

Sitronix Technology Corporation 2024 Annual Shareholders' Meeting Meeting Agenda (Translation)

Meeting Date: June 20, 2024

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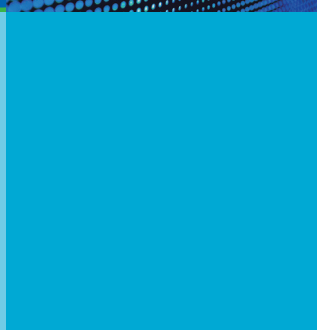
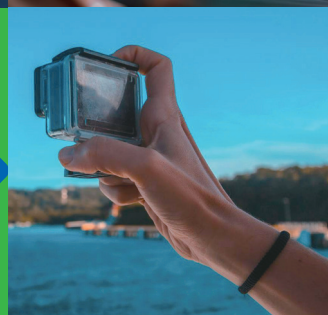
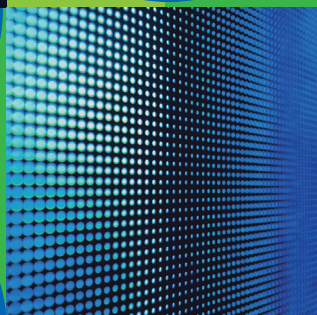
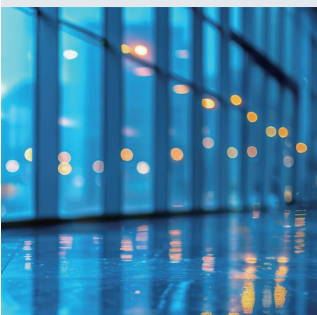
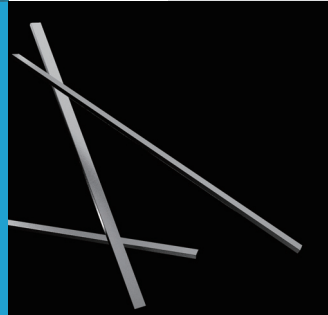
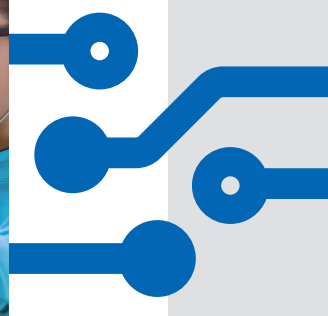
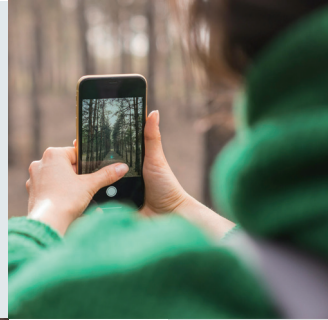


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Sitronix Technology Corp.

2024 Annual Shareholders' Meeting Procedures

- I. Call Meeting to Order
- II. Chairman's Address
- III. Report Items
- IV. Election Matters
- V. Matters for Ratification and Proposed Resolutions
- VI. Extemporaneous Motions
- VII. Adjournment

Sitronix Technology Corp.

2024 Annual Shareholders' Meeting Agenda

Time: 9:00 a.m., June 20, 2024 (Thursday)

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

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

Convening method: Physical meeting

- I. Call Meeting to Order (Number of shares reported on attendance)
- II. Chairman's Address
- III. Report Items
 - (I.) 2023 Business Report
 - (II.) 2023 Audit Committee's Review Report
 - (III.) Report on the distribution of remuneration of employees and directors for 2023
 - (IV.) Report on cash dividends of profit distribution for 2023
- IV. Election Matters

To elect the 11th Board of Directors of the Company
- V. Matters for Ratification and Proposed Resolutions
 - (I.) Recognition of 2023 Financial Statements and Business Report
 - (II.) Recognition of 2023 Profit Distribution Proposal
 - (III.) Amendments to "Procedures for Acquisition or Disposal of Assets"
 - (IV.) Removal of competition restrictions for new directors and their representatives
- VI. Extemporaneous Motions
- VII. Adjournment

Report Items

I. 2023 Business Report

Explanation: 2023 Business Report. Please refer to Attachment I on page 9~11 of the handbook.

II. 2023 Audit Committee's Review Report

Explanation: 2023 Audit Committee's Review Report. Please refer to Attachment II on page 12 of the handbook.

III. Report on the distribution of remuneration for employees and directors for 2023

Explanation: In accordance with the provisions of the Company's Articles of Incorporation, the remuneration of NT\$24,833,253 and NT\$165,555,012 have been distributed to directors and employees in cash, respectively.

IV. Report on cash dividends of profit distribution for 2023

Explanation:

1. According to the Article of Incorporation, the Board of Directors was authorized to resolve specifically to distribute all or part of the dividends payable and bonus in cash, which was reported at the shareholders' meeting.
2. Allocate the shareholders dividends of NT\$1,441,642,512 for the distribution in cash at NT\$12 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.

Election Matters

To elect the 11th Board of Directors of the Company

Proposed by the Board of Directors

Explanation:

- (I) The term of the 10th Board of Directors of the Company expires on July 26, 2024. It is proposed to hold the election for the Board of Directors in this annual shareholders' meeting.
- (II) In accordance with Article 13 of the Article of Incorporation, a total of nine directors shall be elected (including four independent directors), and a candidate nomination system shall be adopted. The shareholders shall select the directors (including independent directors) from among the nominees listed in the Roster of Director Candidates for the term of office from June 20, 2024 to June 19, 2027. The term of office of the former directors shall expire upon the completion of this annual shareholders' meeting.
- (III) The Roster of Director Candidates was approved by the resolution of the Board of Directors on March 7, 2024. The Roster of Director Candidates please refer to Attachment III on page 13 of the Handbook.
- (IV) Mr. Cheng-Chieh Dai, the independent director, has served as an independent director of the Company for three consecutive terms. In view of his expertise in business management and experience in corporate governance, which will be of significant benefit to the Company, he was nominated as one of the independent director candidates.
- (V) The re-election shall be conducted in accordance with the Company's Procedures for the Election of Directors.
- (VI) Call for election.

Election Results:

Matters for Ratification and Proposed Resolutions

I. 2023 Financial Statements and Business Report is submitted for approval.

Proposed by the Board of Directors

Explanation:

- (I.) The Board of Directors has delivered the Company's 2023 Parent Company Only Financial Statements and Consolidated Financial Statements, which have been audited and completed by CPA Cheng-Chih Lin and Mei-Chen Tsai of the Deloitte & Touche Taipei, Taiwan Republic of China, together with the business report, to the Audit Committee for verification, and the audit report has been issued.
- (II.) 2023 Business Report, please refer to Attachment I on page 9~11 of the handbook, Independent Auditors' Report and the aforementioned financial statements, please refer to Attachment IV and V on page 14~33 of the handbook.
- (III.) Please approve.

Resolution:

II. 2023 Profit Distribution Proposal is submitted for approval.

Proposed by the Board of Directors

Explanation:

- (I.) The 2023 Profit Distribution Proposal of the Company has been approved by the Board of Directors on March 7, 2024.
- (II.) For the 2023 Profit Distribution Proposal, please refer to Attachment VI on page 34 of the handbook.
- (III.) Please approve.

Resolution:

III. Amendments to "Procedures for Acquisition or Disposal of Assets"

Proposed by the Board of Directors

Explanation:

- (I.) In order to meet the operating needs of the Company, it is proposed to amend part of the provisions of the "Procedures for Acquisition or Disposal of Assets".
- (II.) Please refer to Attachment VII on page 35 of the handbook for the Comparison Table before and after the Amendment to the "Procedures for Acquisition or Disposal of Assets".
- (III.) Please discuss.

Resolution:

IV. Removal of competition restrictions for new directors and their representatives

Proposed by the Board of Directors

Explanation:

- (I.) In accordance with Article 209 of the Company Act: A director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (II.) Without prejudice to the interests of the Company, if the newly elected directors and their representatives invest in other companies with the same or similar business scope as the Company, the Company proposed to apply to the shareholders' meeting to lift the competition restrictions on such directors and their representatives.

