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Silicon Integrated Systems Corp. 2023 Annual Report

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The name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities

N/A

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Chapter 1 Letter to Shareholders

Dear Shareholders,

The global economy witnessed a post-pandemic recovery in 2023; however, decisions to counter inflationary pressures through interest rate hikes, geopolitical tensions, and pressures on the financial system from the China economy dampened purchase willingness for consumer electronics. Additionally, high inventory levels resulting from excessive stocking during the pandemic exacerbated the extreme imbalance between supply and demand in the overall consumer electronics supply chain. The Company's IC design business unable to achieve the expected performance targets due to the impact of inventory adjustment from customers and sluggish consumer demand. However, the Company achieved a pre-tax net profit of NT\$ 571 million and earnings per share of NT\$0.76 for the fiscal year 2023, supported by growth in non-operating income.

Looking forward to 2024, we anticipate the launch of next-generation projection-based multi-touch capacitive touch chipsets, capacitive active stylus touch chipsets, active stylus control chipsets, touch panel modules, touch panel application modules, and solution design services, as well as MEMS microphone chipsets and solutions which contributes to the growth of the overall revenue..

2023 Business Performance

Results of the Business Plan

In the fields of consumer electronics, industrial control, and automotive touch products, the Company has introduced a series of large-sized external capacitive touch products. These products feature 40-point touch, high anti-noise capability, waterproofing, and palm rejection, fully meeting market demands for touch functionality. Moreover, the Company has launched competitive new products in the large-sized interactive whiteboard segment.

The Company's financial condition, profitability and research and development are as follows:

Financial Condition

IFRS Consolidated Financial Statement

Currency Unit: NT\$'000

Item	2023	2022	Increase (decrease) amount
Revenue	187,184	182,202	4,982
Gross profit	56,676	4,640	52,036
Operating loss	(451,166)	(463,840)	12,674
Net income for the period	558,841	463,903	94,938

Profitability

IFRS Consolidated Financial Statement

Item	2023	2022
Return on assets (%)	3.22	2.39
Return on equity (%)	3.25	2.40
Ratio to paid-in capital (%)	Operating loss	(6.02)
	Profit before income tax	8.24
Net profit margin (%)	298.55	254.61
Earnings per share (NT\$)	0.76	0.65

Research and development

- Continued to improve the performance and specifications of capacitive touch chipsets and active stylus chipsets and improve the existing business, education, industrial control, and smart white board markets. Develop highly cost-effective touch screens in various sizes and smart (cloud) white board touch modules.
- Expanded the market outreach by introducing the next generation of USI and MPP specification stylus pens and Bluetooth touch feedback for laptops and tablets.
- Continued to develop various types of MEMS microphone-related products for AI applications.

Summary of 2024 Business Plan

Thank you for the support and encouragement from our shareholders, we will continue to invest in R&D resources and innovative technologies to improve the performance of our existing products and promote new modules, so as to increase revenue and return profits to our shareholders.

Sincerely,

We wish you all health and good fortune.

Chairman: Stan Hung

President: Le-Tien Jung

Chapter 2 Company Profile

I. Date of Incorporation

The Company was incorporated on August 26, 1987.

II. Company History

The Company, Silicon Integrated Systems Corp. (SiS), was officially listed on the Taiwan Stock Exchange under the code "2363" on August 1, 1997. At present, the Company and its subsidiaries have approximately 191 employees. The Company has set up offices in Shenzhen and Suzhou in order to provide services to more customers with its proximity to the market.

The Company is the leader in cutting-edge digital technology with the innovation advantage brought by its research and development. In order to meet the diversified consumption patterns, the Company is committed to providing human-centered, intelligent and eco-friendly products and further accelerating the popularity of cloud entertainment. Our products are used in a wide range of applications, including touchscreen devices, tablets, personal computers, and intellectual property core services, which have changed the interactive lifestyle of the new generation of digital home users.

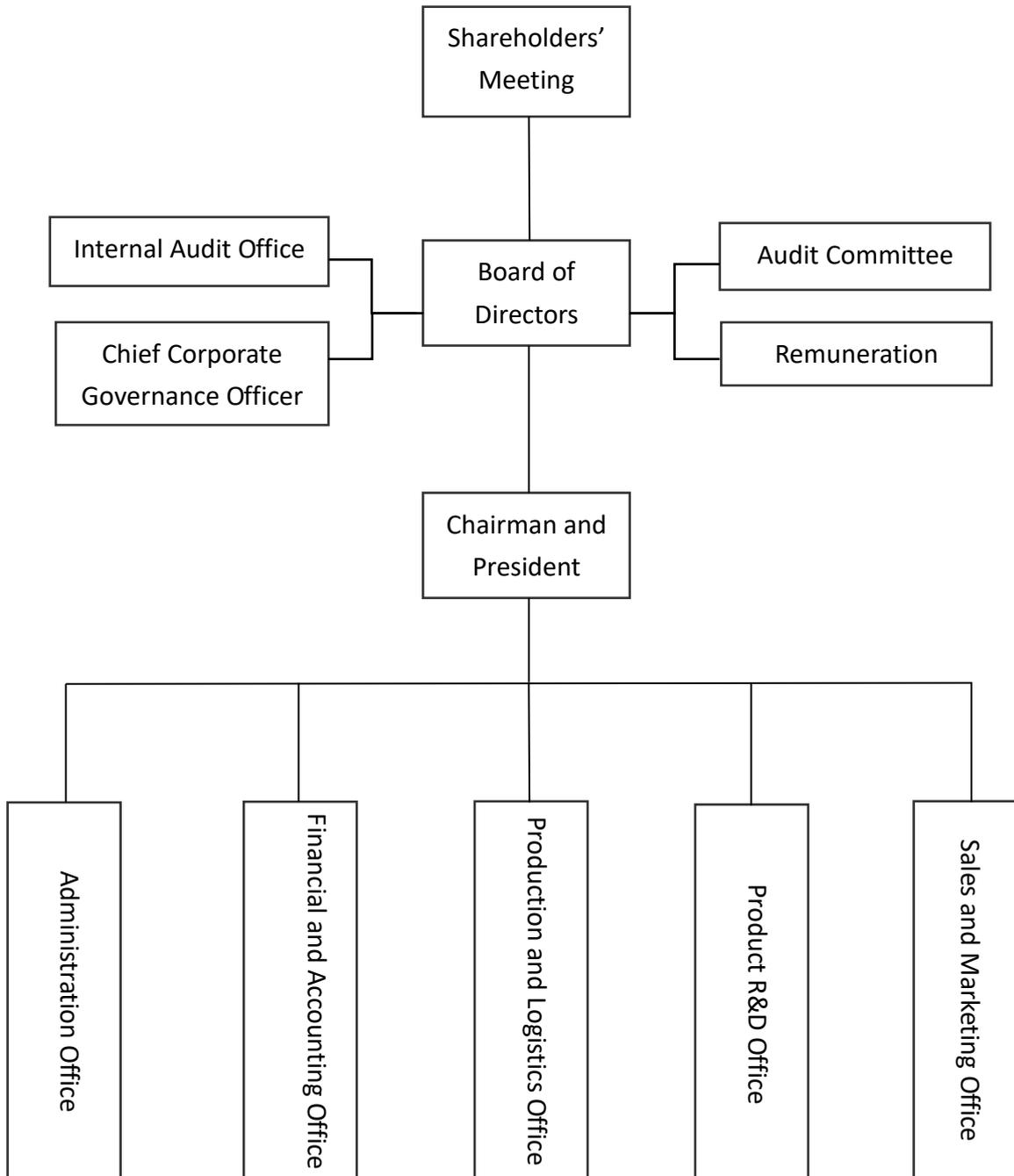
In addition to creating value through high-quality technology innovation and customer service, the Company's business philosophy is also to actively fulfill its corporate social responsibility. By acting as a corporate citizen, the Company contributes to the national economy, improves the quality of life of employees, communities, and society, and enhances its competitive advantage based on corporate responsibility. The Company continues to focus on a wide range of academic activities, including the education of knowledge and information communication, encouraging academic research and technology development, organizing academic seminars and workshops, providing scholarships for academic research and nurturing outstanding talents, and promoting international academic exchanges. The Company hopes to contribute to Taiwan's technology education, fulfill corporate social responsibility, and maintain the balance and sustainable development of the economy, society, and the environment.

- (I) In response to the reorganization of the Company: SiS Holding Limited was liquidated in December 2014.
- (II) Mars Investments (SAMOA) Ltd. invested and established Suzhou MLight Electronics Co., Ltd. in August 2014.
- (III) In order to simplify the organizational structure and enhance management efficiency, the Company merged with its wholly-owned subsidiary (Yungchi Investment Co., Ltd.) on December 31, 2016, which was approved by the competent authority and became effective in February 2017.
- (IV) Invested in and established HuiTong Intelligence Co., Ltd. in September 2020 with current shareholding of 51%.
- (V) Other issues, such as company reorganization, substantial transfer or replacement of equity of directors or major shareholders with shareholdings of over 10%, change of ownership, or significant changes in the operation method or business: None.
- (VI) Other matters that are material to the understanding of the Company's development that may affect the shareholders' interest and information of earlier years: None.

Chapter 3 Corporate Governance Report

I. Organizational System

(I) Organizational Chart



(II) Introduction to the Company's Organization and Functions

Chairman/President Office

Overall management of the Company's business operations, planning and overseeing the execution of the Company's overall strategy.

Internal Audit Office

Assists the Board of Directors, independent directors, and managers in examining and reviewing the deficiencies of the internal control system and evaluating the effectiveness and efficiency of operations. Provision of timely suggestions for improvement to ensure the continuous and effective implementation of the internal control system, which shall act as a basis for the review and amendment of the internal control system. Execution of the nine cycles of internal control (sales and receipts, procurement and payment, production, financing, investment, payroll, property, plant and equipment, research and development, and computerized operations) and audits required by the competent authorities. Reporting of the Securities and Futures Bureau the annual audit plan, implementation results, internal control findings, and following-up improvement in accordance with government regulations.

Chief Corporate Governance Officer

Conducts meetings of the Board of Directors and shareholders in accordance with the law, and provides directors with training, business execution information, and other related matters.

Audit Committee

Supervision of the appropriate presentation of the Company's financial statements, election (dismissal), independence and performance of the certified public accountants, the effective implementation of the Company's internal controls, the Company's compliance with relevant laws and regulations, and the Company's risk control mechanism.

Remuneration Committee

Aims to assist the Board of Directors in implementing and evaluating the Company's overall compensation and benefits policies, as well as the compensation of managers. Its duties are to determine the overall remuneration policy and structure of the Company, the remuneration and payment method of directors (including the Chairman), the remuneration and payment method of managers, the incentive and tenure incentive for managers, and other matters as specified or authorized by the Board of Director.

Administration Office

Management of human resources, information engineering, legal affairs, intellectual property, procurement, plant affairs, and administration and execution of domestic and overseas subsidiaries.

Financial and Accounting Office

Responsible for various accounting operations, tax reporting, and financial statement preparation, as well as company fund allocation, credit management, equity, investment evaluation and management.

Production and Logistics Office

Production and sales/production management, packaging and testing outsourcing, quality service, and wafer procurement. Development of the Company's product testing technology and program, testing, and production. Responsible for company orders, shipment arrangements, serving as the customer service window compiling complaints and managing the subsequent resolution process.

Product R&D Office

Research and development of the Company's products and procedures establishment.

Sales and Marketing Office

Development and maintenance of global customers and agents, market intelligence collection and analysis, and contract (order) review in order to keep track of the market and customer. Provision of timely sales strategies and product guidance to achieve sales targets. Responsible for customer technical support and service.

II. Information on the President, Vice Presidents, Assistant Managers, and Supervisors of Divisions and Branches

(I) Director Information

A. Board Members Introduction

Name/Title Nationality/Place of Registration/Gender	Date of Election (Appointment)	Term /Age	Shareholding When Elected April 23, 2022 (Closing Date)		Current Shareholding 2024.03.28		Spouse/Minor Shareholding	
			Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding
Goaltop Technology Corporation/Corporate Director/R.O.C. Representative: Stan Hung R.O.C./Male	2022.06.21 2022.06.21	3	10,800	0.002%	11,880	0.002%	0	-
	2023.08.08 2023.08.08	3 60-70	0	0%	0	0%	0	-
United Microelectronics Corp. Corporate Director/R.O.C.	2022.06.21 2003.1.14	3	129,577,431	19.02%	142,535,174	19.02%	0	-
Hsun Chieh Investment Co., Ltd. Corporate Director/R.O.C.	2022.06.21 2016.06.21	3	32,715,833	4.80%	35,987,416	4.80%	0	-
Liang Hsun Investment Co., Ltd. Corporate Director/R.O.C. Representative: Cai-Feng Hou R.O.C./Female	2022.06.21 1998.05.15	3	1,500,386	0.22%	1,650,424	0.22%	0	-
	2022.06.21 1998.05.15	3 70-80	274,069	0.03%	500,475	0.07%	579	-
Ya-Ching Li/Independent Director R.O.C./Female	2022.06.21 2019.06.21	3 50-60	0	-	0	-	0	-
Jia-Wei Dai/Independent Director R.O.C./Male	2022.06.21 2022.06.21	3 60-70	0	-	0	-	0	-
Qing-Liu Xiao/Independent Director R.O.C./Male	2022.06.21 2022.06.21	3 60-70	0	-	0	-	0	-

Note1. The shareholding is calculated based on the number of issued shares of 749,589,356 shares, less 3 treasury shares, and the number of outstanding shares of 749,589,353 shares as of March 28, 2024. The shareholding of outstanding shares is calculated by unconditionally rounding off two decimal places.

Note2. The age of directors/independent directors is presented in ranges.

Note3. Ms. Wan-Fen, Chou resigned as a director on August 8, 2023, and Mr. Cheng-Chien Chien resigned as a director on November 10, 2023.

Note4. Chairman Stan Hung is also the Chief Strategy Officer of the Company. In order to enhance operational efficiency and decision execution, the Chairman also maintains close communication with the directors about the Company's operations, plans and policies to implement corporate governance.

Note5. The sole director on the board also serves as the Company's manager. In the future, the Company will also timely increase the number of independent director seats to actively enhance the function of the Board of Directors and strengthen its capabilities.

Note6. Ms. Cai-Feng Hou was first appointed as the representative of the corporate director of the Company on May 15, 1998, but was interrupted due to the reassignment of the corporate director. She was elected as the representative of the corporate director for the twelfth term.

Note7. None of the directors of the Company has held the Company's shares in the names of others.

Note8. The directors of the Company do not have executives, directors who are spouses or within the second degree of kinship.

Major Academic Background and Working Experience	Position Concurrently Held at the Company and Other Companies
Corporate Director	None
Bachelor of Accounting from Tamkang University Chairman of United Microelectronics Corp.	Chairman and Chief Strategy Officer of SiS, Chairman of United Microelectronics Corp., Chairman of Fortune Venture Capital Corp., Chairman of Hung Ting Venture Capital Corp., Chairman of Faraday, Chairman of UMC Capital Corp., Chairman of TriKnight Capital Corporation, Director of United Microelectron(Europe)B.V
Corporate Director	Director of Unimicron Technology Corp., Director of Faraday Technology Corporation, Director of Novatek Microelectronics Corp., Director of ITE Tech. Inc., Chipbond Technology Corporation
Corporate Director	Director of Coretronic Corporation , Director of Harvatek Corporation, Director of United Microelectronics Corp., Director of PixArt Imaging Inc., Director of Unimicron Technology Corp., and Director of Subtron Technology Co., Ltd.
Corporate Director	None
Executive Master of Public Policy, National Sun Yat-sen University	Independent Director, Audit Committee Member, Remuneration Committee Member, Risk Management Committee Member of Nanya Technology Corporation, Director of Taiwan Implant Technology Co., Ltd., Chairman of Liang Hsun Investment Co., Ltd.
School of Accounting, University of Missouri, USA	Independent Director and Remuneration Committee member of Unimicron
Bachelor of Business Administration, Fu Jen Catholic University	Director of U-neuron Biomedical Inc., Independent Director of Hu Lane Associate Inc., Independent Director of Family International Gourmet Co., Ltd., Director of Siang Sian Restaurant Co., Ltd.
Bachelor of Economics, Feng Chia University	None

Major Shareholder of Institutional Shareholder

Name of Institutional Shareholder	Major Shareholder of Institutional Shareholder	Shareholding %
United Microelectronics Corp.(Note 1)	JPMorgan Chase Bank, N.A. acting in its capacity as depository and representative to the holders of ADRs	5.37
	Hsun Chieh Investment Co., Ltd.	3.53
	Fubon Life Insurance Co., Ltd.	3.01
	Silicon Integrated Systems Corp.	2.13
	Taiwan Life Insurance Co., Ltd.	1.79
	Yann Yuan Investment Co., Ltd.	1.54
	New Labor Pension Fund	1.52
	China Life Insurance Co., Ltd.	1.29
	Citigroup Custody, Norway Central Bank Investment Account	1.28
	Citigroup Taiwan Custody, Singapore Government Investment Account	1.20
Hsun Chieh Investment Co., Ltd. (Note 2)	Shieh Yong Capital Co., Ltd.	63.51
	United Microelectronics Corp.	36.49

Note1. The shareholding base date of United Microelectronics's institutional shareholders is April 2, 2023, which is the closing date at the 2023 annual shareholders' meeting.

Note2. The shareholding of Hsun Chieh Investment is based on the change registration form on May 1, 2023

Major shareholders of institutional shareholders in which the major shareholders are institutions

Name of Institutional Shareholder	Major Shareholder of Institutional Shareholder/Shareholding
Fubon Life Insurance Co., Ltd. (Note 1)	Fubon Financial Holding Co., Ltd. 100%
Yann Yuan Investment Co., Ltd. (Note 2)	Hspin Investment Co., Ltd 27.94%, United Microelectronics Corp. 26.78%, King Yuan Electronics Co., Ltd. 14.55%, Unimicron Technology Corp. 11.64%, Coretronic Corporation 11.06%, Sigurd Microelectronics 5.70%, Pohua Investment Co., Ltd. 2.33%
Taiwan Life Insurance Co., Ltd. (Note 3)	CTBC Financial Holding Co., Ltd. 100%
China Life Insurance Co., Ltd. (Note 4)	China Development Financial Holding Corporation 100%
Shieh Yong Capital Co., Ltd. (Note 5)	Unimicron Technology Corp. 16.67%, Novatek Microelectronics Corp. 15.15%, Yann Yuan Investment Co., Ltd. 28.86%, Faraday Technology Corporation 12.12%, King Yuan Electronics Co., Ltd. 7.58%

Note1. The shareholding of Fubon Life Insurance is based on the change registration form on July 28, 2023.

Note2. The shareholding of Yann Yuan Investment is based on the change registration form on August 12, 2022.

Note3. The shareholding of Taiwan Life Insurance Co., Ltd. is based on the change registration form on July 12, 2023.

Note4. The shareholding of China Life Insurance Co., Ltd. (renamed KGI Life Insurance Co., Ltd.) is based on the change registration form on January 9, 2024.

Note5. The reference date for shareholding of Shieh Yong Capital is December 31, 2023.

