receivables	13,449	11,709
Others	<u>11,512</u>	<u>12,057</u>
	<u>\$ 98,837</u>	<u>\$ 90,899</u>

The credit period of sales of goods was 5-135 days. No interest was charged on trade receivables. The Group adopted a policy of obtaining advance payment or sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own historical trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Group annually.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix:

December 31, 2022

	Not Past Due	Up to 60 Days	61 to 90 Days	Over 90 Days	Total
Gross carrying amount	\$ 1,241,830	\$ 1,313	\$ 2	\$ 4,634	\$ 1,247,779
Loss allowance (Lifetime ECLs)	<u>(15,389)</u>	<u>(1,313)</u>	<u>(2)</u>	<u>(4,634)</u>	<u>(21,338)</u>
Amortized cost	<u>\$ 1,226,441</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,226,441</u>

December 31, 2021

	Not Past Due	Up to 60 Days	61 to 90 Days	Over 90 Days	Total
Gross carrying amount	\$ 1,959,680	\$ 4,878	\$ 4,259	\$ 6,367	\$ 1,975,184
Loss allowance (Lifetime ECLs)	<u>(15,995)</u>	<u>(155)</u>	<u>(1,272)</u>	<u>(6,367)</u>	<u>(23,789)</u>
Amortized cost	<u>\$ 1,943,685</u>	<u>\$ 4,723</u>	<u>\$ 2,987</u>	<u>\$ -</u>	<u>\$ 1,951,395</u>

The movements of the loss allowance of trade receivables were as follows:

	2022	2021
Balance at January 1	\$ 23,789	\$ 22,943
Add: Net remeasurement of loss allowance (a)	-	849
Less: Net remeasurement of loss allowance (a)	(1,004)	-
Less: Amounts written off (b)	(1,458)	-
Change in exchange rates or others	<u>11</u>	<u>(3)</u>
Balance at December 31	<u>\$ 21,338</u>	<u>\$ 23,789</u>

- a. Compared with January 1, 2022, the total carrying amount of trade receivables as of December 31, 2021 decreased by a net amount of \$727,405 thousand, and the loss allowance decreased by \$2,451 thousand; the total carrying amount of trade receivables as of December 31, 2020 increased by a net amount of \$578,824 thousand, and the loss allowance increased by \$846 thousand, which was due to changes in accounts receivable of different risk groups.
- b. The Group wrote off trade receivables of \$1,458 thousand and the related loss allowance of \$1,458 thousand due to the liquidation of one customer, in the years ended 2022.

11. INVENTORIES

	December 31	
	2022	2021
Finished goods	\$ 1,452,658	\$ 1,057,090
Work in progress	2,356,694	1,137,427
Raw materials	585,369	250,686
Merchandise	<u>4,622</u>	<u>5,365</u>
	<u>\$ 4,399,343</u>	<u>\$ 2,450,568</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was \$9,773,803 thousand and \$9,904,534 thousand, respectively.

The cost of goods sold included inventory write-downs of \$285,708 thousand and \$59,881 thousand for the years ended December 31, 2022 and 2021, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	Proportion of Ownership (%)	
			December 31	
			2022	2021
Sitronix Technology Corporation	Sitronix Investment Corp.	Investment	100.00	100.00
	Sensortek Technology Corp.	R&D, design and sales of sensor integrated circuit products	46.06	46.06
	INFSitronix Technology Corp.	Comprehensive line of Power supervisor IC design	58.42	58.42
	mCore Technology Corp.	Providing solutions for consumer display and voice/audio related applications.	90.73	90.73
	Forcelead Technology Corp.	R&D and sale of multi-functional integrated automotive display driver ICs	70.76	83.48
	Sync-Tech System Corp.	Design, manufacturing and maintenance of semiconductor consumables and testing equipment	42.86	45.73
	Sitronix Holding International Ltd. (Holding Ltd.)	Investment	100.00	100.00
	HeFei ezGreen Co., Ltd.	Design, sales and technical services of Supplier management software development	100.00	100.00
	HeFei Sitronix Co., Ltd.	R&D, design, sales and technical services of integrated circuits and system hardware and software	90.00	90.00
	ezGreen Inc.	Software design and electronic information supply services	100.00	100.00
	Sitronix Technology (Shenzhen) Co., Ltd.	Computer software and hardware development, sales and after-sales service business and related technical consulting services	100.00	100.00
	HeFei Sitronix Technology Co., Ltd.	R&D, sale and provision of after-sales services and related technical consultancy services of integrated circuits and system hardware and software	100.00	100.00
	Sitronix Investment Corp.	Sensortek Technology Corp.	-	-
		INFSitronix Technology Corp.	-	-

As of December 31, 2022, and 2021, the Group's shareholding ratio of Sensortek Technology Corp. were both 46.06%. Since Sensortek Technology Corp. is a TPEX listed company in the Republic of China, the remaining 53.94% of the shares held are widely dispersed. After considering the absolute number, relative size and distribution of shareholding held by the other shareholders, the Group was judged to have the substantive ability to dominate the relevant activities of Sensortek Technology Corp., therefore, it is classified as a subsidiary.

As of December 31, 2022, and 2021, the Group's shareholding ratio of Sync-Tech System Corp. were 42.86% and 45.73%, respectively, and was the largest single shareholder of the latter. After considering the absolute number, relative size and distribution of shareholding held by the other shareholders, the Group was judged to have the substantive ability to dominate the relevant activities of Sync-Tech System Corp., therefore, it is classified as a subsidiary.

The Group invested CNY30,000 thousand to establish HeFei Sitronix Technology Co., Ltd. on October 18, 2021, with a shareholding ratio of 100.00%.

Refer to Note 27 for the acquisitions and disposals of investments in subsidiaries.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
		December 31	
		2022	2021
Sensortek Technology Corp.	Taiwan	53.94%	53.94%
INFSitronix Technology Corp.	Taiwan	41.58%	41.58%
Forcelead Technology Corp.	Taiwan	29.24%	16.52%
Sync-Tech System Corp.	Taiwan	57.14%	54.27%

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
	For the Year Ended December 31		December 31	
	2022	2021	2022	2021
Sensortek Technology Corp.	\$ 446,984	\$ 896,039	\$ 2,352,651	\$ 2,725,019
INFSitronix Technology Corp.	(8,643)	11,769	48,092	56,735
Forcelead Technology Corp.	117,109	46,089	460,157	276,184
Sync-Tech System Corp.	53,997	93,137	423,804	334,584
Others	<u>11,091</u>	<u>20,224</u>	<u>58,215</u>	<u>49,370</u>
Total	<u>\$ 620,538</u>	<u>\$ 1,067,258</u>	<u>\$ 3,342,919</u>	<u>\$ 3,441,892</u>

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations:

	December 31	
	2022	2021
Current assets	\$ 6,994,769	\$ 9,235,863
Non-current assets	2,106,299	1,861,252
Current liabilities	(1,921,690)	(3,227,258)
Non-current liabilities	<u>(273,354)</u>	<u>(280,842)</u>
Equity	<u>\$ 6,906,024</u>	<u>\$ 7,589,015</u>
Equity attributable to:		
Owners of the Company	\$ 3,621,320	\$ 4,196,493
Non-controlling interests of subsidiaries	<u>3,284,704</u>	<u>3,392,522</u>
	<u>\$ 6,906,024</u>	<u>\$ 7,589,015</u>

	For the Year Ended December 31	
	2022	2021
Revenue	\$ 7,585,496	\$ 10,360,906
Profit for the year	\$ 1,495,891	\$ 2,984,846
Other comprehensive income for the year	<u>(63,617)</u>	<u>48,831</u>
Total comprehensive income for the year	\$ <u>1,432,274</u>	\$ <u>3,033,677</u>
Profit attributable to:		
Owners of the Company	\$ 873,122	\$ 1,936,746
Non-controlling interests of the subsidiaries	<u>608,753</u>	<u>1,046,441</u>
	\$ <u>1,481,875</u>	\$ <u>2,983,187</u>
Total comprehensive income attributable to:		
Owners of the Company	\$ 866,969	\$ 1,943,928
Non-controlling interests of the subsidiaries	<u>601,599</u>	<u>1,054,959</u>
	\$ <u>1,468,568</u>	\$ <u>2,998,887</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 839,890	\$ 2,944,248
Investing activities	589,982	(2,234,645)
Financing activities	(2,564,292)	(1,012,193)
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	<u>48,793</u>	<u>(14,579)</u>
Net cash outflow	\$ <u>(1,085,627)</u>	\$ <u>(317,169)</u>
Dividends paid to non-controlling interests	\$ <u>963,363</u>	\$ <u>599,302</u>

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Test Equipment	Office Equipment	Property Under Construction	Total
<u>Cost</u>							
Balance at January 1, 2021	\$ 132,476	\$ 508,020	\$ 174,070	\$ 876,448	\$ 11,995	\$ 133,308	\$ 1,836,317
Additions	136,686	433,599	70,291	171,434	17,298	-	829,308
Disposals	-	(7,583)	(10,505)	(23,753)	(1,077)	-	(42,918)
Reclassification	-	5,308	-	-	-	(133,308)	(128,000)
Effect of foreign currency exchange differences	-	(111)	(16)	(149)	(28)	-	(304)
Balance at December 31, 2021	\$ <u>269,162</u>	\$ <u>939,233</u>	\$ <u>233,840</u>	\$ <u>1,023,980</u>	\$ <u>28,188</u>	\$ <u>-</u>	\$ <u>2,494,403</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2021	\$ -	\$ 171,092	\$ 94,334	\$ 537,190	\$ 11,167	\$ -	\$ 813,783
Additions	-	22,617	32,428	203,318	2,033	-	260,396
Disposals	-	(7,175)	(8,181)	(23,753)	(1,077)	-	(40,186)
Effect of foreign currency exchange differences	-	(50)	(7)	(57)	(26)	-	(140)
Balance at December 31, 2021	\$ <u>-</u>	\$ <u>186,484</u>	\$ <u>118,574</u>	\$ <u>716,698</u>	\$ <u>12,097</u>	\$ <u>-</u>	\$ <u>1,033,853</u>
Carrying amount at December 31, 2021	\$ <u>269,162</u>	\$ <u>752,749</u>	\$ <u>115,266</u>	\$ <u>307,282</u>	\$ <u>16,091</u>	\$ <u>-</u>	\$ <u>1,460,550</u>

(Continued)

	Freehold Land	Buildings	Machinery Equipment	Test Equipment	Office Equipment	Property Under Construction	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 269,162	\$ 939,233	\$ 233,840	\$ 1,023,980	\$ 28,188	\$ -	\$ 2,494,403
Additions	29,561	39,169	54,339	299,883	2,692	211,301	636,945
Disposals	-	(2,378)	(3,547)	(418,989)	(127)	-	(425,041)
Effect of foreign currency exchange differences	-	1,105	29	425	78	(666)	971
Balance at December 31, 2022	<u>\$ 298,723</u>	<u>\$ 977,129</u>	<u>\$ 284,661</u>	<u>\$ 905,299</u>	<u>\$ 30,831</u>	<u>\$ 210,635</u>	<u>\$ 2,707,278</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ 186,484	\$ 118,574	\$ 716,698	\$ 12,097	\$ -	\$ 1,033,853
Additions	-	31,796	38,661	221,467	3,827	-	295,751
Disposals	-	(2,378)	(3,119)	(418,906)	(120)	-	(424,523)
Effect of foreign currency exchange differences	-	116	20	184	39	-	359
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 216,018</u>	<u>\$ 154,136</u>	<u>\$ 519,443</u>	<u>\$ 15,843</u>	<u>\$ -</u>	<u>\$ 905,440</u>
Carrying amount at December 31, 2022	<u>\$ 298,723</u>	<u>\$ 761,111</u>	<u>\$ 130,525</u>	<u>\$ 385,856</u>	<u>\$ 14,988</u>	<u>\$ 210,635</u>	<u>\$ 1,801,838</u>

(Concluded)

The Group's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	40-51 years
Renovation construction / Lease improvement	3-15 years
Machinery equipment	3-6 years
Test equipment	1-6 years
Office equipment	3-6 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Carrying amount</u>		
Buildings	\$ 122,161	\$ 154,556
Office equipment	6,666	8,836
Machinery equipment	<u>337</u>	<u>434</u>
	<u>\$ 129,164</u>	<u>\$ 163,826</u>
<u>For the Year Ended December 31</u>		
	<u>2022</u>	<u>2021</u>
Additions to right-of-use assets	<u>\$ 20,998</u>	<u>\$ 137,985</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 43,295	\$ 43,032
Office equipment	6,109	5,606
Machinery equipment	<u>96</u>	<u>48</u>
	<u>\$ 49,500</u>	<u>\$ 48,686</u>

Except for the addition and recognition of depreciation expenses listed above, there was no significant sublease or impairment of the Group's right-of-use assets in 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	\$ 45,301	\$ 44,125
Non-current	\$ 87,613	\$ 121,400

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings	1.250%-4.750%	1.250%-4.750%
Office equipment	1.250%-1.920%	1.250%-1.895%
Machinery equipment	1.250%	1.250%

c. Material lease activities and terms

The Group leases certain buildings for the use of plants and offices, rental cars, and machinery equipment with lease terms between 2-6 years. The Group does not have bargain purchase or renewal options to acquire or renew the leases when they expire.

Due to the impact of the COVID-19 on the market economy in 2020, the Group's lessor in China agreed to unconditionally reduce the rental amount of the Group's lease of office space from February 1, 2020 to April 30, 2021 and May 1, 2022 to November 30, 2022. The Group recognized the impact of the aforementioned rent reduction of \$847 and \$105 thousand in 2022 and 2021, respectively (accounted for as other income).

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 15.

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	\$ 1,904	\$ 1,874
Expenses relating to low-value asset leases	\$ 156	\$ 50
Total cash outflow for leases	\$ 52,419	\$ 47,657

The Group's leases of certain parking spaces qualify as short-term leases and leases of machinery qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 80,060	\$ 201,883	\$ 281,943
Additions	130,588	178,269	308,857
Transferred from properties, plant and equipment	<u>-</u>	<u>128,000</u>	<u>128,000</u>
Balance at December 31, 2021	<u>\$ 210,648</u>	<u>\$ 508,152</u>	<u>\$ 718,800</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ -	\$ 35,604	\$ 35,604
Depreciation expense	<u>-</u>	<u>10,098</u>	<u>10,098</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 45,702</u>	<u>\$ 45,702</u>
Carrying amount at December 31, 2021	<u>\$ 210,648</u>	<u>\$ 462,450</u>	<u>\$ 673,098</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 210,648	\$ 508,152	\$ 718,800
Additions	<u>34,618</u>	<u>33,378</u>	<u>67,996</u>
Balance at December 31, 2022	<u>\$ 245,266</u>	<u>\$ 541,530</u>	<u>\$ 786,796</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 45,702	\$ 45,702
Depreciation expense	<u>-</u>	<u>10,588</u>	<u>10,588</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 56,290</u>	<u>\$ 56,290</u>
Carrying amount at December 31, 2022	<u>\$ 245,266</u>	<u>\$ 485,240</u>	<u>\$ 730,506</u>

Except for Sync-Tech System Corp. has not leased the investment properties, the above-mentioned investment properties were leased out for 1 to 5 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The future minimum lease payments of operating lease commitments in 2022 and 2021 were as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Year 1	\$ 17,095	\$ 13,288
Year 1-5	<u>23,600</u>	<u>8,910</u>
	<u>\$ 40,695</u>	<u>\$ 22,198</u>

Investment properties are depreciated using the straight-line method over their estimated useful lives of 50-51 years.

The determination of fair values of the Group's investment properties was performed by independent qualified professional vaulters of the China Real Estate Appraising Firm using Level 3 inputs. The evaluation is based on the cost method and the weighted average of the income method and the market comparison method. The significant unobservable input used include the discount rate. The management of the Group considered that there was no significant impact to the fair value on December 31, 2022 compared with the amount of December 31, 2021.

	December 31	
	2022	2021
Fair value	<u>\$ 904,343</u>	<u>\$ 822,144</u>

All of the Group's investment properties were held under freehold interests.

16. INTANGIBLE ASSETS

	Royalty	Computer Software	Specialized Technology	Total
<u>Cost</u>				
Balance at January 1, 2021	\$ 126,932	\$ 103,137	\$ -	\$ 230,069
Additions	9,287	37,095	-	46,382
Disposals	-	(1,452)	-	(1,452)
Effect of foreign currency exchange differences	<u>-</u>	<u>(16)</u>	<u>-</u>	<u>(16)</u>
Balance at December 31, 2021	<u>\$ 136,219</u>	<u>\$ 138,764</u>	<u>\$ -</u>	<u>\$ 274,983</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2021	\$ 107,227	\$ 79,076	\$ -	\$ 186,303
Amortization expenses	16,033	25,530	-	41,563
Disposals	-	(1,452)	-	(1,452)
Effect of foreign currency exchange differences	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>(5)</u>
Balance at December 31, 2021	<u>\$ 123,260</u>	<u>\$ 103,149</u>	<u>\$ -</u>	<u>\$ 226,409</u>
Carrying amount at December 31, 2021	<u>\$ 12,959</u>	<u>\$ 35,615</u>	<u>\$ -</u>	<u>\$ 48,574</u>
<u>Cost</u>				
Balance at January 1, 2022	\$ 136,219	\$ 138,764	\$ -	\$ 274,983
Additions	7,139	68,844	500	76,483
Disposals	(2,447)	(5,745)	-	(8,192)
Effect of foreign currency exchange differences	<u>-</u>	<u>(71)</u>	<u>-</u>	<u>(71)</u>
Balance at December 31, 2022	<u>\$ 140,911</u>	<u>\$ 201,792</u>	<u>\$ 500</u>	<u>\$ 343,203</u>

(Continued)

	Royalty	Computer Software	Specialized Technology	Total
<u>Accumulated amortization</u>				
Balance at January 1, 2022	\$ 123,260	\$ 103,149	\$ -	\$ 226,409
Amortization expenses	11,543	36,619	21	48,183
Disposals	(2,447)	(5,745)	-	(8,192)
Effect of foreign currency exchange differences	-	(95)	-	(95)
Balance at December 31, 2022	<u>\$ 132,356</u>	<u>\$ 133,928</u>	<u>\$ 21</u>	<u>\$ 266,305</u>
Carrying amount at December 31, 2022	<u>\$ 8,555</u>	<u>\$ 67,864</u>	<u>\$ 479</u>	<u>\$ 76,898</u> (Concluded)

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Royalty	2-8 years
Computer software	2-10 years
Specialized technology	2 years

17. OTHER ASSETS

	<u>December 31</u>	
	2022	2021
<u>Other current assets</u>		
Provisional payments	\$ 3,143	\$ 6,081
Others	<u>6,798</u>	<u>4,805</u>
	<u>\$ 9,941</u>	<u>\$ 10,886</u>
<u>Prepayments</u>		
Prepayment for purchase (a)	\$ 8,291	\$ 8,172
Input tax and offset against business tax	50,796	119,204
Prepayments	34,085	48,384
Prepaid probe cards	42,245	30,546
Others	<u>6,465</u>	<u>5,901</u>
	<u>\$ 141,882</u>	<u>\$ 212,207</u>
<u>Other non-current assets</u>		
Refundable deposits (b)	\$ 651,206	\$ 644,679
Repayments for purchase (a)	179,402	419,185
Prepayments for equipment	<u>16,412</u>	<u>16,524</u>
	<u>\$ 847,020</u>	<u>\$ 1,080,388</u>

- a. The Group has signed long-term purchase agreements with fabs, and the prepayment has been made in advance according to the agreements, please refer to Note 33 for the details.

- b. Please refer to Note 33 for details of the contract terms related to the long-term capacity guarantee agreements.

18. SHORT-TERM BORROWINGS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Short-term unsecured borrowings</u>		
Bank loans	\$ 18,119	\$ 55,360

The range of weighted average effective interest rates on bank loans was 4.97% and 0.58% as of December 31, 2022 and 2021, respectively.

19. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 1,464,877	\$ 1,428,733
Payables for equipment	51,691	64,055
Payables for research	40,588	36,259
Others	<u>296,336</u>	<u>303,485</u>
	<u>\$ 1,853,492</u>	<u>\$ 1,832,532</u>
Other liabilities		
Contract liabilities	\$ 135,268	\$ 75,623
Temporary receipts	5,967	11,182
Others	<u>12,620</u>	<u>9,496</u>
	<u>\$ 153,855</u>	<u>\$ 96,301</u>

20. RETIREMENT BENEFIT PLANS

- a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

- b. Defined benefit plans

The defined benefit plan adopted by the Group in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the

pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Group has no right to influence the investment policy and strategy.