(III.) The new directors are concurrently holding positions in other companies as follows:

Title	Name	Concurrent position currently
Director	Vincent Mao	Chairman, Sitronix Holding International Limited. Director, mCore Technology Corp. Director, Sensortek Technology Corp. Chairman & CEO, Forcelead Technology Corp. Director, Infinno 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 Network Service Inc. Chairman & CEO, Seer Microelectronics, Inc. Director, Fong Huang Innovation Investment Co., Ltd. Director, Fong Huang II Innovation Investment Co., Ltd. Director, Fong Huang III Innovation Investment Co., Ltd. Director, Fong Huang IV Innovation Investment Co., Ltd.
Director	I-Hsi Cheng	Chairman, mCore Technology Corp.
Director	Sheng-Su Lee	Deputy Chairman & CEO, Silicon Power Computer & Communications Inc. Chairman & CEO, Sensortek Technology Corp. Director, Silicon Power Investment CO., LTD
Independent Director	Cheng-Chieh Dai	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	Yu-Nu Lin	Financial Assistant General Manager, Chin-Poon Industrial Co., Ltd.
Independent Director	Jui-Hsiang Lo	Chairman, IC PLUS Corp. Supervisor, Qi Liheng Co., Ltd.
Independent Director	Chuang-Yao Fan	General Manager, Shin Hwa Clock Industry Co., Ltd. General Manager, Telstar Enterprises Co., Ltd

(IV.) Please discuss.

Resolution:

Extemporaneous Motions

Adjournment

Sitronix Technology Corp.

Business Report

Attachment I

I. Operating Performance in 2023

(I.) Implementation results of the business plan

In 2023, Sitronix's annual consolidated operating revenue totaled about NT\$16.7 billion, its consolidated operating gross profit was NT\$5.71 billion, its consolidated net profit after tax was NT\$2.42 billion, and its after-tax EPS was NT\$15.5 per share.

In 2023, the purchasing power of major global markets weakened as the United States raised interest rates to control inflation. Although the Chinese economy has resumed, the recovery in demand is lower than anticipated. Despite inventory adjustments, an economic downturn, and exchange rate fluctuations, Silicon Creation's inventory has already returned to a healthy level in the second quarter. The revenue of the four major product segments (Internet of Things, Industrial Control, Sensor Chips, and Automotive) has also started to recover. In terms of cost control, the company implemented a cost improvement plan at the beginning of the year, carefully considering the possibility of cost optimization at each stage. Consequently, gross profit has experienced a significant rebound in the subsequent two quarters, showcasing the management team's remarkable achievements in planning and execution. As we strengthen our current market position, we also focus on enhancing long-term profitability. This involves gradually introducing next-generation products that offer a competitive advantage and optimize our future portfolio.

Sitronix has achieved high market visibility in the capital market by being included in the 10 constituent stocks compiled by Taiwan Index Company. It is also associated with passive funds focused on high dividends, semiconductors, and sustainability. This demonstrates the company's outstanding profitability, dividend distribution, and corporate sustainability performance. Furthermore, Sitronix and its subsidiary, Sortek, have been honored with four prestigious Taiwan Investor Relations Association awards. They were voted the top investor relations companies among large-cap listed and OTC companies for the year 2023 by institutional investors and the media. This recognition underscores Sitronix's unwavering dedication to information transparency and market communication, which has garnered high praise from institutional investors.

Sitronix is a global leader in producing small and medium-sized display drivers and sensor chips. Their display driver chip products are

used in the Internet of Things (IoT), industrial control, and automotive sectors. Sitronix has successfully entered various application markets, including wearables, health, education, smart homes, communications, industrial equipment, and offices, with a strong focus on green technology that utilizes zero capacitance and low power consumption. Their subsidiary's sensor chips are at the forefront of mobile phone proximity and ambient light-sensing technology. They have also developed innovative products such as flash frequency detection, electromagnetic wave absorption rate sensing, pressure sensing chips, and high-end gyroscopes. As a result, they are major suppliers of mobile phones, smartwatches, true wireless earphones, and smart home appliances. The company has promising future growth prospects.

(II.) Profitability Analysis

Year		2023 (Note 2)	2022 (Note 2)
Items			
Return on Assets (%)		12.24%	19.86%
Return on Equity (%)		16.46%	28.23%
Ratio in Paid-in Capital (%)	Operating Profit	208.39%	394.75%
	Income before Tax	236.44%	425.05%
Net Profit Rate (%)		14.45%	23.46%
Basic earnings per share (NT\$) (Note 1)		15.50	30.10

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

Note 2: Consolidated financial information using IFRS.

(III.) The condition of research and development

Sitronix is dedicated to developing touch applications in the Internet of Things, industrial control, and automotive fields. We also specialize in developing touch display driver products for smartphones.

The subsidiary is also developing proximity detection and ambient light sensing chips with higher sensitivity to cater to the requirements of high-end customers. Additionally, it focuses on developing ambient light sensing chips explicitly designed for thin watches and proximity detection chips for true wireless earphones. At the same time, we are continuously optimizing products with long-term potential. This includes improvements in frequency hopping detection, advanced gyroscopes, pressure sensor chips, and sensor chips that measure electromagnetic radiation absorption rates.

II. Future Outlook

Sitronix will continue developing new products for specialized applications to meet specific needs and target niche markets. Furthermore, we will expedite product updates to address emerging market demands. Additionally, we will actively explore new markets to ensure our products deliver value to end customers and establish ourselves as a critical partner in their product development journey. We aim to leverage our brand and technological advantages to enhance the company's operations and profitability.

The company is dedicated to corporate governance. We continue to pay attention to the climate risks, intellectual property management system, cyber security management system, regulatory trends, and the impact of geopolitics on the industrial chain. Our management team will focus on creating long-term value to steadily respond to the changes in the overall operating environment.

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

Sitronix Technology Corp.

Audit Committee's Review Report

The Board of Directors has prepared the Company's business report, financial statements, and the profit distribution proposal for 2023, in which the financial statements have been audited by Deloitte & Touche Taipei, Taiwan Republic of China with the audit report issued. The above business statement, financial statements, and profit distribution proposal have been verified by the Audit Committee and deemed as appropriate, and reported as above in accordance with the relevant provisions of the Securities Exchange Act and the Company Act for approval.

Sincerely,

2024 Annual Shareholders' Meeting of Sitronix Technology Corp.

Sitronix Technology Corp.

Chairman of the Audit Committee: Cheng-Chieh Dai

March 7, 2024

Sitronix Technology Corp.

Roster of Director Candidates

Title	Director	Director	Director	Director	Director	Independent Director	Independent Director	Independent Director	Independent Director
Name	Vincent Mao	Wen-Bin Lin	I-Hsi Cheng	Silicon Power Computer & Communications Inc.	Sheng-Su Lee	Cheng-Chieh Dai	Yu-Nu Lin	Jui-Hsiang Lo	Chuang-Yao Fan
Account Number	11	26	24	61339	44	42917	-	69	-
Current Position	Chairman & CEO, Sitronix Technology Corp.	Director, Sitronix Technology Corp.	CRO, Sitronix Technology Corp.	Director, Sitronix Technology Corp.	Deputy CEO, Silicon Power Computer & Communications Inc. Chairman & CEO, Sensortek Technology Corp.	General Manager, Accuvision Technology Inc.	Financial Assistant General Manager, Chin-Poon Industrial Co., Ltd.	Chairman, IC PLUS Corp.	General Manager, Shin Hwa Clock Industry Co., Ltd.
Education Background	EMBA, National Taiwan University Graduate Institute of Microelectronics, Cheng Kung University	Electronics, Taipei Tech	Department of Electronics Engineering, National Chiao Tung University	Not applicable	Graduate Institute of Electrical Engineering, National Taiwan University	Graduate Institute of Electrical Engineering, State University of New York at Stony Brook Department of Electrical Engineering, Cheng Kung University	EMBA, National Taiwan University Department of Accounting, National Chengchi University	MBA, National Chengchi University Department of Electronics Engineering, National Chiao Tung University	Department of Accounting, California State Polytechnic University, Pomona
Professional Experience	General Manager, Sitronix Technology Corp. Market Planning, United Microelectronics Corp.	Director, Gu Ming Investment Co., Ltd.	Deputy Manager, United Microelectronics Corp. Deputy Manager, Design Department, Novatek Microelectronics Corp.	Not applicable	General Manager, Sitronix Technology Corp.	Assistant General Manager, Accusys, Inc. Business Manager, Elitegroup Computer Systems Inc.	Sales Deputy Manager, Taiwan Securities Co., Ltd. Intermediate Auditor, KPMG Taiwan Passing the Accounting Entrance Exam	Manager, Consumer Communication Productions Department, United Microelectronics Corp. Director, Dadi Kid Education Co., Ltd. Independent Director & remuneration committee member, Silicon Integrated Systems	General Manager, Shin Hwa Clock Industry Co., Ltd. General Manager, Telstar Enterprises Co., Ltd