B. Duties of Board of Directors

- (1) Overseeing the compliance of the Company, financial transparency, immediate disclosure of important information, corruption free, etc. To fulfill its supervisory responsibilities, the Company's Board of Directors has established various organizations and channels, such as the Audit Committee, the Remuneration Committee, Internal Audit, etc.
- (2) Evaluate the performance of the management team and appoint and dismiss managers. The Company's management maintains smooth and good communication with the Board of Directors and is dedicated to implementing the Board's directives and business operations for the best interests of shareholders.
- (3) Resolve material matters, such as capital expenditures, reinvestments, dividends, etc.
- (4) Guiding the management team. The Company's Board of Directors receives regular quarterly reports from the management team and spends a significant amount of time in dialogue with the management. The management must report the Company's strategies to the Board, and the Board must evaluate the likelihood of success of those strategies and must frequently review the progress of those strategies and urge the management team to make adjustments when necessary.

C. Nomination and Election of Board of Directors

The Company's Board of Directors is comprised of professionals with diverse backgrounds, sufficient expertise, experience and insight, and high ethical standards. The Board of Directors has established the "Rules Governing the Nomination of Directors" to specify the procedures and criteria for the nomination, qualification and evaluation of director candidates. In addition, the Company values the independence of its board members, and in addition to increasing the number of independent directors to three, the independence of independent directors is judged and evaluated in accordance with relevant laws and regulations.

The Company adopts the candidate nomination system under Article 192-1 of the Company Act for the election of directors, and the term of office of directors is three years. The independence of independent director candidates shall also comply with the provisions of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." In accordance with the relevant laws and regulations, shareholders holding 1% or more of the total issued shares of the Company will be allowed to propose a list of candidates to the Company so that shareholders will also be allowed to participate in the nomination process of director candidates. All director candidates shall be elected by shareholders' vote at the annual shareholders' meeting.

There is no restriction on the number of times an individual director shall be eligible for re-election. We believe that the longevity of the directors will enable them to provide a more in-depth and unique perspective on the Company's operations and finances, which will contribute positively to the overall benefit of the Company. At the same time, the Company will continue to evaluate the contributions of individual directors to ensure that the Board retains a fresh perspective.

D. Remuneration of Directors

In accordance with Article 24 of the Company's Articles of Incorporation, the Board of Directors is authorized to remunerate all directors in accordance with their participation in the Company's operations and the value of their contributions, taking into account the usual industry standards. The Articles of Incorporation also state that: after offsetting the accumulated losses with the profit before tax for the year, the remaining amount shall be appropriated as remuneration to directors. The remuneration to directors shall be no more than 2% of the aforementioned balance. Director compensation is distributed by cash. The amount to be distributed of the director compensation shall be approved by a majority of the attending directors at a Board meeting attended by over two-thirds of the directors, and then reported at the shareholders' meeting.

E. Implementation of Diversity Policy of Board Members

In consideration of diversification and practical operational needs, the current Board of Directors was completely re-elected on June 21, 2022, comprising nine members. The directors possess experience in various fields of business or expertise, with ages ranging from 50 to 75. They have backgrounds in science, technology, finance, and accounting. Their relevant experiences cover industries such as semiconductor manufacturing and IC design. Additionally, more than half of the directors have accounting and financial expertise. Currently, there are three independent directors, accounting for 33% of the board. They are Ms. Ya-Ching Li, the current independent director of Unimicron Technology Corporation, Mr. Jia-Wei Dai, the current director of U-neuron Biomedical Inc., and Mr. Qing-Liu, Xiao, the former Vice President of CTBC Bank Co., Ltd. Additionally, there are three female directors, accounting to 33% of the board, and one employee director, accounting to 11%. The Company emphasizes gender equality among board members and considers operational factors. In the future, the Company will further commit to increasing the number of female directors and independent directors to at least half of the total number of board seats.

The tenure of independent directors has not exceeded three terms, and they comply with the concurrent appointment restrictions specified in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." They hold positions as independent directors in no more than three other publicly traded companies.

Diversity Item/Name of Director	Gender Age	Business Judgment	Accounting Financial Analysis	Operation Management	Crisis Management	Industry Knowledge	International Perspective	Leadership	Decision-making Ability
Stan Hung Chairman	Male 60-70	V	V	V	V	V	V	V	V
Ya-Nan Mo Director	Male 50-60	V	V	V	V	V	V	V	V
Su-Chuan Chiu Director	Female 60-70	V	V	V	V	V	V	V	V
Cai-Feng Hou Director	Female 70-80	V		V	V	V	V	V	V
Ya-Ching Li Independent Director	Female 50-60	V	V	V	V	V	V	V	V
Jia-Wei Dai Independent Director	Male 60-70	V	V	V	V	V	V	V	V
Qing-Liu Xiao Independent Director	Male 60-70	V	V	V	V	V	V	V	V

Note1. Mr. Stan Hung is the legal representative of Goaltop Technology Corporation; Mr. Ya-Nan Mo is the legal representative of United Microelectronics Corp.; Ms. Su-Chuan Chiu is the legal representative of Hsun Chieh Investment Co., Ltd.; Ms. Cai-Feng Hou is the legal representative of Liang Hsun Investment Co., Ltd.

Note2. Ms. Wan-Fen, Chou resigned as a director on August 8, 2023, and Mr. Cheng-Chien Chien resigned as a director on November 10, 2023.

F. Professional qualifications and independence of directors

The number of three independent directors accounts for 42% of the total number of directors, and all directors do not have any of the circumstances specified in Paragraph 3 and 4 of Article 26-3 of the Securities and Exchange Act, including no spouse or second degree of kinship among directors.

Criteria/Name	Professional qualifications and experience	Independence analysis (Note)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Stan Hung Chairman	Having Work Experience in the Areas of Commerce, Finance, Accounting, and Otherwise Necessary for the Business Bachelor of Accounting from Tamkang University Chairman of United Microelectronics Corp. Chairman and Chief Strategy Officer of SiS, Chairman of Fortune Venture Capital Corp., Chairman of Hung Ting Venture Capital Corp., Chairman of Faraday, Chairman of UMC Capitl Corp., Chairman of TriKnight Capital Corporation, Director of United Microelectron(Europe)B.V, Executive Director of UnitedDS Semiconductor (Shandong) Co., Ltd.	None.	None.

Criteria/Name	Professional qualifications and experience	Independence analysis (Note)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Director of United Microelectronics Corp.	Not Applicable	None.	None.
Director of Hsun Chieh Investment Co., Ltd.	Not Applicable	None.	None.
Cai-Feng Hou Director	Having Work Experience in the Areas of Commerce, and Otherwise Necessary for the Business Executive Master of Public Policy, National Sun Yat-sen University/ Independent Director /Audit Committee Member/Remuneration Committee Member/Risk Management Committee Member of Nanya Technology Corporation, Director of Taiwan Implant Technology Co., Ltd.	None.	None.
Ya-Ching Li Independent Director	Having Work Experience in the Areas of Commerce, Finance, Accounting, and Otherwise Necessary for the Business Graduate of the University of Missouri Graduate School of Accounting/ Senior Assistant of President of GCS Holdings, Director of D-Tech Optoelectronics, Director of GCOM Semiconductor, Independent Director of Unimicron Technology	Independence	1
Jia-Wei Dai Independent Director	Having Work Experience in the Areas of Commerce, Finance, Accounting, and Otherwise Necessary for the Business Bachelor of Business Administration, Fu Jen Catholic University/Vice President of Investment Banking Division of SinoPac Securities, Director of SinoPac Venture Capital Corp., Director of Top Taiwan Xiv Venture Capital Co., Ltd., and Director of Taihan Precision Technology Co., Ltd. Director of U-neuron Biomedical Inc.	Independence	2
Qing-Liu Xiao Independent Director	Having Work Experience in the Areas of Commerce, Finance, Accounting, and Otherwise Necessary for the Business Bachelor of Economics, Feng Chia University/Vice President of CTBC Bank Co., Ltd.	Independence	None.

Note1. Circumstances in Article 30 of the Company Act are not applicable for the above directors.

A person who is under any of the following circumstances shall not act as managerial personnel of a company. If he has been

appointed as such, he shall certainly be discharged:

- I. Having committed an offence as specified in the Statute for Prevention of Organizational Crimes and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or five years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon.
- II. Having committed the offence in terms of fraud, breach of trust or misappropriation and subsequently convicted with imprisonment for a term of more than one year, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon.
- III. Having committed the offense as specified in the Anti-corruption Act and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon.
- IV. Having been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and having not been reinstated to his rights and privileges.
- V. Having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet.
- VI. Having no or only limited disposing capacity.
- VII. Having been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.

Note2. All independent directors of the Company are in compliance with the independence criteria: Including, but not limited to, whether he/she, his/her spouse, his/her second degree kinship, etc. are directors, supervisors or employees of the Company or its affiliated companies; the number and proportion of shares of the Company held by him/her, his/her spouse, or second degree of kinship (or in the name of another person); whether he/she is a director, supervisor or employee of a company with a specific relationship with the Company (refer to Article 3, Paragraphs 1, 5-8 of the Regulations Governing the Establishment of and Matters to be Followed by Independent Directors of Public Companies); the amount of remuneration received for the provision of business, legal, financial and accounting services to the Company or its affiliates in the last two years.

(II) Information of Managers

Title/Nationality	Name/Gender	Election (appointment) date	Shareholding		Current Shares Held by Children of Minor Age	
			Number of Shares	Shareholding	Number of Shares	Shareholding
Chairman and Chief Strategy Officer R.O.C.	Stan Hung Male	2023.08.08	0	0.00%	512	0.00%
President R.O.C.	Le-Tien Jung Male	2023.08.09	0	0.00%	0	0.00%
Chief Financial officer/ Chief Corporate Governance Officer	Po-Wen Huang Male	2023.09.15	0	0.00%	0	0.00%
Associate Vice President R.O.C.	Geng-Nan Chen Male	2022.06.01	0	0.00%	0	0.00%
Associate Vice President R.O.C.	Min-Han Li Male	2022.06.01	0	0.00%	0	0.00%
Chief Accountant R.O.C.	Yuan-Kwei Chen Male	2013.01.01	0	0.00%	0	0.00%

Note1. The shareholding is calculated based on the number of issued shares of 789,589,356 shares, less 3 treasury shares, and the number of outstanding shares of 789,589,353 shares as of March 28, 2024. The shareholding of outstanding shares is calculated by unconditionally rounding off two decimal places.

Note2. The shareholdings of managers are calculated based on the number of shares held on March 28, 2024.

Note3. Election and appointment date of the Company's managers.

Note4. Chairman Stan Hung is also the Chief Strategy Officer of the Company. In order to enhance operational efficiency and decision execution, the Chairman also maintains close communication with the directors about the Company's operations, plans and policies to implement corporate governance.

Note5. None of the managers has held the Company's shares in the names of others.

Note6. All managers are not spouses or relatives within the second degree of kinship of other managers

Major Experience (Education)	Position Concurrently Held at Other Companies
Bachelor of Accounting from Tamkang University Chairman of United Microelectronics Corp.	Chairman and Chief Strategy Officer of SiS, Chairman of Fortune Venture Capital Corp., Chairman of Hung Ting Venture Capital Corp., Chairman of Faraday, Chairman of UMC Capital Corp., Chairman of TriKnight Capital Corporation, Director of United Microelectron(Europe)B.V, Executive Director of UnitedDS Semiconductor (Shandong) Co.,Ltd.
Ph.D. in Electrical Engineering from the University of Texas at Austin Associate Vice President of United Microelectronics Corp.	Chairman of HuiTong intelligence Co., Ltd.
MsC in Industrial and Systems Engineering from the University of Missouri-Columbia Chief Financial Officer (CFO) of United Microelectronics Corp.	Director of Huitong Intelligence, Director of Mars Investment, Executive Director of Shenzhen Bangtong, Director of Asia Pacific Microsystems
MA in Electrical Engineering, National Central University Director of Chip Development Office	None.
Master of Electronics and Computer Science, Syracuse University Director of Business Marketing Office	None.
Bachelor of Accounting, Culture University Senior Manager of Accounting Office	None.

III. Remuneration of the Directors, President and Vice Presidents

(I) Director Remuneration

Position	Name	Director Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Profit After Tax (Note 3)	
		Remuneration (A)		Severance Pay and Pension (B)		Director Compensation (C)		Business Expenses (D)		The Company	All Companies in Consolidated Financial Statements
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements		
Chairman	Goaltop Technology Corporation Representative: Stan Hung (Note 4)	-	-	-	-	871	871	-	-	0.15%	0.15%
	Former Representative: Shur-Jung Shyi (Note 4)	-	-	-	-	922	922	83	83	0.05%	0.05%
		-	-	-	-	-	-	83	83	0.18%	0.18%
Director	United Microelectronics Corp. Representative: Ya-Nan Mo (Note 4)	-	-	-	-	1,794	1,794	-	-	0.31%	0.31%
	Former Representative: Kuei-Hung Tseng (Note 4)	-	-	-	-	-	-	70	70	0.01%	0.01%
		-	-	-	-	-	-	85	85	0.01%	0.01%
Director	Hsun Chieh Investment Co., Ltd. Representative: Su-Chuan Chiu (Note 4)	-	-	-	-	1,794	1,794	-	-	0.31%	0.31%
	Former Representative: Bing-Kun Hong (Note 4)	-	-	-	-	-	-	34	34	0.01%	0.01%
		-	-	-	-	-	-	116	116	0.02%	0.02%
Director	Liang Hsun Investment Co., Ltd. Representative: Cai-Feng Hou	-	-	-	-	871	871	-	-	0.15%	0.15%
		-	-	-	-	-	-	150	150	0.03%	0.03%
Independent Director	Ya-Ching Li	-	-	-	-	579	579	635	635	0.21%	0.21%
Independent Director	Jia-Wei Dai	-	-	-	-	308	308	943	943	0.17%	0.17%
Independent Director	Qing-Liu Xiao	-	-	-	-	308	308	943	943	0.17%	0.17%
Former Director	Cheng-Chien Chien (Note 4)	-	-	-	-	1,794	1,794	424	424	0.39%	0.39%
Former	Wan-Fen Chou (Note 4)	-	-	-	-	872	872	93	93	0.17%	0.17%

Position	Name	Director Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Profit After Tax (Note 3)	
		Remuneration (A)		Severance Pay and Pension (B)		Director Compensation (C)		Business Expenses (D)		The Company	All Companies in Consolidated Financial Statements
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements		
Director											
Former Director	Wen-Chi Chen (Note 1)	-	-	-	-	922	922	0	0	0.16%	0.16%
Former Independent Director	Tsai-Wang Huang (Note 1)	-	-	-	-	271	271	0	0	0.05%	0.05%
Former Independent Director	Jui-Hsiang Lo (Note 1)	-	-	-	-	271	271	0	0	0.05%	0.05%

(II) Range of Director Remuneration

Range of Remuneration Paid to Directors	Name of Director			
	Total Amount of Remuneration (A+B+C+D)		Total Amount of Remuneration (A+B+C+D+E+F+G)	
	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements
Below NT\$1,000,000	Stan Hung, Ya-Nan Mo, Su-Chuan Chiu, Liang Hsun Investment Co., Ltd., Cai-Feng Hou, Goaltop Technology Corporation, Jia-Wei Dai, Qing-Liu Xiao, Kuei-Hung Tseng, Bing-Kun Hong, Wan-Fen, Chou, Wen-Chi Chen, Tsai-Wang Huang, Jui-Hsiang Lo	Stan Hung, Ya-Nan Mo, Su-Chuan Chiu, Liang Hsun Investment Co., Ltd., Cai-Feng Hou, Goaltop Technology Corporation, Jia-Wei Dai, Qing-Liu Xiao, Kuei-Hung Tseng, Bing-Kun Hong, Wan-Fen, Chou, Wen-Chi Chen, Tsai-Wang Huang, Jui-Hsiang Lo	Stan Hung, Ya-Nan Mo, Su-Chuan Chiu, Liang Hsun Investment Co., Ltd., Cai-Feng Hou, Goaltop Technology Corporation, Jia-Wei Dai, Qing-Liu Xiao, Kuei-Hung Tseng, Bing-Kun Hong, Wan-Fen, Chou, Wen-Chi Chen, Tsai-Wang Huang, Jui-Hsiang Lo	Stan Hung, Ya-Nan Mo, Su-Chuan Chiu, Liang Hsun Investment Co., Ltd., Cai-Feng Hou, Goaltop Technology Corporation, Jia-Wei Dai, Qing-Liu Xiao, Kuei-Hung Tseng, Bing-Kun Hong, Wan-Fen, Chou, Wen-Chi Chen, Tsai-Wang Huang, Jui-Hsiang Lo
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	United Microelectronics, Hsun Chieh Investment, Ya-Ching Li, Shur-Jung Shyi	United Microelectronics, Hsun Chieh Investment, Ya-Ching Li, Shur-Jung Shyi	United Microelectronics, Hsun Chieh Investment, Ya-Ching Li	United Microelectronics, Hsun Chieh Investment, Ya-Ching Li
NT\$2,000,000 (inclusive) ~ NT\$3,000,000 (exclusive)	Cheng-Chien Chien	Cheng-Chien Chien		
NT\$3,000,000 (inclusive) ~ NT\$5,000,000 (exclusive)			Shur-Jung Shyi	Shur-Jung Shyi
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)			Cheng-Chien Chien	Cheng-Chien Chien
Total	19 people	19 people	19 people	19 people

Note: General directors are: Chairman Stan Hung as the legal representative of Goaltop Technology Corporation, Director Ya-Nan Mo as corporate representative directors of United Microelectronics, Director Su-Chuan Chiu as the legal representative of Hsun Chieh Investment, Director Cai-Feng Hou as the legal representative of Liangxun Investment. Independent directors are: Independent Director Ya-Ching Li, Independent Director Jia-Wei Dai, Independent Director Qing-Liu Xiao.

Relevant Remuneration Received by Directors who Are Also Employees								Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Profit After Tax (Note 3)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
Salary, Bonus, and Allowance (E)		Severance Pay and Pension (F)		Employee Compensation (G)				The Company	All Companies in Consolidated Financial Statements	
The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements				
				Cash	Stock	Cash	Stock			
-	-	-	-	-	-	-	-	0.15%	-	None.
224	224	-	-	-	-	-	-	0.08%	-	
2,081	2,081	66	66	600	-	600	-	0.66%	0.93%	
-	-	-	-	-	-	-	-	0.31%	-	None.
-	-	-	-	-	-	-	-	0.01%	0.16%	
-	-	-	-	-	-	-	-	0.01%	0.03%	
-	-	-	-	-	-	-	-	0.31%	-	None.
-	-	-	-	-	-	-	-	0.01%	0.16%	
-	-	-	-	-	-	-	-	0.02%	0.02%	
-	-	-	-	-	-	-	-	0.15%	-	None.
-	-	-	-	-	-	-	-	0.03%	0.02%	
-	-	-	-	-	-	-	-	0.21%	-	None.
-	-	-	-	-	-	-	-	0.17%	0.18%	None.
-	-	-	-	-	-	-	-	0.17%	0.02%	None.
-	-	-	-	-	-	-	-	0.17%	0.07%	None.
3,068	3,068	-	-	800	-	800	-	1.07%	1.07%	None.
-	-	-	-	-	-	-	-	0.17%	0.07%	None.
-	-	-	-	-	-	-	-	0.16%	0.17%	None.
-	-	-	-	-	-	-	-	0.05%	0.11%	None.
-	-	-	-	-	-	-	-	0.05%	0.11%	None.

Note1. The Company's directors of the 11th term resigned on June 21, 2022, and their director remuneration for the fiscal year 2022 was disbursed in the fiscal year 2023.

Note2. Directors of the 12th term were elected on June 21, 2022.

Note3. Information of director remuneration updated as of December 31, 2023.