The amounts based on the actuarial report of the Group’s defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 94,582	\$ 94,994
Fair value of the plan assets	<u>(63,191)</u>	<u>(56,717)</u>
Net defined benefit liabilities	<u>\$ 31,391</u>	<u>\$ 38,277</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	<u>\$ 98,281</u>	<u>\$ (53,404)</u>	<u>\$ 44,877</u>
Net interest expense (income)	<u>292</u>	<u>(162)</u>	<u>130</u>
Recognized in profit or loss	<u>292</u>	<u>(162)</u>	<u>130</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(779)	(779)
Actuarial loss - change in demographic assumptions	471	-	471
Actuarial gain - change in financial assumptions	(4,092)	-	(4,092)
Actuarial loss - experience adjustments	<u>42</u>	<u>-</u>	<u>42</u>
Recognized in other comprehensive income	<u>(3,579)</u>	<u>(779)</u>	<u>(4,358)</u>
Contributions from the employer	<u>-</u>	<u>(2,372)</u>	<u>(2,372)</u>
Balance at December 31, 2021	<u>94,994</u>	<u>(56,717)</u>	<u>38,277</u>
Service cost			
Gain on settlements	(626)	-	(626)
Net interest expense (income)	<u>660</u>	<u>(401)</u>	<u>259</u>
Recognized in profit or loss	<u>34</u>	<u>(401)</u>	<u>(367)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,312)	(4,312)
Actuarial loss - change in demographic assumptions	42	-	42
Actuarial gain - change in financial assumptions	(5,770)	-	(5,770)
Actuarial loss - experience adjustments	<u>7,975</u>	<u>-</u>	<u>7,975</u>
Recognized in other comprehensive income	<u>2,247</u>	<u>(4,312)</u>	<u>(2,065)</u>
Contributions from the employer	<u>-</u>	<u>(2,603)</u>	<u>(2,603)</u>
Benefit payments	<u>(2,693)</u>	<u>842</u>	<u>(1,851)</u>
Balance at December 31, 2022	<u>\$ 94,582</u>	<u>\$ (63,191)</u>	<u>\$ 31,391</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2022	2021
Selling and marketing expenses	\$ 26	\$ 15
General and administrative expenses	56	32
Research and development expenses	<u>(449)</u>	<u>83</u>
	<u>\$ (367)</u>	<u>\$ 130</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rate	1.30%	0.70%
Expected rate of salary increase	4.00%	4.00%

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2022	2021
Discount rate		
0.25% increase	\$ (2,253)	\$ (2,470)
0.25% decrease	\$ 2,333	\$ 2,564
Expected rate of salary increase/decrease		
0.25% increase	\$ 2,266	\$ 2,475
0.25% decrease	\$ (2,200)	\$ (2,399)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
Expected contributions to the plan for the next year	<u>\$ 2,607</u>	<u>\$ 2,391</u>
Average duration of the defined benefit obligation	9 years	10 years

21. EQUITY

a. Share capital

	December 31	
	2022	2021
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>
Share capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>120,137</u>	<u>120,137</u>
Shares issued	<u>\$ 1,201,369</u>	<u>\$ 1,201,369</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

The authorized shares include 20,000 thousand shares reserved for the exercise of employee stock options.

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 401,995	\$ 401,995
Conversion of bonds	335,041	335,041
Treasury share transactions	8,114	1,658
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interests in subsidiaries (2)	<u>945,590</u>	<u>872,217</u>
	<u>\$ 1,690,740</u>	<u>\$ 1,610,911</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set in the Company's Articles of Incorporation (the "Articles"), the board of directors is authorized to adopt a special resolution to distribute all or part of the dividends and bonuses in cash, and a report of such distribution should be submitted in the latest shareholders' meeting.

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be distributed in the following order:

- 1) Utilized for paying taxes.
- 2) Offsetting losses of previous years.
- 3) Setting aside as a legal reserve of 10% of the remaining profit (legal reserve that has reached the company's paid-in capital is not subject to this condition).
- 4) Setting aside or reversing a special reserve in accordance with the laws and regulations.
- 5) Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 23(h).

The distribution of dividends to shareholders of the Company can be made in cash or shares, but the proportion of cash dividends distributed should not be less than 10% of the total dividends distributed. The dividends policy is dependent on the Company's current and future investment environment, capital needs, domestic and international competition and capital budget, etc., taking into account the interests of shareholders, balance of dividends and long-term financial planning of the Company, the board of directors plans to distribute the case to the shareholders' meeting.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 and 2020 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 601,513	\$ 117,719
(Reversals) appropriations of special reserve	\$ (74,759)	\$ 102,697
Cash dividends	\$ 3,844,380	\$ 901,026
Cash dividends per share (NT\$)	\$ 32	\$ 7.5

The above appropriations for cash dividends were resolved by the Company's board of directors on March 17, 2022 and March 18, 2021, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on June 23, 2022 and July 27, 2021, respectively.

The appropriation of earnings for 2022 had been proposed by the Company's board of directors on March 16, 2023. The appropriation and dividends per share were as follows:

	2022
Legal reserve	\$ 363,285
Special reserve	\$ 182,761
Cash dividends	\$ 2,643,011
Cash dividends per share (NT\$)	\$ 22

The aforementioned distribution of cash dividends has been resolved by the board of directors, and the rest has yet to be resolved at the shareholders' meeting to be held on June 21, 2023.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 180,223	\$ 77,526
(Reversals) appropriations of special reserve		
Debits to other equity items	<u>(74,759)</u>	<u>102,697</u>
Balance at December 31	<u>\$ 105,464</u>	<u>\$ 180,223</u>

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ (14,086)	\$ (10,444)
Exchange differences on translating the financial statements of foreign operations	<u>23,272</u>	<u>(3,642)</u>
Balance at December 31	<u>\$ 9,186</u>	<u>\$ (14,086)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ (91,377)	\$ (169,780)
Recognized for the year		
Unrealized loss - debt instruments	(10,592)	(542)
Unrealized (loss) gain - equity instruments	(168,355)	83,961
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>(20,624)</u>	<u>(5,016)</u>
Balance at December 31	<u>\$ (290,948)</u>	<u>\$ (91,377)</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 3,441,892	\$ 2,637,939
Share attributable to non-controlling interests:		
Share in profit for the year	620,538	1,067,258
Exchange difference on translating the financial statements of foreign operations	498	(87)
Financial assets at FVTOCI	(7,154)	8,518
The Company's shares held by its subsidiaries treated as treasury shares	(28,369)	(26,821)
Cash dividends distributed by subsidiaries	(966,108)	(601,317)
Changes in non-controlling interests in the current period (Note 27)	<u>281,622</u>	<u>356,402</u>
Balance at December 31	<u>\$ 3,342,919</u>	<u>\$ 3,441,892</u>

g. Treasury shares

Purpose of Buy-Back	Shares Held by Subsidiary
Number of shares at January 1, 2022	329,000
Increase during the year	<u>277,000</u>
Number of shares at December 31, 2022	<u>606,000</u>
Number of shares at January 1, 2021	138,000
Increase during the year	<u>191,000</u>
Number of shares at December 31, 2021	<u>329,000</u>

The Company's shares held by its subsidiary at the end of the reporting period were as follows:

Name of Subsidiary	Number of Shares Held	Carrying Amount	Market Price
<u>December 31, 2022</u>			
Sensortek Technology Corp.	606,000	\$ 107,565	\$ 107,565
<u>December 31, 2021</u>			
Sensortek Technology Corp.	329,000	\$ 105,280	\$ 105,280

The Company's shares held by its subsidiary are treated as treasury shares.

22. REVENUE

a. Disaggregation of revenue

	For the Year Ended December 31	
	2022	2021
<u>Product</u>		
Integrated circuits	\$ 17,520,329	\$ 21,609,644
Others	<u>507,498</u>	<u>646,026</u>
	<u>\$ 18,027,827</u>	<u>\$ 22,255,670</u>
<u>Primary geographical markets</u>		
Hong Kong	\$ 14,708,794	\$ 19,217,111
Taiwan	1,001,199	1,395,909
Vietnam	999,340	714,887
China	539,207	428,136
Others	<u>779,287</u>	<u>499,627</u>
	<u>\$ 18,027,827</u>	<u>\$ 22,255,670</u>

The basis of calculation of the Group's revenue segregated by geographical location is mainly based on the location the goods were shipped as designated by the customers.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivables and trade receivables (Note 10)	\$ 1,259,785	\$ 1,951,395	\$ 1,373,417
Trade receivables from related parties (Note 31)	<u>1,469</u>	<u>715</u>	<u>872</u>
	<u>\$ 1,261,254</u>	<u>\$ 1,952,110</u>	<u>\$ 1,374,289</u>
Contract liabilities - current (Note 19)			
Sales of goods	<u>\$ 135,268</u>	<u>\$ 75,623</u>	<u>\$ 25,163</u>

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year is as follows:

	For the Year Ended December 31	
	2022	2021
<u>From contract liabilities at the start of the year</u>		
Sales of goods	<u>\$ 68,980</u>	<u>\$ 15,175</u>

Changes in contract liabilities are mainly due to the timing difference between the satisfaction of performance obligations and customer payment.

23. NET PROFIT

a. Other operating income and expense

	For the Year Ended December 31	
	2022	2021
Gain on sublease of right-of-use assets	\$ 1,157	\$ 1,104
Gain on modification of lease agreements	215	961
Gain (loss) gain on disposal of property, plant and equipment	<u>(33)</u>	<u>6,383</u>
	<u>\$ 1,339</u>	<u>\$ 8,448</u>

b. Interest income

	For the Year Ended December 31	
	2022	2021
Financial assets at amortized cost	\$ 78,275	\$ 42,415
Financial asset at FVTPL	8,530	2,687
Investments in debt instruments at FVTOCI	10,615	5,716
Others	<u>45</u>	<u>79</u>
	<u>\$ 97,465</u>	<u>\$ 50,897</u>

c. Other income

	For the Year Ended December 31	
	2022	2021
Dividend income	\$ 43,858	\$ 28,225
Rental income	24,583	13,299
Government grants	22,540	5,365
Others	<u>24,353</u>	<u>14,075</u>
	<u>\$ 115,334</u>	<u>\$ 60,964</u>

d. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net foreign exchange gains (losses)	\$ 173,022	\$ (13,122)
Gain (loss) on financial assets designated as at FVTPL	(7,349)	115,795
Loss on disposal of financial instruments	-	(1,797)
Depreciation of investment property	(10,588)	(10,098)
Other losses	<u>(11)</u>	<u>(641)</u>
	<u>\$ 155,074</u>	<u>\$ 90,137</u>

e. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on lease liabilities	\$ 3,149	\$ 3,354
Interest on loans	586	1,566
Other interest expenses	<u>184</u>	<u>203</u>
	<u>\$ 3,919</u>	<u>\$ 5,123</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 295,751	\$ 260,396
Investment properties	10,588	10,098
Right-of-use assets	49,500	48,686
Intangible assets	<u>48,183</u>	<u>41,563</u>
	<u>\$ 404,022</u>	<u>\$ 360,743</u>
An analysis of depreciation by function		
Operating expenses	\$ 269,262	\$ 244,632
Operating costs	75,989	64,450
Depreciation of investment property	<u>10,588</u>	<u>10,098</u>
	<u>\$ 355,839</u>	<u>\$ 319,180</u>
An analysis of amortization by function		
Operating expenses	\$ 46,429	\$ 39,751
Operating costs	<u>1,754</u>	<u>1,812</u>
	<u>\$ 48,183</u>	<u>\$ 41,563</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits	\$ 2,835,920	\$ 3,674,150
Post-employment benefits		
Defined contribution plans	57,312	49,484
Defined benefit plans (Note 20)	(348)	153
Share-based payments		
Equity-settled	<u>70</u>	<u>8,605</u>
Total employee benefits expense	<u>\$ 2,892,954</u>	<u>\$ 3,732,392</u>
An analysis of employee benefits expense by function		
Operating expenses	\$ 2,623,892	\$ 3,452,200
Operating costs	<u>269,062</u>	<u>280,192</u>
	<u>\$ 2,892,954</u>	<u>\$ 3,732,392</u>

h. Employees' compensation and remuneration of directors

According to the articles of incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 25%, and rates of no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The employees' compensation and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 16, 2023 and March 17, 2022, respectively, are as follows:

Amount

	For the Year Ended December 31			
	2022		2021	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 317,180	\$ -	\$ 539,474	\$ -
Remuneration of directors	58,816	-	96,163	-

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate. There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	\$ 709,211	\$ 188,212
Foreign exchange losses	<u>(536,189)</u>	<u>(201,334)</u>
Net gains (losses)	<u>\$ 173,022</u>	<u>\$ (13,122)</u>

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 845,721	\$ 1,274,990
Income tax on unappropriated earnings	85,126	5,299
Adjustments for prior years	<u>(59,865)</u>	<u>(5,612)</u>
	870,982	1,274,677
Deferred tax		
In respect of the current year	<u>4,793</u>	<u>6,077</u>
Income tax expense recognized in profit or loss	<u>\$ 875,775</u>	<u>\$ 1,280,754</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax	<u>\$ 5,106,478</u>	<u>\$ 8,353,772</u>
Income tax expense calculated at the statutory rate	\$ 1,204,266	\$ 2,054,062
Deductible expenses in determining taxable income	(203,865)	(429,299)
Non-deductible expenses in determining taxable income	461	-
Income tax on unappropriated earnings	85,126	5,299
Impact of the temporary differences	93,942	(13,034)
Effects of investment credits	(243,468)	(319,223)
Unrecognized tax-deductible loss	(822)	(11,439)
Adjustments for prior years' tax	<u>(59,865)</u>	<u>(5,612)</u>
Income tax expense recognized in profit or loss	<u>\$ 875,775</u>	<u>\$ 1,280,754</u>

b. Current tax liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	<u>\$ 984,450</u>	<u>\$ 1,365,698</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences	<u>\$ 12,993</u>	<u>\$ (3,802)</u>	<u>\$ 9,191</u>
Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences	<u>\$ 10,706</u>	<u>\$ 991</u>	<u>\$ 11,697</u>

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences	<u>\$ 15,214</u>	<u>\$ (2,221)</u>	<u>\$ 12,993</u>
Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences	<u>\$ 6,850</u>	<u>\$ 3,856</u>	<u>\$ 10,706</u>

- d. Deductible temporary differences for which no deferred assets have been recognized in the consolidated balance sheets

	December 31	
	2022	2021
Deductible temporary differences	<u>\$ 415,545</u>	<u>\$ 198,167</u>

- e. Information on unrecognized deferred income tax liabilities associated with investments

As of December 31, 2022 and 2021, there were no recognized taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities were recognized.

- f. Income tax assessments

The Company's tax returns through 2020 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2022	2021
Basic earnings per share	<u>\$ 30.10</u>	<u>\$ 50.03</u>
Diluted earnings per share	<u>\$ 29.57</u>	<u>\$ 49.29</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Income for the Year

	For the Year Ended December 31	
	2022	2021
Net income for the year	<u>\$ 3,610,165</u>	<u>\$ 6,005,760</u>
Earnings used in the computation of basic earnings per share	\$ 3,610,165	\$ 6,005,760
Effect of potentially dilutive ordinary shares		
Employees' compensation	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 3,610,165</u>	<u>\$ 6,005,760</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares in computation of basic earnings per share	119,928	120,036
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>2,164</u>	<u>1,803</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>122,092</u>	<u>121,839</u>

The Company may settle compensation or bonuses paid to employees in cash or shares; therefore, the Company assumes the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the

computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. SHARE-BASED PAYMENT ARRANGEMENTS

- a. Issuance of shares from cash capital increase reserved for employees' subscription - INFSitronix Technology Corp.

The board of directors of INFSitronix Technology Corp. decided to increase the capital in cash on March 31, 2021, and reserved 600 thousand shares for employees' subscription. The grant date of the shares is April 20, 2021.

The Black-Scholes pricing model was used to calculate the fair value of the shares; the input values used in the option pricing model are as follows:

	April 2021
Measurement date share price (NT\$)	\$ 9.78
Exercise price (NT\$)	\$ 10.00
Expected volatility rate	34.07%
Option life	0.0083 years
Dividend yield	-
Risk-free interest rate	0.1241%
Fair value of stock options (NT\$)	\$ 0.0427

Compensation costs recognized that are related to the Group's issuance of shares from the cash capital increase reserved for employees' subscription amounted to \$25 thousand in the second quarter of 2021.

- b. Employee share option plan of Forcelead Technology Corp.

The board of directors of Forcelead Technology Corp. approved the issuance of 1,000 thousand and 3,000 thousand units of employee share option certificates on August 16, 2022 and November 2, 2021, respectively. Each unit of share option certificate can be exchanged for 1 ordinary share. The share option certificates can be issued all at once or split into several issues after the approval date of the board of directors, and the actual issuance date will be determined by the Chairman. Eligible employees are limited to full-time employees and those under certain requirements within Forcelead Technology Corp. and the employees of a controlling or controlled entity that meet certain terms. The holder of the share option certificates can exercise the options at any time after the date of issuance.

The information on employee share option is summarized as follows:

	2022-Year Share Option Plan		2021-Year Share Option Plan	
	Number of Shares (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Shares (In Thousands)	Weighted-average Exercise Price (NT\$)
Balance at January 1	-	\$ -	-	\$ -
Options granted	1,000	58.00	3,000	45.00
Options exercised	(1,000)	58.00	(3,000)	45.00
Options forfeited	-	-	-	-
Balance at December 31	-	-	-	-

Options granted from Forcelead Technology Corp. on August 16, 2022, and November 2, 2021 are priced using the Black-Scholes Pricing Model, and the inputs to the model are as follows:

	August 16, 2022	November 2, 2021
Grant date share price (NT\$)	\$ 54.83	\$ 46.92
Exercise price (NT\$)	\$ 58.00	\$ 45.00
Expected volatility rate	35.61%	47.28%
Option life	0.012 years	0.04 years
Dividend yield	-	-
Risk-free interest rate	0.73%	0.21%
Share options fair value (NT\$)	\$ 0.07	\$ 2.86

Compensation costs of the Group's employee share option plans were \$70 thousand and \$8,580 thousand of 2022 and 2021, respectively.

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On August 24, 2022, due to the Forcelead Technology Corp.'s employees execute options to issue new shares, the Group shareholding percentage decreased from 72.88% to 70.76%.

Due to the distribution of employees' compensation in the form of shares by Forcelead Technology Corp. on June 28, 2022, the Group's shareholding percentage decreased from 83.48% to 72.88%.

On December 6, 2021, due to the Forcelead Technology Corp.'s employees execute options to issue new shares, the Group's shareholding percentage decreased from 93.05% to 83.48%.

Due to the distribution of employees' compensation in the form of shares by Forcelead Technology Corp. on August 11, 2021, the Group's shareholding percentage decreased from 100% to 93.05%.

Due to the distribution of employees' compensation in the form of shares by Sync-Tech system Corp. on July 17, 2022, the Group's shareholding percentage decreased from 45.73% to 42.86%.

Due to the distribution of employees' compensation in the form of shares by Sync-Tech system Corp. on July 13, 2021, the Group's shareholding percentage decreased from 48.31% to 45.73%.

On January 31, 2021, the Group subscribed for additional new shares of Sync-Tech system Corp. at a percentage different from its existing ownership percentage, decreasing its continuing interest from 48.75% to 48.31%.