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, 2023 and 2022, 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 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, 2023, the revenue recognized was NT\$10,322,545 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 2023 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, 2023 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 7, 2024

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 30)	\$ 2,959,233	22	\$ 3,172,013	22
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 30)	439,660	3	311,208	2
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 30)	325,565	2	244,225	2
Financial assets at amortized cost - current (Notes 4, 9, 30 and 32)	859,235	6	766,087	5
Notes receivable and trade receivables (Notes 4, 10, 22 and 30)	814,119	6	637,606	4
Notes receivable and trade receivables from related parties (Notes 4, 22, 30 and 31)	28,887	-	34,294	-
Other receivables (Notes 4, 10 and 30)	96,253	1	86,718	1
Other receivables from related parties (Notes 4, 30 and 31)	20,616	-	30,243	-
Inventories (Notes 4, 5 and 11)	919,349	7	2,203,749	15
Prepayments (Notes 17 and 31)	73,407	1	78,764	1
Other current assets (Notes 4 and 30)	<u>10,686</u>	<u>-</u>	<u>6,917</u>	<u>-</u>
Total current assets	<u>6,547,010</u>	<u>48</u>	<u>7,571,824</u>	<u>52</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 30)	207,746	2	240,177	2
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 30)	591,989	4	424,719	3
Financial assets at amortized cost - non-current (Notes 4, 9 and 30)	30,870	-	30,983	-
Investment accounted for using the equity method (Notes 4, 12, 26, 27 and 31)	4,753,834	35	4,613,240	31
Property, plant and equipment (Notes 4, 13, and 31)	537,565	4	450,432	3
Right-of-use assets (Notes 4 and 14)	64,255	-	87,435	1
Investment properties (Notes 4 and 15)	379,751	3	452,069	3
Intangible assets (Notes 4 and 16)	96,142	1	38,282	-
Deferred tax assets - non-current (Notes 4 and 24)	5,771	-	9,191	-
Other non-current assets (Notes 4, 17, 30 and 33)	<u>448,376</u>	<u>3</u>	<u>689,679</u>	<u>5</u>
Total non-current assets	<u>7,116,299</u>	<u>52</u>	<u>7,036,207</u>	<u>48</u>
TOTAL	<u>\$ 13,663,309</u>	<u>100</u>	<u>\$ 14,608,031</u>	<u>100</u>

LIABILITIES AND EQUITY	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 18, 28 and 30)	\$ -	-	\$ 18,119	-
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 30)	20,881	-	35,362	-
Trade payables (Note 30)	802,636	6	480,668	3
Trade payables to related parties (Notes 30 and 31)	353,661	3	179,646	1
Accrued profit sharing bonus to employees' compensation and remuneration of directors (Note 23)	190,388	1	375,996	3
Other payables (Notes 19 and 30)	755,675	6	1,071,845	8
Other payables to related parties (Notes 30 and 31)	8,039	-	21,709	-
Current tax liabilities (Notes 4 and 24)	278,226	2	630,146	4
Lease liabilities - current (Notes 4, 14, 28 and 30)	26,401	-	25,642	-
Other current liabilities (Notes 19, 22 and 30)	<u>71,195</u>	<u>1</u>	<u>92,228</u>	<u>1</u>
Total current liabilities	<u>2,507,102</u>	<u>19</u>	<u>2,931,361</u>	<u>20</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 24)	18,353	-	11,697	-
Lease liabilities - non-current (Notes 4, 14, 28 and 30)	39,106	-	62,871	1
Net defined benefit liabilities - non-current (Notes 4 and 20)	26,355	-	31,391	-
Other non-current liabilities (Notes 28, 30, 31 and 33)	<u>77,205</u>	<u>1</u>	<u>147,758</u>	<u>1</u>
Total non-current liabilities	<u>161,019</u>	<u>1</u>	<u>253,717</u>	<u>2</u>
Total liabilities	<u>2,668,121</u>	<u>20</u>	<u>3,185,078</u>	<u>22</u>
EQUITY (Notes 4, 21 and 27)				
Share capital				
Ordinary shares	<u>1,201,369</u>	<u>9</u>	<u>1,201,369</u>	<u>8</u>
Capital surplus	<u>1,839,449</u>	<u>13</u>	<u>1,690,740</u>	<u>11</u>
Retained earnings				
Legal reserve	2,165,105	16	1,801,820	12
Special reserve	288,225	2	105,464	1
Unappropriated earnings	<u>5,633,437</u>	<u>41</u>	<u>6,961,331</u>	<u>48</u>
Total retained earnings	<u>8,086,767</u>	<u>59</u>	<u>8,868,615</u>	<u>61</u>
Other equity				
Exchange differences on translating the financial statement of foreign operations	(2,758)	-	9,186	-
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(<u>73,630</u>)	(<u>1</u>)	(<u>290,948</u>)	(<u>2</u>)
Total other equity	(<u>76,388</u>)	(<u>1</u>)	(<u>281,762</u>)	(<u>2</u>)
Treasury shares	(<u>56,009</u>)	<u>-</u>	(<u>56,009</u>)	<u>-</u>
Total equity	<u>10,995,188</u>	<u>80</u>	<u>11,422,953</u>	<u>78</u>
TOTAL	<u>\$ 13,663,309</u>	<u>100</u>	<u>\$ 14,608,031</u>	<u>100</u>

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
NET REVENUE (Notes 4, 22 and 31)	\$ 10,322,545	100	\$ 11,589,599	100
OPERATING COSTS (Notes 4, 11, 23, 31 and 33)	<u>7,390,421</u>	<u>72</u>	<u>6,576,347</u>	<u>57</u>
GROSS PROFIT	<u>2,932,124</u>	<u>28</u>	<u>5,013,252</u>	<u>43</u>
OPERATING EXPENSES (Notes 4, 20, 23 and 31)				
Selling and marketing expenses	179,892	2	221,654	2
General and administrative expenses	228,622	2	320,269	2
Research and development expenses	<u>1,277,701</u>	<u>12</u>	<u>1,491,072</u>	<u>13</u>
Total operating expenses	<u>1,686,215</u>	<u>16</u>	<u>2,032,995</u>	<u>17</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 4, 23 and 31)	<u>1,486</u>	<u>-</u>	<u>1,458</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>1,247,395</u>	<u>12</u>	<u>2,981,715</u>	<u>26</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 12, 23 and 31)				
Interest incomes	71,320	1	46,694	-
Other incomes	75,832	1	94,057	1
Other gains and losses	45,662	-	110,131	1
Finance costs	(2,702)	-	(1,444)	-
Share of profit of subsidiaries	<u>630,613</u>	<u>6</u>	<u>940,642</u>	<u>8</u>
Total non-operating income and expenses	<u>820,725</u>	<u>8</u>	<u>1,190,080</u>	<u>10</u>
INCOME BEFORE INCOME TAX	2,068,120	20	4,171,795	36
INCOME TAX EXPENSE (Notes 4 and 24)	<u>209,779</u>	<u>2</u>	<u>561,630</u>	<u>5</u>
NET INCOME FOR THE YEAR	<u>1,858,341</u>	<u>18</u>	<u>3,610,165</u>	<u>31</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	2,764	-	2,065	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	144,214	1	(98,259)	(1)
Share of the other comprehensive (loss) income of subsidiaries accounted for using the equity method	65,812	1	(70,096)	-

(Continued)