Note4. Mr. Stan Hung assumed the position of Chairman of Goaltop Technology Corporation on August 8, 2023, while Mr. Shur-Jung Shyi was dismissed as a director on the same date. Mr. Ya-Nan Mo assumed the position of legal representative of United Microelectronics on July 31, 2023, and Mr. Kuei-Hung Tseng was dismissed as a director on the same date. Ms. Su-Chuan Chiu assumed the position of legal representative of Hsun Chieh Investment on October 20, 2023, while Mr. Bing-Kun Hong was dismissed as a director on the same date. Ms. Wan-Fen Chou resigned as a director on August 8, 2023, and Mr. Cheng-Chien Chien resigned as a director on November 10, 2023.

Note5. In 2023, the consolidated net profit after tax attributable to the owners of the parent company was NT\$571,261 thousand.

Note6. The ratio is calculated by unconditionally rounding off two decimal places.

Note7. With regard to the remuneration of the Company's independent directors, in addition to the evaluation results of the performance evaluation of the directors, the Remuneration Committee shall, in accordance with Article 24 of the Company's Articles of Incorporation, consider the independent director's participation and contribution in the Company's operations, connect the reasonable fairness of the performance risk with the remuneration received, take into account the Company's operating performance and the general remuneration in the industry, and submit to the Board of Directors for approval.

Note8. Other than disclosures in the above table, remuneration paid to directors for providing services (e.g., providing consulting services as a non-employee) for all companies in consolidated financial statements in the most recent year: None.

(III) Remuneration Paid to the President and Vice Presidents

Currency Unit: NT\$'000

Position	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Allowance (C)	
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements
Chief Strategy Officer (CFO)	Stan Hung	224	224	-	-	-	-
President	Le-Tien Jung	1,120	1,120	43	43	-	-

(IV) Range of Remuneration Paid to the President and Vice Presidents

Range of Remuneration Paid to the President and Vice Presidents	Name of President and Vice President	
	Total Amount of Remuneration (A+B+C+D)	
	The Company	All Companies in Consolidated Financial Statements
NT\$2,000,000 or less (inclusive)	Stan Hung, Le-Tien Jung	Stan Hung, Le-Tien Jung
Total	2 people	2 people

(V) Top Five Managers with the Highest Remuneration

Position	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Allowance (C)	
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements
Chief Strategy Officer	Cheng-Chien Chien	3,068	3,068	-	-	-	-
Associate Vice President	Geng-Nan Chen	2,566	2,566	108	108	675	675
Associate Vice President	Ying-Hu Ye	2,489	2,489	108	108	670	670
Associate Vice President	Min-Han Li	2,448	2,448	108	108	508	508
President	Shur-Jung Shyi	2,081	2,081	66	66	-	-

Note: Mr. Cheng-Chien Chien retired on December 31, 2023; Mr. Shur-Jung Shyi retired on August 9, 2023.

Currency Unit: NT\$'000

Employee Compensation (D)				Ratio of Total Remuneration (A+B+C+D) to Net Profit After Tax (Note 2)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
Cash	Stock	Cash	Stock			
-	-	-	-	0.039%	0.039%	None.
-	-	-	-	0.203%	0.203%	None.

Note1. Information of President, Vice President and supervisors updated as of December 31, 2023.

Note2. In 2023, the consolidated net profit after tax attributable to the owners of the parent company was NT\$571,261 thousand.

Note3. The ratio is calculated by unconditionally rounding off two decimal places.

Currency Unit: NT\$'000

Employee Compensation (D)				Ratio of Total Remuneration (A+B+C+D) to Net Profit After Tax (Note 2)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
Cash	Stock	Cash	Stock			
800	-	800	-	0.68%	0.68%	None.
500	-	500	-	0.67%	0.67%	None.
480	-	480	-	0.66%	0.66%	None.
500	-	500	-	0.62%	0.62%	None.
600	-	600	-	0.48%	0.48%	None.

Note1. Information of President, Vice President and supervisors updated as of December 31, 2023.

Note2. In 2023, the consolidated net profit after tax attributable to the owners of the parent company was NT\$571,261 thousand.

Note3. The ratio is calculated by unconditionally rounding off two decimal places.

(VI) Name of manager who distributed employee compensation and the distribution status:

December 31, 2023 Currency Unit: NT\$'000

Position	Name	Stock	Cash	Total	Ratio of total remuneration to net profit after tax %
Chief Strategy Officer (CFO)	Stan Hung	0	5,335	5,335	0.93 %
President	Le-Tien Jung				
Chief Financial officer/ Chief Corporate Governance Officer	Po-Wen Huang				
Associate Vice President	Geng-Nan Chen				
Associate Vice President	Ying-Hu Ye				
Associate Vice President	Min-Han Li				
Associate Vice President	Kang-Zhen Peng				
Associate Vice President	Yuan-Long Xue				
Associate Vice President	Bei-Yun Wang				
Associate Vice President	Ping-Sen, Tung				
Chief Accountant	Yuan-Kwei Chen				
Chief Strategy Officer	Cheng-Chien Chien (Note)				
President	Shur-Jung Shyi (Note)				
Vice President	Sin-Kuo Cho (Note)				
Associate Vice President	Po-Ting Huang (Note)				
Chief Financial officer/ Chief Corporate Governance Officer	Zhe-Jia Xu (Note)				

Note: Mr. Cheng-Chien Chien retired on December 31, 2023; Mr. Shur-Jung Shyi retired on August 9, 2023; Mr. Sin-Kuo Cho and Mr. Po-Ting Huang resigned on July 31, 2023; Mr. Zhe-Jia Xu was relieved of his duties on September 15, 2023 due to a job transfer.

(VII) Analysis of Director and Manager Remuneration

A. Analysis of Director and Manager Remuneration in the Past Two Years

Currency Unit: NT\$'000

Position	Ratio of total remuneration to net profit after tax					
	2023			2022		
	Remuneration	net profit after tax	Remuneration net profit after tax	Remuneration	net profit after tax	Remuneration net profit after tax
Director	14,795	571,261	2.58%	7,694	483,657	1.59%
Manager	34,027		5.95%	30,039		6.21%

Note1. In 2023, the consolidated net profit after tax attributable to the owners of the parent company was NT\$571,261 thousand.

Note2. The ratio is calculated by unconditionally rounding off two decimal places.

B. Remuneration policies, standards and packages, procedures for determining remuneration, and connection between operating performance and future risk exposure

- In accordance with the Remuneration Committee Charter of the Company, the compensation system for directors and managers includes cash compensation, stock options, stock dividends, retirement benefits or severance pay, allowances and other

substantial incentives, which shall be approved by the Remuneration Committee of the Company and then submitted to the Board of Directors for approval.

- Director remuneration distribution policy and the procedures of determining remuneration: in addition to the monthly fixed amount of transportation fee, pursuant to the Company's Articles of Incorporation, the net profit after final accounts shall be used to pay the income tax in accordance with the laws and regulations and offset the accumulated loss. Afterward, 10% shall be allocated as a legal reserve. The percentage of director remuneration shall not exceed 2% of the aforementioned balance.
- The manager's compensation policy, standards and packages are determined with reference to the industry standard, the Company's payroll regulations, the manager's respective areas of responsibility, the performance and achievement rate of the same year, and the contribution to the Company's overall operation in that year.
- The Company has assessed that there are no significant future risks.

IV. Implementation of Corporate Governance

(I) Operation of the Board of Directors

- A. From the end of 2022 to the printing date of 2024, the 12th Board of Directors held a total of 9 meetings on the following dates: March 2, 2023; May 4, 2023; June 20, 2023; August 8, 2023; August 8, 2023 (extraordinary meeting); September 15, 2023; October 23, 2023; December 11, 2023; and February 26, 2024.

The attendance of directors is as follows:

Position	Name	Attendance in person	Attendance by proxy	Actual attendance	Remarks
Chairman	Representative of Goaltop Technology Corporation: Stan Hung	6	0	89%	Reassigned on August 8, 2023
	Representative of Goaltop Technology Corporation: Shur-Jung Shyi	2	1		Dismissed on August 8, 2023
Director	Representative of United Microelectronics: Ya-Nan Mo	6	0	100%	Reassigned on July 31, 2023
	Representative of United Microelectronics: Kuei-Hung Tseng	3	0		
Director	Representative of Hsun Chieh Investment: Su-Chuan Chiu	3	0	89%	Reassigned on October 20, 2023
	Representative of Hsun Chieh Investment: Bing-Kun Hong	5			
Director	Representative of Liangxun Investment: Cai-Feng Hou	8	0	89%	
Director	Cheng-Chien Chien	7	0	100%	Resigned on November 10, 2023
Director	Wan-Fen Chou	4	0	100%	Resigned on August 8, 2023
Independent Director	Ya-Ching Li	5	0	100%	
Independent Director	Jia-Wei Dai	5	0	100%	
Independent Director	Qing-Liu Xiao	5	0	100 %	

Note: Directors of the 12th term were elected on June 21, 2022.

Other matters to be recorded:

- If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:
 - (1) Matters set out in Article 14- 3 of the Securities and Exchange Act: the Company has established an Audit Committee; thus, this is not applicable to Article 14-3 of the Securities and Exchange Act. Please refer to the annual report on the implementation of the Audit Committee for relevant information.
 - (2) Except for the aforementioned matters, other resolutions made by the Board of Directors which are opposed or reserved by the independent directors; these are recorded or the independent directors have submitted written statements against the resolutions: None.
- Recusals of directors from voting due to conflicts of interests:
 - (1) On March 2, 2023, for the remuneration distribution of directors, employees, and managers for 2022, Director Cheng-Chien Chien and Director Shur-Jung Shyi, who also hold employee positions, abstained from discussing and resolution due to conflicts of interest.
 - (2) On September 15, 2023, it is proposed to dispose of the ordinary shares of Hsieh Yung Investment Co., Ltd. Mr. Stan Hung, Chairman of the Board, also serves as the Chairman of United Microelectronics. Mr. Ya-Nan Mo, the legal representative of United Microelectronics, and Mr. Bing-Kun Hong, the legal representative of Hsun Chieh Investment, abstained from voting after the discussion on this agenda

item.

- (3) On December 11, 2023, the Company appointed a Chief Strategy Officer. Mr. Stan Hung, the Chairman of the Board, abstained from participating in the discussion and voting on this matter due to a conflict of interest.
 - (4) On February 26, 2024, the nomination and review of the 13th Board of Directors were conducted. Mr. Stan Hung, the Chairman of the Board, Mr. Ya-Nan Mo, Mr. Su-Chuan Chiu, Mr. Cai-Feng Hou, and the independent directors, Ms. Ya-Ching Li, Mr. Jia-Wei Dai, and Mr. Qing-Liu Xiao abstained from voting on their own nomination qualifications and review.
- Targets and implementation of the Board of Directors' functions in the current and most recent years: in order to implement corporate governance and enhance the functions of the Company's Board of Directors, performance targets are established to strengthen the efficiency of the Board of Directors' operations. The Company established the "Board of Directors Performance Evaluation Procedures" in 2019 and conducts performance evaluation annually and review for improvement on an ongoing basis. For the sustainable development of the Company and to assist the Board of Directors to strengthen the management mechanism and improve the corporate governance, the Nomination Committee is expected to be established in the future.

B. Evaluation of the Board of Director

Frequency	Once a year			
Period	2023.01.01-2023.12.31			
Scope of evaluation	Evaluation method	Evaluation aspects	Single/total evaluation results	
Board of Directors	Internal evaluation of the Board of Directors	Participation in the Company's operation (12 items)	5.00	5.00
		Improvement of the Board of Directors decision-making quality (12 items)	5.00	
		Composition and structure of the Board of Directors (7 items)	5.00	
		Election and continuous education of the directors (7 items)	5.00	
		Internal control (7 items)	5.00	
Individual directors	Self-evaluation and peer evaluation of Board members	Understanding of the Company's objectives and missions (3 items)	4.93	4.91
		Understanding of the duties of directors (3 items)	4.91	
		Participation in the Company's operation (8 items)	4.89	
		Management and communication of the internal relations (3 items)	4.94	
		Expertise and continuing education of the directors (3 items)	4.87	
		Internal control (3 items)	4.98	
Audit Committee	Self-evaluation and peer evaluation of the Audit Committee members	Participation in the Company's operation (4 items)	5.00	5.00
		Understanding of the duties of the Audit Committee (6 items)	5.00	
		Improvement of the Board of Directors decision-making quality (7 items)	5.00	
		Composition and election of the Audit Committee members (3 items)	5.00	
		Internal control (3 items)	5.00	
Remuneration Committee	Self-evaluation and peer evaluation of the Remuneration Committee members	Participation in the Company's operation (4 items)	5.00	5.00
		Understanding of the duties of the Remuneration Committee (5 items)	5.00	
		Improvement of the Board of Directors decision-making quality (6 items)	5.00	
		Composition and election of the Remuneration Committee members (3 items)	5.00	
		Internal control (1 item)	5.00	

Note1. The evaluation results are presented in five levels, and the principles of the assessment levels are as follows: Number 1: Very poor (strongly disagree); Number 2: Poor (disagree); Number 3: Moderate (average); Number 4: Excellent (agree); Number 5: Excellent (strongly agree).

Note2. Reported at the Board meeting on February 26, 2024.

C. Results of Board of Directors Performance Evaluation

The selection of the Company's Board members is taken into account: the operational development needs and facilitation of the full performance of the Board of Directors' functions. The Board meetings have an open discussion vibe, which enables the directors to provide guidance and supervision, and are able to form medium and long-term strategies and annual plans that can be implemented, and that is conducive to the Company's sustainable operation. The Board of Directors attaches great importance to corporate risk management. The Chief Corporate Governance Officer is committed to providing the necessary assistance to the directors to facilitate timely access to sufficient information and resources for Board members to exercise their duties.

D. Succession planning for Board members and important management

(1) Succession planning and operation of the Board members

The election of directors of the Company is based on the candidate nomination system adopted in the "Articles of Incorporation", and is elected through voting at the shareholders' meeting to form the board of directors. Each term of the director is three years. The election of directors shall be conducted in accordance with the "Rules for Election of Directors" of the Company, unless otherwise provided by laws or Articles of Incorporation. The members of the board of directors must have a professional background (such as legal, accounting, industry, finance, marketing, or technology) and professional skills (such as business judgment ability, accounting and financial analysis ability, operation management ability, crisis management ability, industry knowledge, international market view, leadership ability, and decision-making ability.)

The Company plans for the succession of directors through the following methods:

- (a) Suitable directors candidates recommended by the current directors.
- (b) Directors candidates recommended by shareholders.
- (c) The board of directors' performance evaluation results serve as a reference for nominating directors for reappointment.

In order to strengthen the functions of the board of directors and encourage them to continuously improve their abilities, the Company arranges at least 6 hours of director training courses per person every year to assist directors in acquiring new knowledge, keeping up with the times, and familiarizing themselves with their roles, functions, responsibilities, and obligations on the board of directors, effectively implementing the corporate governance system, and facilitating the continuation and optimization of the board of directors to achieve sustainable business operations; In addition, the members of the board of directors conduct annual performance evaluations, and the evaluation results serve as a reference for selecting or nominating directors, as well as for determining their individual salary and

remuneration.

(2) Succession planning and operation of important management personnel

The Company regards employees at or above the manager level as the important management level, mainly based on personality traits, performance, and future potential as evaluation criteria. Personality traits should include positive influence, growth-oriented mindset, and team spirit. In addition to excellent work performance, they should also comply with the Company's core values and mission vision. As important management positions cover various departments within the Company, they are all targets of active cultivation by the Company. Department heads have clear job responsibilities; they are actively trained and nurtured, and they cooperate with management succession planning to conduct internal training on management skills. In addition, the Company encourages important management levels to engage in on-the-job training or participate in training programs provided by externals to enhance individuals' comprehensive abilities. The Company conducts cross departmental collaborative training for key talents based on future development, hoping to cultivate the diverse abilities of successor talents to facilitate the smooth implementation of future succession plans.

In response to the Company's future strategic direction and focus on talent development, important management personnel within the company receive annual training in leadership, operational management, and other related courses to cultivate a broad perspective and advanced comprehensive management skills. The Company conducts annual employee performance evaluations, through daily observations and performance evaluations; thus employee will better understand due areas for strengthening, personal development needs, and company expectations; the Company uses the evaluation results as a reference for future succession planning.

(ii) Operations of the Audit Committee:

The Audit Committee supports the Board of Directors to oversee the Company and responsible for the missions granted by Company Act, Securities and Exchange Act, and other related laws and regulations. The Company's Audit Committee is composed all independent directors. The operation of the committee complies with the Audit Committee Charter.

A. Professional qualifications and experience of Audit Committee members

Criteria/Name	Professional Qualifications and Experience
Ya-Ching Li Independent Director	Having Work Experience in the Areas of Commerce, Finance, Accounting, and Otherwise Necessary for the Business/ School of Accounting, University of Missouri, USA Senior Assistant of President of GCS Holdings, Independent Director and Remuneration Committee member of Unimicron, Director of D-Tech Optoelectronics, Director of GCOM Semiconductor, Supervisor of Unikorn Semiconductor
Jia-Wei Dai Independent Director	Having Work Experience in the Areas of Commerce, Finance, Accounting, and Otherwise Necessary for the Business/ Bachelor of Business Administration, Fu Jen Catholic University Director of U-neuron Biomedical Inc., Independent Director of Hu Lane Associate Inc., Independent Director of Family International Gourmet Co., Ltd., Director of Siang Sian Restaurant Co., Ltd.
Qing-Liu Xiao Independent	Having Work Experience in the Areas of Commerce, Finance, Accounting, and Otherwise Necessary for the Business/Bachelor of Economics, Feng Chia University

Director	Vice President of CTBC Bank Co., Ltd.
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- B. Key work items of the Audit Committee:
- (1) The Company's financial statements
 - (2) The Company's internal control system
 - (3) Material properties, derivatives, loaning of funds, and provision of endorsements/guarantees
 - (4) Audit plan of the internal audit department and implementation of such plan
 - (5) Appointment, discharge, compensation, and independence of certified public accountants
 - (6) Management's understanding of the risks and control procedures of compliance to laws and regulations
- C. From the end of 2023 to the printing date of 2024, the 2nd Audit Committee held a total of 7 meetings (March 2, 2023; May 4, 2023; August 8, 2023; September 15, 2023; October 23, 2023; December 11, 2023; and February 26, 2024), and the attendance of the audit committee was as follows:

Position	Name	Attendance in person	Attendance by proxy	Actual attendance	Remarks
Independent Director (Convener)	Ya-Ching Li	7	0	100%	
Independent Director	Jia-Wei Dai	7	0	100%	
Independent Director	Qing-Liu Xiao	7	0	100%	

Note: The 2nd members of Audit Committee were inaugurated on June 21, 2022.

- D. With regard to the implementation of the Audit Committee, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and the Company's handling of such resolutions shall be specified.