On April 27, 2021, the Group subscribed for additional new shares of INFSitronix Technology Corp. at a percentage different from its existing ownership percentage, decreasing its continuing interest from 63.99% to 58.42%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

2022

	Sync-Tech System Corp.	Forcelead Technology Corp.
Cash consideration received	\$ 1,729	\$ 58,000
Non-cash transaction	44,611	243,082
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	<u>(46,010)</u>	<u>(228,039)</u>
Differences recognized from equity transactions	<u>\$ 330</u>	<u>\$ 73,043</u>

Line items adjusted for equity transactions

Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ 330</u>	<u>\$ 73,043</u>
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2021

	Sync-Tech System Corp.	INFSitronix Technology Corp.	Forcelead Technology Corp.
Cash consideration received	\$ 79,387	\$ 30,946	\$ 136,555
Non-cash transaction	19,587	25	33,736
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	<u>(98,566)</u>	<u>(27,735)</u>	<u>(227,521)</u>
Differences recognized from equity transactions	<u>\$ 408</u>	<u>\$ 3,236</u>	<u>\$ (57,230)</u>

Line items adjusted for equity transactions

Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ 408</u>	<u>\$ 3,236</u>	<u>\$ (57,230)</u>
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28. CASH FLOW INFORMATION

a. Changes in liabilities arising from financing activities

2022

	Opening Balance	Cash Flows	Non-cash Changes				Closing Balance
			Foreign Exchange Movement	New Leases	Lease Modification	Others (Note)	
Shortterm borrowings	\$ 55,360	\$ (37,435)	\$ 194	\$ -	\$ -	\$ -	\$ 18,119
Lease liabilities	165,525	(50,359)	551	20,059	(6,011)	3,149	132,914
Guarantee deposits received	<u>316,468</u>	<u>(1,110)</u>	<u>37,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>352,371</u>
	<u>\$ 537,353</u>	<u>\$ (88,904)</u>	<u>\$ 37,758</u>	<u>\$ 20,059</u>	<u>\$ (6,011)</u>	<u>\$ 3,149</u>	<u>\$ 503,404</u>

2021

	Opening Balance	Cash Flows	Non-cash Changes				Closing Balance
			Foreign Exchange Movement	New Leases	Lease Modification	Others (Note)	
Short-term borrowings	\$ 267,776	\$ (212,470)	\$ 54	\$ -	\$ -	\$ -	\$ 55,360
Lease liabilities	82,173	(45,733)	(410)	135,177	(9,036)	3,354	165,525
Guarantee deposits received	<u>230,065</u>	<u>91,742</u>	<u>(5,339)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316,468</u>
	<u>\$ 580,014</u>	<u>\$ (166,461)</u>	<u>\$ (5,695)</u>	<u>\$ 135,177</u>	<u>\$ (9,036)</u>	<u>\$ 3,354</u>	<u>\$ 537,353</u>

Note: Others comprises with interest expense of lease liabilities.

29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements are relatively close to their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic corporate funds	\$ 190,223	\$ -	\$ -	\$ 190,223
Convertible bonds	104,835	-	-	104,835
Exchangeable bonds	40,080	-	-	40,080
Domestic listed shares	2,197	-	-	2,197
Limited partnership	-	-	34,768	34,768
Derivative instrument				
Credit linked notes - linked with convertible bonds	-	423,205	-	423,205
Foreign exchange forward contracts	-	49,170	-	49,170
Equity-linked notes	<u>-</u>	<u>15,355</u>	<u>-</u>	<u>15,355</u>
	<u>\$ 337,335</u>	<u>\$ 487,730</u>	<u>\$ 34,768</u>	<u>\$ 859,833</u>

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 474,029	\$ -	\$ -	\$ 474,029
Foreign listed shares	-	-	-	-
Domestic unlisted equity investments	-	-	193,708	193,708
Foreign unlisted equity investments	-	-	446,614	446,614
Investments in debt instruments at FVTOCI				
Foreign corporate bonds	<u>-</u>	<u>399,957</u>	<u>-</u>	<u>399,957</u>
	<u>\$ 474,029</u>	<u>\$ 399,957</u>	<u>\$ 640,322</u>	<u>\$ 1,514,308</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities at FVTPL</u>				
Derivative instruments				
Foreign exchange forward contracts	\$ -	\$ 37,725	\$ -	\$ 37,725 (Concluded)

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic corporate funds	\$ 478,632	\$ -	\$ -	\$ 478,632
Convertible bonds	85,696	-	-	85,696
Domestic listed shares	2,836	-	-	2,836
Limited partnership	-	-	18,067	18,067
Derivative instruments				
Credit linked notes - linked with convertible bonds	-	294,214	-	294,214
Foreign exchange forward contracts	-	26,044	-	26,044
	<u>\$ 567,164</u>	<u>\$ 320,258</u>	<u>\$ 18,067</u>	<u>\$ 905,489</u>

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 683,740	\$ -	\$ -	\$ 683,740
Foreign listed shares	40,145	-	-	40,145
Domestic unlisted equity investments	-	-	213,829	213,829
Foreign unlisted equity investments	-	-	576,703	576,703
Investments in debt instruments at FVTOCI				
Foreign corporate bonds	-	159,525	-	159,525
	<u>\$ 723,885</u>	<u>\$ 159,525</u>	<u>\$ 790,532</u>	<u>\$ 1,673,942</u>

Financial liabilities at FVTPL

Derivative instruments				
Foreign exchange forward contracts	\$ -	\$ 1,228	\$ -	\$ 1,228

There were no transfers between Level 1 and Level 2 in 2022 and 2021.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Convertible bonds	Based on the public market quotes provided by third-party agencies.
Credit linked notes - linked with Convertible bonds	Based on the public market quotation of convertible bond, the parameters of the repurchase, the coupon interest and the interest compensation are considered as the basis for fair value measurement.
Equity-linked notes	Based on the public market quotation of stock, the parameters of repurchase, the interest compensation are considered as the basis for fair value measurement.
Derivatives - foreign exchange forward contracts	Discounted cash flow method: Estimate the future cash flow at the end of the period by observing the forward exchange rate and the exchange rate and interest rate set by the contract, and have already discounted the discount rate of each counterparty's credit risk.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Domestic and foreign unlisted equity investments are evaluated by the net asset value method. The management of the Group evaluates the target of such equity investments with the active market quotation, and the net asset amount tends to the fair value of the equity investments.

Domestic unlisted equity investment and the domestic limited partnership is valued using the net asset value method. The management of the Group evaluates that the amount of the net assets of this investment is equivalent to its fair value. The evaluation covers the total value of the investment's individual assets and liabilities, which reflects the value of the entity or business.

4) Adjustment of financial instruments measured using Level 3 fair values

The Group's financial assets under level 3 fair value measurement are financial assets at FVTOCI equity instruments measured at fair value through other comprehensive income.

2022

	Financial assets at FVTPL	Financial assets at FVTOCI	Total
Balance at January 1	\$ 18,067	\$ 790,532	\$ 808,599
Additions	20,000	15,000	35,000
Recognized under profit or loss	(3,299)	-	(3,299)
Recognized under other comprehensive income	<u>-</u>	<u>(165,210)</u>	<u>(165,210)</u>
Balance at December 31	<u>\$ 34,768</u>	<u>\$ 640,322</u>	<u>\$ 675,090</u>

2021

	Financial assets at FVTPL	Financial assets at FVTOCI	Total
Balance at January 1	\$ -	\$ 553,404	\$ 553,404
Additions	12,500	160,000	172,500
Recognized under profit or loss	5,567	-	5,567
Recognized under other comprehensive income	-	77,128	77,128
Balance at December 31	<u>\$ 18,067</u>	<u>\$ 790,532</u>	<u>\$ 808,599</u>

c. Categories of financial instruments

	<u>December 31</u>	
	2022	2021
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 859,833	\$ 905,489
Financial assets at amortized cost (1)	10,097,562	14,635,821
Financial assets at FVTOCI		
Equity instruments	1,114,351	1,514,417
Debt instruments	399,957	159,525

Financial liabilities

Financial liabilities at FVTPL		
Held for trading	37,725	1,228
Financial liabilities at amortized cost (2)	3,222,220	4,696,087

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, time deposits with original maturities of more than 3 months, pledged fixed deposits, notes receivable and trade receivables (including receivables from related parties), other receivables, other current assets and refundable deposits.

2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes and trade payable, other payables (including other payables to related parties), other current liabilities and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on

a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

There has been no change in the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Group's operating activities are partially denominated in foreign currencies and thus have partial natural hedging effects.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to the USD, JPY and CNY.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e. the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in pre-tax profit and other equity associated with the New Taiwan dollar weakening (strengthening) 5% against the relevant currency.

	USD Impact		JPY Impact		CNY Impact	
	For the Year Ended		For the Year Ended		For the Year Ended	
	December 31		December 31		December 31	
	2022	2021	2022	2021	2022	2021
Profit or loss	\$ 56,794	\$ 68,000	\$ 683	\$ 246	\$ 9,096	\$ 4,698

b) Interest rate risk

The Group was exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 5,658,100	\$ 8,707,977
Financial liabilities	18,147	55,381
Cash flow interest rate risk		
Financial assets	2,841,123	3,387,803

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would increase/decrease by \$2,841 thousand and \$3,388 thousand, which was mainly attributable to the Group's exposure to interest rates on variable-rate net assets. The Group's pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would decrease/increase by \$400 thousand and \$160 thousand, respectively, which was mainly a result of the changes in the fair value of investments in fixed-rate debt instruments at FVTOCI.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities, convertible bonds, credit linked structured notes of listed companies and mutual fund investments. The Group does not actively trade these investments. The Group's equity price risk is mainly concentrated in equity instruments operating in the semiconductor industry, credit linked structured notes, finance and insurance industries, and exchange-traded funds quoted on the Taiwan Stock Exchange and the Taipei Exchange.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$38,795 thousand and \$43,069 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL. Pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$23,701 thousand and \$36,194 thousand, respectively, as a result of the changes in the fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

To mitigate credit risk, the management of the Group assigns a dedicated team responsible for credit line decisions, credit approvals and other monitoring procedures to ensure appropriate actions are taken for the collections of overdue receivables. In addition the Group reviews conditions on each collecting receivable to ensure the uncollectible amounts are provided with appropriate impairment losses. Accordingly, the management of the Group believes that the credit risk of the Group has been significantly reduced.

In addition, since the counterparties of liquidity and derivative financial instruments are banks with sound credit ratings, the credit risk is limited.

Apart from customers whose accounts receivable constitute more than 10% of the Group's total accounts receivable, the Group did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group's concentration of credit risk was 16% and 13% of total trade receivables as of December 31, 2022 and 2021, respectively. The credit risk is minimal because the customers which account for more than 10% of the Group's accounts receivable balance are creditworthy companies.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Group had available unutilized short-term bank loan facilities set out in (c) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 917,812	\$ 710,676	\$ 1,223,214	\$ -	\$ 2,851,702
Lease liabilities	4,140	8,137	35,289	89,558	137,124
Fixed interest rate liabilities	18,147	-	-	-	18,147

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 1,357,324	\$ 1,624,205	\$ 1,342,209	\$ 500	\$ 4,324,238
Lease liabilities	3,940	7,918	34,856	125,147	171,861
Fixed interest rate liabilities	55,381	-	-	-	55,381

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities were subject to change if changes in variable interest rates were to differ from those estimates of interest rates determined at the end of the reporting period.

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Foreign exchange forward and foreign exchange swaps contracts				
Inflows	\$ 526,353	\$ 693,678	\$ 1,453,231	\$ -
Outflows	<u>(524,836)</u>	<u>(690,702)</u>	<u>(1,446,279)</u>	<u>-</u>
	<u>\$ 1,517</u>	<u>\$ 2,976</u>	<u>\$ 6,952</u>	<u>\$ -</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Foreign exchange forward and foreign exchange swaps contracts				
Inflows	\$ 166,588	\$ 664,822	\$ 2,077,516	\$ -
Outflows	<u>(165,940)</u>	<u>(661,311)</u>	<u>(2,056,859)</u>	<u>-</u>
	<u>\$ 648</u>	<u>\$ 3,511</u>	<u>\$ 20,657</u>	<u>\$ -</u>

c) Financing facilities

	December 31	
	2022	2021
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 323,119	\$ 55,360
Amount unused	<u>6,602,121</u>	<u>5,470,760</u>
	<u>\$ 6,925,240</u>	<u>\$ 5,526,120</u>

The amount of used bank facilities includes a performance guarantee of \$305,000 thousand, which were guaranteed by the bank in respect of the Supplier purchase guarantee letter opened by the Group.

31. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, detail of transactions between the Group and related parties are disclosed below:

- a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Silicon Power Computer & Communications Inc. ezGlobal Corp.	Substantive related party Substantive related party

- b. Sales of goods

<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Substantive related party	\$ <u>3,084</u>	\$ <u>2,319</u>

The transactions for related parties were negotiated under the terms of general transactions and prices.

- c. Operating expenses

<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Substantive related party	\$ <u>986</u>	\$ <u>1,947</u>

The transaction in which the Group made payments of operating expenses to a related party was subject to a contractual agreement as there is no similar transaction for comparison.

- d. Receivables from related parties

<u>Related Party Category</u>	<u>Line Item</u>	<u>December 31</u>	
		<u>2022</u>	<u>2021</u>
Substantive related party	Trade receivables from related parties	\$ <u>1,469</u>	\$ <u>715</u>

The outstanding trade receivables from related parties were unsecured. No impairment losses were recognized for trade receivables from related parties as of December 31, 2022 and 2021.

- e. Prepayments

<u>Related Party Category</u>	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Substantive related party	\$ <u>258</u>	\$ <u>497</u>

- f. Payables to related parties

<u>Related Party Category</u>	<u>Line Item</u>	<u>December 31</u>	
		<u>2022</u>	<u>2021</u>
Substantive related party	Other payables to related parties	\$ <u>182</u>	\$ <u>210</u>

The outstanding trade payables to related parties are unsecured.

- g. Lease arrangement - the Group is lessor

Future lease receivables are as follows:

Related Party Category	December 31	
	2022	2021
Substantive related party	\$ <u>508</u>	\$ <u>508</u>

Lease income was as follows:

Related Party Category	For the Year Ended December 31	
	2022	2021
Substantive related party	\$ <u>2,036</u>	\$ <u>2,036</u>

The terms of transactions between the Group and its related parties for the collection of rent are based on the terms of contractual agreements as there were no similar transactions for comparison.

Related Party Category	For the Year Ended December 31	
	2022	2021
<u>Deposit interest</u>		
Substantive related party	\$ <u>3</u>	\$ <u>3</u>

- h. Guarantee deposits received

Related Party Category	December 31	
	2022	2021
Substantive related party	\$ <u>356</u>	\$ <u>356</u>

The guarantee deposits received are mainly generated from the rental deposits.

- i. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 260,418	\$ 290,760
Post-employment benefits	1,796	1,900
Share-based payments	<u>8</u>	<u>1,841</u>
	\$ <u>262,222</u>	\$ <u>294,501</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and the Group's profits.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the tariff of imported raw materials guarantees:

	December 31	
	2022	2021
Pledged deposits	\$ <u>757,789</u>	\$ <u>721,720</u>

Pledged deposits are classified as financial assets measured at amortized cost - current.

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to those disclosed in other notes, the significant commitments of the Group at the balance sheet date were as follows:

a. Long-term purchase agreements

The Group entered into long-term purchase agreements of materials with suppliers during 2021. Both parties agreed that during the contract period, the suppliers would deliver the materials to the Group in accordance with the agreements. The Group has paid the suppliers USD35,649 thousand as guarantee to ensure the supply of materials. The rights and obligations of both parties are based on the content of each agreement. During 2022, The Group evaluates that one of the obligation of long-term purchase agreement can't be fulfilled. Hence, the Company decided to write off some portion of prepayments of the purchase, the impairment loss was classified as operating costs. This estimation could be adjusted due to the market demand fluctuates in the future.

b. Long-term supply agreements

The Group entered into long-term supply agreements of products with clients from 2021 to December 31, 2022. Both parties agreed that during the contract period, the Group would deliver the products to clients in accordance with the agreements. The Group collected the amount of USD3,347 thousand as guarantee to the supply of products. The rights and obligations of both parties are based on the content of each agreement.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	December 31			
	2022		2021	
	Foreign Currency	Exchange Rate	Foreign Currency	Exchange Rate
<u>Financial assets</u>				
Monetary items				
USD	\$ 85,538	30.710	\$ 161,721	27.680
CNY	41,270	4.4080	21,629	4.344
JPY	90,498	0.2324	79,577	0.2405
Non-monetary items				
USD	22,770	30.710	26,373	27.680
<u>Financial liabilities</u>				
Monetary items				
USD	48,551	30.710	112,588	27.680
JPY	31,704	0.2324	59,156	0.2405

The Group is mainly exposed to the USD, CNY and JPY. The following information was aggregated by the functional currencies of the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2022		2021	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	\$ 172,140	1 (NTD:NTD)	\$ (12,422)
CNY	4.4080 (CNY:NTD)	<u>882</u>	4.344 (CNY:NTD)	<u>(700)</u>
		<u>\$ 173,022</u>		<u>\$ (13,122)</u>

35. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. information on investees:

- 1) Financing provided to others: Table 1 (attached)
- 2) Endorsements/guarantees provided: Table 2 (attached)
- 3) Marketable securities held (excluding investment in subsidiaries): Table 3 (attached)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 4 (attached)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 5 (attached)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 6 (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
- 9) Trading in derivative instruments: Note 7 and Note 31.
- 10) Intercompany relationships and significant intercompany transactions: Table 7 (attached)
- 11) Information on investees: Table 8 (attached)

c. Information on investments in mainland China: Table 9 and 10 (attached)

In the preparation of the consolidated financial statements, major transactions between parent and subsidiary companies and their balances have been fully eliminated.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None

36. SEGMENT INFORMATION

a. Segment revenues, results and assets

The operating decision makers of the Group use the distribution of resources and the evaluation of segment performance to focus on the financial information of the Group as a whole, while individual companies have similar economic characteristics, and individual companies have used similar processes to produce similar products and sell them through the same sales method, so the Company and its subsidiaries are reported by the single operating department.

The Company and its subsidiaries provide the segment information reviewed by the operating decision maker on the same basis as the financial statements, and the profit and loss, assets and liabilities of the operating department are measured on the same basis as the combined financial Report preparation. Therefore, the segment income and operating results to be reported in 2022 and 2021 can be referenced by the combined consolidated income and loss Statement for 2022 and 2021.

Segment assets that should be reported can be found in the consolidated balance sheets for the years ended December 31, 2022 and 2021.

b. Revenue from major products and services

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment:

	For the Year Ended December 31	
	2022	2021
Integrated circuits	\$ 17,520,329	\$ 21,609,644
Others	<u>507,498</u>	<u>646,026</u>
Total	<u>\$ 18,027,827</u>	<u>\$ 22,255,670</u>

c. Geographical information

The Group's net operating revenue from external customers by location based on the location where the goods were shipped as designated by the customers and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2022	2021	2022	2021
Hong Kong	\$ 14,708,794	\$ 19,217,111	\$ -	\$ -
Taiwan	1,001,199	1,395,909	2,413,893	2,225,865
Vietnam	999,340	714,887	-	-
China	539,207	428,136	324,513	120,183
Others	<u>779,287</u>	<u>499,627</u>	<u>-</u>	<u>-</u>
	<u>\$ 18,027,827</u>	<u>\$ 22,255,670</u>	<u>\$ 2,738,406</u>	<u>\$ 2,346,048</u>

Non-current assets exclude financial instruments and other assets.

d. Information on major customers

Single customer contributed 10% or more to the Group's revenue is below:

Customer Name	For the Year Ended December 31, 2022		For the Year Ended December 31, 2021	
	Amount	As a percentage of net sales (%)	Amount	As a percentage of net sales (%)
A	\$ 1,819,027	10	Note	Note

Note: The amount of revenue did not reach 10% of the consolidated Company's net revenue.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
0	The Company	mCore Technology Corp.	Other receivables from related parties	Yes	\$ 100,000	\$ 100,000	\$ -	-	For financing	\$ -	Working capital	\$ -	-	\$ -	\$ 2,284,591	\$ 4,569,181
		INFSitronix Technology Corp.	Other receivables from related parties	Yes	100,000	100,000	10,000	1.9%-2.1%	For financing	-	Working capital	-	-	-	2,284,591	4,569,181

Note 1: The description is as follows

1. Lender is numbered as 0.
2. Investee is numbered sequentially from 1.

Note 2: According to the “Financing providing and operation management method”, the total amount and the available amount to any individual for lending are as follows:

1. The total amount for lending shall not exceed forty percent of SITRONIX’s net worth. However the total amount lendable to any subsidiary for short-term financing could upper to the total available amount of the company.
2. The total amount for lending to or lending from any directly or indirectly hold foreign subsidiaries with 100% ownership, shall not exceed 40% of the net worth of the lending company. The total amount for lending to any individual shall not exceed 50% of the total available amount.
3. Where funds are lent to a company or business with business relationships with the Company, the total amount for lending to any individual shall not exceed the amount of business transaction between the two parties. Amount of business transaction defines the highest amount of purchase or sales.
4. The total amount for lending to any individual shall not exceed 50% of the Company’s net worth for the company or firm that needs short-term financing.

TABLE 2

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	HeFei Sitronix Technology Co., Ltd.	Subsidiary	\$ 5,711,477	\$ 600,000	\$ 100,000	\$ -	\$ -	0.88	\$ 5,711,477	Yes	-	Yes
		mCore Technology Corp.	Subsidiary	5,711,477	100,000	100,000	11,661	-	0.88	5,711,477	Yes	-	-
		INFSitronix Technology Corp.	Subsidiary	5,711,477	100,000	100,000	4,607	-	0.88	5,711,477	Yes	-	-
		HeFei Sitronix Co., Ltd.	Subsidiary	5,711,477	400,000	400,000	159,692	-	3.50	5,711,477	Yes	-	Yes

Note 1: The description is as follows

- 1. Lender is numbered as 0.
- 2. Investee is numbered sequentially from 1.