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating the financial statements of foreign operations	(\$ 11,944)	-	\$ 23,272	-
Unrealized (loss) gain on investments in debt instruments at fair value through other comprehensive income	839	-	(695)	-
Share of the other comprehensive (loss) income of subsidiaries accounted for using the equity method	<u>6,398</u>	<u>-</u>	<u>(9,897)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>208,083</u>	<u>2</u>	<u>(153,610)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,066,424</u>	<u>20</u>	<u>\$ 3,456,555</u>	<u>30</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 15.50</u>		<u>\$ 30.10</u>	
Diluted	<u>\$ 15.39</u>		<u>\$ 29.57</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, 2023 AND 2022 (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
	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, 2022	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 the 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
Appropriation of 2022 earnings										
Legal reserve	-	-	-	363,285	-	(363,285)	-	-	-	-
Special reserve	-	-	-	-	182,761	(182,761)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(2,643,011)	-	-	-	(2,643,011)
Other changes in capital surplus										
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	6,141	-	-	-	-	-	-	6,141
Differences between consideration received and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	120,849	-	-	-	-	113	-	120,962
Changes in percentage of ownership interests in subsidiaries	-	-	21,719	-	-	-	-	-	-	21,719
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	58	-	(58)	-	-
Net income for the year ended December 31, 2023	-	-	-	-	-	1,858,341	-	-	-	1,858,341
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	2,764	(11,944)	217,263	-	208,083
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	1,861,105	(11,944)	217,263	-	2,066,424
BALANCE AT DECEMBER 31, 2023	<u>120,137</u>	<u>\$ 1,201,369</u>	<u>\$ 1,839,449</u>	<u>\$ 2,165,105</u>	<u>\$ 288,225</u>	<u>\$ 5,633,437</u>	<u>(\$ 2,758)</u>	<u>(\$ 73,630)</u>	<u>(\$ 56,009)</u>	<u>\$ 10,995,188</u>

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,068,120	\$ 4,171,795
Adjustments for:		
Depreciation expense	148,073	130,558
Amortization expense	41,195	21,848
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	(40,892)	(4,309)
Finance costs	2,702	1,444
Interest income	(71,320)	(46,694)
Dividend income	(20,730)	(26,097)
Compensation cost of share-based payment	3,092	12
Share of profits of subsidiaries	(630,613)	(940,642)
Loss on disposal of property, plant and equipment	18	2
Write-down of inventories recognized (reversed)	(90,000)	113,000
Impairment loss recognized on prepayment for purchase	112,000	167,520
Unrealized net loss (gain) on foreign currency exchange	5,533	(139,301)
Other income	(17,101)	(19,009)
Changes in operating assets and liabilities		
Notes receivable and trade receivables	(212,391)	501,938
Receivables from related parties	5,379	(5,403)
Other receivables	(5,677)	(5,661)
Other receivables from related parties	(56,034)	(69,588)
Inventories	1,374,400	(1,517,927)
Prepayments	5,357	24,548
Other current assets	(3,769)	(1,384)
Trade payables	352,931	(554,762)
Payables to related parties	180,148	(312,752)
Other payables	(299,370)	7,476
Other payables to related parties	(13,670)	14,758
Other current liabilities	(21,033)	25,606
Net defined benefit liabilities	(2,272)	(4,821)
Accrued profit sharing bonus to employees' compensation and remuneration of directors	(185,608)	(259,641)
Cash generated from operations	2,628,468	1,272,514
Interest received	67,598	44,970
Interest paid	(2,725)	(1,411)
Income tax paid	(551,623)	(702,451)
Net cash generated from operating activities	<u>2,141,718</u>	<u>613,622</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(103,583)	(55,112)
Disposal of financial assets at fair value through other comprehensive income	-	90,975
Purchase of financial assets measured at amortized cost	1,354,027	(1,165,136)
Proceeds from the return of principle of financial assets at amortized cost	(1,447,175)	1,987,275
Acquisition of financial assets at fair value through profit or loss	(360,997)	(370,238)
Disposal of financial assets at fair value through profit or loss	291,387	242,795
Acquisition of investments accounted for using equity method	(176,845)	(136,965)

(Continued)

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Acquisition of property, plant and equipment	(\$ 145,353)	(\$ 160,256)
Proceeds from disposal of property, plant and equipment	-	123
Increase in refundable deposits	(1,153)	(970)
Decrease in refundable deposits	118,920	59,335
Decrease in other receivable from related parties	66,028	66,028
Payment of intangible assets	(105,561)	(39,263)
Dividends received	<u>739,841</u>	<u>1,552,196</u>
Net cash generated from (used in) investing activities	<u>229,536</u>	<u>2,070,787</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	687,880	73,695
Repayments of short-term borrowings	(705,925)	(55,650)
Increase in guarantee deposits	4,827	88,866
Decrease in guarantee deposits	(69,458)	(29,686)
Repayment of the principal portion of lease liabilities	(26,669)	(25,643)
Cash dividends distributed	(2,643,011)	(3,844,380)
Disposal of ownership interests subsidiaries (without losing control)	<u>170,850</u>	<u>-</u>
Net cash used in financing activities	<u>(2,581,506)</u>	<u>(3,792,798)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(2,528)</u>	<u>94,248</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(212,780)</u>	<u>(1,014,141)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,172,013</u>	<u>4,186,154</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,959,233</u>	<u>\$ 3,172,013</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
Sitronix Technology Corporation

Opinion

We have audited the accompanying consolidated financial statements of Sitronix Technology Corporation and its subsidiaries (the "Group"), which comprise the balance sheets as of December 31, 2023 and 2022, 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 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, 2023, the revenue recognized was NT\$16,722,891 thousand, refer to Notes 4, 23 and 38 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 2023 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, 2023 and 2022 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, 2023 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 7, 2024

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022		LIABILITIES AND EQUITY	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 4, 6 and 32)	\$ 5,499,342	28	\$ 5,661,717	28	Short-term borrowings (Notes 4, 19, 30 and 32)	\$ -	-	\$ 18,119	-
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 32)	623,250	3	424,634	2	Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 32)	27,793	-	37,725	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 32)	667,938	3	564,206	3	Notes payable and trade payables (Note 32)	1,974,921	10	992,089	5
Financial assets at amortized cost - current (Notes 4, 9, 32 and 34)	3,133,690	16	2,416,889	12	Accrued profit sharing bonus to employees' compensation and remuneration of directors (Note 24)	330,763	2	611,743	3
Notes receivable and trade receivables (Notes 4, 10, 23 and 32)	1,592,929	8	1,226,520	6	Other payables (Notes 20 and 32)	1,473,734	7	1,853,492	10
Notes receivable and trade receivables from related parties (Notes 4, 23, 32 and 33)	1,782	-	1,469	-	Other payables to related parties (Notes 32 and 33)	353	-	182	-
Other receivables (Notes 4, 10 and 32)	116,874	1	98,837	1	Current tax liabilities (Notes 4 and 25)	562,401	3	984,450	5
Inventories (Notes 4, 5 and 11)	2,660,629	14	4,399,343	22	Lease liabilities - current (Notes 4, 15, 30 and 32)	46,884	-	45,301	-
Prepayments (Notes 18,33 and 35)	191,653	1	141,882	1	Other current liabilities (Notes 20, 23 and 32)	148,616	1	153,855	1
Other current assets (Notes 4, 18 and 32)	12,915	-	9,941	-					
Total current assets	14,501,002	74	14,945,438	75	Total current liabilities	4,565,465	23	4,696,956	24
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 32)	302,718	2	435,199	2	Deferred tax liabilities (Notes 4 and 25)	23,329	-	11,697	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 32)	1,203,010	6	950,102	5	Lease liabilities - non-current (Notes 4, 15, 30 and 32)	104,905	1	87,613	-
Financial assets at amortized cost - non-current (Notes 4, 9, 32 and 34)	30,870	-	30,983	-	Net defined benefit liabilities - non-current (Notes 4 and 21)	26,355	-	31,391	-
Investments accounted for using the equity method (Note 4 and 13)	5,202	-	-	-	Other non-current liabilities (Notes 30, 32, 33 and 35)	267,797	1	362,810	2
Property, plant and equipment (Notes 4 and 14)	1,867,934	10	1,801,838	9	Total non-current liabilities	422,386	2	493,511	2
Right-of-use assets (Notes 4 and 15)	146,749	1	129,164	1					
Investment properties (Notes 4 and 16)	637,589	3	730,506	4	Total liabilities	4,987,851	25	5,190,467	26
Goodwill (Note 4 and 28)	7,074	-	-	-	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Notes 4, 22, 27 and 29)				
Intangible assets (Notes 4 and 17)	195,713	1	76,898	-	Share capital				
Deferred tax assets - non-current (Notes 4 and 25)	5,771	-	9,191	-	Ordinary shares	1,201,369	6	1,201,369	6
Other non-current assets (Notes 4, 18, 32 and 35)	679,231	3	847,020	4	Capital surplus	1,839,449	9	1,690,740	8
Total non-current assets	5,081,861	26	5,010,901	25	Retained earnings				
					Legal reserve	2,165,105	11	1,801,820	9
					Special reserve	288,225	1	105,464	-
					Unappropriated earnings	5,633,437	29	6,961,331	35
					Total retained earnings	8,086,767	41	8,868,615	44
					Other equity				
					Exchange differences on translating the financial statements of foreign operations	(2,758)	-	9,186	-
					Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(73,630)	-	(290,948)	(1)
					Total other equity	(76,388)	-	(281,762)	(1)
					Treasury shares	(56,009)	-	(56,009)	-
					Total equity attributable to owners of the Company	10,995,188	56	11,422,953	57
					NON-CONTROLLING INTERESTS (Notes 12, 22, 28 and 29)	3,599,824	19	3,342,919	17
					Total equity	14,595,012	75	14,765,872	74
TOTAL	\$ 19,582,863	100	\$ 19,956,339	100	TOTAL	\$ 19,582,863	100	\$ 19,956,339	100