- (1) Matters set out in Article 14-5 of the Securities and Exchange Act

Board of Directors Date/Term	Major resolutions	Audit Committee resolution	The Company's response to the Audit Committee
2023.03.02 5th meeting of the 12th term	<ol style="list-style-type: none"> 1. Deliberation of the independence evaluation of the Company's CPAs. 2. 2022 Financial Statements. 3. Internal adjustment and replacement of CPAs in accounting firms and evaluation of their competence. 4. 2022 Internal Control System Statement. 5. Accounts receivable that are three months past due: unrelating to loans of funds. 6. Allocation of remuneration for directors, employees, and executives for the fiscal year 2022. 7. 2022 Earnings Distribution Proposal. 8. Donation to the SiS Education Foundation. 9. Amendments to the procedures for obtaining or disposing of assets. 10. Amendment to internal audit and control systems of the Company. 11. Application for bank credit extensions. 12. Non-assurance services provided by the accounting firm and its affiliated entities. 	Approved by all attending committee members	Approved by directors participated in the discussion

Board of Directors Date/Term	Major resolutions	Audit Committee resolution	The Company's response to the Audit Committee
2023.05.04 6th meeting of the 12th term	1. Financial statements for the first quarter of 2023	Approved by all attending committee members	Approved by directors participated in the discussion
2023.08.08 8th meeting of the 12th term	1. Financial statements for the second quarter of 2023	Approved by all attending committee members	Approved by directors participated in the discussion
2023.09.15 10th meeting of the 12th term	1. Disposal of the common stock of Shieh Yong Capital Co., Ltd. 2. Proposal to reassign Chief Financial Officer	Approved by all attending committee members	Approved by directors participated in the discussion
2023.10.23 11th meeting of the 12th term	1. Financial statements for the third quarter of 2023 2. 2024 Audit Plan 3. Amendment to internal audit and control systems of the Company.	Approved by all attending committee members	Approved by directors participated in the discussion
2023.12.11 12th meeting of the 12th term	1. Amendment to internal control systems of the Company.	Approved by all attending committee members	Approved by directors participated in the discussion
2024.02.26 13th meeting of the 12th term	1. 2023 Financial Statements 2. Allocation of remuneration for directors, employees, and executives for the fiscal year 2023. 3. 2023 Earnings Distribution Proposal. 4. Proposal to implement a cash reduction and return of capital. 5. Deliberation of the independence and competence evaluation results of the CPAs 6. Non-assurance services provided by the accounting firm and its affiliated entities 7. 2023 Internal Control System Statement	Approved by all attending committee members	Approved by directors participated in the discussion

(2) In addition to the above-mentioned matters, other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

E. Recusals of independent directors from resolutions due to conflicts of interests:

(1) On February 26, 2024, the nomination and review of the 13th Board of Directors were conducted. Mr. Stan Hung, the Chairman of the Board, Mr. Ya-Nan Mo, Mr. Su-Chuan Chiu, Ms. Cai-Feng Hou, and the independent directors, Ms. Ya-Ching Li, Mr. Jia-Wei Dai, and Mr. Qing-Liu Xiao abstained from the review and voting on their own nomination qualifications and review.

F. Communication between the independent directors and the Chief Internal Auditor, and the CPAs:

(1) In addition to submitting monthly audit finding reports and follow-up reports to the independent directors by the Company's internal audit department, the Company's Chief Internal Auditor holds at least one meeting of the Audit Committee every quarter to report on audit work, audit results, and follow-ups to the independent directors.

(2) Every half year, the Company's CPAs report and communicate to independent directors regarding the review or audit results of the Company and its subsidiaries at home and abroad, internal control audit, the impact of the amendments to and release of IFRSs on the Company, and other relevant legal requirements.

(3) Communication between the independent directors and the Chief Internal Auditor

In addition to submitting monthly audit reports and follow-up reports to the independent directors, the Company's internal audit department explains the audit, the audit results, and their follow-ups at the Board meetings and regularly communicate with the independent directors.

Date	Attendees	Key communication topics	Communication results
2023.05.04 Internal Audit Project Report Meeting	Independent Director Ms. Ya-Ching Li Independent Director Mr. Jia-Wei Dai Independent Director Mr. Qing-Liu Xiao Chief Auditor Mr. Hung-Jen Li	Improvement of deficiencies and irregularities of the internal control system of 2022	All attending independent directors have no opinion and no recommendation
2023.08.08 Internal Audit Project Report Meeting	Independent Director Ms. Ya-Ching Li Independent Director Mr. Jia-Wei Dai Independent Director Mr. Qing-Liu Xiao Chief Auditor Mr. Hung-Jen Li	Internal Audit Business Execution Report	All attending independent directors have no opinion and no recommendation
2023.10.23 Internal Audit Project Report Meeting	Independent Director Ms. Ya-Ching Li Independent Director Mr. Jia-Wei Dai Independent Director Mr. Qing-Liu Xiao Chief Auditor Mr. Hung-Jen Li	2024 Audit Plan	All attending independent directors have no opinion and no recommendation
2023.12.11 Internal Audit Project Report Meeting	Independent Director Ms. Ya-Ching Li Independent Director Mr. Jia-Wei Dai Independent Director Mr. Qing-Liu Xiao Chief Auditor Mr. Hung-Jen Li	Internal Audit Business Execution Report	All attending independent directors have no opinion and no recommendation
2024.02.26 Internal Audit Project Report Meeting	Independent Director Ms. Ya-Ching Li Independent Director Mr. Jia-Wei Dai Independent Director Mr. Qing-Liu Xiao Chief Auditor Mr. Hung-Jen Li	Improvement of deficiencies and irregularities of the internal control system of 2023	All attending independent directors have no opinion and no recommendation

(4) Communication between the independent directors and CPAs

Date	Attendees	Key communication topics	Communication results
2023.03.02 Project Report Meeting	Independent Director Mr. Tsai-Wang Huang Independent Director Mr. Jui-Hsiang Lo Independent Director Ms. Ya-Ching Li CPA Mr. Shao-Pin Kuo	Audit results of the consolidated and parent company only financial statements for 2022, communication with corporate governance unit and management, update of securities act, update of tax act, update of IFRSs	All attending independent directors have no opinion and no recommendation
2023.11.07 Project Report Meeting	Independent Director Ms. Ya-Ching Li Independent Director Mr. Jia-Wei Dai Independent Director Mr. Qing-Liu Xiao CPA Mr. Shao-Pin Kuo	Review results of the consolidated financial statements for the first half of 2023, communication with corporate governance unit and management, update of securities act, update of tax act, update of IFRSs	All attending independent directors have no opinion and no recommendation
2024.02.26	Independent Director Ms. Ya-Ching Li	Audit results of the consolidated and	All attending

Project Report Meeting	Independent Director Mr. Jia-Wei Dai Independent Director Mr. Qing-Liu Xiao CPA Ms. Shen-Jie Hu	parent company only financial statements for 2023 communication with corporate governance unit and management, update of securities act, update of tax act, update of IFRSs	independent directors have no opinion and no recommendation
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(5) The chief internal auditor, CPAs, and independent directors can communicate directly with each other as needed at any time, and the communication channel runs well.

(III) Implementation of Corporate Governance

Item	Implementation Answer/Explanation	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
I. Has the Company established and disclosed its code of practice on corporate governance based on Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies		
	Yes/To establish a good corporate governance system, the Company has established its own Corporate Governance Principles based on the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" prepared by Taiwan Stock Exchange Corporation and Taipei Exchange to establish an effective corporate governance framework and then abide by it. In addition to complying with the laws and regulations and the Articles of Incorporation, the Company's corporate governance system is based on the principles of protecting the rights and interests of shareholders, strengthening the functions of the Board of Directors, fulfilling the functions of the Audit Committee, respecting the rights and interests of stakeholders, and enhancing the transparency of information, as well as upholding Ethical Corporate Management Best Practice Principles, with the hope to fulfill corporate responsibility for sustainable management and enhance operational performance through effective corporate governance operations. The Principles are disclosed and available for download on the Company's website at www.sis.com .	None.
II. Shareholding structure and shareholders' rights		
■ Does the Company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigation	Yes/The Company attaches great attention to right-to-know of shareholders and complies with the relevant regulations of information disclosure, and shall, in a frequent and timely manner, provide the Company's financial, business, internal shareholding, and corporate governance information to the shareholders through the MOPS or the Company's website. For ensuring shareholder's interests, the Company has appointed dedicated staff to handle the suggestions, inquiries, and disputes of shareholders.	None.
■ Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders	Yes/The Company has established a system, where a dedicated person keeps at all times a register of major shareholders who own a relatively high percentage of shares and have controlling power, and of the persons with ultimate control over those major shareholders. Pursuant to the information disclosure requirements, the Company shall regularly disclose relevant pledges and addition/decrease in the shares of shareholders who have over 10% of the Company shares. The Company shall also disclose major items that can result in changes in shares so other shareholders can conduct supervision.	None.

Item	Implementation Answer/Explanation	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
<p>■ Does the Company establish and execute a risk management and firewall system with its affiliates</p>	<p>Yes/The Company and its affiliates have established specific rules for their personnel, assets, and financial affairs, which clearly stated their responsibilities. In addition, risk assessments are conducted and firewalls are established to prevent unpredictable issues.</p>	<p>None.</p>
<p>■ Does the Company establish internal rules against insiders using undisclosed information for securities trading</p>	<p>Yes/ The Company has established and effectively implemented a comprehensive internal control system in accordance with relevant laws, orders and standards. In addition to the regular self-inspection of each department, the audit department reviews the results of self-inspection of each department from time to time for better supervision.</p>	<p>None.</p>
<p>III. Composition and responsibilities of the Board of Directors</p>		
<p>■ Has the Board of Directors established diversified policies, specific management objectives and implementation for the composition of its members</p>	<p>Yes/ In consideration of diversification and practical operational needs, the current Board of Directors was completely re-elected on June 21, 2022, comprising nine members. The directors possess experience in various fields of business or expertise, having backgrounds in science, technology, finance, and accounting. Their relevant experiences cover industries such as semiconductor manufacturing and IC design. Additionally, more than half of the directors have accounting and financial expertise. The current members include three independent directors (42%), and additionally, there are three female directors (42%) among the board members. The number of directors who are not managers of the Company exceeds half the number of seats of Board of Directors. For related information, please refer to page 10 of this annual report and the Company's website at www.sis.com.</p>	<p>None.</p>
<p>■ Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and Audit Committee required by the laws</p>	<p>Yes/ The Company has established the Remuneration Committee and the Audit Committee, which are composed of independent directors in accordance with the law, to contribute to the Company's sustainable development, assist the Board of Directors in strengthening the management mechanism and improve corporate governance. It is expected that the Board of Directors will approve the establishment of the Nomination Committee in the future, to improve the functions of the Board of Directors and strengthen the management mechanism of the Company. In the future, other functional committees will be established according to legal requirements and actual needs.</p>	<p>None.</p>
<p>■ Does the Company establish Board of Directors Performance Evaluation Procedures and its evaluation methods, conduct the evaluation annually and regularly, report the results of evaluations to the Board of Directors,</p>	<p>Yes/The Company has established standards and methods to evaluate the performance of the Board of Directors, conducts Board evaluation, self/peer evaluation annually and regularly, reports the results of evaluations to the Remuneration Committee and the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal. Evaluation criteria includes the participation in the Company's operations, improvement of the Board of Directors decision-making quality, composition and structure of the</p>	<p>None.</p>

Item	Implementation Answer/Explanation	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
and use them as a reference for individual directors' remuneration and nomination and renewal	Board of Directors, election and continuing education of directors, internal control, understanding of the Company's objectives and missions, understanding of directors' responsibilities, participation in the Company's operations, management and communication of the internal relations, and expertise and continuing education of directors. The 2023 Board of Directors had a high attendance rate of over 95%. The overall performance evaluation can be found on page 23 of this Annual Report.	
<ul style="list-style-type: none"> ■ Does the Company regularly evaluate the independence of the CPAs 	<p>The Company's Audit Committee regularly evaluates the internal quality control procedures of the CPAs and their independence, which are reported to the Board of Directors for approval. The evaluation results for the past two years were conducted on March 2, 2023, and February 26, 2024, respectively. The evaluation criteria include: the CPAs' independence statement; the audit or non-audit services provided by the CPAs are reviewed in advance by the Audit Committee to ensure that the non-audit services do not affect the audit results; the same CPA does not provide CPA services for more than seven consecutive years; and refer to Audit Quality Indicators (AQIs) to assess the competence of the CPAs, focusing on five major dimensions and thirteen indicators, including professionalism, independence, quality control, supervision, and innovation capability. For related information, please refer to Note 1 on Page 34.</p>	None.
<p>IV. Does the Company has a suitable and appropriate number of corporate governance officer and designates a Chief Corporate Governance Officer to be responsible for corporate governance-related matters</p>		
	<p>Yes/ The Remuneration Committee and the Board of Directors on March 18, 2020, approved a Chief Corporate Governance Officer who has more than three years of experience as the head of finance and stock affairs of a public company. Our Chief Corporate Governance Officer, Mr. Po-Wen Huang, was appointed by the 12th Board of Directors during its 10th meeting on September 15, 2023, as indicated in Note 2 on Page 36. The Chief Corporate Governance Officer is responsible for supervising the stock affairs division of the finance department on matters related to the convening of Board meetings and shareholders' meetings, preparing minutes and disclosures, providing information necessary for directors to perform their duties, assisting directors in complying with laws and regulations, and assisting directors in their appointment and continuing education. In addition, the Chief Corporate Governance Officer communicates with the independent directors on an annual basis on matters related to corporate governance. In 2023, the implementation of corporate governance was as follows:</p> <ul style="list-style-type: none"> ■ Oversee the planning and implementation of the corporate governance system of the Company and its subsidiaries; report regularly to the Board of Directors on important issues or legal amendments related to the Company's business sectors and corporate governance. ■ The Company arranges training courses according to the needs of Board members, evaluates and purchases appropriate liability insurance for directors, supervisors, and important employees; the company reports the contents of the insurance policy to the Board of Directors. ■ The independent directors meet regularly and as necessary with the accountants and auditors to implement internal audit and control systems. ■ The agenda of the directors' meetings is notified to the directors 7 days in advance, and the meetings are convened and information is provided. If there is a 	None.

Item	Implementation Answer/Explanation	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	<p>conflict of interest in a resolution, those with a conflict of interests shall be recused from the discussion and voting. The minutes of the Board meetings are completed and sent to the directors within 20 days after the meeting.</p> <ul style="list-style-type: none"> ■ To implement corporate governance, the performance of the Board of Directors, functional committees, and individual directors are regularly evaluated in accordance with the "Board of Directors Performance Evaluation Procedures" established by the Company. ■ The Company holds corporate meetings every year for its business performance, participates in investment forums from time to time, has dedicated staff to serve shareholders, and established diversified communication channels with investors. ■ The Company sets the date of the shareholders' meeting in accordance with the law, prepares and publishes the notice of the meeting, the meeting handbook, and the minutes of the meeting within the statutory period, and handles the registration of changes in the Articles of Incorporation or the election of directors within the statutory period. The Company also assigns a senior officer responsible for corporate governance-related matters and coordinate all corporate governance matters of the Company. 	
V.	Has the Company established communication channels with stakeholders, set up a stakeholder area on the Company's website, and responded appropriately to important social responsibility issues of the stakeholders	
	Yes/ The Company has a spokesperson, stock affair office, investor relations, and email address to maintain smooth communication channels with banks and employees, consumers, suppliers, communities, or stakeholders of the Company, and to respect and protect their legitimate rights and interests.	None.
VI.	Does the Company appoint a professional shareholder service agency to deal with shareholder affairs	
	Yes/The Company has appointed a professional shareholder service agency, Horizon Securities Corp., to deal with shareholder affairs on behalf of the Company.	None.
VII.	Information Disclosure	
■	Does the Company have a website to disclose the financial operations and corporate governance information	Yes/The Company's website is at http://www.sis.com , which established an Internet-based reporting system for information disclosure. A dedicated staff was appointed to be responsible for gathering and disclosing information. A spokesperson system was also established so as to ensure the proper and timely disclosure of information on policies that might affect the decisions of shareholders and stakeholders.
■	Did the Company adopt other means of information disclosure	Yes/The Company sets up a bilingual website with the use of Internet access, which is maintained by a dedicated staff and provides updated information on the Company's financial business and corporate governance. The information is detailed and accurate for the reference of shareholders and stakeholders.
■	Does the Company announce and file the annual financial reports within two months after the close of the fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each	Yes/ Through coordinated efforts of various departments and the full cooperation of the accounting firm, the Company will announce and file the annual financial report within two months after the end of the fiscal year, aiming to provide shareholders and investors with more transparent and timely financial information. The Company announces and files Q1, Q2, Q3 financial reports and its monthly operating within the period prescribed by the competent authority.

Item	Implementation Answer/Explanation	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
month ahead of the required deadline		
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance: Yes		
■ Employee benefits and care	The Company adheres to relevant labor laws to protect employees' legitimate interests. The Company has comprehensive and generous welfare measures for our employees. In addition to free medical checkups every 1-2 years, the Company also provides psychological counseling services for its employees to relieve their stress. In addition, the Company provides employees' family members with consultant service on economic and legal expertise, and encourage them to communicate directly with the management to appropriately reflect their opinions on the Company's operation and financial condition or major decisions involving their interests.	None.
■ Investor relations	The Company has been attaching great attention to the right-to-know of investors and shareholders and complies with the relevant regulations of information disclosure through the shareholders' meetings and spokesperson system. The Company provides information on its financial, business, internal shareholding, and corporate governance to the shareholders and investors in a frequent and timely manner through the MOPS or the Company's website.	None.
■ Supplier relations	Upholding the principle of honesty, equality, and mutual benefit, the Company is committed to building a foundation of harmonious relationship and trust with its partners and customers with good business reputations to create a win-win situation. The Company has also set up a dedicated customer service department responsible for the communication and coordination with the inquiries of its suppliers and customers.	None.
■ Rights of stakeholder	The Company maintains sound communication channels with banks, employees, consumers, suppliers, communities or stakeholders of the Company, and respects and protects their legitimate interests. When any of a stakeholder's legitimate interests are infringed, the Company shall handle the matter in a proper manner and in good faith.	None.
■ Implementation of risk management policies and risk evaluation measures	The Company has a sound financial, business and accounting management system, conducts comprehensive risk assessments with its major banks, customers, and suppliers, and implements necessary control mechanisms to identify and prevent potential risks, so as to enhance the correctness and accuracy of its decision-making and reduce its credit risk and operating risks.	None.
■ Implementation of customer policy	The Company has a dedicated customer service department, which is responsible for providing customer consultation and assisting in handling customer-related issues, and responding to relevant contractors in a timely manner to provide the assistance required by the customers.	None.
■ Purchase of liability insurance for the	To reduce and diversify the unexpected risk of the Company and its shareholders, arising from accidents or negligence of	None.

Item	Implementation Answer/Explanation	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
directors and supervisors	directors and independent directors, the Company purchases liability insurance for its directors every year. In 2023 and 2024, the Company purchased "Directors, Supervisors and Important Employees Liability Insurance" with Cathay Century Insurance Co., Ltd. in an amount of US\$10 million for the directors and important employees of the Company.	
■ Continuous education of directors and managers	Related information Note 2 on Page 34.	None.
IX. The improvements made in accordance with the Corporate Governance Evaluation results issued in the most recent year and provide prioritized plans for improvement with aspects yet to be improved		
Yes/In accordance with the results of last year's corporate governance evaluation, the Company has disclosed its company profile (including company history, product introduction, organizational structure, and management team) and investor relations contact window and response to shareholders' inquiries on the Company's website. The Company will prioritize the improvement of early disclosure of the shareholders' meeting handbook and annual report, increasing the number of independent directors to meet diversity, gender policy, and detailed disclosure of relevant corporate information in the annual report and on the Company's website. The future self-evaluation report or evaluation report will be made in accordance with the needs of the company and the regulations of the competent authorities.		None.