Note 2: According to the “endorsement guarantee operation management measures” of Sitronix Technology Corp. The total amount of endorsement guarantee shall not exceed 50% of the net value in the latest year’s financial statements audited by CPA. The amount of endorsement guarantee for a single enterprise shall not exceed 25% of the net value of the latest year’s financial statements audited by CPA. However, the amount of endorsement guarantee for the company that directly and indirectly holds more than 50% of the voting shares of a company shall not exceed 50% of the net value of the latest year’s financial statements audited by CPA.

TABLE 3

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Bond</u>							
	FORCAY 3.375% 04/22/2025, USD bond	-	Financial assets at amortized cost - non - current	-	\$ 30,983	-	\$ 30,983	Note 2
	TSMC ARIZONA CORP 4.125% 04/22/29, USD bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	29,370	-	29,370	Note 1
	Savior Lifetec Corporation second Secured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	30,302	-	30,302	Note 1
	Chalease Holding Company Limited first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	9,810	-	9,810	Note 1
	Taishin Financial Holding Co, Ltd. first Unsecured Exchangeable Bond	-	Financial assets at fair value through profit or loss - current	-	20,040	-	20,040	Note 1
	Topco Technologies Corp. first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	20,600	-	20,600	Note 1
	<u>Derivatives</u>							
	3M USD FCN [TSM+GOOGL] 10.01% 03/30/2023	-	Financial assets at fair value through profit or loss - current	-	15,355	-	15,355	
	Taiwan Mask Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	40,165	-	40,165	Note 1
	Shin Kong Financial Holding Co., Ltd. fifth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	30,058	-	30,058	Note 1
	Ultra Chip Inc. second Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	29,968	-	29,968	Note 1
	Ennoconn Corporation third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	50,044	-	50,044	Note 1
	Taishin Financial Holding Co, Ltd. E1 Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	25,112	-	25,112	Note 1
	Wah Lee Industrail Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	20,062	-	20,062	Note 1
	<u>Fund</u>							
	KGI Taiwan Assets Fund	-	Financial assets at fair value through profit or loss - current	5,504	60,526	-	60,526	Note 1
	UPAMC CB Strategy fund	-	Financial assets at fair value through profit or loss - current	10,000	100,198	-	100,198	Note 1
	UPAMC Taiwan Smart Strategy fund	-	Financial assets at fair value through profit or loss - current	1,000	8,490	-	8,490	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Stock</u> Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	7	\$ 394	-	\$ 394	Note 1
	Silicon Power Computer & Communications Inc.	Substantive related party	Investments in equity instruments at fair value through other comprehensive income - current	4,199	91,742	-	91,742	Note 1
	Taishin Financial Holding Co., Ltd. Preferred Share E	-	Investments in equity instruments at fair value through other comprehensive income - current	29	1,496	-	1,496	Note 1
	Taishin Financial Holding Co., Ltd. Preferred Share E (2)	-	Investments in equity instruments at fair value through other comprehensive income - current	181	8,579	-	8,579	Note 1
	Kwong Lung Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	146	7,738	-	7,738	Note 1
	WPG Holdings Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	690	33,810	-	33,810	Note 1
	Chailease Holding Company Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	250	24,475	-	24,475	Note 1
	WT Microelectronics Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	1,000	47,750	-	47,750	Note 1
	Fubon Financial Holding Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	175	10,570	-	10,570	Note 1
	Cathay Financial Holding Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	131	7,415	-	7,415	Note 1
	Nan Ya Plastics Corporation	-	Investments in equity instruments at fair value through other comprehensive income - current	150	10,650	-	10,650	Note 1
	<u>Equity Investment</u> HANS GLOBAL SELECT FUND LIMITED	-	Investments in equity instruments at fair value through other comprehensive income - non-current	120	231,506	-	231,506	Note 3
	Fong Huang Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000	30,787	9	30,787	Note 3
	Fong Huang II Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000	29,865	7	29,865	Note 3
	Top Taiwan XIII Venture Capital Co.,Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	10,000	86,844	12	86,844	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Fong Huang IV Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	1,500	\$ 16,347	6	\$ 16,347	Note 3
Sitronix Investment Corp.	<u>Limited Partnership</u> CDIB-Innolux Limited Partnership	-	Financial assets at fair value through profit or loss - non-current	3,250	34,768	-	34,768	Note 3
	<u>Equity Investment</u> HANS GLOBAL SELECT FUND LIMITED	-	Investments in equity instruments at fair value through other comprehensive income - non-current	112	215,108	-	215,108	Note 3
Sensortek Technology Corp.	<u>Bond</u> CHLEAS 3.75% 10/22/2023 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - current	-	60,118	-	60,118	Note 1
	TSMC ARIZONA CORP 4.125% 04/22/29 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	29,370	-	29,370	Note 1
	China Huadian Corporation 3.375% perpetual USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	28,963	-	28,963	Note 1
	CITI 2.80% 06/15/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	28,775	-	28,775	Note 1
	HSBC 3.75% 05/24/2024USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	15,096	-	15,096	Note 1
	FORCAY 3.375% 04/22/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	14,636	-	14,636	Note 1
	Chailease Holding Company Limited first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	28,155	-	28,155	Note 1
	Taishin Financial Holding Co, Ltd. Limited first Unsecured Exchangeable Bond	-	Financial assets at fair value through profit or loss - current	-	20,040	-	20,040	Note 1
	Acbel Polytech Inc. first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	7,908	-	7,908	Note 1
	Elite Material Co., Ltd. fifth Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	4,910	-	4,910	Note 1
	MIC fourth Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	3,150	-	3,150	Note 1
	<u>Derivatives</u> Yeong Guan Energy Technology Group Co., Ltd. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	12,903	-	12,903	Note 1
	Anli International Co., Ltd first Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	9,871	-	9,871	Note 1
	Taishin Financial Holding Co, Ltd. E1 Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	35,112	-	35,112	Note 1
	Taiwan Mask Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	30,117	-	30,117	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Sensortek Technology Corp.	Shin Kong Financial Holding Co., Ltd. fifth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	\$ 30,057	-	\$ 30,057	Note 1
	Ennoconn Corporation third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	30,026	-	30,026	Note 1
	Ultra Chip, Inc. second Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	29,968	-	29,968	Note 1
	Wah Lee Industrial Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	20,063	-	20,063	Note 1
	Gloria Material Technology Corp. sixth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	10,061	-	10,061	Note 1
	RiTdisplay Corporation second Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	9,618	-	9,618	Note 1
	<u>Stock</u> WT Microelectronics Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	2,000	95,500	-	95,500	Note 1
	FuBon Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	800	48,320	-	48,320	Note 1
	Tai Shin Financial Holding Co., Ltd. Preferred Share E	-	Investments in equity instruments at fair value through other comprehensive income - current	609	31,424	-	31,424	Note 1
	Chailease Holding Company Limited Preferred Shares A	-	Investments in equity instruments at fair value through other comprehensive income - current	300	29,370	-	29,370	Note 1
	Powertech Technology Inc.	-	Investments in equity instruments at fair value through other comprehensive income - current	171	13,543	-	13,543	Note 1
	Taiwan Cement Corp.	-	Investments in equity instruments at fair value through other comprehensive income - current	69	2,337	-	2,337	Note 1
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	32	1,803	-	1,803	Note 1
	Sitronix Technology Corp.	The Parent Company	Investments in equity instruments at fair value through other comprehensive income - non-current	606	107,565	-	107,565	Note 1
Forcelead Technology Corp.	<u>Equity Investment</u> Fong Huang II Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000	29,865	7	29,865	Note 3
	<u>Fund</u> TAISHIN JU LONG Fund	-	Financial assets at fair value through profit or loss - current	1,747	21,009	-	21,009	Note 1
	<u>Stock</u> WPG Holdings Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	190	9,310	-	9,310	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Sitronix Holding International Ltd.	<u>Bond</u> AT&T INC 5.35% 11/01/66 (TBB) USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	\$ 16,169	-	\$ 16,169	Note 1
	China Huadian Corporation 3.375% perpetual USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	28,963	-	28,963	Note 1
	CITI 2.75% 04/08/2024 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	89,663	-	89,663	Note 1
	CITI 2.80% 06/15/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	28,775	-	28,775	Note 1
	Chailease Finance 3.75% 10/22/2023 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - current	-	30,059	-	30,059	Note 1

Note 1: Calculated based on the closing price on December 31, 2022.

Note 2: Listed based on book value.

Note 3: Calculated based on the net value on December 31, 2022.

Note 4: As of December 31, 2022, the above listed marketable securities were neither provided as guarantee nor pledged as collateral for loans.

Note 5: The number of shares/units are in thousands.

Note 6: The marketable securities listed in the table above refer to the securities, bonds, beneficiary certificates and securities that fall within the scope of IFRS 9 “Financial Instruments”.

(Concluded)

TABLE 4

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Beginning Balance		Acquisition		Disposal				Ending Balance	
			Number of Units(Note 1)	Amount	Number of Units(Note 1)	Amount	Number of Units(Note 1)	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Units(Note 1)	Amount
Sensortek Technology Corp.	<u>Fund</u> KGI Taiwan Assets Fund	Financial assets at fair value through profit or loss - current	20,009	\$ 235,848	-	\$ -	20,009	\$ 225,676	\$ 200,000	\$ 25,676	-	\$ -

Note 1: The number of units are in thousands.

TABLE 5

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

**ACQUISTION OF INDIVIDUAL REAL ESTATE AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Sync-Tech System Corp.	Land, buildings and investment properties	2022.3.17	\$ 129,113	Paid in all	Kaifeng International Real Estate Co.	-	-	-	-	-	Valuation report issued by China Real Estate Appraising Firm	Space requirements for future business expansion and operational considerations	None

TABLE 6

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer/ Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Sensortek Technology Corp.	Subsidiary	Purchase	\$ 1,411,260	21%	Net 60 days from shipping date	\$ -	-	\$ (168,438)	26%	-
Forcelead Technology Corp.	Sitronix Technology Corporation	Parent company	Sale	92,514	3%	45 days for the monthly balance	-	-	10,334	5%	-

TABLE 7**SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES****INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	The Company	Sensortek Technology Corp.	from the parent company to the subsidiary	Sales	\$ 57,789	-	-
				Purchases	1,411,260	-	8%
				Trade receivables	14,509	-	-
				Other receivable	4,852	-	-
				Trade payables	168,438	-	-
		Forcelead Technology Corp.	from the parent company to the subsidiary	Sales	63,343	-	-
				Purchases	92,514	-	-
				Rental income	5,085	-	-
				Other receivables	9,969	-	-
				Trade receivables	11,631	-	-
				Trade payables	10,334	-	-
				Guarantee deposits	20,100	-	-
		INFSitronix Technology Corp.	from the parent company to the subsidiary	Sales	13,493	-	-
				Other receivables	11,401	-	-
		mCore Technology Corp.	from the parent company to the subsidiary	Sales	21,537	-	-
				Purchases	2,115	-	-
				Rental income	2,214	-	-
				Trade receivables	6,156	-	-
		Sync-Tech System Corp.	from the parent company to the subsidiary	Sales	2,122	-	-
				Other receivables	3,501	-	-
				Other payables	21,527	-	-
		Sitronix Technology (Shenzhen) Co., Ltd.	from the parent company to the subsidiary	Rental income	7,240	-	-
				Manufacturing expenses	55,141	-	-
				Professional service fees	162,438	-	-
		HeFei Sitronix Co., Ltd.	from the parent company to the subsidiary	Sales	9,487	-	-
				Purchases	4,165	-	-
1	Forcelead Technology Corp.	Sync-Tech System Corp.	from the subsidiary to the subsidiary	Manufacturing expenses	28,392	-	-
1	mCore Technology Corp.	HeFei Sitronix Co., Ltd.	from the subsidiary to the subsidiary	Purchases	18,571	-	-

Note 1: The purchase transactions of the Company and its subsidiaries, their trading prices and collection conditions, are not significantly different from those of non-subsidiaries, and the rest of the transactions with the subsidiaries are calculated in accordance with the contractual agreements.

Note 2: The transaction of the Forcelead Technology Corp. and the Sync-Tech System Corp. is calculated according to mutual agreements.

Note 3: The purchase transactions of the mCore Technology Corp. and HeFei Sitronix Co., Ltd., their trading prices and collection conditions, are not significantly different from those of non-subsidiaries.

TABLE 8

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTEEES (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Foreign Currencies in Thousands)		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of (Loss) Profit
				December 31, 2022	December 31, 2021	Number of Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount		
The Company	Sitronix Investment Corp.	Taiwan	Investment	\$ 367,270	\$ 367,270	33,249	100.00	\$ 224,163	\$ (4,359)	\$ (4,359)
	Forcelead Technology Corp.	Taiwan	R&D and sale of multi-functional integrated automotive display driver ICs	717,634	717,634	24,337	70.76	1,112,835	576,706	459,597
	Sensortek Technology Corp.	Taiwan	R&D, design and sales of sensor integrated circuit products	113,318	113,318	22,530	46.06	1,964,628	842,773	381,734
	mCore Technology Corp.	Taiwan	Providing solutions for consumer display and voice/audio related applications.	131,074	131,074	9,583	90.73	118,911	17,793	16,143
	Sync-Tech System Corp.	Taiwan	Design, manufacturing and maintenance of semiconductor consumables and testing equipment	160,554	160,554	12,160	42.86	319,695	97,199	43,896
	INFSitronix Technology Corp.	Taiwan	Comprehensive line of Power supervisor IC design	193,559	193,559	9,796	58.42	68,082	(20,788)	(12,144)
	ezGreen Inc.	Taiwan	Software design and electronic information supply services	100,000	100,000	10,000	100.00	9,541	(28,193)	(28,193)
	Sitronix Holding International Ltd.	Samoa	Investment	184,260 (USD 6,000)	61,420 (USD 2,000)	6,000	100.00	204,268	5,134	5,134
Sitronix Investment Corp.	Sensortek Technology Corp.	Taiwan	R&D, design and sales of sensor integrated circuit products	10	10	2	-	210	842,773	39
	INFSitronix Technology Corp.	Taiwan	Comprehensive line of Power supervisor IC design	10	10	-	-	2	(20,788)	-

Note : Foreign currencies is converted into NTD using the exchange rates of the US dollar to NTD on December 31, 2022.

TABLE 9

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Foreign Currencies in Thousands)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Foreign Currencies in Thousands)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (Foreign Currencies in Thousands)	Net Income (Loss) of the Investee	% Ownership for Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward (Foreign Currencies in Thousands)	Inward						
Sitronix Technology (Shenzhen) Co., Ltd.	Computer software and hardware development, sales and after-sales service business and related technical consulting services	\$ 12,284 (USD 400)	Note 1	\$ 12,284 (USD 400)	\$ -	\$ -	\$ 12,284 (USD 400)	\$ 4,558	100%	\$ 4,558	\$ 27,022	\$ 10,237
HeFei ezGreen Co., Ltd.	Design, sales and technical services of Supplier management software development	44,080 (CNY 10,000)	Note 4	22,040 (CNY 5,000)	22,040 (CNY 5,000)	-	44,080 (CNY 10,000)	(7,562)	100%	(7,562)	20,579	-
HeFei Sitronix Co., Ltd.	R&D, design, sales and technical services of integrated circuits and system hardware and software	110,200 (CNY 25,000)	Note 5	99,180 (CNY 22,500)	-	-	99,180 (CNY 22,500)	94,419	90%	84,978	415,216	-
HeFei Sitronix Technology Co., Ltd.	R&D and sale of integrated circuits; R&D, service and sales of integrated circuits chip	132,240 (CNY 30,000)	Note 6	132,240 (CNY 30,000)	-	-	132,240 (CNY 30,000)	(3,987)	100%	(3,987)	128,300	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 (Foreign Currencies in Thousands)	Investment Amount Authorized by the Investment Commission, MOEA (Foreign Currencies in Thousands)	Upper Limit on the Amounts of Investment Stipulated by Investment Commission, MOEA
\$ 302,401 (US\$ 9,847)	\$ 715,881 (US\$ 23,311)	\$6,853,772

Note 1: Direct Investment, as of December 31, 2022, the total investment amount approved by the Investment Commission, MOEA, is US\$400 thousand, and the investment amount of US\$400 thousand has been remitted.

Note 2: Foreign currencies are converted into NTD using the exchange rates of the US dollar and CNY to NTD on December 31, 2022.

Note 3: According to the Investment Commission, MOEA, 60% of the net value of investments in mainland China is set.

Note 4: Direct Investment, as of December 31, 2022, the total investment amount approved by the Investment Commission, MOEA, is CNY10,000 thousand, and the investment amount of CNY10,000 thousand has been remitted.

Note 5: Direct Investment, as of December 31, 2022, the total investment amount approved by the Investment Commission, MOEA, is CNY45,000 thousand, and the investment amount of CNY22,500 thousand has been remitted.

Note 6: Direct Investment, as of December 31, 2022, the total investment amount approved by the Investment Commission, MOEA, is CNY90,000 thousand, and the investment amount of CNY30,000 thousand has been remitted.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Relationship	Transaction Type	Total Operating Expenses		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
The Company	Sitronix Technology (Shenzhen) Co., Ltd	From the parent company to the subsidiary	Professional service fees	\$ 162,438	8%	Calculated based on the contract	Calculated based on the contract	No related similar transactions to follow	\$ -	-	\$ -	-

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 lading from the shipping companies when those shipping companies pick up the goods, then the system would check the shipping-related information, to generate the sales details. The accounting officers would recognize sales revenue according to the sales details.

We have assessed that the customers of the Company whose revenue 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	%
CURRENT ASSETS					CURRENT LIABILITIES				
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 (Notes 4 and 29)	6,917	-	5,533	-					
Total current assets	7,571,824	52	8,583,706	53	Total current liabilities	2,931,361	20	4,110,676	26
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 29)	240,177	2	88,241	1	Deferred tax liabilities (Notes 4 and 24)	11,697	-	10,706	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 29)	424,719	3	476,394	3	Lease liabilities - non-current (Notes 4, 14, 27 and 29)	62,871	1	80,613	1
Financial assets at amortized cost - non-current (Notes 4, 9 and 29)	30,983	-	28,019	-	Net defined benefit liabilities - non-current (Notes 4 and 20)	31,391	-	38,277	-
Investment accounted for using the equity method (Notes 4, 12, 26 and 30)	4,613,240	31	5,043,853	31	Other non-current liabilities (Notes 27, 29, 30 and 32)	147,758	1	75,075	-
Property, plant and equipment (Notes 4, 13 and 30)	450,432	3	390,531	3	Total non-current liabilities	253,717	2	204,671	1
Right-of-use assets (Notes 4 and 14)	87,435	1	104,192	1	Total liabilities	3,185,078	22	4,315,347	27
Investment properties (Notes 4 and 15)	452,069	3	459,928	3	EQUITY (Notes 4, 21 and 26)				
Intangible assets (Notes 4 and 16)	38,282	-	21,520	-	Share capital				
Deferred tax assets - non-current (Notes 4 and 24)	9,191	-	12,993	-	Ordinary shares	1,201,369	8	1,201,369	7
Other non-current assets (Notes 4, 17, 29 and 32)	689,679	5	861,145	5	Capital surplus	1,690,740	11	1,610,911	10
Total non-current assets	7,036,207	48	7,486,816	47	Retained earnings				
					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
					Total retained earnings	8,868,615	61	9,080,141	57
					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)
					Total other equity	(281,762)	(2)	(105,463)	(1)
					Treasury shares	(56,009)	-	(31,783)	-
					Total equity	11,422,953	78	11,755,175	73
TOTAL	\$ 14,608,031	100	\$ 16,070,522	100	TOTAL	\$ 14,608,031	100	\$ 16,070,522	100

The accompanying notes are an integral part of the parent company only 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 and 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>
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	-

(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	%
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
CASH FLOWS FROM OPERATING ACTIVITIES		
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	614,936	5,358,297
CASH FLOWS FROM INVESTING ACTIVITIES		
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	-	6,543
Net cash generated from (used in) investing activities	<u>2,070,787</u>	<u>(1,679,433)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
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	<u>(1,014,141)</u>	<u>2,503,989</u>
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)

SITRONIX TECHNOLOGY CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sitronix Technology Corporation (the Company) was incorporated in Taipei City, Taiwan (R.O.C.) in July 1992 and commenced operations in the same year. The principal place of business is located in Tai Yuen Hi-Tech Industrial Park, Hsinchu County. The Company operates principally as a designer, manufacturer and supplier of integrated circuits (ICs) and memory chips and focuses on display driver ICs (DDIs) for entry-level mobile phones, industrial displays and automotive systems.