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

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
NET REVENUE (Notes 4, 23, 33 and 38)	\$ 16,722,891	100	\$ 18,027,827	100
OPERATING COSTS (Notes 4, 11, 24 and 35)	<u>11,009,189</u>	<u>66</u>	<u>9,773,803</u>	<u>54</u>
GROSS PROFIT	<u>5,713,702</u>	<u>34</u>	<u>8,254,024</u>	<u>46</u>
OPERATING EXPENSES (Notes 4, 10, 21, 24 and 33)				
Selling and marketing expenses	297,411	2	316,064	1
General and administrative expenses	642,369	4	694,860	4
Research and development expenses	2,271,280	13	2,502,919	14
Expected credit loss (gain)	<u>69</u>	<u>-</u>	<u>(1,004)</u>	<u>-</u>
Total operating expenses	<u>3,211,129</u>	<u>19</u>	<u>3,512,839</u>	<u>19</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 24)	<u>982</u>	<u>-</u>	<u>1,339</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>2,503,555</u>	<u>15</u>	<u>4,742,524</u>	<u>27</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 24 and 33)				
Interest income	155,951	1	97,465	-
Other income	103,222	1	115,334	1
Other gains and losses	84,089	-	155,074	1
Finance costs	<u>(6,252)</u>	<u>-</u>	<u>(3,919)</u>	<u>-</u>
Total non-operating income and expenses	<u>337,010</u>	<u>2</u>	<u>363,954</u>	<u>2</u>
INCOME BEFORE INCOME TAX	2,840,565	17	5,106,478	29
INCOME TAX EXPENSE (Notes 4 and 25)	<u>424,021</u>	<u>2</u>	<u>875,775</u>	<u>5</u>
NET INCOME FOR THE YEAR	<u>2,416,544</u>	<u>15</u>	<u>4,230,703</u>	<u>24</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 21 and 22)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	2,764	-	2,065	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	216,087	1	(177,014)	(1)

(Continued)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	(\$ 12,875)	-	\$ 23,770	-
Unrealized (loss) gain on investments in debt instruments at fair value through other comprehensive income	<u>7,490</u>	<u>-</u>	<u>(9,087)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>213,466</u>	<u>1</u>	<u>(160,266)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,630,010</u>	<u>16</u>	<u>\$ 4,070,437</u>	<u>23</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,858,341	11	\$ 3,610,165	20
Non-controlling interests	<u>558,203</u>	<u>3</u>	<u>620,538</u>	<u>3</u>
	<u>\$ 2,416,544</u>	<u>14</u>	<u>\$ 4,230,703</u>	<u>23</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,066,424	12	\$ 3,456,555	19
Non-controlling interests	<u>563,586</u>	<u>4</u>	<u>613,882</u>	<u>4</u>
	<u>\$ 2,630,010</u>	<u>16</u>	<u>\$ 4,070,437</u>	<u>23</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 15.50</u>		<u>\$ 30.10</u>	
Diluted	<u>\$ 15.39</u>		<u>\$ 29.57</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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Company (Notes 4, 22 and 29)											
	Share Capital		Capital Surplus	Retained Earnings			Other Equity		Treasury Share	Total	Non-controlling Interests (Notes 12, 22, 28 and 29)	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, 2022	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	7,561	14,017
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 the 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	-	-	-	-	-	-	-	-	-	-	347,434	347,434
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
Appropriation of 2022 earnings												
Legal reserve	-	-	-	363,285	-	(363,285)	-	-	-	-	-	-
Special reserve	-	-	-	-	182,761	(182,761)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(2,643,011)	-	-	-	(2,643,011)	-	(2,643,011)
Other changes in capital surplus												
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	6,141	-	-	-	-	-	-	6,141	7,191	13,332
Differences between consideration received and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	120,849	-	-	-	-	113	-	120,962	49,888	170,850
Changes in percentage of ownership interests in subsidiaries	-	-	21,719	-	-	-	-	-	-	21,719	(21,719)	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	58	-	(58)	-	-	-	-
Net income for the year ended December 31, 2023	-	-	-	-	-	1,858,341	-	-	-	1,858,341	558,203	2,416,544
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	2,764	(11,944)	217,263	-	208,083	5,383	213,466
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	1,861,105	(11,944)	217,263	-	2,066,424	563,586	2,630,010
Increase in non- controlling interests	-	-	-	-	-	-	-	-	-	-	230,246	230,246
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(572,287)	(572,287)
BALANCE AT DECEMBER 31, 2023	120,137	\$ 1,201,369	\$ 1,839,449	\$ 2,165,105	\$ 288,225	\$ 5,633,437	(\$ 2,758)	(\$ 73,630)	(\$ 56,009)	\$ 10,995,188	\$ 3,599,824	\$ 14,595,012

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,840,565	\$ 5,106,478
Adjustments for:		
Depreciation expense	372,085	355,839
Amortization expense	75,416	48,183
Expected credit loss recognized (reversed) on trade receivables	69	(1,004)
Net loss (gain) on fair value changes of financial assets designated as at fair value through profit or loss	(55,848)	7,349
Finance costs	6,252	3,919
Interest income	(155,951)	(97,465)
Dividend income	(32,389)	(43,858)
Compensation costs of share-based payments	7,671	70
Loss on disposal of property, plant and equipment	170	33
Gain on disposal of financial instruments	(7,180)	-
Write-down of inventories recognized (reversed)	(83,267)	285,708
Impairment loss recognized on prepayment for purchase	178,142	230,540
Unrealized net loss (gain) on foreign currency exchange	3,569	(182,911)
Other income	(5,202)	-
Gain on modification of lease agreements	(9)	(215)
Changes in operating assets and liabilities		
Notes receivable and trade receivables	(424,033)	723,769
Receivables from related parties	(313)	(754)
Other receivables	(5,249)	(6,198)
Inventories	1,839,531	(2,234,483)
Prepayments	(40,618)	79,933
Other current assets	(1,333)	945
Notes payable and trade payables	1,043,451	(1,484,301)
Other payables	(370,863)	38,900
Other payables to related parties	171	(28)
Other current liabilities	(36,108)	57,554
Net defined benefit liabilities	(2,272)	(4,821)
Accrued profit sharing bonus to employees' compensation and remuneration of directors	(148,279)	(203,403)
Cash generated from operations	4,998,178	2,679,779
Interest received	143,966	96,751
Interest paid	(6,205)	(3,838)
Income tax paid	(837,722)	(1,252,595)
Net cash generated from operating activities	<u>4,298,217</u>	<u>1,520,097</u>

(Continued)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(\$ 222,296)	(\$ 261,334)
Disposal of financial assets at fair value through other comprehensive income	96,002	248,086
Purchase of financial assets measured at amortized cost	(4,928,236)	(3,479,338)
Proceeds from the return of principal of financial assets at amortized cost	4,211,435	5,041,169
Acquisitions of financial assets at fair value through profit or loss	(445,690)	(542,428)
Disposal of financial assets at fair value through profit or loss	425,471	617,232
Net cash flow from acquisition of subsidiaries	1,157	-
Acquisition of property, plant and equipment	(460,866)	(649,183)
Proceeds from disposal of property, plant and equipment	1,500	485
Increase in refundable deposits	(3,179)	(3,177)
Decrease in refundable deposits	121,564	60,006
Payment of intangible assets	(153,669)	(80,470)
Acquisition of investment properties	-	(67,996)
Dividends received	<u>32,151</u>	<u>43,858</u>
Net cash (used in) generated from investing activities	(<u>1,324,656</u>)	<u>926,910</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	800,918	659,582
Repayments of short-term borrowings	(838,963)	(697,017)
Repayment of bonds	(9,000)	-
Increase in guarantee deposits	37,750	109,079
Decrease in guarantee deposits	(95,791)	(110,189)
Repayment of the principal portion of lease liabilities	(49,924)	(47,210)
Cash dividends distributed	(2,629,679)	(3,830,363)
Payments for buy back of treasury shares	-	(52,595)
Dividends paid to non-controlling interests	(572,287)	(966,108)
Disposal of ownership interests in subsidiaries (without losing control)	170,850	-
Increase in non-controlling interests	63,000	58,000
Employee compensation issued in the form of stock that are not vested	<u>1,562</u>	<u>1,729</u>
Net cash used in financing activities	(<u>3,121,564</u>)	(<u>4,875,092</u>)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(<u>14,372</u>)	<u>159,294</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(162,375)	(2,268,791)

(Continued)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,661,717</u>	<u>7,930,508</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 5,499,342</u>	<u>\$ 5,661,717</u>

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

(Concluded)

Sitronix Technology Corp.