Note1. Deliberation and result of the independence evaluation of the CPAs

Evaluation Item	Evaluation Result	Compliance with Independence
(1) Does the CPA have a direct or material indirect financial interest in the Company	No	Yes
(2) Does the CPA have any significant close business or employment relationship with the Company	No	Yes
(3) Does the CPA and its audit team currently hold any positions of significant influence over the Company's directors, supervisors, managers or audit cases, or have they held any positions within the last two years	No	Yes
(4) Has the CPA's family held any positions of significant influence on the Company's directors, supervisors, managers or audit cases during the audit period	No	Yes
(5) Does the CPA provide any non-audit services to the Company that may directly affect the audit	No	Yes
(6) Is the CPA related to any of the Company's directors, supervisors, managers or persons with significant influence on the audit	No	Yes
(7) Has the CPA received any gifts or presents of significant value from the Company, its directors, supervisors, managers or major shareholders	No	Yes
(8) Has the CPA provided audit services to the Company for seven consecutive years	No	Yes

Note2. Continuous education of directors 2023

Position	Name	Education Date (Republic of China)		Training Institution	Course Name	Training Hours
		From	To			
Chairman	Stan Hung	2023/04/26	2023/04/26	Securities & Futures Institute	Recent Developments and Legislative Trends in International and	3

Position	Name	Education Date (Republic of China)		Training Institution	Course Name	Training Hours
		From	To			
					Domestic Taxation	
		2023/09/18	2023/09/18	Independent Director Association Taiwan	How Boards of Directors Review ESG Sustainability Reports	3
Corporate Representative Director	Ya-Nan Mo	2023/09/04	2023/09/04	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	6
		2023/09/21	2023/09/21	Taiwan Securities Association	2022 Legal Compliance Briefing for Insider Stock Transactions	3
		2023/10/13	2023/10/13	Securities & Futures Institute	2023 Legal Compliance Briefing for Insider Stock Transactions	3
Corporate Representative Director	Su-Chuan Chiu	2023/11/03	2023/11/03	Securities & Futures Institute	Insights for Listed Companies into Derivative Financial Markets Towards Corporate Sustainability Seminar	3
		2023/11/15	2023/11/15	Securities & Futures Institute	2023 Legal Compliance Briefing for Insider Stock Transactions	3
		2023/12/12	2023/12/12	Taiwan Corporate Governance Association	Corporate Governance Summit XIX (2023)	6

Continuous education of directors 2023

Position	Name	Education Date (Republic of China)		Training Institution	Course Name	Training Hours
		From	To			
Corporate Representative Director	Cai-Feng Hou	2023/05/22	2023/05/22	Taiwan Stock Exchange	Promotion Seminar on Sustainable Development Action Plans for Listed Companies	3
		2023/10/03	2023/10/03	Securities & Futures Institute	Introduction to Corporate Governance Disputes and Commercial Litigation Laws	3
Independent Director	Ya-Ching Li	2023/04/27	2023/04/27	Taiwan Stock Exchange	Promotion Seminar on Sustainable Development Action Plans for Listed Companies	3
		2023/09/04	2023/09/04	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	3
Independent Director	Jia-Wei Dai	2023/04/13	2023/04/13	Taiwan Academy of Banking and Finance	Corporate Governance Seminar	3
		2023/06/02	2023/06/02	Securities & Futures Institute	2023 Legal Compliance Briefing for Insider Stock Transactions	3
Independent Director	Qing-Liu Xiao	2023/04/13	2023/04/13	Taiwan Academy of Banking and Finance	Corporate Governance Seminar	3
		2023/06/02	2023/06/02	Securities & Futures Institute	2023 Legal Compliance Briefing for Insider Stock Transactions	3

Continuous education of managers in 2023

Position	Name	Education Date (Republic of China)		Training Institution	Course Name	Training Hours
		From	To			
Chief Strategy Officer (CFO)	Stan Hung	2023/04/26	2023/04/26	Securities & Futures Institute	Recent Developments and Legislative Trends in International and Domestic Taxation	3
		2023/09/18	2023/09/18	Independent Director Association Taiwan	How Boards of Directors Review ESG Sustainability Reports	3
Chief Financial officer/ Chief Corporate Governance Officer	Po-Wen Huang	2023/09/21	2023/09/21	Taiwan Securities Association	Domestic and International Trends in Net-Zero Transformation Development and Corporate Response Strategies	3
		2023/10/13	2023/10/13	Securities & Futures Institute	2023 Legal Compliance Briefing for Insider Stock Transactions	3
		2023/11/15	2023/11/15	Securities & Futures Institute	2023 Legal Compliance Briefing for Insider Stock Transactions	3
Chief Accountant	Yuan-Kwei Chen	2023/12/18	2023/12/19	Accounting Research and Development Foundation in Taiwan	Continuing Education Course for Chief Accountant of Issuers, Securities Firms and the Securities Exchange	12

(IV) Operation of the Remuneration Committee

A. Duties of Remuneration Committee

The operation of the Committee aimed to strengthen corporate governance and risk management. The Committee evaluates and monitors the remuneration system of directors and managers of the Company to motivate and retain talents. The main responsibilities are to regularly review the performance evaluation and policies and systems of the directors' and managers' remuneration, and evaluate and set the remuneration of directors and managers.

B. Key Work Items of the Remuneration Committee

Approval of director-related remuneration, review of managers' performance and remuneration structure, and approval of managers' salaries and bonuses

C. Information of the 5th Remuneration Committee members

Criteria/Name	Professional qualifications and experience	Independence (Note)	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Ya-Ching Li Independent Director Convener	Having Work Experience in the Areas of Commerce, Finance, Accounting, and Otherwise Necessary for the Business Graduate of the University of Missouri Graduate School of Accounting/ Senior Assistant of President of GCS Holdings, Independent Director and Remuneration Committee member of Unimicron, Director of D-Tech Optoelectronics, Director of GCOM Semiconductor, Supervisor of Unikorn Semiconductor	Independence Criteria	1
Jia-Wei Dai Independent Director	Having Work Experience in the Areas of Commerce, Finance, Accounting, and Otherwise Necessary for the Business Bachelor of Business Administration, Fu Jen Catholic University/Director of U-neuron Biomedical Inc.	Independence Criteria	2
Qing-Liu Xiao Independent Director	Having Work Experience in the Areas of Commerce, Finance, Accounting, and Otherwise Necessary for the Business Bachelor of Economics, Feng Chia University/Vice President of CTBC Bank Co., Ltd.	Independence Criteria	0

Note1. Independence Criteria: the members of the Remuneration Committee are in compliance with the independence requirements including, but not limited to, whether he/she, his/her spouse, his/her second degree kinship, etc. are directors, supervisors or employees of the Company or its affiliated companies; the number and proportion of shares of the Company held by him/her, his/her spouse, or second degree of kinship (or in the name of another person); Whether he/she is a director, supervisor or employee of a company with a specific relationship with the Company (refer to Article 6, Paragraph 1, Sub-Paragraphs 5-8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange;) the amount of remuneration received for the providing of business, legal, financial and accounting services to the Company or its affiliates in the last two years.

Note2. The 5th Remuneration Committee was inaugurated on August 9, 2022.

- D. To the printing date of 2024, the 5th Remuneration Committee held a total of 6 meetings (March 2, 2023; August 8, 2023; September 15, 2023; October 23, 2023; December 11, 2023; and February 26, 2024), and the attendance of Remuneration Committee members is as follows:

Position	Name	Attendance in person	Attendance by proxy	Actual attendance	Remarks
Convener	Ya-Ching Li	6	0	100%	
Committee Member	Jia-Wei Dai	6	0	100%	
Committee Member	Qing-Liu Xiao	6	0	100%	

Note: The 5th Remuneration Committee members were inaugurated on August 9, 2022.

Other matters to be recorded:

- If the Board of Directors refuses to adopt or amends a recommendation of the Remuneration Committee, the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified: None.
- If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified: None.

- E. Important resolutions of the 4th Remuneration Committee from 2023 to the date of publication of this annual report

Remuneration Committee Date/Term	Major resolutions	Remuneration Committee resolution	The Company's response to the Remuneration Committee
2023.03.02 3rd meeting of 5th session	2022 Board of Directors, individual directors, Audit Committee and Remuneration Committee performance evaluation, distribution of directors' and managers' remuneration for 2022, and Promotion of the Company's managers.	Approved by all attending committee members	Approved by directors participated in the discussion
2023.08.08 4th meeting of 5th session	Severance and departure pay for Managers.	Approved by all attending committee members	Approved by directors participated in the discussion
2023.09.15 5th meeting of 5th session	Reassignment of the Company's Chief Financial Officer and Chief Corporate Governance Officer as well as the promotion of managers.	Approved by all attending committee members	Approved by directors participated in the discussion
2023.10.23 6th meeting of 5th session	Work plan for the Salary and Remuneration Committee in 2024, and 2024 managers (including all employees) year-end bonus evaluation proposal	Approved by all attending committee members	Approved by directors participated in the discussion
2023.12.11 7th meeting of 5th session	Structural adjustment of salaries for managers (including all employees) in 2024, and the appointment of our company's Chief Strategy Officer.	Approved by all attending committee members	Approved by directors participated in the discussion
2024.02.26 8th meeting of 5th session	Amendment to the director remuneration and director profit distribution proposal of the Company.	Approved by all attending committee members	Approved by directors participated in the discussion

- F. Remuneration Committee members have different opinions on the adoption of important resolutions with records or written statements: None.

(V) Implementation of Promoting Sustainable Development

Item	Implementation Answer/Explanation	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
I. Does the Company establish a governance structure to promote sustainable development and set up a special (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management, and the Board of Directors supervise the situation	No/Although the Company does not have a dedicated (part-time) unit to implement sustainable development, the Company has been actively implementing various sustainable development policies within the existing organizational structure in accordance with the work attributes of each department, with a view to implementing corporate governance, developing a sustainable environment, and safeguarding social welfare.	None.
II. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies	Yes/The Company conducts risk assessment from time to time according to the different nature of ESG issues related to the Company's operations, and formulates related risk management policies or strategies. The Company also actively fulfills corporate social responsibility while engaging in business operations to meet the international trend of maintaining a balance between environmental, social and governance.	None.
III. Environmental issues		
■ Has the Company established proper environmental management systems based on the characteristics of the industries	Yes/The Environmental Safety and Health Department is responsible for collecting and evaluating adequate and timely information of the impact of operational activities on the natural environment. Establish measurable goals and objectives, review the sustainability and relevance of these objectives from time to time, and review the progress of environmental sustainability goals or objectives.	None.
■ Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact	Yes/ Due to the limited global resources and the phenomenon of climate change and global warming, the Company actively strives to improve the efficiency of resource conservation and recycling, including water resources and all kinds of energy, in the hope of reducing the burden on the earth and the environment, so that the earth's resources can be conserved and utilized in a sustainable manner.	None.
■ Has the Company evaluated the potential risks and opportunities posed by climate change for its current and future business and adopted relevant measures to address them?	Yes/The Company evaluates the potential risks and opportunities to enterprises arising from climate changes from time to time, conducts risk assessments and analyzes for enterprises based on different climate changes in different periods and topics, and makes effective prevention and control in response to the risks.	None.

Item	Implementation Answer/Explanation	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																									
<p>■ Does the Company inspect its greenhouse gas emissions, water consumption, and the total weight of wastes in the past two years. Does the Company formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or waste management</p>	<p>The statistical data on greenhouse gas emissions, water usage, and waste production for the past two years are based on the following scope of information coverage.</p> <p>(1) The Company currently relies on electricity as the main source of carbon emissions. We regularly maintain related equipment and shorten the usage time of air conditioning and lighting equipment in buildings to reduce greenhouse gas emissions. The Company implements various energy-saving measures. In 2023, the total electricity consumption decreased 534,400 kWh from 2022, representing a reduction in energy consumption of 9.8%.</p> <table border="1" data-bbox="596 779 1149 943"> <thead> <tr> <th>Year</th> <th>Electricity Consumption Volume</th> <th>Difference in Increase or Decrease</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>5,401,200</td> <td rowspan="2">-9.8%</td> </tr> <tr> <td>2023</td> <td>4,866,800</td> </tr> </tbody> </table> <p>(2) Due to our company's involvement in the IC design industry, we do not operate any factories, and all water consumption and discharge are for domestic purposes. We have implemented various water-saving measures. In 2023, the total water usage decreased 323 cubic meters from 2022, representing a reduction in water consumption of 1.5%.</p> <table border="1" data-bbox="587 1167 1158 1330"> <thead> <tr> <th>Year</th> <th>Water Consumption Volume</th> <th>Difference in Increase or Decrease</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>21,457</td> <td rowspan="2">-1.5%</td> </tr> <tr> <td>2023</td> <td>21,134</td> </tr> </tbody> </table> <p>(3) Waste management policy. Our company, as an IC design firm, outsources its manufacturing operations, resulting in waste mainly consisting of household waste and office paper. Only a small amount of general business waste is generated. Flow of waste disposal and selection of qualified waste disposal contractors. The total amount of business waste in 2022 was 0.883 metric tons, while in 2023 it reduced to 0.429 metric tons, showing a decrease compared to the previous year.</p> <p style="text-align: right;">(Unit: metric tons)</p> <table border="1" data-bbox="577 1653 1168 1749"> <thead> <tr> <th>Business Waste</th> <th>Total amount</th> <th>Per capita</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>0.883</td> <td>0.0056</td> </tr> <tr> <td>2023</td> <td>0.429</td> <td>0.0029</td> </tr> </tbody> </table> <p>The measures implemented by our company are as follows:</p> <p>(1) Greenhouse gas emissions: We have replaced lighting fixtures with LED tubes. Additionally, a solar power system was installed on the rooftop of our company building, which has been operational from August 2022 to March 2024. The total electricity generated is approximately 460 MWh, resulting in an accumulated reduction of around 225 metric tons of carbon emissions. This reduction is equivalent to powering 20-watt light bulbs for 31,701</p>	Year	Electricity Consumption Volume	Difference in Increase or Decrease	2022	5,401,200	-9.8%	2023	4,866,800	Year	Water Consumption Volume	Difference in Increase or Decrease	2022	21,457	-1.5%	2023	21,134	Business Waste	Total amount	Per capita	2022	0.883	0.0056	2023	0.429	0.0029	<p>None.</p>
Year	Electricity Consumption Volume	Difference in Increase or Decrease																									
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Item	Implementation Answer/Explanation	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	<p>months or saving the felling of 22,000 banyan trees. Simultaneously, we are actively implementing various energy-saving measures to reduce the total electricity consumption. Additionally, we have planted approximately 4,019 square meters of forest behind the company premises, contributing to carbon reduction and urban greening efforts.</p> <p>(2) Water usage: The Company has been promoting water-saving measures for a long time. We have reduced the water flow in the washbasins in restrooms and tea rooms. Our facilities mainly use water-saving products with the water-saving certification mark. We conduct regular inspections of equipment and company pipelines to ensure there are no water leaks.</p> <p>(3) Waste: The Company implements waste reduction measures and practices waste sorting. Both general business waste and recyclable materials are handled by qualified contractors for proper disposal.</p> <p>The verification status and scope of each information are as follows: In 2023, our company did not experience any pollution leaks leading to production halts or significant fines. We will continue to improve and implement energy-saving and carbon reduction measures. The verification scope includes the headquarters building of our company.</p>	
IV. Social issues		
<p>■ Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights</p>	<p>Yes/The Company adheres to its management philosophy; we have established management policies and procedures for related issues in our rules and regulations and international human rights conventions, in the hope that we can more actively fulfill our corporate social responsibility.</p>	None.
<p>■ Does the Company formulate and implement reasonable employee benefit measures and appropriately reflect operating performance or results in employee compensation</p>	<p>Yes/ Please refer to page 80 of this Annual Report for the welfare measures and benefits for the Company's employees. Employees' remuneration is based on their academic background and working experience, performance and market standards, and does not differ from gender, race, religion, political affiliation or marital status. The Company also protect the rights and interests of the employees in accordance with relevant laws and regulations and systems. The Company conducts performance appraisals for all employees on a regular basis every year for the purpose of promotion, employee training and development, and remuneration payment.</p>	None.

Item	Implementation Answer/Explanation	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
<p>■ Does the Company provide a safe and healthy working environment and organize training on health and safety for its employees on a regular basis</p>	<p>Yes/The Company provides a safe and healthy working environment for employees, including the provision of necessary health and first aid facilities and the implementation of related education and training from time to time, as well as the implementation and reporting of employee temperature and environment-related tests on a regular basis, and strives to reduce the risk factors to employees' safety and health, in order to maintain their safety and health and prevent the occurrence of occupational hazards.</p>	<p>None.</p>
<p>■ Has the Company established effective career development training plans</p>	<p>Yes/The Company organizes training and seminars from time to time to actively train our employees' career abilities through different training and communication with the peers.</p>	<p>None.</p>
<p>■ Does the Company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer protection policies and complaint procedures</p>	<p>Yes/The Company actively and clearly explains and labels the health and safety, customer privacy, marketing, and labeling of our products and services to our customers in accordance with relevant laws and regulations and international standards. The Company also provides relevant communication and consultation channels to properly communicate and serve our customers. The Company attaches great importance to the interests of the customers. In addition to providing the necessary consultation and after-sales services, the Company also provide effective and simple channels handling complaints so as to protect the rights of consumers.</p>	<p>None.</p>
<p>■ Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights and the implementation</p>	<p>Yes/In accordance with relevant governmental laws and regulations and international standards, the Company has defined the management policies for suppliers in the Company's rules and regulations to ensure the safety of the working environment, human rights, and ethical standards for the implementation of the green supply chain. In addition to the Company's rules and regulations, the Company requires suppliers to comply with the laws and regulations of the place where they operate.</p>	<p>None.</p>
<p>V. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?</p>		
<p>Yes/The Company's sustainability development report is prepared in accordance with international report preparation standards and guidelines. The Company will actively obtain confirmation and valuable opinions from third-party accreditation bodies in the future.</p>		<p>None.</p>
<p>VI. If the Company has established its own sustainable development principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe the implementation and any deviations from the Principles</p>		
<p>The Company established a "Sustainable Development Best Practice Principles" as approved by the Board of Directors in May 2022, and our company's sustainability operations are in line with these guidelines.</p>		

Item	Implementation Answer/Explanation	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
VII.	<p>Important information to facilitate a better understanding of the Company's sustainable development practices</p> <p>Alongside our corporate operations, our company actively practices corporate social responsibility in pursuit of sustainable development. This aligns with international trends in environmental, social, and corporate governance (ESG) development. We aim to enhance the quality of life for employees, communities, and society as a whole. Integrating corporate social responsibility into our operational activities and development direction is a fundamental aspect of our business strategy.</p> <p>Implementing sustainable environment</p> <p>The Company installed a solar energy system which has been operational on the rooftop of the building; from its in-use in August 2022 to March 2024, the total electricity generated was approximately 460 MWh, and the accumulated carbon reduction was approximately 225 metric tons. This is equivalent to powering 20-watt light bulbs for 31,701 months or reducing the cutting down of 22,000 banyan trees. At the same time, we actively implement various energy-saving measures. As of 2023, the total electricity consumption decreased 534,400 kWh from 2022, achieving a reduction in energy consumption of 9.8%. Additionally, we have planted approximately 4,019 square meters of forest behind the Company to help reduce carbon dioxide and achieve urban greening.</p> <p>Expand social participation</p> <p>In 2000, SiS established the "SiS Education Foundation", whose mission is to promote education, sponsor technology research and development, and promote information dissemination. The Foundation also supports various educational and artistic activities through corporate actions, and in recent years, we have further engaged in sustainability and environmental-related issues. The Foundation participated in the following activities in 2023:</p> <ul style="list-style-type: none"> ■ In October 2023, the Foundation sponsored the IET Taipei Local Network with a donation of NT\$30,000. ■ From June to December of 2023, the Foundation sponsored the Chinese Professional Management Association of Hsinchu with a donation of NT\$30,000 for an Information education-related seminar/lecture. ■ From June to December of 2023, the Foundation donated to Chin-ai Music for "Rescuing Lost Children, Using Music for Corrective Therapy," totaling NT\$30,000. ■ From June to December of 2023, the Foundation donated to Shih Chien University for the "Study Happily - Fund for Underprivileged Students" project, totaling NT\$30,000. ■ In June 2023, the Foundation donated NT\$40,000 to Pohe Elementary School in Hsinchu County for the "Dragon Boat Festival Arts and Literature Exhibition for Pohe Children". ■ From June to December of 2023, the Foundation donated NT\$40,000 to the Boyo Social Welfare Foundation for the "Rural Education Hope Project". ■ From June to December of 2023, the Foundation donated NT\$40,000 to China Medical University for the "2023 Orchid Island Dental Clinic Mission". ■ From June to December of 2023, the Foundation donated NT\$40,000 to Eden Social Welfare Foundation's "Eden Sheltered Workshop". ■ From June to December of 2023, the Foundation donated NT\$40,000 to the Saint Joseph Social Welfare Foundation of Hsinchu City. ■ From June to December of 2023, the Foundation donated NT\$40,000 to the World Vision Taiwan's project of "Education Support Program for Hsinchu Local Children". ■ From June to December of 2023, the Foundation donated NT\$40,000 to the Mennonite Christian Hospital. ■ From June to December of 2023, the Foundation donated NT\$40,000 to the A Kernel of Wheat Foundation. ■ From June to December of 2023, the Foundation donated NT\$40,000 to the Beunen Foundation. ■ From June to December of 2023, the Foundation donated NT\$40,000 to the Dandelion Hope Foundation for the "Ecological Sustainability and Local Revitalization". ■ From June to December of 2023, the Foundation donated NT\$40,000 to the Taiwan Environmental Information Association for its "Waste Reduction Plan". 	