The Company's shares have been listed on the Taiwan Stock Exchange (TWSE) since December 25, 2003.

In order to improve the Company's overall operating performance and market increase competitiveness, the Company reorganized the Group's structure, carried out a professional division of labor and coordinated the allocation of the Group's resources. On March 18, 2021, according to the Business Mergers And Acquisitions Act and the Company Act, the Company's board of directors resolved to spin off the automotive business division to the Company's subsidiary, Forcelead Technology Corp., which issued new ordinary shares as consideration for the transfer. The spin-off completion date is June 1, 2021.

The parent company only financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company's board of directors and authorized for issue on March 16, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Company chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Company will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and recognize the cumulative effect of initial application in retained earnings at that date. The Company will apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

1) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (revise in 2020) and contract terms of non-current liabilities (revise in 2022)

The 2020 amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to

understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the parent company only financial statements, the Company accounted for subsidiaries and associates by using the equity method. In order for the amount of net income, other comprehensive income and equity in the parent company only financial statements to agree with the amount attributable to shareholders of the parent in the consolidated financial statements, the difference in the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using the equity method, share of profits of subsidiaries and share of other comprehensive income of subsidiary in the parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;

- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the parent company only financial statements transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

e. Inventories

Inventories consist of raw materials, work in progress, finished goods and merchandise, and are stated at the lower of cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiaries are the entities controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the entire financial statements of the invested company. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years .

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially stated at cost and subsequently stated at cost less recognized accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

Investment properties is transferred to property, plant and equipment at the carrying amount on the day when the supply for self-use begins.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

a) Measurement category

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, investments in debt instruments at FVTOCI and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets measured at FVTPL include financial assets mandatorily measured as at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, accounts receivable, other receivables measured at amortized cost, time deposits with original maturities of over 3 months, pledged fixed deposits, and refundable deposits) and are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

A credit-impaired financial asset is one where the issuer or debtor has experienced significant financial difficulties, defaults, the debtor is likely to file for bankruptcy or other financial reorganization, or the active market for the financial asset has disappeared due to financial difficulties.

Cash equivalents include short-term investments or time deposits with original maturities of three months or less, which are highly liquid, readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends are recognized in profit and loss when the Company's right to receive the dividends is established, unless they clearly represent a recovery of part of the cost of the investment, in which case, they are included in OCI.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and, investments in debt instruments that are measured at FVTOCI.

The Company always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another party.

Derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Company are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. Its carry amounts are calculated based on weighted average by stock types and calculated separately according to the reasons for withdrawal. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss.

Fair value is determined in the manner described in Note 29.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including cross currency swaps and foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 “Financial instruments” are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

l. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Sale of goods

Revenue from the sale of goods comes from sales of integrated circuits. Sales of integrated circuits are recognized as revenue when the goods are delivered to the customer’s specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Rendering of services

Service income is recognized when services are provided.

m. Leasing

At the inception of a contract, the Company assesses whether the contract is, or contain a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying the recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in the lease terms, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

n. Borrowing costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost) and net interest on the net defined benefit

liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Act, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused tax credits for purchases of machinery, equipment and technology, research and development expenditures and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the possible impact of the recent development of the COVID-19 and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Write-down of inventories

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value was based on current market conditions and the historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Bank deposits	\$ 2,107,766	\$ 2,744,944
Cash on hand	76	142
Cash equivalents	<u>1,064,171</u>	<u>1,441,068</u>
	<u>\$ 3,172,013</u>	<u>\$ 4,186,154</u>

The market rate intervals of bank deposits and cash equivalents at the end of the reporting period were as follows:

	December 31	
	2022	2021
Bank deposits	0.001%-4.20%	0.001%-1.40%
Cash equivalents	0.58%-2.00%	0.25%-2.50%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets at FVTPL - current</u>		
Mandatorily measured at FVTPL		
Derivative financial assets		
Foreign exchange forward contracts (a)	\$ 45,493	\$ 24,558
Credit linked notes - linked with convertible bonds	-	60,008
Equity linked notes	15,355	-
Non-derivative financial assets		
Domestic mutual funds investment	169,214	169,857
Convertible bonds	60,712	42,326
Exchangeable bonds	20,040	-
Domestic listed shares	394	509
	<u>\$ 311,208</u>	<u>\$ 297,258</u>
<u>Financial assets at FVTPL - non-current</u>		
Mandatorily measured at FVTPL		
Derivative financial assets		
Credit linked notes - linked with convertible bonds	\$ 205,409	\$ 70,174
Non-derivative financial assets		
Limited partnership	34,768	18,067
	<u>\$ 240,177</u>	<u>\$ 88,241</u>
<u>Financial liabilities at FVTPL - current</u>		
Mandatorily measured at FVTPL		
Derivative financial liabilities		
Foreign exchange forward contracts	\$ 35,362	\$ 1,228

At the end of the reporting period, outstanding foreign exchange forward contracts and foreign exchange swaps not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2022</u>			
Sell forward exchange contracts	USD/NTD	2023.1.17-2023.9.26	US\$38,000/NT\$1,137,334
Buy forward exchange contracts	NTD/USD	2023.1.13-2023.9.28	NT\$1,127,203/US\$38,000
<u>December 31, 2021</u>			
Sell forward exchange contracts	USD/NTD	2022.1.20-2022.12.21	US\$48,000/NT\$1,330,770
Buy forward exchange contracts	NTD/USD	2022.1.18-2022.12.19	NT\$1,307,440/US\$48,000

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
<u>Current</u>		
Investments in equity instruments at FVTOCI	<u>\$ 244,225</u>	<u>\$ 327,380</u>
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	\$ 395,349	\$ 476,394
Investments in debt instruments at FVTOCI	<u>29,370</u>	<u>-</u>
	<u>\$ 424,719</u>	<u>\$ 476,394</u>

a. Investments in equity instruments at FVTOCI

	December 31	
	2022	2021
<u>Current</u>		
Domestic investments		
Listed shares (1) and (2)	\$ 244,225	\$ 287,235
Foreign investments		
Listed shares (1) and (3)	<u>-</u>	<u>40,145</u>
	<u>\$ 244,225</u>	<u>\$ 327,380</u>
<u>Non-current</u>		
Foreign investments		
Unlisted equity investments (1)	\$ 231,506	\$ 298,939
Domestic investments		
Unlisted equity investments (1) and (5)	<u>163,843</u>	<u>177,455</u>
	<u>\$ 395,349</u>	<u>\$ 476,394</u>

- 1) These investments in equity instruments are not held for trading. Instead, they are held for strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for purposes.
- 2) In 2022 and 2021, the Company acquired domestic listed companies' shares of listed companies at \$10,035 thousand and \$36,284 thousand for strategic investment purposes. The management designated these investments as at FVTOCI.
- 3) In order to manage credit concentration risk, the Company sold its ordinary shares of domestic listed companies in 2022 in the amounts of \$90,975 thousand; and transferred a gain of \$15,047 thousand from other equity to retained earnings.

- 4) In order to manage credit concentration risk, the Company sold its ordinary shares of domestic listed companies in 2021 in the amounts of \$14,700 thousand; and transferred a gain of \$5,016 thousand from other equity to retained earnings.
- 5) During 2022 and 2021, the Company purchased domestic unlisted equity investments at \$15,000 thousand and \$130,000 thousand, respectively, for strategic investment purposes. The management designated this investment as at FVTOCI, and the Company prepaid \$30,000 thousand for the investment as of December 31, 2020.
- 6) Dividends of \$26,074 thousand and \$15,411 thousand were recognized for the years ended December 31, 2022 and 2021, respectively. Those related to investments held at December 31, 2022 and 2021 were \$ 23,362 thousand and \$15,411 thousand, respectively.

b. Investments in debt instruments at FVTOCI

	December 31	
	2022	2021
<u>Non-Current</u>		
Foreign corporate bonds	\$ 29,370	\$ -

In July 2022 the Company purchased foreign corporate bonds for US \$1,006 thousand with a coupon rate of 4.125%.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months (a)	\$ 718,800	\$ 1,559,000
Pledged fixed deposits (b)	<u>47,287</u>	<u>29,226</u>
	<u>\$ 766,087</u>	<u>\$ 1,588,226</u>
<u>Non-current</u>		
Foreign investments		
Foreign corporate bonds (c)	<u>\$ 30,983</u>	<u>\$ 28,019</u>

- a. The interest rates for time deposits with original maturities of more than 3 months ranged from 1.255%-1.60% and 0.59%-0.80% per annum as of December 31, 2022 and 2021, respectively.
- b. Refer to Notes 31 for information relating to investments in financial assets at amortized cost pledged as security.
- c. In August 2016 the Company purchased the priority unsecured US dollar debt issued by Formosa Group (Cayman) Limited at US \$1,028 thousand, with an expiry date of April 22, 2025 and the coupon rate of 3.375%.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2022	2021
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 79	\$ -
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 79</u>	<u>\$ -</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 655,376	\$ 1,159,641
Less: Allowance for impairment loss	<u>(17,849)</u>	<u>(17,849)</u>
	<u>\$ 637,527</u>	<u>\$ 1,141,792</u>
<u>Other receivables</u>		
Income tax refund receivable	\$ 73,875	\$ 64,492
Others	<u>12,843</u>	<u>14,828</u>
	<u>\$ 86,718</u>	<u>\$ 79,320</u>

The credit period of sales of goods was 10-115 days. No interest was charged on trade receivables. The Company adopted a policy of obtaining advance payment or sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information or its own historical trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Company annually.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix:

December 31, 2022

	Not Past Due	Up to 60 Days	61 to 90 Days	Over 90 Days	Total
Gross carrying amount	\$ 650,740	\$ 2	\$ -	\$ 4,634	\$ 655,376
Loss allowance (Lifetime ECLs)	<u>(13,213)</u>	<u>(2)</u>	<u>-</u>	<u>(4,634)</u>	<u>(17,849)</u>
Amortized cost	<u>\$ 637,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 637,527</u>

December 31, 2021

	Not Past Due	Up to 60 Days	61 to 90 Days	Over 90 Days	Total
Gross carrying amount	\$ 1,155,464	\$ -	\$ -	\$ 4,177	\$ 1,159,641
Loss allowance (Lifetime ECLs)	<u>(13,672)</u>	<u>-</u>	<u>-</u>	<u>(4,177)</u>	<u>(17,849)</u>
Amortized cost	<u>\$ 1,141,792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,141,792</u>

The movements of the loss allowance of trade receivables were as follows:

	2022	2021
Balance at January 1, and December 31	<u>\$ 17,849</u>	<u>\$ 17,849</u>

Compared with January 1, 2022, the total carrying amount of accounts receivable as of December 31, 2022 decreased by a net amount of 504,265 thousand, and the loss allowance did not change. The total carrying amount of accounts receivable as of December 31, 2021 increased by a net amount of \$448,253 thousand, and the loss allowance did not change.

11. INVENTORIES

	December 31	
	2022	2021
Finished goods	\$ 589,104	\$ 378,808
Work in progress	1,298,800	377,992
Raw materials	315,819	42,022
Merchandise	<u>26</u>	<u>-</u>
	<u>\$ 2,203,749</u>	<u>\$ 798,822</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was \$6,576,347 thousand and \$5,677,518 thousand, respectively.

The cost of goods sold included inventory write-downs of \$113,000 thousand and \$19,790 thousand for the years ended December 31, 2022 and 2021, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
<u>Investments in subsidiaries</u>		
Sensortek Technology Corp.	\$ 1,964,628	\$ 2,266,894
Forcelead Technology Corp.	1,112,835	1,391,629
Sitronix Investment Corp.	224,163	291,165
HeFei Sitronix Co., Ltd.	415,216	325,753
mCore Technology Corp.	118,911	129,510
Sync-Tech System Corp.	319,695	283,566
Sitronix Holding International Ltd.	204,268	78,928
INFSitronix Technology Corp.	68,082	80,145
Sitronix Technology (Shenzhen) Co., Ltd.	27,022	22,189
HeFei Sitronix Technology Co., Ltd.	128,300	130,358
ezGreen Inc.	9,541	37,734
HeFei ezGreen Co., Ltd.	<u>20,579</u>	<u>5,982</u>
	<u>\$ 4,613,240</u>	<u>\$ 5,043,853</u>
Name of Subsidiaries	Proportion of Ownership and Voting Rights	
	December 31	
	2022	2021
Sensortek Technology Corp.	46.06%	46.06%
Forcelead Technology Corp.	70.76%	83.48%
Sitronix Investment Corp.	100.00%	100.00%
HeFei Sitronix Co., Ltd.	90.00%	90.00%
mCore Technology Corp.	90.73%	90.73%
Sync-Tech System Corp.	42.86%	45.73%
Sitronix Holding International Ltd.	100%	100.00%
INFSitronix Technology Corp.	58.42%	58.42%
Sitronix Technology (Shenzhen) Co., Ltd.	100.00%	100.00%
HeFei Sitronix Technology Co., Ltd.	100.00%	100.00%
ezGreen Inc.	100.00%	100.00%
HeFei ezGreen Co., Ltd.	100.00%	100.00%

For the purpose of organizational restructuring and professional division of labor, the Company spun off the automotive business division to its subsidiary, Forcelead Technology Corp. on June 1, 2021. The subsidiary is mainly engaged in the R&D and sale of multi-functional integrated automotive display driver ICs. The aforementioned transaction is a business reorganization under common control, and the Company should split the business from the beginning and the comparative financial statements of the Company should be retrospectively restated.

As of December 31, 2022, and 2021, the Company's shareholding ratio of Sensortek Technology Corp. were both 46.06%. Since Sensortek Technology Corp. is a TPEx listed company in the Republic of China, the remaining 53.94% of the shares held are widely dispersed. After considering the absolute number, relative size and distribution of shareholding held by the other shareholders, the Company was judged to have the substantive ability to dominate the relevant activities of Sensortek Technology Corp., therefore, it is classified as a subsidiary.

As of December 31, 2022, and 2021, the Company's shareholding ratio of Sync-Tech System Corp. were 42.86% and 45.73%, respectively, and was the largest single shareholder of the latter. After considering the

absolute number, relative size and distribution of shareholding held by the other shareholders, the Company was judged to have the substantive ability to dominate the relevant activities of Sync-Tech System Corp., therefore, it is classified as a subsidiary.

The Company invested CNY30,000 thousand to establish HeFei Sitronix Technology Co., Ltd. on October 18, 2021, with a shareholding ratio of 100.00%.

Please refer to Note 26 for the acquisitions and disposals of investments in subsidiaries.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Test Equipment	Office Equipment	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ 67,674	\$ 269,058	\$ 55,509	\$ 393,875	\$ 3,090	\$ 789,206
Additions	-	41	3,526	76,609	192	80,368
Disposals	-	-	(1,565)	(41,224)	(84)	(42,873)
Balance at December 31, 2021	<u>\$ 67,674</u>	<u>\$ 269,099</u>	<u>\$ 57,470</u>	<u>\$ 429,260</u>	<u>\$ 3,198</u>	<u>\$ 826,701</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2021	\$ -	\$ 102,560	\$ 40,238	\$ 241,516	\$ 2,578	\$ 386,892
Additions	-	5,313	6,782	74,696	224	87,015
Disposals	-	-	(1,551)	(36,102)	(84)	(37,737)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 107,873</u>	<u>\$ 45,469</u>	<u>\$ 280,110</u>	<u>\$ 2,718</u>	<u>\$ 436,170</u>
Carrying amount at December 31, 2021	<u>\$ 67,674</u>	<u>\$ 161,226</u>	<u>\$ 12,001</u>	<u>\$ 149,150</u>	<u>\$ 480</u>	<u>\$ 390,531</u>
<u>Cost</u>						
Balance at January 1, 2022	\$ 67,674	\$ 269,099	\$ 57,470	\$ 429,260	\$ 3,198	\$ 826,701
Additions	-	5,029	6,416	143,546	1,486	156,477
Disposals	-	-	(2,882)	(152,594)	(19)	(155,495)
Balance at December 31, 2022	<u>\$ 67,674</u>	<u>\$ 274,128</u>	<u>\$ 61,004</u>	<u>\$ 420,212</u>	<u>\$ 4,665</u>	<u>\$ 827,683</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ -	\$ 107,873	\$ 45,469	\$ 280,110	\$ 2,718	\$ 436,170
Additions	-	5,728	6,409	84,034	280	96,451
Disposals	-	-	(2,787)	(152,564)	(19)	(155,370)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 113,601</u>	<u>\$ 49,091</u>	<u>\$ 211,580</u>	<u>\$ 2,979</u>	<u>\$ 377,251</u>
Carrying amount at December 31, 2022	<u>\$ 67,674</u>	<u>\$ 160,527</u>	<u>\$ 11,913</u>	<u>\$ 208,632</u>	<u>\$ 1,686</u>	<u>\$ 450,432</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	50 years
Renovation construction / Lease improvement	5 years
Machinery equipment	3-4 years
Test equipment	3-6 years
Office equipment	5-6 years

14. LEASE ARRANGEMENT

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Buildings	\$ 85,480	\$ 102,577
Office equipment	<u>1,955</u>	<u>1,615</u>
	<u>\$ 87,435</u>	<u>\$ 104,192</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 9,491</u>	<u>\$ 113,163</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 24,518	\$ 23,618
Office equipment	<u>1,730</u>	<u>1,868</u>
	<u>\$ 26,248</u>	<u>\$ 25,486</u>

Except for the additions and recognition of depreciation expenses listed above, there was no significant sublease or impairment of the Company's right-of-use assets in 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Current	<u>\$ 25,642</u>	<u>\$ 24,052</u>
Non-current	<u>\$ 62,871</u>	<u>\$ 80,613</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings	1.345%	1.345%-1.595%
Machinery	1.345%-1.720%	1.345%-1.595%

c. Material lease activities and terms

The Company leases certain buildings for the use of plants and offices, rental cars with lease terms between 2-5 years. The Company does not have bargain purchase or renewal options to acquire or renew the leases when they expire.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Notes 15.

	<u>For the Year Ended December 31</u>	
	2022	2021
Expenses relating to short-term leases	<u>\$ 1,438</u>	<u>\$ 559</u>
Expenses relating to low-value asset leases	<u>\$ 45</u>	<u>\$ 50</u>
Total cash outflow for leases	<u>\$ 28,440</u>	<u>\$ 25,611</u>

The Company's leases of certain parking spaces qualify as short-term leases and leases of machinery qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1 and December 31, 2021	<u>\$ 144,860</u>	<u>\$ 399,527</u>	<u>\$ 544,387</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ -	\$ 76,600	\$ 76,600
Depreciation expense	<u>-</u>	<u>7,859</u>	<u>7,859</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 84,459</u>	<u>\$ 84,459</u>
Carrying amount at December 31, 2021	<u>\$ 144,860</u>	<u>\$ 315,068</u>	<u>\$ 459,928</u>
<u>Cost</u>			
Balance at January 1 and December 31, 2022	<u>\$ 144,860</u>	<u>\$ 399,527</u>	<u>\$ 544,387</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 84,459	\$ 84,459
Depreciation expense	<u>-</u>	<u>7,859</u>	<u>7,859</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 92,318</u>	<u>\$ 92,318</u>
Carrying amount at December 31, 2022	<u>\$ 144,860</u>	<u>\$ 307,209</u>	<u>\$ 452,069</u>

The above mentioned investment properties were leased out for 1 to 5 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The future minimum lease payments of operating lease commitments in 2022 and 2021 were as follows:

	December 31	
	2022	2021
Year 1	\$ 18,154	\$ 18,273
Year 2	2,149	15,676
Year 3	<u>2,148</u>	<u>-</u>
	<u>\$ 22,451</u>	<u>\$ 33,949</u>

Investment properties are depreciated using the straight-line method over their estimated useful lives of 50 years.

The determination of fair values of the Company's investment properties was performed by independent qualified professional values of the China Real Estate Appraising Firm using Level 3 inputs. The evaluation is based on the cost method and the weighted average of the income method and the market comparison method. The significant unobservable input used include the discount rate, and the fair values as appraised are as follows:

	December 31	
	2022	2021
Fair value	<u>\$ 715,997</u>	<u>\$ 701,090</u>

All of the Company's investment properties were held under freehold interests.