2023 Profit Distribution Proposal

Unit: NT\$

Item	Amount
Unappropriated retained earnings	3,772,273,652
Net profit after tax for current period	1,858,340,711
Disposal of financial assets measured at fair value through other comprehensive income to adjust retained earnings	58,221
Actuarial profit and loss for adjustment of retained earnings	2,763,268
Items other than net profit for the current period are included in the amount of undistributed surplus for the current year	1,861,162,200
Less: appropriated for legal reserve of 10%	(186,116,220)
Add: reversal of special reserve	211,837,943
Retained earnings available for distribution for current period	5,659,157,575
Less: allocated items	
Shareholders' dividends (cash dividends of N\$12 per share)	(1,441,642,512)
Unappropriated retained earnings	4,217,515,063

Note:

- (I.) The registered number of paid-in shares of the Company on Mar. 7, 2024 was 120,136,876. If the number of shares outstanding of the Company is affected by the change of the share capital, and the dividend ratio of the shareholders is changed and need to be revised, it is proposed that the annual shareholders' meeting shall give the Chairman full authority to handle.
- (II.) According to the provisions of TCS No. 871941343 promulgated by the Ministry of Finance on Apr. 30, 1998, the earnings shall be distributed with the method of individual identification. According to the principle for distribution of earnings of the Company, the earnings of 2023 shall be distributed first. In case of any insufficient section, the distributable earnings accumulated previously shall be distributed in the order of first in first out and the order of year of generation of earnings.

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

Before amendment	After amendment	Description
<p>Article 12: Scope and Amount of Investment of the Subsidiaries</p> <p>The limits on the amount of real property and right-of-use assets thereof or securities acquired by the subsidiaries for non-operational use are as follows:</p> <p>I. The total amount of real property and right-of-use assets for non-operational use shall not exceed the subsidiaries' shareholders' equity as of the date of the most recent audited financial statements.</p> <p>II. Investments in marketable securities shall not exceed the total amount of the subsidiaries' shareholders' equity as of the date of the most recent audited financial statements.</p> <p>III. Investments in individual marketable securities shall not exceed the total amount of the subsidiaries' shareholders' equity as of the date of the most recent audited financial statements.</p>	<p>Article 12: Scope and Amount of Investment of the Subsidiaries</p> <p>The limits on the amount of real property and right-of-use assets thereof or securities acquired by the subsidiaries for non-operational use are as follows:</p> <p>I. The total amount of real property and right-of-use assets for non-operational use shall not exceed the subsidiaries' shareholders' equity as of the date of the most recent audited financial statements.</p> <p>II. Investments in marketable securities shall not exceed the total amount of the subsidiaries' shareholders' equity as of the date of the most recent audited financial statements.</p> <p>III. Investments in individual marketable securities shall not exceed the total amount of the subsidiaries' shareholders' equity as of the date of the most recent audited financial statements.</p> <p>IV. <u>This subsidiary engages in investment activities. Its acquisition of non-operating real estate and usage rights assets is limited to a maximum of twice the shareholders' equity as stated in the most recent audited and certified financial statements of the subsidiary by CPAs. The total amount of securities acquired and the limit for individual securities should not exceed twice the shareholders' equity as stated in the most recent audited and certified financial statements of the subsidiary by CPAs.</u></p>	To meet the operating needs.

Sitronix Technology Corp.

Articles of Incorporation

Chapter I General Provisions

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

Chapter II Shares

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

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

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

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

Chapter III Shareholders' meeting

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

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

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

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

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

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

Chapter IV Directors and Audit Committee

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

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

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

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

Chapter V Managers

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

Chapter VI Accounting

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

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

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

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

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

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

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

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

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

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

Chapter VII Supplementary provisions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sitronix Technology Corp.

Chairman: Vincent Mao

Sitronix Technology Corp.

Rules of Procedures for Shareholders' Meeting

Article 1

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

Article 2

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

Article 3

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

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

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

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

Article 4

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

Article 5

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

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

Article 6

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

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a

postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

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

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

Article 7

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

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

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

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

Article 8

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

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

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

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

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

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

Article 9

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

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

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

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

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

Article 10

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

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

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

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

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

Article 11

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

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

Article 12

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

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

Article 13

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

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

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

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

Article 14

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

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

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

Article 15

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

Sitronix Technology Corp.

Procedures for the Election of Directors

Article 1: Except as otherwise provided by law and regulation or by the Company's Articles of Incorporation, elections of directors shall be conducted in accordance with these Procedures.

Article 2: The overall composition of the Board of Directors shall be taken into consideration in the selection of the Company's directors. Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

Article 3: The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 4: The Company shall prepare ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 5: The number of directors will be as specified in the Company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, therefore, exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

- Article 6: Before the election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel. The vote monitoring personnel shall have the status of a shareholder.
- Article 7: If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.
- Article 8: A ballot is invalid under any of the following circumstances:
1. The ballot was not prepared by the Board of Directors.
 2. A blank ballot is placed in the ballot box.
 3. The writing is unclear and indecipherable or has been altered.
 4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
 5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
 6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.
- Article 9: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors, shall be announced by the chair on the site.
- The ballots for the election referred to in the preceding paragraph shall be kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.
- Article 10: These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Sitronix Technology Corp.

Procedures for Acquisition or Disposal of Assets

Chapter 1 General

Article 1 Purpose and Legal Basis

To safeguard the Company's assets, implement the disclosure of information and strengthen the management of the Company's asset acquisition or disposal operations, these procedures are established in accordance with Article 36-1 of the Securities and Exchange Act (the "Act"), which authorizes the competent securities authority to establish the relevant provisions of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

Article 2 Scope of Assets

- I. Shares, government bonds, corporate bonds, bank debentures, securities that represent fund entitlements, depository receipts, call/put options, beneficiary securities, and asset-backed securities.
- II. Real estate (including land, building, and investment properties) and equipment.
- III. Membership.
- IV. Patents, copyrights, trademarks, licenses and other intangible assets.
- V. Right-of-use assets.
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivatives.
- VIII. Assets acquired or disposed of by legal merger, division, acquisition or transfer of shares.
- IX. Other important assets.

Article 3 Terms used in these Procedures are defined as follows:

- I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index,

or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.

- II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
- III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- IV. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
- V. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Boards of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply. For investments that are subject to the approval of the competent authorities, one of the dates of event referred to above or the date of approval by the competent authorities whichever is earlier or sooner shall prevail.
- VI. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- VII. Securities Exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any

organized securities trading market that is regulated by the competent securities authorities of the jurisdiction where it is located.

VIII. Securities Brokerage Location: "Domestic securities brokerage location" refers to a place where securities transactions are conducted at dedicated counters set up by securities brokers, as stipulated by the regulations governing the management of securities brokerage locations; "foreign securities brokerage location" refers to the business premises of a financial institution that is regulated by foreign securities authorities and is permitted to conduct securities business.

Article 4 Exclusion of Related Parties

Professional appraisers and their officers, certified public accountants, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

- I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
- II. May not be a related party or de facto related party of any party to the transaction.
- III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the industry associations to which they belong and with the following provisions:

- I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- II. When conducting a case, they shall appropriately plan and execute

adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.

- III. They shall undertake an item-by-item evaluation of the appropriateness and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
- IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.