(VI) Implementation of Climate-Related Information

Item	Implementation status
<p>■ Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</p>	<p>The Company will actively plan and formulate risk management policies, with the Board of Directors serving as the highest guiding and supervisory body responsible for policy and plan advocacy. Through coordinating the responsibilities of various departments, and following the disclosure of the four major aspects, discussions will be conducted on climate governance, strategies, risk management, and indicator targets. Climate-related issues will be incorporated into the risk management process.</p>
<p>■ Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</p>	<p>Short-term Impact In the event of impacts caused by tropical cyclones or floods, such as property losses and increased capital expenditures. Additionally, to comply with the global net-zero emission trend and related regulatory requirements, factors such as green products and carbon emission reduction have also led to an increase in relevant expenses for the Company in the short term.</p> <p>Medium and Long-term Impact Capital Expenditure: To reduce overall electricity consumption and save energy, there is a need for regular maintenance, repair, or upgrading of related machinery and equipment. When necessary, outdated equipment will be replaced, leading to a continuous increase in the Company's capital expenditure. Operating Costs: In response to growing environmental awareness and global emphasis on extreme weather issues, investments in green and circular production processes, as well as equipment upgrades, are being made. In the long term, these initiatives will contribute to enhanced profitability and effectively reduce operating costs.</p>
<p>■ Describe the financial impact of extreme weather events and transformative actions.</p>	<p>The impacts of events such as global warming and extreme weather on the Company's medium to long-term outlook are expected to result in increased operating costs and capital expenditures. Transition risks: Such as greenhouse gas emission-related policies and regulations, as well as the need to procure green raw materials in response to future regulations, and the transition of product technology and processes, are all factors expected to increase the Company's operating costs in the future.</p>
<p>■ Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>	<p>The Company will actively plan to establish risk management policies and set up dedicated units for risk management to facilitate the effective monitoring and operation of risk management within the Company. Regarding risk issues, the Company will conduct risk identification and analysis in various aspects such as operations, finance, compliance, human resources, cybersecurity, ESG, etc., based on the scope of</p>

Item	Implementation status
	business. Climate change risks have already been incorporated into the overall risk management process. Based on the results of risk identification, each department will plan response strategies, integrate, and manage risks that may affect operations and profitability. In the future, the risk management unit will submit risk management reports to the Board of Directors annually to mitigate the potential impacts of risks.
■ If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The scenario analysis assessments have not been utilized.
■ If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	The transition plan has not been formulated.
■ If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The internal carbon pricing mechanism has not been established.
■ If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	The climate-related targets have not been set.
■ Greenhouse Gas Inventory and Assurance Status.	Please refer to Note 1.

Note1. Greenhouse Gas Inventory and Assurance Status

Greenhouse Gas Inventory and Assurance Status:

- (1) According to the "Sustainable Development Roadmap for Listed Companies" issued by the Financial Supervisory Commission in March 2022, our company falls into the category of companies with a paid-in capital of NT\$5 to 10 billion. As such, individual companies are required to undergo greenhouse gas inventory in the second phase (i.e., completion of inventory in 2025 and verification in 2027), based on the reference guidelines and relevant regulations issued by the competent authority, to continuously monitor the progress of greenhouse gas inventory and verification disclosure schedules.
- (2) Our company's schedule for greenhouse gas inventory and verification is planned as follows and is subject to review by the Board of Directors, with quarterly monitoring:

Items	Projected timeline for completion
Establish dedicated (part-time/full-time) positions, the number of personnel (part-time/full-time) in each position, and their job responsibilities	December 2025
Establish a greenhouse gas inventory plan	December 2025
Establish a greenhouse gas verification plan	December 2027

(VII) Integrity Management

Item	Implementation Answer/Explanation	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
I. Establishment of ethical corporate management policies and programs		
<p>■ Does the Company have policies and practices for ethical corporate management passed by the Board of Directors and clearly state them in regulations and publicly available documents Do the Board of Directors and senior management make commitments to actively implement those business policies</p>	<p>Yes/In order to establish a corporate culture and sound development of ethical management and a reference framework for the establishment of solid business operations, the Company has established the Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, and the Rules for Handling Reports of Illegal, Unethical or Dishonest Practices in accordance with the relevant regulations of the competent authorities and the Company's policies, which have been approved by the Board of Directors. The Company also discloses its corporate culture and policies for ethical management, the Board of Directors and the management on its website and actively implemented and enforced them in internal management and external business activities.</p>	None.
<p>■ Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies</p>	<p>Yes/On March 18, 2020, the Company has established the Ethical Corporate Management Best Practice Principles, and established the Procedures for Ethical Management and Guidelines for Conduct, and the Rules for Handling Reports of Illegal, Unethical or Dishonest Practices in accordance with the Principles. The details of the Code cover all aspects and the code of conduct. Through internal announcements and training from time to time, the Company aims to provide clear regulations and explanations for different types of dishonest conduct, so that the Company's employees can comply with the standard and avoid unnecessary deviations and incidents of dishonest conduct, prevent unethical conducts of employees, and establish a solid risk control mechanism. Establish fair, honest, trustworthy and transparent business activities.</p>	None.
<p>■ Does the Company establish relevant policies which are duly enforced to prevent unethical conduct and provide implementation procedures, guidelines, consequences of violation and complaint procedures in such policies</p>	<p>Yes/Dishonest conducts within the scope of business and activities of the Company include political candidates or party officials, as well as any stated-owned or private enterprises or organizations and their directors, supervisors, managers, employees, persons with substantial control or other interested parties, etc. If the Company's personnel are threatened or intimidated to provide or promise to facilitate, they shall record the process and report to their immediate supervisors, and notify the Company's dedicated department to handle the matter in order to eliminate dishonest conducts.</p>	None.

Item	Implementation Answer/Explanation	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
II. Fulfillment of ethical corporate management		
<p>■ Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties</p>	<p>Yes/Before entering into a contract with another party, the Company has fully understood the ethical management of the other party and includes ethical management in the terms and conditions of the contract, which stipulated ethical conduct, such as clear and reasonable payment terms, including payment location and method, as well as taxation laws to be complied with.</p>	<p>None.</p>
<p>■ Has the Company established a dedicated unit under Board of Directors to implement ethical corporate management, and report to Board of Directors on a regular basis on ethnic operation policies as well as precautionary measures against unethical conduct and their implementation information</p>	<p>Yes/The Company's Legal Department is responsible for the implementation, explanation, consultation service and notification of the Company's ethical corporate management and monitoring the implementation. Human Resources Administration Department has incorporated ethical corporate management into employee performance appraisal and human resources policies, and has established a reward system and complaint channels, and reports to Board of Directors on the implementation and effectiveness of the ethical corporate management policy and prevention of dishonest conduct; these serve as a basis for monitoring.</p>	<p>None.</p>
<p>■ Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement such policy properly</p>	<p>Yes/The Company has adopted policies for preventing conflicts of interest and offer appropriate means for the related personnel to explain whether their interests would potentially conflict with those of the companies in the group. During a board meeting, if a director has an interest in a proposal that is harmful to the interests of the Group, he or she may present his or her opinion and answer questions, and may not participate in the discussion and voting, and shall recuse himself or herself and may not exercise his or her voting rights on behalf of other directors. Directors and managers of companies in the Group shall not use their positions in the Group to improperly benefit their own relatives or any other person.</p>	<p>None.</p>
<p>■ To implement relevant policies on ethical conduct, has the Company established effective accounting and internal control systems and assign an internal audit unit to develop relevant auditing plans according to the assessment results of unethical conduct risks. Does the Company inspect the implementation of such auditing plans or assign CPAs to implement the</p>	<p>Yes/The Company follows Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, and Rules for Handling Reports of Illegal, Unethical or Dishonest Practices, which were approved by Board of Directors as guidelines. The Company has effectively established an accounting system and an internal control system for the purpose of implementing ethical corporate management, and has established a risk assessment and verification plan for each item in accordance with the aforementioned methods, and reviews the results of each risk assessment and plan from time to time and requests for improvement immediately to ensure that the design and implementation of this system remains accurate and effective. In the future, the Company will also consider the need for an accountant to perform such audits in light of the scale of the</p>	<p>None.</p>

Item	Implementation Answer/Explanation	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
auditing	audits.	
<ul style="list-style-type: none"> ■ Does the Company regularly conduct internal and external educational training on ethical corporate management 	No/Although the Company does not regularly conduct internal and external training on ethical corporate management, it conducts seminars and training for its employees from time to time.	None.
III. Operation of the whistle-blowing system		
<ul style="list-style-type: none"> ■ Does the Company establish both a reward/whistle-blowing system and convenient whistle-blowing channels. Are appropriate personnel assigned to the alleged party 	Yes/The Company provides proper reporting channels and shall keep the identity of the whistle-blower and the content of the report confidential. In addition, the Company has established a disciplinary and complaint system for violations of the ethical corporate management, and immediately discloses the titles, names, dates of violations, details of violations, and the follow-up actions at the Company's intranet.	None.
<ul style="list-style-type: none"> ■ Does the Company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms 	Yes/The Company has established standard operating procedures and confidentiality mechanisms for the investigation of reports of illegal, unethical or dishonest conduct in accordance with the rules and regulations governing the handling of such reports. Any related incidents shall be reported to the Company's dedicated unit to prevent any leakage of information.	None.
<ul style="list-style-type: none"> ■ Does the Company provide protection for whistle-blowers against improper treatment 	Yes/The Company has established a whistleblower protection policy in accordance with the Company's Ethical Corporate Management Best Practice Principles, the Procedures for Ethical Management and Guidelines for Conduct, and the Rules for Handling Reports of Illegal, Unethical or Dishonest Practices. The Company has a dedicated unit to handle such cases and to protect whistleblowers from improper treatment.	None.
IV. Enhanced disclosure of ethical corporate management information		
<ul style="list-style-type: none"> ■ Does the Company disclose the Ethical Corporate Management Best Practice Principles and the results of its implementation on the company website and MOPS 	Yes/Disclose at Public Information Observation Post System and the Company's website http://www.sis.com . The Company discloses its policy of ethical management on the company website, and shall make timely announcements of the policy in product launches, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management. The annual report has been disclosed on the Market Observation Post System, containing information related to the Company's integrity and operations.	None.
V. If the Company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe the implementation and any deviations from the Principles		
The Company has established the "Ethical Corporate Management Best Practice Principles", the "Code of Ethical Conduct for Directors and Managers", and the "Code of Ethics for Employees" In accordance with Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest. All directors, managers, and		None.

Item	Implementation Answer/Explanation	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	employees of the Company must comply with the Code and related regulations. Please refer to the relevant regulations on the Company's official website at https://www.sis.com .	
VI. Important information to facilitate a better understanding of the Company's ethical corporate management practices		
	The Company shall engage in commercial activities in a fair and transparent manner. Prior to any commercial transactions, companies in the Group shall consider the legality of its agents, suppliers, clients, or other trading counterparts and whether any of them are involved in unethical conduct or are discovered thereof during credit assessment and shall avoid any dealings with persons so involved.	None.

- (VIII) The Company shall disclose access to its Corporate Governance Best Practice Principles and related rules and regulations if it has such rules and regulations

The "Corporate Governance" section of the Company's website explains the relevant corporate governance policies and their implementation, and provides investors with access to download the relevant corporate governance regulations; please refer to the Market Observation Post System and the Company's website at <http://www.sis.com>. For more information on the Company's corporate governance practices, please refer to Corporate Governance Practices section of this Annual Report (pages 29-36).

- (IX) Other material information that enables a better understanding of the Company's corporate governance shall be disclosed together

In order to establish a good internal mechanism for handling and disclosing material information, to avoid improper leakage of information, and to ensure the consistency and accuracy of information released by the Company, the Company has established the "Internal Material Information Handling Procedures" for all directors, managers and employees of the Company to follow and to provide education and guidance in a timely manner.

(X) Implementation of the internal control system

A. Statement on Internal Control

Silicon Integrated Systems Corp.

Statement on Internal Control

Date: February 26, 2024

Based on the self-assessment results, the Company issued the following statement with regard to its internal control system in 2023:

- I. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. Its purpose is to provide reasonable assurance for the achievement of operational effectiveness and efficiency (including profitability, performance, and ensuring asset safety), reliability, timeliness, transparency of reporting, and compliance with relevant regulations and laws.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. Each key component includes several items. Please refer to the Regulations for the aforementioned items. Each key component includes several items. Please refer to the Regulations for the aforementioned items.
- IV. The Company has adopted the aforesaid assessment items for the internal control system to review whether the design and implementation of the internal control system are effective.
- V. Based on the review results in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, transparency of reporting, and compliance with applicable laws and regulations, are effective and can reasonably assure the achievement of the foregoing goals.
- VI. This statement is an integral part of the Company's Annual Report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement was approved by the Board of Directors on February 26, 2024, and none of the seven directors in attendance objected to it and all consented to the content expressed in this statement.

Silicon Integrated Systems Corp.

Chairman: Stan Hung

President: Le-Tien Jung

B. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.

(XI) Sanctions imposed on the Company or its personnel in accordance with the laws, or disciplinary actions taken by the Company against its personnel for any violation of internal control rules, as well as details of the sanctions, major deficiencies and subsequent improvements: None.

(XII) Major resolutions at the shareholders' meetings and Board meetings

A. The Company's 2023 annual shareholders' meeting was held on June 6, 2023, at No. 180, Sec. 2, Gongdao 5th Rd., East Dist., Hsinchu City (Silicon Technology Building). Resolutions and implementation of the attending shareholders are as follows:

Resolution at the shareholders' meetings	Implementation
Ratified the Company's 2022 Business Report and Financial Statements	The Company 2022 Consolidated revenue of NT\$182,202 thousand Net profit after tax of NT\$483,657 thousand Earnings per share of NT\$0.65
Ratified the Company's 2022 Earnings Distribution	The Company 2022 Beginning retained earnings of NT\$1,558,715,514 Plus remeasurement of defined benefit plans of NT\$14,866,041 Plus Gain on sale - at fair value through other comprehensive income Measured investment in equity instruments of NT\$361,420,911 Beginning retained earnings after adjustment NT\$1,935,002,466 Profit after tax for the period of NT\$483,656,432 Less provision of legal reserve of NT\$85,994,338 Distributable earnings for the period of NT\$2,332,664,560 Less cash dividends of NT\$1.0/share, NT\$749,589,353 Ending retained earnings of NT\$1,583,075,207
Proposal of amendment to Articles of Incorporation	Enforced as resolved
Proposal of amendment to the Procedures for Obtaining or Disposing of Assets of the Company	Enforced as resolved

B. A summary of the material resolutions adopted by the Board of Directors of the Company from 2023 to the date of publication of this Annual Report are as follows.

Board of Directors Date/Term	Major resolutions	Resolution of Board of Directors	Implementation status
2023.03.02 5th meeting of the 12th term	Approved the Deliberation of the independence evaluation of the Company's CPAs, the 2022 financial statements, the Internal adjustment and replacement of CPAs in accounting firms and evaluation of their competence, the 2022 Internal Control System Statement, the Accounts receivable that are three months past due: unrelating to loans of funds, the 2022 Remuneration for directors, employees, and managers, the 2022 Earnings Distribution Proposal, the Donation in amount of NT\$500,000 to the "SiS Education Foundation," the Amendments to "Articles of Incorporation" of the Company, the Amendments to the "Procedures for Obtaining or Disposing of Assets" of the Company, the Amendments to "Rules and Procedures of Board Meetings" of the Company, the Amendments to internal audit and control systems of the Company, the Application for bank credit extensions, the Promotion of managers, the Proposal for convening 2023 regular shareholders' meeting of the Company, and the proposal period and location for accepting proposals from shareholders holding more than 1% of the shares at 2023 regular shareholders' meeting.	Independent directors attended have no opinion/all directors attended approved	Enforced as resolved
2023.05.04 6th meeting of the 12th term	Approved the financial statements for the first quarter of 2023	Independent directors attended have no opinion/all directors attended approved	Enforced as resolved
2023.06.20 7th meeting of the 12th term	Approved the setting of the ex-dividend date and payment date for cash dividends to be distributed to shareholders from the Company's earnings.	Independent directors attended have no opinion/all directors attended approved	Enforced as resolved
2023.08.08 8th meeting of the 12th term	Approved the financial statements for the second quarter of 2023, and the severance and departure pay for managers.	Independent directors attended have no opinion/all directors attended approved	Enforced as resolved
2023.08.08 9th meeting of the 12th term	Approved the re-election of the 12th Chairman of the Company.	Independent directors attended have no opinion/all directors attended approved	Enforced as resolved
2023.09.15 10th meeting of the 12th term	Approved the disposal of the common stock of Shieh Yong Capital Co., Ltd., reassignment of the Company's Chief Financial Officer and Chief Corporate Governance Officer as well as the promotion of managers.	Independent directors attended have no opinion/all directors attended approved	Enforced as resolved
2023.10.23 11th meeting of the 12th term	Approved the 2024 work plan of the Remuneration Committee, the 2024 managers (including all employees) year-end bonus evaluation proposal, the 2024 Audit Plan, amendments to internal audit and control systems, the financial statements for the third quarter of 2023.	Independent directors attended have no opinion/all directors attended approved	Enforced as resolved

Board of Directors Date/Term	Major resolutions	Resolution of Board of Directors	Implementation status
2023.12.11 12th meeting of the 12th term	Approved the 2024 budget, the structural adjustment of salaries for executives (including all employees) for 2024, the appointment of our company's Chief Strategy Officer, amendment to internal control system of the Company, the registration change for the agricultural land held by the Company.	Independent directors attended have no opinion/all directors attended approved	Enforced as resolved
2024.02.26 13th meeting of the 12th term	Approved the 2023 financial statements, the 2023 remuneration for directors and employees, approved the 2023 Earnings Distribution Proposal, approved the proposal to carry out capital reduction and refund, the independence and competence evaluation results of the CPAs, non-assurance services provided by the accounting firm and its affiliated entities, approved the 2023 Internal Control System Statement, amendment to the director remuneration and director profit distribution proposal of the Company, amendments to "Rules and Procedures of Board Meetings" of the Company, amendments to the Audit Committee Charter of the Company, the early comprehensive re-election of the 13th Board of Directors of the Company, the nomination and review of the list of candidates for the comprehensive re-election of the 13th Board of Directors of the Company at the 2024 Annual General Meeting of Shareholders, the lifting of the non-compete restrictions for newly appointed directors of the Company, the proposal for convening 2024 regular shareholders' meeting of the Company, and the proposal period and location for accepting proposals from shareholders holding more than 1% of the shares at 2024 regular shareholders' meeting	Independent directors attended have no opinion/all directors attended approved	Enforced as resolved

(XIII) Directors (including independent directors) have different opinions on important resolutions passed by the Board of Directors with records or written statements: None.