16. INTANGIBLE ASSETS

	Royalty	Computer Software	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 83,824	\$ 67,089	\$ 150,913
Additions	1,302	23,119	24,421
Disposals	<u>-</u>	<u>(1,452)</u>	<u>(1,452)</u>
Balance at December 31, 2021	<u>\$ 85,126</u>	<u>\$ 88,756</u>	<u>\$ 173,882</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2021	\$ 76,242	\$ 56,669	\$ 132,911
Amortization expenses	6,866	14,037	20,903
Disposals	<u>-</u>	<u>(1,452)</u>	<u>(1,452)</u>
Balance at December 31, 2021	<u>\$ 83,108</u>	<u>\$ 69,254</u>	<u>\$ 152,362</u>
Carrying amount at December 31, 2021	<u>\$ 2,018</u>	<u>\$ 19,502</u>	<u>\$ 21,520</u>

(Continued)

	Royalty	Computer Software	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 85,126	\$ 88,756	\$ 173,882
Additions	3,038	35,572	38,610
Disposals	<u>-</u>	<u>(1,146)</u>	<u>(1,146)</u>
Balance at December 31, 2022	<u>\$ 88,164</u>	<u>\$ 123,182</u>	<u>\$ 211,346</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2022	\$ 83,108	\$ 69,254	\$ 152,362
Amortization expenses	1,900	19,948	21,848
Disposals	<u>-</u>	<u>(1,146)</u>	<u>(1,146)</u>
Balance at December 31, 2022	<u>\$ 85,008</u>	<u>\$ 88,056</u>	<u>\$ 173,064</u>
Carrying amount at December 31, 2022	<u>\$ 3,156</u>	<u>\$ 35,126</u>	<u>\$ 38,282</u>
			(Concluded)

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Royalty	2-8 years
Computer software	2-5 years

17. OTHER ASSETS

	December 31	
	2022	2021
<u>Other current assets</u>		
Prepayments		
Input tax and offset against business tax	\$ 33,375	\$ 56,966
Prepayments	22,866	35,005
Prepaid probe cards	<u>22,523</u>	<u>11,341</u>
	<u>\$ 78,764</u>	<u>\$ 103,312</u>
<u>Other non-current assets</u>		
Refundable deposits (b)	\$ 562,203	\$ 565,101
Prepayments for purchase (a)	112,001	279,520
Prepayments for equipment	<u>15,475</u>	<u>16,524</u>
	<u>\$ 689,679</u>	<u>\$ 861,145</u>

- Please refer to Note 32 for details of the contract terms related to the long-term capacity guarantee agreements.
- Please refer to Note 32 for details of the contract terms related to the capacity reservation.

18. SHORT-TERM BORROWINGS

	December 31	
	2022	2021
<u>Short-term unsecured borrowings</u>		
Bank loans	\$ 18,119	\$ -

The range of weighted average effective interest rates on bank loans was 4.968% as of December 31, 2022.

19. OTHER LIABILITIES

	December 31	
	2022	2021
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 848,772	\$ 838,087
Payables for equipment	17,226	21,829
Payables for research	11,130	10,356
Others	<u>194,717</u>	<u>201,079</u>
	<u>\$ 1,071,845</u>	<u>\$ 1,071,351</u>
Other liabilities		
Contract liabilities	\$ 86,174	\$ 61,627
Temporary receipts	363	363
Others	<u>5,691</u>	<u>4,632</u>
	<u>\$ 92,228</u>	<u>\$ 66,622</u>

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts based on the actuarial report of the Company's defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 94,582	\$ 94,994
Fair value of the plan assets	<u>(63,191)</u>	<u>(56,717)</u>
Net defined benefit liabilities	<u>\$ 31,391</u>	<u>\$ 38,277</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	<u>\$ 98,281</u>	<u>\$ (53,404)</u>	<u>\$ 44,877</u>
Net interest expense (income)	<u>292</u>	<u>(162)</u>	<u>130</u>
Recognized in profit or loss	<u>292</u>	<u>(162)</u>	<u>130</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(779)	(779)
Actuarial loss - change in demographic assumptions	471	-	471
Actuarial gain - change in financial assumptions	(4,092)	-	(4,092)
Actuarial loss - experience adjustments	<u>42</u>	<u>-</u>	<u>42</u>
Recognized in other comprehensive income	<u>(3,579)</u>	<u>(779)</u>	<u>(4,358)</u>
Contributions from the employer	<u>-</u>	<u>(2,372)</u>	<u>(2,372)</u>
Balance at December 31, 2021	<u>94,994</u>	<u>(56,717)</u>	<u>38,277</u>
Service cost			
Gain on settlements	(626)	-	(626)
Net interest expense (income)	<u>660</u>	<u>(401)</u>	<u>259</u>
Recognized in profit or loss	<u>34</u>	<u>(401)</u>	<u>(367)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,312)	(4,312)
Actuarial loss - change in demographic assumptions	42	-	42
Actuarial gain - change in financial assumptions	(5,770)	-	(5,770)
Actuarial loss - experience adjustments	<u>7,975</u>	<u>-</u>	<u>7,975</u>
Recognized in other comprehensive income	<u>2,247</u>	<u>(4,312)</u>	<u>(2,065)</u>
Contributions from the employer	<u>-</u>	<u>(2,603)</u>	<u>(2,603)</u>
Benefit payments	<u>(2,693)</u>	<u>842</u>	<u>(1,851)</u>
Balance at December 31, 2022	<u>\$ 94,582</u>	<u>\$ (63,191)</u>	<u>\$ 31,391</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2022	2021
Selling and marketing expenses	\$ 26	\$ 15
General and administrative expenses	56	32
Research and development expenses	<u>(449)</u>	<u>83</u>
	<u>\$ (367)</u>	<u>\$ 130</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rate	1.30%	0.70%
Expected rate of salary increase	4.00%	4.00%

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2022	2021
Discount rate		
0.25% increase	<u>\$ (2,253)</u>	<u>\$ (2,470)</u>
0.25% decrease	<u>\$ 2,333</u>	<u>\$ 2,564</u>
Expected rate of salary increase / decrease		
0.25% increase	<u>\$ 2,266</u>	<u>\$ 2,475</u>
0.25% decrease	<u>\$ (2,200)</u>	<u>\$ (2,399)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
Expected contributions to the plan for the next year	<u>\$ 2,607</u>	<u>\$ 2,391</u>
Average duration of the defined benefit obligation	9 years	10 years

21. EQUITY

a. Share capital

	December 31	
	2022	2021
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>
Share capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>120,137</u>	<u>120,137</u>
Shares issued	<u>\$ 1,201,369</u>	<u>\$ 1,201,369</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

The authorized shares include 20,000 thousand shares reserved for the exercise of employee stock options.

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 401,995	\$ 401,995
Conversion of bonds	335,041	335,041
Treasury share transactions	8,114	1,658
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interests in subsidiaries (2)	<u>945,590</u>	<u>872,217</u>
	<u>\$ 1,690,740</u>	<u>\$ 1,610,911</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set in the Company's Article of Incorporation (the "Article"), the board of directors is authorized to adopt a special resolution to distribute all or part of the dividends and bonuses in cash, and a report of such distribution should be submitted in the latest shareholders' meeting.

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be distributed in the following order:

- 1) Utilized for paying taxes.
- 2) Offsetting losses of previous years.
- 3) Setting aside as a legal reserve of 10% of the remaining profit (legal reserve that has reached the company's paid-in capital is not subject to this condition).
- 4) Setting aside or reversing a special reserve in accordance with the laws and regulations.
- 5) Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 23(h).

The distribution of dividends to shareholders of the Company can be made in cash or shares, but the proportion of cash dividends distributed should not be less than 10% of the total dividends distributed. The dividends policy is dependent on the Company's current and future investment environment, capital needs, domestic and international competition and capital budget, etc., taking into account the interests of shareholders, balance of dividends and long-term financial planning of the Company, the board of directors plans to distribute the case to the shareholders' meeting.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 and 2020 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 601,513	\$ 117,719
(Reversals) appropriations of special reserve	\$ (74,759)	\$ 102,697
Cash dividends	\$ 3,844,380	\$ 901,026
Cash dividends per share (NT\$)	\$ 32	\$ 7.5

The above appropriations for cash dividends were resolved by the Company's board of directors on March 17, 2022 and March 18, 2021, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on June 23, 2022 and July 27, 2021, respectively.

The appropriation of earnings for 2022 had been proposed by the Company's board of directors on March 16, 2023. The appropriation and dividends per share were as follows:

	2022
Legal reserve	\$ 363,285
Special reserve	<u>\$ 182,761</u>
Cash dividends	<u>\$ 2,643,011</u>
Cash dividends per share (NT\$)	\$ 22

The aforementioned distribution of cash dividends has been resolved by the board of directors, and the rest has yet to be resolved at the shareholders' meeting to be held on June 21, 2023.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 180,223	\$ 77,526
(Reversals) appropriations of special reserve		
Debits to other equity items	<u>(74,759)</u>	<u>102,697</u>
Balance at December 31	<u>\$ 105,464</u>	<u>\$ 180,223</u>

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ (14,086)	\$ (10,444)
Share from investments accounted for using the equity method	<u>23,272</u>	<u>(3,642)</u>
Balance at December 31	<u>\$ 9,186</u>	<u>\$ (14,086)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ (91,377)	\$ (169,780)
Recognized for the year		
Unrealized (loss) gain - debt instruments	(695)	1,283
Unrealized (loss) gain - equity instruments	(98,259)	46,339
Share from investments accounted for using the equity method	(79,993)	35,797
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>(20,624)</u>	<u>(5,016)</u>
Balance at December 31	<u>\$ (290,948)</u>	<u>\$ (91,377)</u>

f. Treasury shares

Purpose of Buy-Back	Shares Held by Subsidiary
Number of shares at January 1, 2022	329,000
Increase during the year	<u>277,000</u>
Number of shares at December 31, 2022	<u>606,000</u>
Number of shares at January 1, 2021	138,000
Increase during the year	<u>191,000</u>
Number of shares at December 31, 2021	<u>329,000</u>

The Company's shares held by its subsidiary at the end of the reporting period were as follows:

Name of Subsidiary	Number of Shares Held	Carrying Amount	Market Price
<u>December 31, 2022</u>			
Sensortek Technology Corp.	606,000	\$ 107,565	\$ 107,565
<u>December 31, 2021</u>			
Sensortek Technology Corp.	329,000	\$ 105,280	\$ 105,280

The Company's shares held by its subsidiary are treated as treasury shares.

22. REVENUE

a. Disaggregation of revenue

	<u>For the Year Ended December 31</u>	
	2022	2021
<u>Product</u>		
Integrated circuits	\$ 11,430,072	\$ 12,436,208
Others	<u>159,527</u>	<u>133,797</u>
	<u>\$ 11,589,599</u>	<u>\$ 12,570,005</u>
<u>Primary geographical markets</u>		
Hong Kong	\$ 9,395,705	\$ 10,714,783
Vietnam	999,340	714,887
Taiwan	493,250	642,882
Korea	317,785	159,401
China	133,870	96,665
Others	<u>249,649</u>	<u>241,387</u>
	<u>\$ 11,589,599</u>	<u>\$ 12,570,005</u>

The basis of calculation of the Company's revenue segregated by geographical location is mainly based on the location the goods were shipped as designated by the customers.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Note receivables and trade receivables (Note 10)	\$ 670,871	\$ 1,141,792	\$ 697,813
Trade receivables from related parties (Note 30)	<u>34,294</u>	<u>28,891</u>	<u>12,832</u>
	<u>\$ 705,165</u>	<u>\$ 1,170,683</u>	<u>\$ 710,645</u>
Contract liabilities - current (Note 19)			
Sales of goods	<u>\$ 86,174</u>	<u>\$ 61,627</u>	<u>\$ 13,801</u>

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year is as follows:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>From contract liabilities at the start of the year</u>		
Sales of goods	<u>\$ 54,984</u>	<u>\$ 3,813</u>

Changes in contract liabilities are mainly due to the timing difference between the satisfaction of performance obligations and customer payment.

23. NET PROFIT

a. Other operating income and expense

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Gain on sublease of right-of-use assets	\$ 1,460	\$ 1,282
(Loss) gain on disposal of property, plant and equipment	<u>(2)</u>	<u>4,874</u>
	<u>\$ 1,458</u>	<u>\$ 6,156</u>

b. Interest income

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Financial assets at amortized cost	\$ 41,393	\$ 16,238
Investments in debt instruments at FVTOCI	580	229
Financial asset at FVTPL	4,400	944
Others	<u>321</u>	<u>392</u>
	<u>\$ 46,694</u>	<u>\$ 17,803</u>

c. Other income

	For the Year Ended December 31	
	2022	2021
Rental income	\$ 24,286	\$ 24,582
Dividend income	26,097	15,411
Others	<u>43,674</u>	<u>31,877</u>
	<u>\$ 94,057</u>	<u>\$ 71,870</u>

d. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net foreign exchange gains (losses)	\$ 113,681	\$ (10,938)
Depreciation of investment property	(7,859)	(7,859)
Gain on financial assets designated as at FVTPL	4,309	72,918
Loss on disposal of financial instruments	<u>-</u>	<u>(1,797)</u>
	<u>\$ 110,131</u>	<u>\$ 52,324</u>

e. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on lease liabilities	\$ 1,314	\$ 934
Interest on loans	90	1,279
Other interest expenses	<u>40</u>	<u>76</u>
	<u>\$ 1,444</u>	<u>\$ 2,289</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 96,451	\$ 87,015
Investment properties	7,859	7,859
Right-of-use assets	26,248	25,486
Intangible assets	<u>21,848</u>	<u>20,903</u>
	<u>\$ 152,406</u>	<u>\$ 141,263</u>
An analysis of depreciation by function		
Operating expenses	\$ 105,278	\$ 103,728
Operating costs	17,421	8,773
Depreciation of investment property	<u>7,859</u>	<u>7,859</u>
	<u>\$ 130,558</u>	<u>\$ 120,360</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 21,848</u>	<u>\$ 20,903</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits	\$ 1,444,770	\$ 1,987,180
Post-employment benefits		
Defined contribution plans	26,070	24,290
Defined benefit plans (Note 20)	(367)	130
Share-based payments		
Equity-settled	<u>12</u>	<u>2,580</u>
Total employee benefits expense	<u>\$ 1,470,485</u>	<u>\$ 2,014,180</u>
An analysis of employee benefits expense by function		
Operating expenses	<u>\$ 1,470,485</u>	<u>\$ 2,014,180</u>

h. Employees' compensation and remuneration of directors

According to the articles of incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 25%, and rates of no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The employees' compensation and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 16, 2023 and March 17, 2022 respectively, are as follows:

Amount

	For the Year Ended December 31			
	2022		2021	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 317,180	\$ -	\$ 539,474	\$ -
Remuneration of directors	58,816	-	96,163	-

If there is a change in the amounts after the annual parent company only financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate. There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	\$ 446,290	\$ 106,171
Foreign exchange losses	<u>(332,609)</u>	<u>(117,109)</u>
Net gains (losses)	<u>\$ 113,681</u>	<u>\$ (10,938)</u>

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 536,542	\$ 677,881
Income tax on unappropriated earnings	82,200	4,588
Adjustments for prior years	<u>(61,905)</u>	<u>(8,137)</u>
	556,837	674,332
Deferred tax		
In respect of the current year	<u>4,793</u>	<u>6,077</u>
Income tax expense recognized in profit or loss	<u>\$ 561,630</u>	<u>\$ 680,409</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax	<u>\$ 4,171,795</u>	<u>\$ 6,686,169</u>
Income tax expense calculated at the statutory rate	\$ 834,359	\$ 1,337,234
Deductible items in determining taxable income	(191,870)	(433,247)
Non-deductible expenses in determining taxable income	461	-
Income tax on unappropriated earnings	82,200	4,588
Impact of the temporary differences	47,534	(5,959)
Effects of investment credits	(149,149)	(214,070)
Adjustments for prior years' tax	<u>(61,905)</u>	<u>(8,137)</u>
Income tax expense recognized in profit or loss	<u>\$ 561,630</u>	<u>\$ 680,409</u>

b. Current tax liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	<u>\$ 630,146</u>	<u>\$ 775,760</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences	<u>\$ 12,993</u>	<u>\$ (3,802)</u>	<u>\$ 9,191</u>
Deferred Tax liabilities	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences	<u>\$ 10,706</u>	<u>\$ 991</u>	<u>\$ 11,697</u>

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences	<u>\$ 15,214</u>	<u>\$ (2,221)</u>	<u>\$ 12,993</u>
Deferred Tax liabilities	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences	<u>\$ 6,850</u>	<u>\$ 3,856</u>	<u>\$ 10,706</u>
d. Deductible temporary differences for which no deferred assets have been recognized in the parent company only balance sheets			

	December 31	
	2022	2021
Deductible temporary differences	<u>\$ 165,436</u>	<u>\$ 74,167</u>
e. Information on unrecognized deferred income tax liabilities associated with investments		

As of December 31, 2022 and 2021, there were no recognized taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities were recognized.

f. Income tax assessments

The Company's tax returns through 2020 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2022	2021
Basic earnings per share	<u>\$ 30.10</u>	<u>\$ 50.03</u>
Diluted earnings per share	<u>\$ 29.57</u>	<u>\$ 49.29</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Income for the Year

	For the Year Ended December 31	
	2022	2021
Net income for the year	<u>\$ 3,610,165</u>	<u>\$ 6,005,760</u>
Earnings used in the computation of basic earnings per share	\$ 3,610,165	\$ 6,005,760
Effect of potentially dilutive ordinary shares		
Employee s' compensation	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 3,610,165</u>	<u>\$ 6,005,760</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares in computation of basic earnings per share	119,928	120,036
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>2,164</u>	<u>1,803</u>
Weighted average number of ordinary shares used in computation of diluted earnings per share	<u>122,092</u>	<u>121,839</u>

The Company may settle compensation or bonuses paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation or bonus will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

On August 24, 2022, due to the Forcelead Technology Corp.'s employees execute options to issue new shares, the Company's shareholding percentage decreased from 72.88% to 70.76%.

On June 28, 2022, due to the distribution of employees' compensation in the form of shares by Forcelead Technology Corp., the Company's shareholding percentage decreased from 83.48% to 72.88%.

On December 6, 2021, due to the Forcelead Technology Corp.'s employees execute options to issue new shares, the Company's shareholding percentage decreased from 93.05% to 83.48%.

On August 11, 2021, due to the distribution of employees' compensation in the form of shares by Forcelead Technology Corp., the Company's shareholding percentage decreased from 100% to 93.05%.

On July 17, 2022, due to the distribution of employees' compensation in the form of shares by Sync-Tech System Corp., the Company's shareholding percentage decreased from 45.73% to 42.86%.

On July 13, 2021, due to the distribution of employees' compensation in the form of shares by Sync-Tech System Corp., the Company's shareholding percentage decreased from 48.31% to 45.73%.

On January 31, 2021, the Company subscribed for additional new shares of Sync-Tech System Corp. at a percentage different from its existing ownership percentage, decreasing its continuing interest from 48.75% to 48.31%.

On April 27, 2021, the Company subscribed for additional new shares of INFSitronix Technology Corp. at a percentage different from its existing ownership percentage, decreasing its continuing interest from 63.99% to 58.42%.

The above transactions were accounted for as equity transactions, since the Company did not cease to have control over these subsidiaries. For details about the partial acquisition of subsidiaries, refer to Note 27 to the Company's consolidated financial statements for the year ended December 31, 2022.

27. CASH FLOW INFORMATION

a. Changes in liabilities arising from financing activities

2022

			Non-cash Changes			
	Opening Balance	Cash Flows	Foreign Exchange Movement	New Leases	Others (Note)	Closing Balance
Short-term borrowings	\$ -	\$ 18,045	\$ 74	\$ -	\$ -	\$ 18,119
Lease liabilities	104,665	(26,957)	-	9,491	1,314	88,513
Guarantee deposits received	<u>69,885</u>	<u>59,180</u>	<u>13,498</u>	<u>-</u>	<u>-</u>	<u>142,563</u>
	<u>\$ 174,550</u>	<u>\$ 50,268</u>	<u>\$ 13,572</u>	<u>\$ 9,491</u>	<u>\$ 1,314</u>	<u>\$ 249,195</u>

2021

			Non-cash Changes			
	Opening Balance	Cash Flows	Foreign Exchange Movement	New Leases	Others (Note)	Closing Balance
Short-term borrowings	\$ 247,776	\$ (247,950)	\$ 174	\$ -	\$ -	\$ -
Lease liabilities	15,572	(25,002)	-	113,161	934	104,665
Guarantee deposits received	<u>47,394</u>	<u>21,972</u>	<u>519</u>	<u>-</u>	<u>-</u>	<u>69,885</u>
	<u>\$ 310,742</u>	<u>\$ (250,980)</u>	<u>\$ 693</u>	<u>\$ 113,161</u>	<u>\$ 934</u>	<u>\$ 174,550</u>

Note: Others comprises with interest expense of lease liabilities.

28. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements are relatively close to their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic corporate funds	\$ 169,214	\$ -	\$ -	\$ 169,214
Convertible bonds	60,712	-	-	60,712
Exchangeable bonds	20,040	-	-	20,040
Domestic listed shares	394	-	-	394
Limited partnership	-	-	34,768	34,768
Derivative instruments				
Credit linked notes - linked with convertible bonds	-	205,409	-	205,409
Equity linked notes	-	15,355	-	15,355
Foreign exchange forward contracts	-	45,493	-	45,493
	<u>\$ 250,360</u>	<u>\$ 266,257</u>	<u>\$ 34,768</u>	<u>\$ 551,385</u>

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 244,225	\$ -	\$ -	\$ 244,225
Domestic unlisted equity investments	-	-	163,843	163,843
Foreign unlisted equity investments	-	-	231,506	231,506
Investments in debt instruments at FVTOCI				
Foreign corporate bonds	-	29,370	-	29,370
	<u>\$ 244,225</u>	<u>\$ 29,370</u>	<u>\$ 395,349</u>	<u>\$ 668,944</u>

Financial liabilities at FVTPL

Derivative instruments				
Foreign exchange forward contracts	\$ -	\$ 35,362	\$ -	\$ 35,362

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic corporate funds	\$ 169,857	\$ -	\$ -	\$ 169,857
Convertible bonds	42,326	-	-	42,326
Domestic listed shares	509	-	-	509
Limited partnership	-	-	18,067	18,067
Derivative instruments				
Credit linked notes - linked with convertible bonds	-	130,182	-	130,182
Foreign exchange forward contracts	-	24,558	-	24,558
	<u>\$ 212,692</u>	<u>\$ 154,740</u>	<u>\$ 18,067</u>	<u>\$ 385,499</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 287,235	\$ -	\$ -	\$ 287,235
Foreign listed shares	40,145	-	-	40,145
Domestic unlisted equity investments	-	-	177,455	177,455
Foreign unlisted equity investments	-	-	298,939	298,939
	<u>\$ 327,380</u>	<u>\$ -</u>	<u>\$ 476,394</u>	<u>\$ 803,774</u>
<u>Financial liabilities at FVTPL</u>				
Derivative instruments				
Foreign exchange forward contracts	\$ -	\$ 1,228	\$ -	\$ 1,228 (Concluded)

There were no transfers between Level 1 and Level 2 in 2022 and 2021.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Convertible bonds	Based on the public market quotes provided by third-party agencies.
Credit linked notes - linked with convertible bonds	Based on the public market quotation of convertible bond, the parameters of the repurchase, the coupon interest and the interest compensation are considered as the basis for fair value measurement.
Equity linked notes	Based on the public market quotation of stock, the parameters of the repurchase, the interest compensation are considered as the basis for fair value measurement.
Derivatives - foreign exchange forward contracts	Discounted cash flow method: Estimate the future cash flow at the end of the period by observing the forward exchange rate and the exchange rate and interest rate set by the contract, and have already discounted the discount rate of each counterparty's credit risk.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Domestic and foreign unlisted equity investments are evaluated by the method of net asset value. The management of the company evaluates the target of such equity investments with the active market quotation, and the net asset amount tends to the fair value of the equity investments.

Domestic and foreign unlisted equity investments and the domestic limited partnership is valued using the net asset value method. The management of the Company evaluates that the amount of the net assets of this investment is equivalent to its fair value. The valuation covers the total value of the individual assets and liabilities, which reflects the value of the entity or business.

4) Adjustment of financial instruments measured using Level 3 fair values

The Company's financial assets under level 3 fair value measurement are financial assets at FVTOCI and equity instruments measured at fair value through other comprehensive income.

2022

	Financial assets at FVTPL	Financial assets at FVTOCI	Total
Balance at January 1	\$ 18,067	\$ 476,394	\$ 494,461
Additions	20,000	15,000	35,000
Recognized under profit or loss	(3,299)	-	(3,299)
Recognized under other comprehensive income	<u>-</u>	<u>(96,045)</u>	<u>(96,045)</u>
Balance at December 31	<u>\$ 34,768</u>	<u>\$ 395,349</u>	<u>\$ 430,117</u>

2021

	Financial assets at FVTPL	Financial assets at FVTOCI	Total
Balance at January 1	\$ -	\$ 304,916	\$ 304,916
Additions	12,500	130,000	142,500
Recognized under profit or loss	5,567	-	5,567
Recognized under other comprehensive income	<u>-</u>	<u>41,478</u>	<u>41,478</u>
Balance at December 31	<u>\$ 18,067</u>	<u>\$ 476,394</u>	<u>\$ 494,461</u>

c. Categories of financial instruments

	<u>December 31</u>	
	2022	2021
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 551,385	\$ 385,499
Financial assets at amortized cost (1)	5,327,064	7,650,054
Financial assets at FVTOCI		
Equity instruments	639,574	803,774
Debt instruments	29,370	-
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	35,362	1,228
Financial liabilities at amortized cost (2)	1,914,913	2,677,625

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, time deposits with original maturities more than 3 months, pledged time deposits, notes and trade receivables (including receivables from related parties), other receivables (including other receivables from related parties), other current assets and refundable deposits.

- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes and trade payable (including payables to related parties), other payables (including other payables to related parties), other current liabilities and guarantee deposits.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity and debt investments, trade receivables, trade payables and short-term borrowings. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

There has been no change in the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company's operating activities are partially denominated in foreign currencies and thus have partial natural hedging effects.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 33.

Sensitivity analysis

The Company was mainly exposed to the USD, JPY and CNY.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e. the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in pre-tax profit and other equity associated with the New Taiwan dollar weakening (strengthening) 5% against the relevant currency.

	USD Impact		JPY Impact		CNY Impact	
	For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021	2022	2021
Profit or loss	\$ 26,140	\$ 55,873	\$ 41	\$ 139	\$ 7,719	\$ 2,190

b) Interest rate risk

The Company was exposed to interest rate risk because the Company borrowed funds at both fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 2,864,690	\$ 4,299,260
Financial liabilities	18,119	-
Cash flow interest rate risk		
Financial assets	1,127,031	1,474,978

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would increase/decrease by \$1,127 thousand and \$1,475 thousand, which was mainly attributable to the Company's exposure to interest rates on variable-rate net assets. The Company's pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would decrease/increase by \$29 thousand and \$0, which was mainly due to the changes in the fair value of investments in fixed-rate debt instruments at FVTOCI.

c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities, convertible bonds, structured notes of listed companies and mutual funds investments. The Company does not actively trade these investments. The Company's equity price risk is mainly concentrated in equity instruments operating in the semiconductor industry, finance and insurance industries, convertible bonds, structured notes, and exchange-traded funds quoted on the Taiwan Stock Exchange and the Taipei Exchange.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax income for the year ended December 31, 2022 and 2021 would have increase/decreased by \$23,556 thousand and \$17,144 thousand as a

result of changes in fair value of financial assets at FVTPL. If equity prices had been 5% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$12,211 thousand and \$16,369 thousand, as a result of the changes in the fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

To mitigate credit risk, the management of the Company assigns a dedicated team responsible for credit line decisions, credit approvals and other monitoring procedures to ensure appropriate actions are taken for the collections of overdue receivables. In addition the Company reviews conditions on each collecting receivable to ensure the uncollectible amounts are provided with appropriate impairment losses. Accordingly, the management of the Company believes that the credit risk of the Company has been significantly reduced.

In addition, since the counterparties of liquidity and derivative financial instruments are banks with sound credit ratings, the credit risk is limited.

Apart from customers whose total accounts receivable constitute more than 10% of the Company's total accounts receivable, the Company did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company's concentration of credit risk was of 63% and 36% of total trade receivables as of December 31, 2022 and 2021, respectively. The credit risk is minimal because the customers which account for more than 10% of the Company's accounts receivable balance are creditworthy companies.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Company had available unutilized short-term bank loan facilities set out in (c) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 540,886	\$ 425,326	\$ 787,991	\$ -	\$ 1,754,203
Fixed interest rate liabilities	18,147	-	-	-	18,147
Lease liabilities	2,314	4,465	19,870	63,893	90,542

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 786,547	\$ 903,376	\$ 917,317	\$ 500	\$ 2,607,740
Lease liabilities	2,143	4,287	18,854	82,468	107,752

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities were subject to change if changes in variable interest rates were to differ from those estimates of interest rates determined at the end of the reporting period.

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Company's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Foreign exchange forward and foreign exchange swaps contracts				
Inflows	\$ 371,440	\$ 663,007	\$ 1,269,867	\$ -
Outflows	<u>(370,256)</u>	<u>(660,197)</u>	<u>(1,263,730)</u>	<u>-</u>
	<u>\$ 1,184</u>	<u>\$ 2,810</u>	<u>\$ 6,137</u>	<u>\$ -</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Foreign exchange forward and foreign exchange swaps contracts				
Inflows	\$ 166,588	\$ 609,312	\$ 1,883,510	\$ -
Outflows	<u>(165,940)</u>	<u>(606,226)</u>	<u>(1,863,914)</u>	<u>-</u>
	<u>\$ 648</u>	<u>\$ 3,086</u>	<u>\$ 19,596</u>	<u>\$ -</u>

c) Financing facilities

	December 31	
	2022	2021
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 18,119	\$ -
Amount unused	<u>3,164,601</u>	<u>2,934,960</u>
	<u>\$ 3,182,720</u>	<u>\$ 2,934,960</u>

30. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, detail of transactions between the Company and related parties are disclosed below:

a. Related party name and category

Related Party Name	Related Party Category
Sensortek Technology Corp.	Subsidiary
Forcelead Technology Corp.	Subsidiary
mCore Technology Corp.	Subsidiary
INFSitronix Technology Corp.	Subsidiary
Sync-Tech System Corp.	Subsidiary
Sitronix Investment Corp.	Subsidiary
HeFei Sitronix Co., Ltd.	Subsidiary
HeFei ezGreen Co., Ltd.	Subsidiary
ezGreen Inc.	Subsidiary
Sitronix Technology (Shenzhen) Co., Ltd.	Subsidiary
Silicon Power Computer & Communications Inc.	Substantive related party
ezGlobal Corp.	Substantive related party

b. Sales of goods

	For the Year Ended December 31	
Related Party Category	2022	2021
Subsidiary	\$ 167,771	\$ 129,006
Substantive related party	<u>284</u>	<u>431</u>
	<u>\$ 168,055</u>	<u>\$ 129,437</u>

The transactions for related parties were negotiated under the terms of general transactions and prices.

c. Purchases

	For the Year Ended December 31	
Related Party Category/Name	2022	2021
<u>Subsidiary</u>		
Sensortek Technology Corp.	\$ 1,411,260	\$ 1,007,000
Forcelead Technology Corp.	92,514	184,940
Others	<u>6,281</u>	<u>3,372</u>
	<u>\$ 1,510,055</u>	<u>\$ 1,195,312</u>

The transactions in which the Company purchases goods from related parties were negotiated under the terms of general transactions and prices.

d. Manufacturing expenses

Related Party Category	For the Year Ended December 31	
	2022	2021
Subsidiary	<u>\$ 55,141</u>	<u>\$ 56,552</u>

The transactions in which the Company made payments of manufacturing expenses to related parties were subject to contractual agreements as there were no similar transactions for comparison.

e. Operating expenses

Related Party Category	For the Year Ended December 31	
	2022	2021
Subsidiary	\$ 162,462	\$ 134,867
Substantive related party	<u>985</u>	<u>1,947</u>
	<u>\$ 163,447</u>	<u>\$ 136,814</u>

The transactions in which the Company made payments of operating expenses to related parties were subject to contractual agreements as there were no similar transactions for comparison.

f. Other operating income and expenses

Related Party Category	For the Year Ended December 31	
	2022	2021
Subsidiary	<u>\$ 343</u>	<u>\$ 200</u>

The transactions in which the Company made collections or payments of other operating income and expenses to related parties were subject to contractual agreements as there were no similar transactions for comparison.

g. Handling fee revenue

Related Party Category	For the Year Ended December 31	
	2022	2021
Subsidiary	<u>\$ 1,390</u>	<u>\$ 2,077</u>

The transactions in which the Company made collections of handling fees to related parties were subject to contractual agreements as there were no similar transactions for comparison.

h. Other revenue

Related Party Category	For the Year Ended December 31	
	2022	2021
Subsidiary	<u>\$ 41</u>	<u>\$ 44</u>

The transactions in which the Company made collections of other revenue to related parties were subject to contractual agreements as there were no similar transactions for comparison.

i. Receivables from related parties

Related Party Category	December 31	
	2022	2021
Subsidiary	\$ 34,268	\$ 28,713
Substantive related party	<u>26</u>	<u>178</u>
	<u>\$ 34,294</u>	<u>\$ 28,891</u>

The outstanding trade receivables from related parties were unsecured. No loss allowance were recognized for trade receivables from related parties as of December 31, 2022 and 2021.

j. Other receivables from related parties (excluding loans to related parties)

Related Party Category	December 31	
	2022	2021
Subsidiary	<u>\$ 20,243</u>	<u>\$ 10,410</u>

Other receivables from related parties are mainly generated from endorsement guarantee fees and collection and payment.

k. Prepayment

Related Party Category/Name	December 31	
	2022	2021
Substantive related party	\$ 258	\$ 497
Subsidiary	<u>17</u>	<u>-</u>
	<u>\$ 275</u>	<u>\$ 497</u>

l. Payables to related parties

Related Party Category/Name	December 31	
	2022	2021
<u>Subsidiary</u>		
Sensortek Technology Corp.	\$ 168,438	\$ 441,988
Forcelead Technology Corp.	10,334	47,490
Others	<u>874</u>	<u>10</u>
	<u>\$ 179,646</u>	<u>\$ 489,488</u>

The outstanding payables to related parties are unsecured.

m. Other payables to related parties

Related Party Category	December 31	
	2022	2021
Subsidiary	\$ 21,527	\$ 6,741
Substantive related party	<u>182</u>	<u>210</u>
	<u>\$ 21,709</u>	<u>\$ 6,951</u>

Other payables to related parties are mainly due to technical service expenditure and manufacturing expenses.

- n. Disposal of property, plant and equipment

Related Party Category	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2022	2021	2022	2021
Subsidiary	\$ 123	\$ 5,122	\$ -	\$ -

The term of the transaction of disposal of property, plant and equipment from a related party was subject to a contractual agreement as there was no similar transaction for comparison.

- o. Lease arrangement - the Company is lessor

Operating lease rental

Future lease receivable are as follows:

Related Party Category	December 31	
	2022	2021
Subsidiary	\$ 21,943	\$ 31,352
Substantive related party	508	508
	<u>\$ 22,451</u>	<u>\$ 31,860</u>

Lease income was as follows:

Related Party Category	For the Year Ended December 31	
	2022	2021
Sync-Tech System Corp.	\$ 7,240	\$ 5,496
Forcelead Technology Corp.	5,085	2,397
Sensortek Technology Corp.	-	2,536
Others	4,176	4,176
Subtotal	16,501	14,605
Substantive related party	2,036	2,036
	<u>\$ 18,537</u>	<u>\$ 16,641</u>

Calculation of deposit and interest

Subsidiary	\$ 21	\$ 19
Substantive related party	3	3
	<u>\$ 24</u>	<u>\$ 22</u>

The Company leases investment properties, machinery and equipment to subsidiaries and substantive related parties mainly through operating leases and the lease period is 1 to 5 years. Rental income from related parties are based on contractual agreements as there were no similar transactions for comparison.

p. Disposal of expertise

Related Party	Line Item	Proceeds		Gain (Loss) on Disposal	
		For the Year Ended		For the Year Ended	
		December 31		December 31	
		2022	2021	2022	2021
Subsidiary	Long-term equity investment accounted for using the equity method	\$ -	\$ 6,543	\$ 19,009	\$ 17,646

Since there are no related similar transactions for comparison for the transactions between the Company and its subsidiaries, the transaction terms are calculated in accordance with the contractual agreements. The total gain from the disposal during 2021 is \$6,543 thousand. And \$19,009 thousand and \$17,646 thousand had been realized in 2022 and 2021; the remaining disposal gain will be deferred.

q. Guarantee deposits received

Related Party Category	December 31	
	2022	2021
<u>Subsidiary</u>		
Forcelead Technology Corp.	\$ 20,100	\$ 749
Others	<u>2,027</u>	<u>2,027</u>
Subsidiary	22,127	2,776
Substantive related party	<u>356</u>	<u>356</u>
	<u>\$ 22,483</u>	<u>\$ 3,132</u>

The guarantee deposits received are mainly generated from the related parties jointly obtain the purchase quota guarantee from the supplier and the rental deposits.

r. Loans to related parties

Related Party Category	December 31	
	2022	2021
Other receivables from related parties		
Subsidiary	<u>\$ 10,000</u>	<u>\$ 16,608</u>
Interest Income		
Subsidiary	<u>\$ 308</u>	<u>\$ 347</u>

The Company provides short-term loans to subsidiaries with interest rates ranging from 1.9%-2.1% and 0.685% in 2022 and 2021, respectively. As there were no similar transactions for comparison, the terms of the transaction were subject to contractual agreements.

- s. Endorsements and guarantees provided by the Company

Related Party Category	December 31	
	2022	2021
Subsidiary		
Amount endorsed	\$ 700,000	\$ 1,200,000
Amount utilized	\$ 175,960	\$ 476,075

The Company provides endorsement guarantees for subsidiaries to obtain purchase contracts from suppliers and bank credit lines. The terms and conditions of the transaction for the collection of relevant handling fees shall be subject to contractual agreements, as there were no similar transactions to follow.

- t. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 154,948	\$ 162,317
Post-employment benefits	795	757
Share-based payments	-	400
	<u>\$ 155,743</u>	<u>\$ 163,474</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and the Company's profits.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the tariff of imported raw materials guarantees:

	December 31	
	2022	2021
Pledged deposits	\$ 47,287	\$ 29,226

Pledged deposits are classified as financial assets measured at amortized cost-current.

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to those disclosed in other notes, the significant commitments of the Company at the balance sheet date were as follows:

- a. Long-term purchase agreements

The Company entered into long-term purchase agreements of materials with suppliers during 2021. Both parties agreed that during the contract period, the suppliers would deliver the materials to the Company in accordance with the agreements. The Company paid the suppliers the amount of USD28,091 thousand as a guarantee to ensure the supply of materials. The rights and obligations of both parties are based on the content of each agreement. During 2022, the Company evaluated that one of the long-term purchase of the agreement's obligations cannot be fulfilled. Hence, the Company decided to write obligation of off some portion of the prepayment purchase, the impairment loss was classified as operating costs. This estimation could be adjusted due to the market demand fluctuating in the future.

b. Long-term supply agreements

The Company entered into long-term supply agreements of products with clients during 2021. Both parties agreed that during the contract period, the Company would deliver the products to the client in accordance with the agreements. The Company collected the amount of USD2,760 thousand as a guarantee to the supply of products. The rights and obligations of both parties are based on the content of each agreement.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	December 31			
	2022		2021	
	Foreign Currency	Exchange Rate	Foreign Currency	Exchange Rate
<u>Financial assets</u>				
Monetary items				
USD	\$ 45,974	30.710	\$ 99,542	27.680
JPY	4,701	0.2324	13,046	0.2405
CNY	35,022	4.4080	10,082	4.344
Non-monetary items				
USD	8,995	30.710	13,262	27.680
<u>Financial liabilities</u>				
Monetary items				
USD	28,950	30.710	59,171	27.680
JPY	1,133	0.2324	1,495	0.2405

For the years ended December 31, 2022 and 2021, please refer to Note 24(i) for the information of realized and unrealized net foreign exchange gains (losses). It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions of the entities in the Company.

34. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. information on investees:

- 1) Financing provided to others: Table 1 (attached)
- 2) Endorsements/guarantees provided: Table 2 (attached)
- 3) Marketable securities held (excluding investment in subsidiaries): Table 3 (attached)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 4

- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 5
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 6 (attached)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
 - 9) Trading in derivative instruments: Note 7 and Note 29
 - 10) Information on investee: Table 7 (attached)
- c. Information on investments in mainland China: Tables 8 and 9 (attached)
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: None

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
0	The Company	mCore Technology Corp.	Other receivables from related parties	Yes	\$ 100,000	\$ 100,000	\$ -	-	For financing	\$ -	Working capital	\$ -	-	\$ -	\$ 2,284,591	\$ 4,569,181
		INFSitronix Technology Corp.	Other receivables from related parties	Yes	100,000	100,000	10,000	1.9%-2.1%	For financing	-	Working capital	-	-	-	2,284,591	4,569,181

Note 1: The description is as follows

- 1. Lender is numbered as 0.
- 2. Investee is numbered sequentially from 1.