Article 5 **Scope and Amount of Investment**

The limits on the amount of real property and right-of-use assets thereof or securities acquired by the Company for non-operational use are as follows:

- I. The total amount of real property and right-of-use assets for non-operational use shall not exceed fifty percent of the Company's shareholders' equity as of the date of the most recent audited financial statements.
- II. Investments in marketable securities shall not exceed the total amount of the Company's shareholders' equity as of the date of the most recent audited financial statements.
- III. Investment in individual securities shall not exceed forty percent of the Company's shareholders' equity as of the date of the most recent audited financial statements.

Chapter 2 Procedures for Acquisition or Disposal of Assets

Article 6 **Units Responsible for Implementation, Degree of Authority and Level Delegated**

Acquisition or disposal of the Company's assets: The acquisition or disposal of the Company's assets shall be subject to the approval of the Board of Directors, unless under the below-listed circumstances.

- I. For the acquisition or disposal of marketable securities intended to be held for a long period of time, an appraisal report shall be submitted by the

financial unit, and the amount of which is 20% or more of the paid-in capital at the end of the previous year shall be submitted to the Board of Directors for approval.

- II. The acquisition or disposal of short-term investments in securities with transaction amounts of less than NT\$220 million or US\$7 million (inclusive) shall be approved by the Chairman of the Board of Directors upon approval by the Finance Department. If the transaction amount exceeds NT\$220 million or US\$7 million, it shall be submitted to the Board of Directors for approval.
- III. For the acquisition or disposal of real property and its right-to-use assets, the management unit shall submit relevant information, and the amount of which is 20% or more of the paid-in capital at the end of the previous year shall be submitted to the Board of Directors for approval.
- IV. For the acquisition or disposal of other assets (including fixed assets, membership and intangible assets or their right-to-use assets), the Company shall comply with the relevant regulations of the Company's internal control system and the rules for approval of purchases and payment of various expenses.
- V. For the acquisition or disposal of derivative products, the Company shall follow the relevant regulations of the Procedures for Engaging in Derivative Products.
- VI. For the acquisition or disposal of assets by legal merger, demerger, acquisition or share transfer, the relevant provisions in Chapter V of this Procedure shall be followed.

If the Company acquires or disposes of assets that shall be approved by the Board of Directors in accordance with the prescribed procedures or other legal requirements, and if any director expresses dissenting opinions and there are records or written statements, the information on the dissenting opinions of the directors shall be sent to the Audit Committee.

When the Company submits an asset acquisition or disposal transaction to the Board of Directors for discussion in accordance with the preceding paragraph, the Company shall first give due consideration to the opinions of the independent directors, and any dissenting opinions or reservations of the independent directors shall be recorded in the minutes of the Board of Directors' meeting.

For significant asset or derivative transactions, the Company shall obtain the

approval of at least half of all members of the Audit Committee and submit a resolution to the Board of Directors to apply the provisions of Article 13, Paragraphs 4 and 5.

Article 7 Evaluation Procedure and Price Determination Method

I. Marketable Securities Investment

For the acquisition or disposal of marketable securities, the Company shall, prior to the date of event, obtain the issuing company's latest financial reports which are certified or reviewed by a certified public accountant for reference in appraising the transaction price, and if in circumstances where the transaction amount reaches 20% of the Company's paid-in-capital or exceeds NT\$300 million, the Company shall engage a certified public accountant to provide an opinion with respect to the reasonableness of the transaction price prior to the date of event. This requirement shall not apply to publicly quoted prices of an active market or is otherwise regulated by securities authorities.

II. Real Properties, Equipment or Right-of-use Assets

For the acquisition or disposal of real properties thereof, the price shall be determined in reference to the current value under public announcement, appraised current value, and actual closing price of real properties in the vicinity; for the acquisition or disposal of equipment, relevant price information shall be collected in advance, and the decision shall be made after consultation, comparison, and negotiation.

In acquiring or disposing of real estate or other equipment or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in-capital or exceeds NT\$300 million, the Company, unless transacting with a government agency, engaging others to build on the Company's own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof for business use, shall obtain an appraisal report from professional appraisers prior to the date of event and shall further comply with the following provisions:

- (I.) If the transaction price is determined by referring to an attributive price, a specific price, or a special price for a good cause, the transaction should be presented to the board of directors for resolution. Any changes in trading conditions thereafter should be handled in the same manner.

(II.) Where the transaction price exceeds NT\$1 billion, appraisal reports from two or more professional appraisers shall be required.

(III.) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal reports, unless all the appraisal reports for the assets to be acquired are higher than the transaction price, or all the appraisal reports for the assets to be disposed of are lower than the transaction price, a CPA shall be engaged to render a specific opinion regarding the reason for the discrepancy and the fairness of the transaction price:

1. The discrepancy between an appraisal report and the transaction price reaches 20% or more of the transaction price.
2. The discrepancy between the appraisal reports of two or more professional appraisers reaches 10% or more of the transaction price.

(IV.) No more than three months may elapse between the issuance date of the appraisal report by a professional appraiser and the contract execution date. However, if it is subject to the announced present value of the same period and that is not more than six months away, an opinion can be issued by the original appraiser.

III. Intangible Assets or Right-of-use Assets or Membership

For the acquisition or disposal of membership, the price shall be determined in consideration of the return that may be generated and in reference to the latest closing price at the time. For the acquisition or disposal of intangible assets or right-of-use assets thereof, the price shall be determined in reference to international or market practice, remaining life and the impact on the Company's technology and business after careful evaluation of the relevant laws and regulations and contractual content.

When the Company's acquisition or disposal of intangible assets or the right-of-use thereof, or membership exceeds 20% of the Company's paid-in-capital or NT\$3 billion, unless the transaction is conducted with domestic government bodies, the Company shall engage a certified public accountant to render an opinion on the reasonableness of the transaction price prior to the date of event.

IV. For the acquisition or disposal of derivative transactions, the Company shall refer to the trading conditions of the futures market, exchange rate and interest rate trends, and follow the relevant regulations of the

Company's Procedures for Engaging in Derivative Products.

- V. For the acquisition or disposal of assets acquired or disposed of pursuant to a legal merger, demerger, acquisition or transfer of shares, the nature of business, net worth per share, asset value, technology and profitability, production capacity and future growth potential shall be considered and handled in accordance with the relevant provisions of Chapter V of this Procedure.

VI. Other Important Assets

For the acquisition or disposal of debentures, derivative products, assets merged, demerged, acquired or transferred in accordance with laws and regulations, and other important assets of financial institutions, prior price information shall be collected depending on the subject matter of the assets to be traded, and the transaction price shall be determined after careful evaluation of relevant laws and regulations and contractual contents.

For the Company's acquisition or disposal of assets through court auction procedures, the evidentiary documentation issued by the court may be used in place of the appraisal report or CPA opinion.

- Article 7-1 The calculation of the transaction amount in the preceding Paragraphs 1 to 3 shall be compliant with Article 9, Paragraph 2, and the "within a year" mentioned refers to a period of one year calculated retroactively from the date of event of the transaction. Items for which a professional appraiser has issued the appraisal report or a certified public accountant has issued an opinion in accordance with the Procedures are exempted from inclusion in the calculation.

Article 8 Data Retention

When the Company acquires or disposes of assets, it shall keep all relevant contracts, meeting minutes, log books, appraisal reports, and opinions of CPAs, lawyers, and securities underwriter at the Company, and retain them for 5 years unless as otherwise provided by the law.

Article 9 Announcement and reporting procedures

For the acquisition or disposal of assets by the Company with any of the following situations, relevant data shall be prepared in the prescribed format based on its nature and public announcement and report the information on the designated website of the competent securities authority within two days from the date of the event:

- I. Acquisition or disposal of real estate or the right-of-use assets thereof from

or to a related party, or acquisition or disposal of assets other than real estate or the right-of-use assets thereof from or to a related party where the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the total assets, or NT\$300,000,000 or more, but not subject to the trading of domestic government bonds or RP/RS bonds, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

- II. Merger, demerger, acquisition, or transfer of shares.
- III. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
- IV. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - (I.) Paid-in capital of the Company is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - (II.) Paid-in capital of the Company is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- V. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.
- VI. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - (I.) Trading of domestic government bonds or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.
 - (II.) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

- I. The amount of any individual transaction.
- II. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
- III. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
- IV. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the securities authorities by the 10th day of each month.