(XIV) Resignation and dismissal of Chairman, President, Chief Accountant, Chief Financial Officer, Chief Internal Auditor, Chief Corporate Governance Officer and Head of Research and Development:

Position	Name	Date of Appointment	Date of Termination	Reason for Resignation or Dismissal
Chairman	Cheng-Chien Chien	2013.01.01	2023.08.08	Resigned
President	Shur-Jung Shyi	2013.02.01	2023.08.09	Retired
Chief Financial officer Chief Corporate Governance Officer	Zhe-Jia Xu	2022.04.01	2023.09.15	Position adjusted

V. Information on CPA Fees

Unit: NT\$'000

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Remarks
Ernst & Young	Shen-Jie Hu Hsin-Min Hsu	2023	2,649	200	2,849	

Note: The audit fees refer to the fees paid to CPAs by the Company with regards to the services of financial report auditing, verification, and review.

Note: The non-audit fee refers to \$200,000 for tax certification.

- (I) Disclosure of audit and non-audit fees as well as details of the non-audit services where the non-audit fees paid to the certified public accountants, the independent certified public accounting firm and/or its affiliates account for 25% or more of the audit fees: None.
- (II) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees and the reasons shall be disclosed: As of 2023 up to the date of publication of this Annual Report, there was no change in the CPA firm of the Company.
- (III) Disclosure of the amount, percentage and reasons of decrease where the audit fees are lower than the previous fiscal year by 10% or more: None.

VI. Replacement of CPA:

The former CPAs for the Company's financial statements were Shao-Pin Kuo and Hsin-Min Hsu from Ernst & Young Global Limited. In accordance with Article 68 of Statement of Auditing Standards No. 46, and Article 29 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the presiding CPAs should be rotated within a period of time (usually no more than 7 years). Ernst & Young Associates has made internal reassignment in accordance with the letter from the competent authority. On January 30, 2023, Ernst & Young informed the Company with a letter that the CPAs for the Company's financial statements were changed to Shen-Jie Hu and Hsin-Min Hsu. The replacement of the CPAs is adjusted internally by the CPA firm and is not applicable to the public announcement and filing. The change in the composition of the CPAs was approved by the Company's 5th meeting of the 12th Board of Directors and became effective from the 2023 Q1 Financial Statements.

VII. The Company's Chairman, Presidents, or financial and accounting managers did not hold any positions in the CPA firm or its affiliates last year.

VIII. Any transfer of equity interests and pledge of or change in equity interests by a director, managerial officer, or shareholder with a stake of more than 10% in the most recent year and up to the date of publication of the Annual Report. Where the counterparty in any such transfer or pledge of equity interests is a related party, disclose the counterparty's name, its relationship between that party and the Company as well as the Company's directors, and shareholders who hold more than 10% of the shares, and the number of shares transferred or pledged.

- (I) Change of equity of directors, managers and shareholders in the most recent year and up to the date of publication of the Annual Report.

Position	Name	2023		As of March 28, 2024	
		Increase (Decrease) in the Number of Shares	Increase (Decrease) in the number of Pledged Shares	Increase (Decrease) in the Number of Shares	Increase (Decrease) in the number of Pledged Shares
Chairman Chairman/Chief Strategy Officer	Goaltop Technology Corporation Legal representative: Stan Hung	-	-	-	-
		-	-	-	-
Director	United Microelectronics Corp. Legal representative: Ya-Nan Mo	-	-	-	-
		-	-	-	-
Director	Hsun Chieh Investment Co., Ltd. Legal representative: Su-Chuan Chiu	-	-	-	-
		-	-	-	-
Director	Liang Hsun Investment Co., Ltd. Legal representative: Cai-Feng Hou	-	-	-	-
		99,000	-	60,000	-
Independent Director	Ya-Ching Li	-	-	-	-
Independent Director	Jia-Wei Dai	-	-	-	-
Independent Director	Qing-Liu Xiao	-	-	-	-
President	Le-Tien Jung	-	-	-	-
Chief Financial officer/ Chief Corporate Governance Officer	Po-Wen Huang	-	-	-	-
Associate Vice President	Geng-Nan Chen	-	-	-	-
Associate Vice President	Min-Han Li	-	-	-	-
Chief Accountant	Yuan-Kwei Chen	-	-	-	-

- (II) Equity transfer information (where the counterparty is a related party): None

- (III) Equity pledge information (where the counterparty is a related party): None.

IX. Information of the Top Ten Shareholders who are Related Parties or have a Spousal or Familial Relationship within the Second Degree of Kinship:

Name	Current Shareholding		Spouse & Minor Shareholding		Shareholding in the Names of Others		Among ten largest shareholders, name and relationship with any one who is a related party or a relative within the second degree of kinship		Remarks
	Number of Shares	% of Shareholding	Number of Shares	% of Shareholding	Number of Shares	% of Shareholding	Name	Relationship	
United Microelectronics Corp. Chairman: Stan Hung	142,535,174 0	19.01 0.00	- -	- -	- -	- -	Hsun Chieh Investment -	Related party -	
Hsun Chieh Investment Co., Ltd. Chairman: Chun Kuan	35,987,416 0	4.80 0.00	- -	- -	- -	- -	United Microelectronics After Distribution	Related party After Distribution	
Long-Xiong Ye	11,035,000	1.47	-	-	-	-	-	-	
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	9,187,400	1.23	-	-	-	-	-	-	
Hsin-Shen Liu	8,859,583	1.18	-	-	-	-	-	-	
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	8,711,821	1.16	-	-	-	-	-	-	
Chase Custodian Advanced Trust Equity Index II Investment Account	3,977,668	0.53	-	-	-	-	-	-	
Cong-Ming Zhuang	3,688,000	0.49	-	-	-	-	-	-	
Gao-Huang Lin	2,750,000	0.36	-	-	-	-	-	-	
The HSBC Bank (Taiwan) Limited serves as the custodian for the Vanguard FTSE All-World ex-US Small-Cap Index Fund, a member of the Vanguard International Stock Index Fund Series.	2,365,508	0.31	-	-	-	-	-	-	

Note1. As of July 15, 2023, the number of shares outstanding was 749,589,353 after deducting 3 treasury shares.

Note2. The base date of shareholding is July 15, 2023. The shareholding ratio is calculated by unconditionally rounding off two decimal places.

X. Share Ownership in Affiliated Companies by the Company and its Directors, Managers, as well as Entities Controlled Directly and Indirectly by the Company, as well as the Consolidated Shareholding

Currency Unit: Share

Investee business	Ownership by the Company		Investment by Directors, Managers and by Companies Directly or Indirectly Controlled by the Company		Total Ownership	
	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %
Vxis Technology Corp.	4,032,703	34.03%	0	0.00%	4,032,703	34.03%
Goaltop Technology Corporation	5,600,000	30.21%	0	0.00%	5,600,000	30.21%
NextHID Inc.	-	38.57%	0	0.00%	0	38.57%
HuiTong intelligence Co., Ltd.	10,200,000	51.00%	10,000	0.05%	10,210,000	51.05%

Note1. Data as of March 28, 2024. Refers to the long-term investment by the Company using the equity method.

Note2. The ratio is calculated by unconditionally rounding off two decimal places

Chapter 4 Fund Raising

I. Source of Capital

Currency Unit: NT\$'000/thousand shares

Month/Year	Issue Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2012.03.28	10	1,800,000	18,000,000	627,733	6,277,330	Cancellation of Treasury Shares of 30,000,000 shares	-	Note 1
2013.08.09	10	1,800,000	18,000,000	613,535	6,135,350	Cancellation of Treasury Shares of 14,198,000 shares	-	Note 2
2016.10.05	10	1,800,000	18,000,000	560,062	5,600,625	Cancellation of Treasury Shares of 53,473,000 shares	-	Note 3
2019.06.21	10	1,800,000	18,000,000	554,062	5,540,625	Cancellation of Treasury Shares of 6,000,000 shares	-	Note 4
2020.10.11	10	1,800,000	18,000,000	630,967	6,309,675	Capital Increase from Earnings of 76,905,000 shares	-	Note 5
2021.09.15	10	1,800,000	18,000,000	681,445	6,814,449	Capital Increase from Earnings of 50,478 shares	-	Note 6
2022.09.14	10	1,800,000	18,000,000	749,589	7,495,894	Capital Increase from Earnings of 68,144 shares	-	Note 7

Note1. Cancellation of treasury share of 30,000,000 shares, capital decrease of NT\$300,000,000.

Note2. Cancellation of treasury share of 14,198,000 shares, capital decrease of NT\$141,980,000.

Note3. Capital reduction to cover losses, decrease of 53,472,499 shares, capital decrease of NT\$534,724,990.

Note4. Cancellation of treasury share of 6,000,000 shares, capital decrease of NT\$60,000,000.

Note5. Issuance of new shares by capital increase from earnings, capital increase of NT\$769,049,960

Note6. Issuance of new shares by capital increase from earnings, capital increase of NT\$504,773,970

Note7. Issuance of new shares by capital increase from earnings, capital increase of NT\$681,444,860

Share Type	Authorized Capital			Amount of Stock Warrants (Unit)
	Outstanding Shares (Note)	Unissued Shares	Total Shares	
Registered Common Shares	749,589,356	1,050,410,644	1,800,000,000	200,000,000

Note1. As of the date of publication of the Annual Report, the outstanding shares are based on the Company's issued ordinary shares less 3 shares of the Company's treasury share, total 749,589,353 shares.

Note2. The original 4 shares of treasury shares were from the operational loss capital reduction in September 2009 and a result of the issuance of overseas depository receipts in January 2003. On November 30, 2012, the depository institution, Bank of New York, USA, instructed the custodian bank, Mega International Commercial Bank, to remit the shares to SiS's account. The treasury share was reduced to 3 shares due to the capital reduction in October 2016.

Information About Shelf Registration System: Not Applicable

II. Shareholder Structure

Shareholder Structure/Amount	Government Agencies	Financial Institutions	Other Institutional Shareholders	Individuals	Foreign institutions and foreign individuals	Total
Number of Shareholders	1	7	207	123,062	200	123,477
Number of Shares Held	1,491,113	1,229,000	189,101,504	524,145,547	33,622,192	749,589,356
Shareholdings	0.2	0.16	25.23	69.92	4.49	100

Note1. The base date of shareholding is July 15, 2023.

Note2. As of July 15, 2023, the number of shares outstanding was 749,589,353 after deducting 3 treasury shares.

Note3. As of the base date of shareholding, the Company did not have any shareholdings from Chinese investors.

III. Share Ownership Distribution

Range of Shares	Number of Shareholders	Number of Shares Held	Percentage of Shareholding
1~999	52,743	10,930,561	1.46
1,000~5,000	50,332	107,947,188	14.40
5,001~10,000	10,092	70,073,994	9.35
10,001~15,000	4,604	55,392,623	7.39
15,001~20,000	1,505	26,489,043	3.53
20,001~30,000	1,859	45,050,090	6.01
30,001 to 40,000	779	27,005,297	3.60
40,001 to 50,000	411	18,509,613	2.47
50,001~100,000	693	46,910,223	6.26
100,001~200,000	294	40,428,992	5.39
200,001~400,000	97	26,623,372	3.55
400,001~600,000	31	15,370,283	2.05
600,001~800,000	10	6,535,035	0.87
800,001~1,000,000	4	3,624,326	0.48
Over 1,000,001 shares	23	248,698,716	33.18
Total	123,477	749,589,356	100

Note1. The base date of shareholding is July 15, 2023.

Note2. As of July 15, 2023, the number of shares outstanding was 749,589,353 after deducting 3 treasury shares.

Preferred shares: Not Applicable

IV. List of Major Shareholders

Names of major shareholders	Number of Shares Held	% of Shareholding
United Microelectronics Corp.	142,535,174	19.01
Hsun Chieh Investment Co., Ltd.	35,987,416	4.80
Long-Xiong Ye	11,035,000	1.47
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	9,187,400	1.23
Hsin-Shen Liu	8,859,583	1.18
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	8,711,821	1.16
Chase Custodian Advanced Trust Equity Index II Investment Account	3,977,668	0.53

Names of major shareholders	Number of Shares Held	% of Shareholding
Cong-Ming Zhuang	3,688,000	0.49
Gao-Huang Lin	2,750,000	0.37
The HSBC Bank (Taiwan) Limited serves as the custodian for the Vanguard FTSE All-World ex-US Small-Cap Index Fund, a member of the Vanguard International Stock Index Fund Series.	2,365,508	0.32

Note1. The base date of shareholding is July 15, 2023.

Note2. On July 15, 2023, the number of shares outstanding was 749,589,353 after deducting 3 treasury shares, and the shareholding ratio was calculated by unconditionally rounding off two decimal places.

V. Market Price, Net Value, Earnings, Dividend per Share and Relevant Information in the Most Recent Two Years

Item/Year		2024 (Note 3)	2023	2022	
Market Price Per Share	Highest	48.20	61.00	26.55	
	Lowest	37.40	16.10	14.80	
	Average	42.25	28.16	20.44	
Net Worth per Share	Before distribution	(Note 3)	25.33	20.49	
	After distribution	-	(Note 2)	19.49	
Earnings per share	Weighted Average Shares (thousand shares)	(Note 3)	749,589	749,588	
	Earnings Per Share (Note 1)	(Note 3)	0.76	0.65	
Dividends Per Share	Cash Dividend (Per Share)		-	(Note 2)	1.00
	Stock Dividends	Issuance of Shares by Earnings (Per Share)	-	(Note 2)	-
		Stock dividends appropriated from capital surplus	-	-	-
	Accumulated unpaid dividends		-	-	-
Return on Investment	Price/Earnings Ratio		(Note 3)	(Note 4)	-
	Price/Dividend Ratio		-	-	-
	Cash Dividends Yield %		-	-	5.39

Note1. Earnings per share calculated based on the weighted average number of shares for the year.

Note2. The Company distributed dividend in 2023.

Note3. 2023 data as of the date of publication on March 28. The information reviewed by the accountants for the most recent quarter is not yet available.

Note4. On February 26, 2024, the Board of Directors resolved to set the amount of cash dividends and share dividends to be distributed to shareholders from the Company's 2023 earnings in 2024, effective upon the resolution of the 2024 annual shareholders' meeting.

VI. The Company's dividend policy and implementation

(I) The Company's dividend policy is as follows:

A. Dividend policy prescribed in the Articles of Incorporation

The Company shall allocate the remaining amount from the profit before tax after offsetting the accumulated loss to the employee compensation and director compensation. The percentage of employee compensation shall be no less than 5% of the aforementioned balance and the percentage of director compensation shall be no more than 2% of the aforementioned balance. Employee compensation is distributed by share or cash. Director compensation is distributed by cash. The distribution method, amount, or shares to be distributed of the employee compensation, as well as the amount to be distributed of the director compensation shall be approved by a majority of the attending directors at a Board meeting attended by over two-thirds of the directors, and then reported at the shareholders' meeting. Employees' compensation in stock or cash includes employees of companies in which the Company holds more than 50% of the shares. If there is any surplus in the annual accounts, the Company shall first deduct tax contributions and make up for losses, and then set aside 10% of the remaining balance as legal reserve, and after setting aside or reversing the special reserve as required by law. If there is still a surplus, the remaining balance shall be added to the accumulated undistributed earnings of previous years and submitted to the shareholders for resolution by the Board of Directors for distribution.

B. Dividends Policy of the Company

The distribution of the Company's dividends is determined with reference to industry trends, future revenue and profitability, capital expenditure estimates, and working capital requirements. Dividends may be distributed as cash dividends or share dividends, either individually or in aggregation. Cash dividends shall not be less than 20% of the total amount of dividends distributed to shareholders for the year.

(II) Proposed dividend distribution at the shareholders' meeting: The earnings distribution proposal for 2024 was approved by the Board of Directors on February 26, 2024 and is set to distribute a cash dividend of NT\$0.3 per share for ordinary shares. The total amount of the cash dividend is NT\$224,876,805. The proposed distribution will be made in accordance with the relevant regulations after the resolution of the annual shareholders' meeting in 2024.

(III) Explanation for an anticipated material change in dividend policy: there is no material changes in the Company's dividend policy.

VII. Impact of the proposed stock dividend payment by the shareholders' meeting on the business performance and earnings per share of the Company: not applicable as no stock dividend is distributed this year.

VIII. Employee and Director Compensation

- (I) Percentage or range of the remuneration of employees and directors as set forth in the Articles of Incorporation

In accordance with the Company's Articles of Incorporation:

After offsetting the accumulated losses with the profit before tax for the year, the remaining amount shall be appropriated as compensation to employees and directors. The percentage of the aforementioned compensation to employees shall be no less than 5% of the aforementioned balance, and the percentage of the compensation to directors shall be no more than 2% of the aforementioned balance. Employee compensation is distributed by share or cash. Director compensation is distributed by cash. The distribution method, amount, or shares to be distributed of the employee compensation, as well as the amount to be distributed of the director compensation shall be approved by a majority of the attending directors at a Board meeting attended by over two-thirds of the directors, and then reported at the shareholders' meeting. Employees' compensation in stock or cash includes employees of companies in which the Company holds more than 50% of the shares.

- (II) The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: not applicable as no such transaction this year.

- (III) Information on any approval by the Board of Directors of distribution of compensation:

A. Employee compensation and director compensation distributed in cash or shares:

- (1) On February 26, 2024, the Board of Directors resolved to distribute employees' compensation in the amount of NT\$55,420,083 and directors' remuneration in the amount of NT\$6,927,510, both in cash.
- (2) Difference between expense recognition and estimated amount: None.
- (3) Reason for difference: None.
- (4) Handling: None.

B. The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the net profit after tax stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: not applicable as no such transaction this year.

- (IV) Distribution of employee's compensation and director compensation for the previous year:

The distribution of the Company's employee compensation and director remuneration for 2022 has been approved by the 5th meeting of the 12th Board of Directors in 2023: The distributed employees' compensation amounted to NT\$28,948,024 in cash; the distributed directors' remuneration amounted to NT\$11,579,208 in cash. There is no difference between the distributed amount resolved by the Board of Directors and the recognized expenses.