Note 2: According to the “Financing providing and operation management method”, the total amount and the available amount to any individual for lending are as follows:

- 1. The total amount for lending shall not exceed forty percent of SITRONIX’s net worth. However the total amount lendable to any subsidiary for short-term financing could upper to the total available amount of the company.
- 2. The total amount for lending to or lending from any directly or indirectly hold foreign subsidiaries with 100% ownership, shall not exceed 40% of the net worth of the lending company. The total amount for lending to any individual shall not exceed 50% of the total available amount.
- 3. Where funds are lent to a company or business with business relationships with the Company, the total amount for lending to any individual shall not exceed the amount of business transaction between the two parties. Amount of business transaction defines the highest amount of purchase or sales.
- 4. The total amount for lending to any individual shall not exceed 50% of the Company’s net worth for the company or firm that needs short-term financing.

TABLE 2

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	HeFei Sitronix Technology Co., Ltd.	Subsidiary	\$ 5,711,477	\$ 600,000	\$ 100,000	\$ -	\$ -	0.88	\$ 5,711,477	Yes	-	Yes
		mCore Technology Corp.	Subsidiary	5,711,477	100,000	100,000	11,661	-	0.88	5,711,477	Yes	-	-
		INFSitronix Technology Corp.	Subsidiary	5,711,477	100,000	100,000	4,607	-	0.88	5,711,477	Yes	-	-
		HeFei Sitronix Co., Ltd.	Subsidiary	5,711,477	400,000	400,000	159,692	-	3.50	5,711,477	Yes	-	Yes

Note 1: The description is as follows

- 1. Lender is numbered as 0.
- 2. Investee is numbered sequentially from 1.

Note 2: According to the “endorsement guarantee operation management measures” of Sitronix Technology Corp. The total amount of endorsement guarantee shall not exceed 50% of the net value in the latest year’s financial statements audited by CPA. The amount of endorsement guarantee for a single enterprise shall not exceed 25% of the net value of the latest year’s financial statements audited by CPA. However, the amount of endorsement guarantee for the company that directly and indirectly holds more than 50% of the voting shares of a company shall not exceed 50% of the net value of the latest year’s financial statements audited by CPA.

TABLE 3

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Bond</u>							
	FORCAY 3.375% 04/22/2025, USD Bond	-	Financial assets at amortized cost - non-current	-	\$ 30,983	-	\$ 30,983	Note 2
	TSMC ARIZONA CORP 4.125% 04/22/29 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	29,370	-	29,370	Note 1
	Savior Lifetec Corporation second Secured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	30,302	-	30,302	Note 1
	Chailease Holding Company Limited first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	9,810	-	9,810	Note 1
	Taishin Financial Holding Co., Ltd. first Unsecured Exchaneable Bond	-	Financial assets at fair value through profit or loss - current	-	20,040	-	20,040	Note 1
	Topco Technologies Corp. first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	20,600	-	20,600	Note 1
	<u>Derivatives</u>							
	3M USD FCN [TSM+GOOGL] 10.01% 03/30/2023	-	Financial assets at fair value through profit or loss - current	-	15,355	-	15,355	Note 1
	Taiwan Mask Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	40,165	-	40,165	Note 1
	Shin Kong Financial Holding Co., Ltd. fifth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	30,058	-	30,058	Note 1
	Ultra Chip Inc. second Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	29,968	-	29,968	Note 1
	Ennoconn Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	50,044	-	50,044	Note 1
	Taishin Financial Holding Co., Ltd. E1 Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	35,112	-	35,112	Note 1
	Wah Lee Industrail Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	20,062	-	20,062	Note 1
	<u>Fund</u>							
	KGI Taiwan Assets Fund	-	Financial assets at fair value through profit or loss - current	5,504	60,526	-	60,526	Note 1
	UPAMC CB Strategy Fund	-	Financial assets at fair value through profit or loss - current	10,000	100,198	-	100,198	Note 1
	UPAMC Taiwan Smart Strategy Fund	-	Financial assets at fair value through profit or loss - current	1,000	8,490	-	8,490	Note 1
	<u>Stock</u>							
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	7	394	-	394	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Silicon Power Computer & Communications Inc.	Substantive related party	Investments in equity instruments at fair value through other comprehensive income - current	4,199	\$ 91,742	-	\$ 91,742	Note 1
	Taishin Financial Holding Co., Ltd. Preferred Share E	-	Investments in equity instruments at fair value through other comprehensive income - current	29	1,496	-	1,496	Note 1
	Taishin Financial Holding Co., Ltd. Preferred Share E (2)	-	Investments in equity instruments at fair value through other comprehensive income - current	181	8,579	-	8,579	Note 1
	Kwong Lung Preferred Shares A	-	Investments in equity instruments at fair value through other comprehensive income - current	146	7,738	-	7,738	Note 1
	WPG Holdings Limited Preferred Shares A	-	Investments in equity instruments at fair value through other comprehensive income - current	690	33,810	-	33,810	Note 1
	Chailease Holding Company Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	250	24,475	-	24,475	Note 1
	WT Microelectronics Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	1,000	47,750	-	47,750	Note 1
	Fubon Financial Holding Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	175	10,570	-	10,570	Note 1
	Cathay Financial Holding Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	131	7,415	-	7,415	Note 1
	Nan Ya Plastics Corporation	-	Investments in equity instruments at fair value through other comprehensive income - current	150	10,650	-	10,650	Note 1
	<u>Equity Investment</u> HANS GLOBAL SELECT FUND LIMITED	-	Investments in equity instruments at fair value through other comprehensive income - non-current	120	231,506	-	231,506	Note 3
	Fong Huang Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000	30,787	9	30,787	Note 3
	Fong Huang II Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000	29,865	7	29,865	Note 3
	Top Taiwan XIII Venture Capital Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	10,000	86,844	12	86,844	Note 3
	Fong Huang IV Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	1,500	16,347	6	16,347	Note 3
	<u>Limited Partnership</u> CDIB-Innolux Limited Partnership	-	Financial assets at fair value through profit or loss - non-current	3,250	34,768	-	34,768	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Sitronix Investment Corp.	<u>Equity Investment</u> HANS GLOBAL SELECT FUND LIMITED	-	Investments in equity instruments at fair value through other comprehensive income - non-current	112	\$ 215,108	-	\$ 215,108	Note 3
Sensortek Technology Corp.	<u>Bond</u> CHLEAS 3.75% 10/22/2023 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - current	-	60,118	-	60,118	Note 1
	TSMC ARIZONA CORP 4.125% 04/22/29 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	29,370	-	29,370	Note 1
	China Huadian Corporation 3.375% perpetual USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	28,963	-	28,963	Note 1
	CITI 2.80% 06/15/2025, USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	28,775	-	28,775	Note 1
	HSBC 3.75% 05/24/2024, USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	15,096	-	15,096	Note 1
	FORCAY 3.375% 04/22/2025, USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	14,636	-	14,636	Note 1
	Chailease Holding Company Limited first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	28,155	-	28,155	Note 1
	Taishin Financial Holding Co., Ltd. first Unsecured Exchangeable Bond	-	Financial assets at fair value through profit or loss - current	-	20,040	-	20,040	Note 1
	AcBel Polytech Inc. first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	7,908	-	7,908	Note 1
	Elite Material Co., Ltd. fifth Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	4,910	-	4,910	Note 1
	MIC fourth Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	-	3,150	-	3,150	Note 1
	<u>Derivatives</u> Yeong Guan Energy Technology Group Co., Ltd. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	12,903	-	12,903	Note 1
	Anli International Co., Ltd first Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	9,871	-	9,871	Note 1
	Taishin Financial Holding Co., Ltd. E1 Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	35,112	-	35,112	Note 1
	Taiwan Mask Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	30,117	-	30,117	Note 1
	Shin Kong Financial Holding Co.,Ltd. fifth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	30,057	-	30,057	Note 1
	Ennoconn Corporation third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	30,026	-	30,026	Note 1
	Ultra Chip, Inc. second Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	29,968	-	29,968	Note 1
	Wah Lee Industrial Corp.third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	20,063	-	20,063	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Sensortek Technology Corp.	Gloria Material Technology Corp sixth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	\$ 10,061	-	\$ 10,061	Note 1
	RiTdisplay Corporation second Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	9,618	-	9,618	Note 1
	<u>Stock</u> WT Microelectronics Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	2,000	95,500	-	95,500	Note 1
	Fubon Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	800	48,320	-	48,320	Note 1
	Tai Shin Financial Holding Co., Ltd. Preferred Share E	-	Investments in equity instruments at fair value through other comprehensive income - current	609	31,424	-	31,424	Note 1
	Chailease Holding Company Limited Preferred Shares A	-	Investments in equity instruments at fair value through other comprehensive income - current	300	29,370	-	29,370	Note 1
	Powertech Technology Inc.	-	Investments in equity instruments at fair value through other comprehensive income - current	171	13,543	-	13,543	Note 1
	Taiwan Cement Corp.	-	Investments in equity instruments at fair value through other comprehensive income - current	69	2,337	-	2,337	Note 1
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	32	1,803	-	1,803	Note 1
	Sitronix Technology Corp.	The Parent Company	Investments in equity instruments at fair value through other comprehensive income - non-current	606	107,565	-	107,565	Note 1
	<u>Equity Investment</u> Fong Huang II Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000	29,865	7	29,865	Note 3
Forcelead Technology Corp.	<u>Fund</u> TAISHIN JU LONG Fund	-	Financial assets at fair value through profit or loss - current	1,747	21,009	-	21,009	Note 1
	<u>Stock</u> WPG Holdings Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	190	9,310	-	9,310	Note 1
Sitronix Holding International Ltd.	<u>Bond</u> AT&T INC 5.35% 11/01/2066 (TBB) USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	16,169	-	16,169	Note 1
	China Huadian Corporation 3.375% perpetual USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	28,963	-	28,963	Note 1
	CITI 2.75% 04/08/2024 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	89,663	-	89,663	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares (Note 5)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Sitronix Holding International Ltd.	CITI 2.80% 06/15/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	\$ 28,775	-	\$ 28,775	Note 1
	Chailease Finance 3.75% 10/22/2023 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - current	-	30,059	-	30,059	Note 1

Note 1: Calculated based on the closing price on December 31, 2022.

Note 2: Listed based on book value.

Note 3: Calculated based on the net value on December 31, 2022.

Note 4: As of December 31, 2022, the above listed marketable securities were neither provided as guarantee nor pledged as collateral for loans.

Note 5: The number of shares/units are in thousands.

Note 6: The marketable securities listed in the table above refer to the securities, bonds, beneficiary certificates and securities that fall within the scope of IFRS 9 “Financial Instruments”.

(Concluded)

TABLE 4

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Beginning Balance		Acquisition		Disposal				Ending Balance	
			Number of Units (Note 1)	Amount	Number of Units (Note 1)	Amount	Number of Units (Note 1)	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Unitsk (Note 1)	Amount
Sensortek Technology Corp.	<u>Fund</u> KGI Taiwan Assets Fund	Financial assets at fair value through profit or loss - current	20,009	\$ 235,848	-	\$ -	20,009	\$ 225,676	\$ 200,000	\$ 25,676	-	\$ -

Note 1: The number of units are in thousands.

TABLE 5

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition and Usage	Others
							Property Owner	Relationship	Transaction Date	Amount			
Sync-Tech System Corp.	Land, buildings and investment properties	2022.3.17	\$ 129,113	Paid in all	Kaifeng International Real Estate Co.	-	-	-	-	-	Valuation report issued by China Real Estate Appraising Firm	Space requirements for future business expansion and operational considerations	None

TABLE 6

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer/ Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Sensortek Technology Corp.	Subsidiary	Purchase	\$ 1,411,260	21	Net 60 days from shipping date	\$ -	-	\$ (168,438)	26	-
Forcelead Technology Corp.	Sitronix Technology Corporation	Parent company	Sale	92,514	3	45 days for the monthly balance	-	-	10,334	5	-

TABLE 7

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Foreign Currencies in Thousands)		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of (Loss) Profit
				December 31, 2022	December 31, 2021	Number of Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount		
The Company	Sitronix Investment Corp.	Taiwan	Investment	\$ 367,270	\$ 367,270	33,249	100.00	\$ 224,163	\$ (4,359)	\$ (4,359)
	Forcelead Technology Corp.	Taiwan	R&D and sale of multi-functional integrated automotive display driver ICs	717,634	717,634	24,337	70.76	1,112,835	576,706	459,597
	Sensortek Technology Corp.	Taiwan	R&D, design and sales of sensor integrated circuit products	113,318	113,318	22,530	46.06	1,964,628	842,773	381,734
	mCore Technology Corp.	Taiwan	Providing solutions for consumer display and voice/audio related applications.	131,074	131,074	9,583	90.73	118,911	17,793	16,143
	Sync-Tech System Corp.	Taiwan	Design, manufacturing and maintenance of semiconductor consumables and testing equipment	160,554	160,554	12,160	42.86	319,695	97,199	43,896
	INFSitronix Technology Corp.	Taiwan	Comprehensive line of Power supervisor IC design	193,559	193,559	9,796	58.42	68,082	(20,788)	(12,144)
	ezGreen Inc.	Taiwan	Software design and electronic information supply services	100,000	100,000	10,000	100.00	9,541	(28,193)	(28,193)
	Sitronix Holding International Ltd.	Samoa	Investment	184,260	61,420	6,000	100.00	204,268	5,134	5,134
Sitronix Investment Corp.	Sensortek Technology Corp.	Taiwan	R&D, design and sales of sensor integrated circuit products	(USD 10	(USD 10	2	-	210	842,773	39
	INFSitronix Technology Corp.	Taiwan	Comprehensive line of Power supervisor IC design	10	10	-	-	2	(20,788)	-

Note: Foreign currencies is converted into NTD using the exchange rates of the US dollar to NTD on December 31, 2022.

TABLE 8

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Foreign Currencies in Thousands)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Foreign Currencies in Thousands)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (Foreign Currencies in Thousands)	Net Income (Loss) of the Investee	% Ownership for Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward (Foreign Currencies in Thousands)	Inward						
Sitronix Technology (Shenzhen) Co., Ltd.	Computer software and hardware development, sales and after-sales service business and related technical consulting services	\$ 12,284 (USD 400)	Note 1	\$ 12,284 (USD 400)	\$ -	\$ -	\$ 12,284 (USD 400)	\$ 4,558	100%	\$ 4,558	\$ 27,022	\$ 10,237
HeFei ezGreen Co., Ltd.	Design, sales and technical services of Supplier management software development	44,080 (CNY 10,000)	Note 4	22,040 (CNY 5,000)	22,040 (CNY 5,000)	-	44,080 (CNY 10,000)	(7,562)	100%	(7,562)	20,579	-
HeFei Sitronix Co., Ltd.	R&D, design, sales and technical services of integrated circuits and system hardware and software	110,200 (CNY 25,000)	Note 5	99,180 (CNY 22,500)	-	-	99,180 (CNY 22,500)	94,419	90%	84,978	415,216	-
HeFei Sitronix Technology Co., Ltd.	R&D and sale of integrated circuits; R&D, service and sales of integrated circuits chip	132,240 (CNY 30,000)	Note 6	132,240 (CNY 30,000)	-	-	132,240 (CNY 30,000)	(3,987)	100%	(3,987)	128,300	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 (Foreign Currencies in Thousands)	Investment Amount Authorized by the Investment Commission, MOEA (Foreign Currencies in Thousands)	Upper Limit on the Amounts of Investment Stipulated by Investment Commission, MOEA
\$302,401 (US\$9,847)	\$715,881 (US\$23,311)	\$6,853,772

Note 1: Direct Investment, as of December 31, 2022, the total investment amount approved by the Investment Commission, MOEA, is US\$400 thousand, and the investment amount of US\$400 thousand has been remitted.

Note 2: Foreign currencies are converted into NTD using the exchange rates of the US dollar and CNY to NTD on December 31, 2022.

Note 3: According to the Investment Commission, MOEA, 60% of the net value of investments in mainland China is set.

Note 4: Direct Investment, as of December 31, 2022, the total investment amount approved by the Investment Commission, MOEA, is CNY10,000 thousand, and the investment amount of CNY10,000 thousand has been remitted.

Note 5: Direct Investment, as of December 31, 2022, the total investment amount approved by the Investment Commission, MOEA, is CNY45,000 thousand, and the investment amount of CNY22,500 thousand has been remitted.

Note 6: Direct Investment, as of December 31, 2022, the total investment amount approved by the Investment Commission, MOEA, is CNY 90,000 thousand, and the investment amount of CNY30,000 thousand has been remitted.

TABLE 9

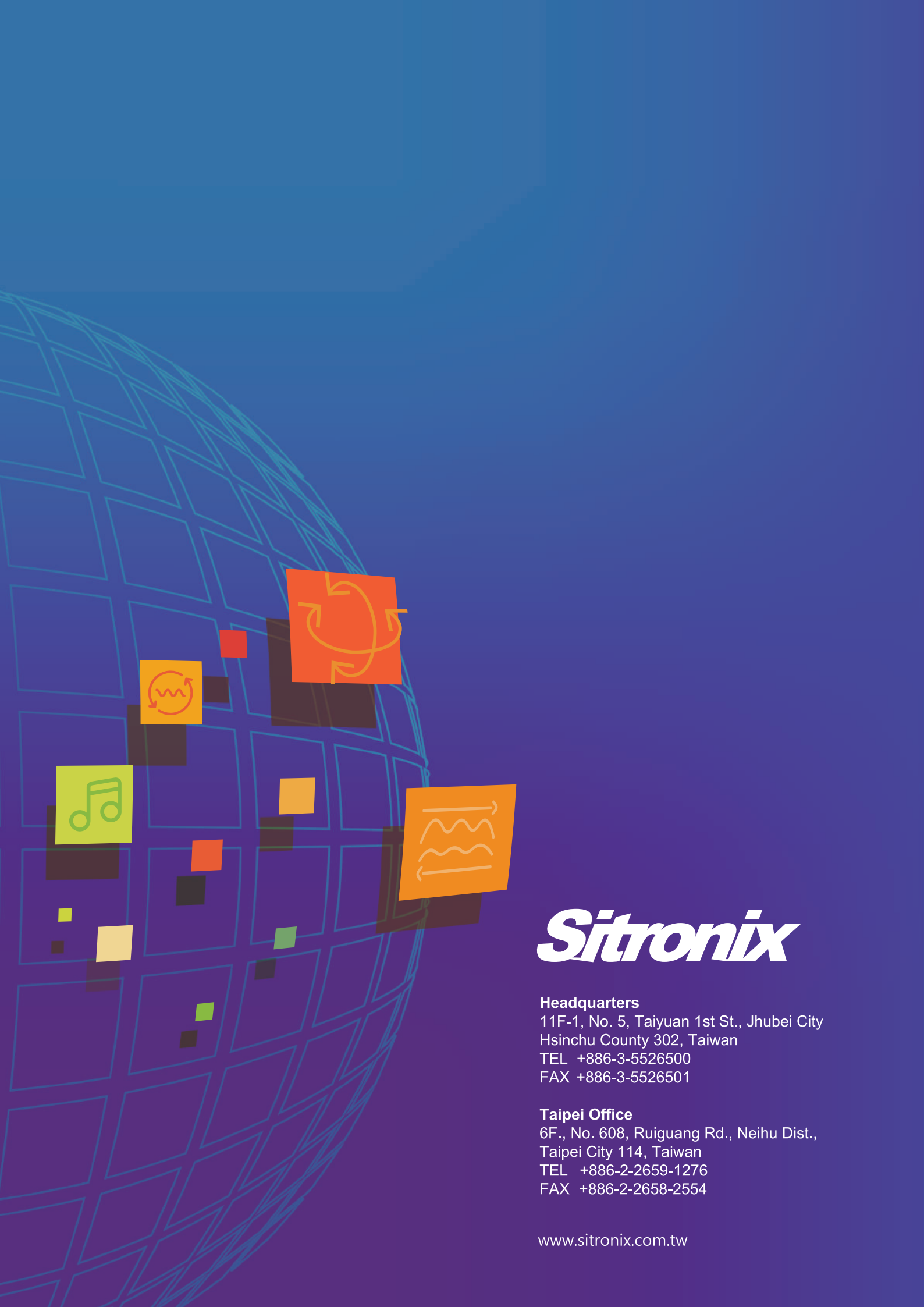
SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Relationship	Transaction Type	Total Operating Expenses		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
The Company	Sitronix Technology (Shenzhen) Co., Ltd	From the parent company to the subsidiary	Professional service fees	\$ 162,438	8	Calculated based on the contract	Calculated based on the contract	No related similar transactions to follow	\$ -	-	\$ -	-

Sitronix Technology Corp.

Chairman Vincent Mao



Sitronix

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