Article 10 Amendment and Change of Announcement and Regulatory Filing

According to Article 9, where the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall again be publicly announced and reported in their entirety within two (2) days counting inclusively from the date of knowing of such error or omission.

According to the preceding article, where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the securities authorities within two (2) days counting inclusively from the date of occurrence of the event:

- I. Change, termination, or rescission of a contract signed in regard to the original transaction.
- II. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.

III. Change to the originally publicly announced and reported information.

Article 11 Control procedures for the acquisition and disposal of assets by subsidiaries.

- I. The acquisition or disposal of assets by the Company's subsidiaries shall be handled in accordance with the Procedures for Acquisition or Disposal of Assets formulated by the subsidiaries.
- II. If any subsidiary of the Company is not a publicly listed company and if the asset acquired or disposed of reaches the threshold for public announcement filing, the Company shall be notified on the date of occurrence of the fact and the Company shall make filing for public announcement on the designated website in accordance with the rules.
- III. If the subsidiary is not a public company, its acquisition or disposal of assets that meet the requirements for public announcement and regulatory filing as stipulated in Article 9 of the Procedures, the Company will make the required announcement and regulatory filing on behalf of the subsidiary.
- IV. The paid-in capital or total assets of the Company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to Article 9 requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.

Article 12 Scope and Amount of Investment of the Subsidiaries

The limits on the amount of real property and right-of-use assets thereof or securities acquired by the subsidiaries for non-operational use are as follows:

- I. The total amount of real property and right-of-use assets for non-operational use shall not exceed the subsidiaries' shareholders' equity as of the date of the most recent audited financial statements.
- II. Investments in marketable securities shall not exceed the total amount of the subsidiaries' shareholders' equity as of the date of the most recent audited financial statements.
- III. Investments in individual marketable securities shall not exceed the total amount of the subsidiaries' shareholders' equity as of the date of the most recent audited financial statements.

Article 13 Penalty:

If the relevant personnel of the Company violate the provisions of this

procedure and the related laws and regulations, the Company may issue a warning, demerit, demotion, suspension, salary reduction or other penalty depending on the severity of the case, and conduct an internal review of the matter.

Chapter 3 Related party transaction

Article 14 Scope of Application

When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted in accordance with both the previous Chapter and this Chapter and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 7-1 herein.

When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 15 Resolution Procedure

When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors:

- I. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- II. The reason for choosing the related party as a transaction counterparty.

- III. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms.
- IV. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.
- V. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- VI. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- VII. Restrictive covenants and other important stipulations associated with the transaction.

With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors may delegate the Board Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:

- I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
- II. Acquisition or disposal of real property right-of-use assets held for business use.

When a matter is submitted for discussion by the Board of Directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors' meeting.

The matters for which paragraph 1 requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the Board of Directors for a resolution, and shall be subject to *mutatis mutandis* application of Article 30, Paragraphs 4 and 5.

If the Company or a subsidiary thereof that is not a domestic public company

will have a transaction set out in paragraph 1 and the transaction amount will reach 10 percent or more of the Company's total assets, the Company shall submit the materials in all the subparagraphs of paragraph 1 to the shareholders' meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and the parent company or subsidiaries or between the subsidiaries.

The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be made in accordance with Article 9, Paragraph 2 herein. "Within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the shareholders' meeting, Audit Committee or Board of Directors need not be counted toward the transaction amount.

Article 16 Procedure of Evaluation

When the Company acquires real property or right-of-use assets thereof from a related party, it shall evaluate the reasonableness of the transaction costs by the following means:

- I. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
- II. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

The Company that acquires real property or right-of-use assets thereof from a

related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:

- I. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
- II. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
- III. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
- IV. The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 17 When the results of the Company's appraisal conducted in accordance with paragraphs 1 and 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA, this restriction shall not apply:

- I. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (I.) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of

Finance, whichever is lower.

- (II.) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
- II. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

Article 18 Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:

- I. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, Paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company. Where the Company uses the equity method to account for its investment in another company, a special reserve shall be set aside pro rata in a proportion consistent with the share of Company's equity stake in the other company in accordance with Article 41, Paragraph 1 of this procedure.
- II. Independent directors shall comply with Article 218 of the Company Act.
- III. Actions taken pursuant to the preceding two subparagraphs shall be reported to the shareholders' meeting, and the details of the transaction

shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the securities authorities have given consent.

When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

Chapter 4 Engaging in Derivatives Trading

Article 19 The Company shall report to the soonest meeting of the Board of Directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading. In addition, attention shall be paid to risk and audit matters to implement the internal control system.

Chapter 5 Mergers and Consolidations, Splits, Acquisitions and Assignment of Share

Article 20 The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 21 The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders' meeting and include it along with the expert opinion referred to in the preceding Article when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the

merger, demerger, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, demerger, or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

Article 22 The Company participating in a merger, demerger, or acquisition shall convene a Board of Directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the securities authorities are notified in advance of extraordinary circumstances and grant consent.

The Company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the securities authorities are notified in advance of extraordinary circumstances and grant consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference:

- I. Basic identification data of personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
- II. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
- III. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the securities authorities for recordation.

When participating in a merger, demerger, acquisition, or transfer of another company's shares neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

Article 23 Every person of the Company and other person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 24 When the Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

- I. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
- II. The action of disposal of major assets that affects a company's financial operations.
- III. The occurrence of major disasters and changes in technology that affects a company's shareholders' equity or securities price.
- IV. The adjustment of treasury stock repurchased lawfully by any company participating in the merger, demerger, acquisition, or transfer of shares.
- V. Changes in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.

VI. Other terms or conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 25 The contract for participation by the Company in a merger, demerger, acquisition, or transfer of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

- I. The handling of a breach of contract
- II. The principles for the handling of equity-based securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
- III. The principles for the handling of the amount treasury stock that the participating is permitted to buy back lawfully after the base date for the calculation of stock swap.
- IV. The handling of the occurrence of changes in the number of participating entities or companies.
- V. Preliminary progress schedule for plan execution, and anticipated completion date.
- VI. Scheduled date for convening the legally mandated shareholders' meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 26 After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew.

Article 27 In the event where a company participating in the merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the company and handle relevant matters in accordance with the relevant regulations.

Chapter 6 Additional Provisions

Article 28 Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations, and the Company's rules and regulations.

Article 29 For the calculation of 10% of total assets under the Procedures, the total assets stated in the Company's most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

Article 30 This procedure shall be approved by the Audit Committee and submitted to the Board of Directors for approval, and then submitted to the shareholders' meeting for approval, as amended. If a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee.

The opinions of each independent director shall be taken into full consideration when a matter is submitted to the Board of Directors for discussion in accordance with preceding paragraph. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board meeting.

The Company shall formulate or amend these Procedures with the approval of at least half of all members of the Audit Committee and submit a resolution to the Board of Directors.

If approval of more than half of all audit committee members as required in preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board meeting.

“All audit committee members” mentioned in Paragraph 3 and “all Directors” mentioned in the preceding paragraph refer to the actual number of persons currently holding those positions.

Sitronix Technology Corp.

Shareholdings of All Directors

- I. The total number of shares issued by the company is 120,136,876 shares.
- II. The minimum required combined shareholding of all directors of the company by law is 8,000,000 shares. (Note 1)
- III. As of the book closure date of the shareholders' meeting (April 22, 2024), the number of shares held by all the directors shall be 9,589,134 shares (including 591,874 shares of trust shares reserved with the right to decide utilization), which has met the statutory minimum shareholding percentage requirements.

Book closure date: April 22, 2024

Title	Name	Number of shares held
Chairman	Vincent Mao	1,771,699
Director	Wen-Bin Lin	2,200,000
Director	I-Hsi Cheng	1,611,052
Director	Sheng-Su Lee (Note 2)	205,821
Director	Silicon Power Computer&Communications Inc.	3,150,000
Independent Director	Cheng-Chieh Dai	18,688
Independent Director	Yu-Nu Lin	0
Independent Director	Jui-Hsiang Lo	40,000
Independent Director	Ching-Jung Hu	0
Total number of directors		8,997,260

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

Note 2: Director Sheng-Su Lee holds 591,874 shares of trust shares reserved with the right to decide utilization.

Note 3: The company has established an Audit Committee and therefore there is no statutory number of shares held by the supervisor applicable.

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