IX. Share repurchase by the Company: None

- (I) Completed: None
- (II) Undergoing: None

X. Corporate Bonds

- (I) Corporate Bonds: None
- (II) Convertible Corporate Bonds: None
- (III) Exchangeable Corporate Bonds: None
- (IV) Issuance of Corporate Bonds by Shelf Registration: None
- (V) Information on Bonds with Warrants: None

XI. Preferred Shares

- (I) Preferred Shares: None
- (II) Information on Preferred Shares with Warrants: None

XII. Global Depository Receipts: None

XIII. Employee Stock Options

- (I) Unexpired employee stock options issued by the Company in existence as of the date of publication of the annual report on March 28, 2024, and the effect of such options upon shareholders' equity: None
- (II) Name of manager who acquired employee stock options as of the date of publication of the Annual Report on March 28, 2024, and the acquisition and subscription: None
- (III) Names of the top ten employees who have acquired employee stock options as of the date of publication of the annual report on March 28, 2024, and the acquisition and subscription: None

XIV. New Restricted Employee Shares: None

XV. New Shares Issuance in Connection with Mergers and Acquisitions

- (I) The Company acquired or transferred shares of other companies and issued new shares in the most recent year and as of the date of publication of the Annual Report: None.
- (II) The Company's Board of Directors resolved to issue new shares through merger or acquisition of shares of other companies in the most recent year and up to the date of publication of the Annual Report: None.

XVI. Implementation of capital utilization plan: None.

Chapter 5 Operational Highlights

I. Business Activities

(I) Scope of Business

A. Principal Business Activities of the Group

Research, development, production, manufacture and sales of the following products:

- (1) Integrated circuits
- (2) Products and components listed above, system products, design of integrated circuits, testing services
- (3) Trading business related to side business
- (4) Touch chip control circuit boards
- (5) Touch panel application modules and solution design services
- (6) Active stylus controller chips
- (7) Microelectromechanical microphone chips and solutions

B. Group's Business Focus

The Group's main businesses are research and development, production and manufacturing, and sales of integrated circuits, which accounted for approximately 100% of the business.

C. Current products and services of the Group

Projected capacitive touch chips, touch chip control circuit boards, multimedia graphics chips, SoC integration and design services, touch panel application modules and solution design services, active stylus controller chips, microelectromechanical microphone chips and solutions, etc.

D. Development of new products and services

New-generation projected multi-touch capacitive touchscreen chips, capacitive stylus touchscreen chips, stylus control chips, touch panel modules, touch panel application modules and solution design services, and microelectromechanical microphone chips and solutions.

(II) Industry Overview

A. Current Status and Development of the Industry

Since 2011, the Company has been gradually withdrawing from the PC chipset business and transforming to consumer products. The Company has started developing capacitive touchscreen chips and human-machine interface related technology embedded in-cell touch chips as the main development directions in the future. Touch technology can support various touch sensors in the market, such as GFF, G1F, OGS, GF2, GG (DITO), and GG (SITO). The current situation and development of the touch industry are described as follows: As more human-centered and intuitive touch devices are continuously introduced into mobile devices, such as cell phones, tablets, NBs, PCs and AIOs (All-in-One computers), touchscreens have become a trend that affects all kinds of consumer goods, such as ticketing and ordering systems, car touch panels, bank ATMs, etc. These functions have

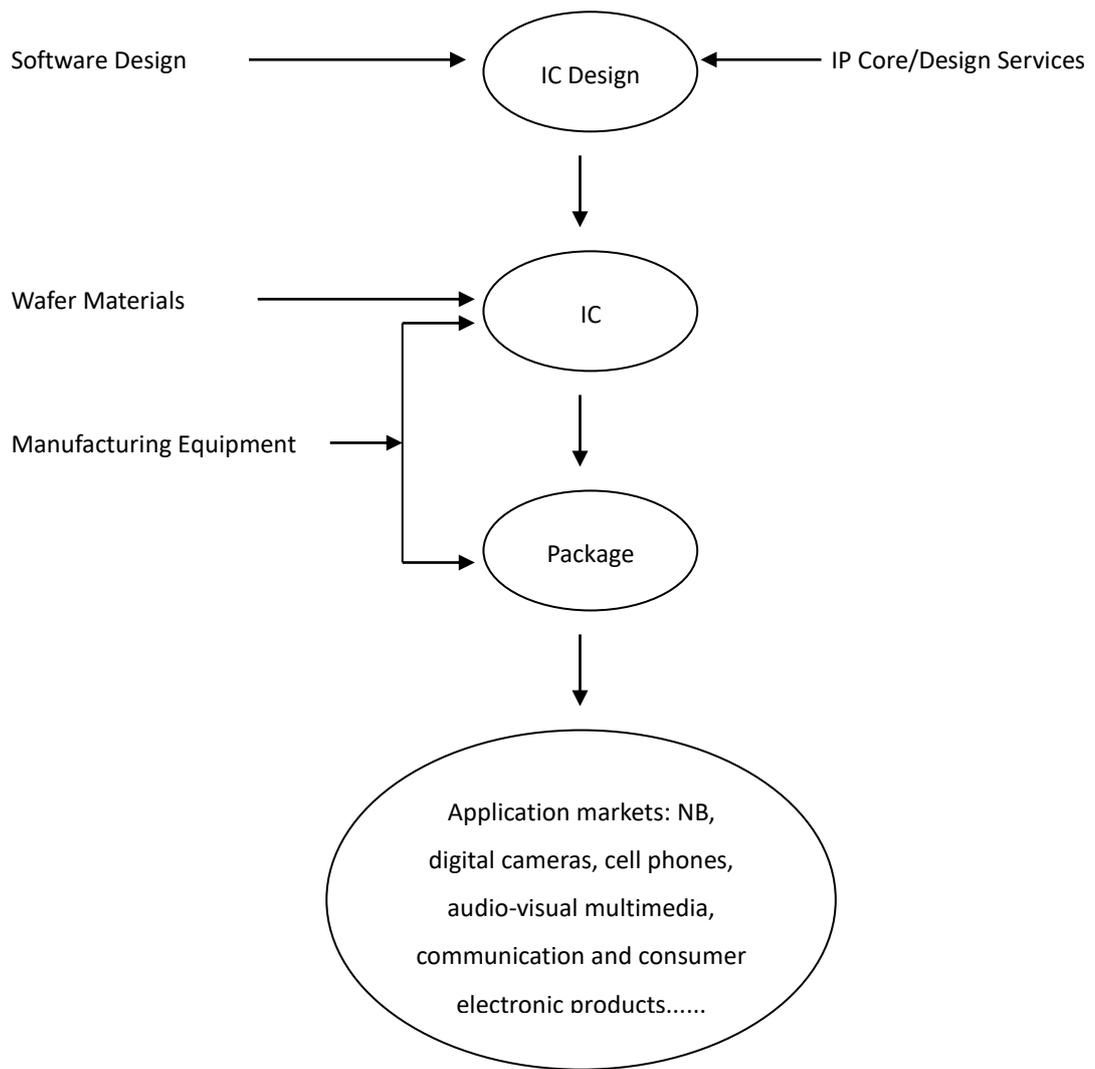
replaced the traditional keypad and have been integrated into the human-machine interface of daily life. Furthermore, the integration of touch functionality into industrial production and medical equipment has made touch technology an indispensable aspect of the electronics industry.

The growth of PC before the epidemic is slowing down or even declining. Although tablets and smart phones dominate the market share in the touch functionality market and the largest application market for touch chips, the gross margin of touch chips for cell phones and tablets has declined significantly due to the stabilization of touch technology and a large number of competitors. After the outbreak of the pandemic, restrictions on going out led to a trend of working and studying from home. This trend has sparked a surge in the entire PC industry, with personal computing devices used for home work or study becoming a new driver of demand growth. This, in turn, has boosted the entire touch IC industry. However, with reduced physical classroom hours due to the shift towards online learning, the market for large-sized educational whiteboards installed in classrooms has stagnated. Nevertheless, as touch functionality is incorporated into various applications such as touchscreens for electric vehicles, the touch IC industry will find new rooms for growth.

Since 2016, the consumer touch market has started promoting the functionality of active styluses, and after Apple's iPad supported the Apple Pencil, the application of active styluses on touch products has become a trend. Various touch chip manufacturers have successively announced their support for active styluses that comply with their own defined specifications. CPU giant Intel was the first to propose a new standard, and the active stylus agreement jointly developed by the association was called the Universal Stylus Initiative (USI). On the other hand, the OS giant Microsoft defined its own active stylus pen agreement named Microsoft Pen Protocol (MPP). Since 2017, major laptop brand manufacturers have started adopting the MPP in their consumer laptop products. MPP active styluses gradually became the leader of the market in 2017, and further in 2018, with Google evaluating the USI agreement as the active pen agreement for Chromebook, USI also began to gain attention in the market. The trend of active styluses has provided a new opportunity for touch chip manufacturers, computer peripheral manufacturers, OS giants, OEM manufacturers, and laptop brand manufacturers. With the pandemic, laptop sales have increased significantly, making the functionality and application of active styluses one of the necessary options for consumers. This has spurred the entire supply chain and brought about a new era for the touch and active stylus industry.

B. Relationship Amongst the Upstream, Midstream, and Downstream Industry

The structure of Taiwan's IC industry is unique because of the close vertical integration between IC design and manufacturing and the downstream packaging and testing industries. Therefore, close cooperation between industries in the whole value chain is crucial to provide comprehensive services to our customers.



IC Design MediaTek, Silicon, VIA Technologies, Ali, Sunplus, Realtek, Elan Microelectronics, Silicon Motion, Phison Electronics Photomask: Taiwan Mask, Toppan Chunghwa Electronics
 Foundry model: United Microelectronics, TMC, Vanguard International Semiconductor
 Package testing: ASE Technology, Siliconware Precision Industries, King Yuan Electronics, OSE

C. Product Development Trends

Touch panels can be divided into two types based on their structure: external and embedded. The embedded technology of projected capacitive input can be divided into on cell and in cell technologies. Development requires deep cooperation with LCD panel manufacturers and coordination with TFT process adjustments. Improving yield is a challenge that requires technological refinement and accumulation of experience. After several years of development, it has gradually become one of the important technologies in the market for small and medium-sized touch applications, and the market share has also increased significantly. On the other hand, the maturity of out cell TP technology and significant cost reduction have made it impossible for embedded touch technology to

completely replace out cell. In terms of the trend of the active stylus market, led by the trend of active styluses from Microsoft Surface Pro and Apple iPad, OEM manufacturers began adding touch control solutions with active stylus functions in 2018. Initially, active styluses were still only an optional item. After the market promotion and development in recent years, and with the maturity and ease of use of the active stylus application being accepted by consumers, the active stylus application has become one of the main functions of the notebook market, especially in tablet products, the active stylus is one of the indispensable functions in product specifications. The Company has launched the first generation MPP or USI active stylus controller chips in early 2020, and completed the sampling and verification of the active stylus controller chips in the same year. At the same time, we successfully imported the chips into the pen manufacturers and cooperated with NB OEM factories for mass production.

As the active stylus market applications have risen, the specifications for the new generation of active styluses were proposed separately in 2021 by the USI Association and Microsoft. The USI Association has proposed the new generation USI2.0 specification, which mainly adds several new features, including the function of active styluses paired with in-cell touch panels, support for tilt functionality of active styluses, and more interactive features, such as using the active styluses to pick colors from an object and directly transmit the color information on the surface of the object to the laptop, providing consumers with more versatile and convenient color selection options when using active styluses for drawing. Currently, USI active styluses are mostly paired with Google Chromebook laptops in the market, and USI1.0 active styluses of the first generation have also been integrated into multiple Chromebook models. In addition, Microsoft has also proposed a new generation of MPP2.6 active stylus specifications. The main new features include the function of pairing an active stylus with an in cell touch panel, support for seamless Bluetooth pairing, and handwriting interaction and haptic feedback functions, etc. Consumers no longer need to worry about traditional Bluetooth device pairing issues when using the MPP2.6 active styluses. Simply touch the stylus on a compatible panel to complete the Bluetooth pairing between the active stylus and the laptop. In addition, handwriting interaction and haptic feedback can simulate different stylus strokes. For example, when using an active stylus, consumers can experience a slight vibration similar to using a regular pencil to write on paper. Regarding the USI2.0 and MPP2.6 active stylus specifications of the new generation, the Company has developed the relevant active stylus controller chips in 2022, and is currently undergoing sampling and verification. We have completed cooperation testing with a well-known LCD display panel manufacturer for in-cell panels, and have successfully obtained relevant certifications. This indicates that the Company's active stylus controller chip technology has taken a significant step forward.

To cope with the intense competition in the touchscreen market, we have also designed and developed large-sized touchscreen products. In the application development

of smart whiteboards, we developed a feature that recognizes different color whiteboard pens and integrates with end applications to achieve real-time meeting sharing of whiteboards.

D. Competition

The demand for touch panels is driven by touch-enabled mobile devices, prompting the industry to actively develop various specifications to meet different needs. External projected capacitive technologies include Glass-Glass (GG), Glass-Film-Film (GFF), Glass One Film (G1F), One Glass Solution (OGS), also known as Touch on Lens (TOL), GF2, etc. Embedded technologies include in-cell and on-cell. In the past two years, stylus pen solutions have become the mainstream of the market; this is a huge technological change for the whole touch market and makes the touch market active. In 2020, the Company launched the corresponding stylus pen touch master chip and stylus pen control chip, and started the design integrated by customers and was put into mass production in 2020, and will increase the market share in 2022.

In the consumer electronics, industrial and automotive touch products sector, the Company has launched a series of ultra-large products in the external capacitive touch sector, featuring 40-finger touch, high interruption resistance, spill resistance, and false triggering by palms; these can meet the demand of the touch market in all aspects, such as consumer handheld devices, tablet, notebook, as well as all-in-one devices, industrial and business POS, ultra-large interactive whiteboard (IWB), and touch solutions that are in compliance with the AEC-Q100 regulation. The operating systems support Windows 7/8.1/10/11, Android, and Linux. The touch chip supports various touch sensor types in the market, such as GFF, G1F, OGS, GF2, GG(DITO), GG(SITO), and various sensor materials, such as ITO, Metal Mesh, AgNano, and Carbon Nano, etc. The Company is the leader in the ultra-large capacitive touch market. The Company launched 84" projected capacitive solution early in 2014, and this has secured our mature technology in the ultra-large size sector. This solution attracted many customers to cooperate with us for trial production, and was successfully put into mass production in Q1 2015. The Company launched the 100" projected capacitive touch solution in Q1 2015 and also showcased the 134" multi-finger touch demo in Q3 2015. However, the large-size touchscreen market is shrinking rapidly due to the impact of the epidemic in 2020. As business travel is hindered, business promotion is greatly restricted. Therefore, we must shift the direction of large-size touchscreens. In the industrial computer sector, the Company has developed firmware adaptation software tools and improved algorithm technology to meet the diverse needs of a small number of customers in the industrial computer field; this gives industrial computer customers more autonomy in adaptation and significantly reducing support requirements and costs. In the industrial computer market, customers' requirements for noise resistance have increased. The Company has developed new solutions to improve noise resistance in response to the demand; these solutions were successfully launched and put into mass

production in 2018 to enhance the competitiveness of the Company's IC. In addition, we have maintained our leading position in large-size interactive whiteboard IWB and projection touch whiteboard PWB. Currently, most of the smart whiteboard products in the market use infrared technology to effectuate; however, the resolution limitation of infrared technology is not good enough to recognize the handwriting. The company has used capacitive touch technology to develop the smart whiteboard, not only closer to the real handwriting recognition, but also provide the function of color recognition to increase the competitiveness.

(III) Technology, Research and Development Overview

In terms of technology requirements, the Company's single-chip and multi-chip technology have become mature. In the single-chip sector, our single chips were only able to support 17" Win8 NB in 2014Q1, 24" Win8 AIO in 2015Q1. In 2016, single chips were able to support 27" Win10 AIO. The Company has also broken through the bottleneck of multi-chip data synchronization and refresh rate in large-size applications. With the increasingly mature metal-mesh TP technology, the Company has successfully broken through the 85" true flat projected capacitive touch technology, which was well-received by customers with its high market acceptance and cost advantage. We showcased the 268" 7m ultra-wide capacitive touch projection whiteboard at the exhibition in 2017Q1. In addition to the consumer market and ultra-large touch solutions, the Company has also successfully passed the stringent automotive AEC-Q100 regulation to provide touch solutions in the automotive market. In 2017, our vehicle touch solution was successfully adopted by a car manufacturer as a factory-installed feature, which has passed the strict 100,000 km testing and put into mass production. In terms of the development of capacitive active styluses, the Company began research and development in 2016. In early 2020, we had launched two types of active stylus controller chips: MPP and USI. The active stylus controller chips were sampled and verified in the same year, and were smoothly introduced into pen factories for use in volume production with NB OEM factories. In 2021, both the USI Association and Microsoft separately proposed new specifications for active styluses, namely USI2.0 and MPP2.6. Regarding the USI2.0 and MPP2.6 active stylus specifications of the new generation, the Company has developed the relevant active stylus controller chips in 2022, and is currently undergoing sampling and verification. We have completed cooperation testing with a well-known LCD display panel manufacturer for in-cell panels, and have successfully obtained relevant certifications. This indicates that the Company's active stylus controller chip technology has taken a significant step forward. However, the large-size touchscreen market is shrinking rapidly due to the impact of the epidemic in 2020. As business travel is hindered, business promotion is greatly restricted. Therefore, we must shift the direction of large-size touchscreens. In the industrial computer sector, the Company has developed firmware adaptation software tools and improved algorithm technology to meet the diverse needs of a small number of customers in the industrial computer field; this gives industrial computer customers more autonomy in adaptation and significantly reducing support requirements and costs. In the

industrial computer market, customers' requirements for noise resistance have increased. The Company has developed new solutions to improve noise resistance in response to the demand; these solutions were successfully launched and put into mass production in 2018 to enhance the competitiveness of the Company's touch IC.

In addition, the Company has maintained its leading position in large-size IWB and projection whiteboard (PWB). After the development of multi-pen and multi-color stylus pen applications in 2018, due to the high cost of stylus pens, customers can only use them in high-end models, and this would affect the promotion of the stylus pen. However, traditional passive stylus pens are limited by performance and cannot meet the user's writing needs. The Company has improved the pen algorithm for passive stylus pens, developed pen pressure detection and ultra-short delay response time to meet the user's writing needs and improve the Company's competitiveness in large-size conference room systems. In addition, in the development of smart whiteboard, we use oversized capacitive touch technology to directly recognize the handwriting of whiteboard, allowing users to maintain the experience of using traditional whiteboard. The seamless extension of the digitalization function allows the handwriting on the whiteboard to be recognized and recorded directly through capacitive touch technology. With the addition of cloud applications for real time off-site meeting sharing, the Smart Whiteboard is the perfect match for real-time video or voice conferencing, and is priced lower than infrared products in the market, allowing for better resolution, color recognition, and real-time sharing experience.

There are two major types of microelectromechanical microphones: analog output and digital output. Analog output microelectromechanical microphones are generally used in cell phones, hands-free headphones, Bluetooth wireless headphones, noise-canceling headphones, and voice control products, such as smart speakers, remote controls, etc. Digital output microelectromechanical microphones are generally used in notebook computers, smart TVs, video conferencing systems, microphone arrays, and voice control products. According to different market requirements and application specifications, the Company needs to develop products with corresponding specifications, such as low power consumption, noise resistance, high signal-to-noise ratio, etc. The Company has developed analog output and digital output microelectromechanical microphone chips and solutions, and they are all in the process of testing and sample promotion.

A. R&D Expense

Currency Unit: NT\$'000

Item	As of March 28 (Note)	2023	2022
R&D expense	62,361	305,968	266,178
Net operating profit	29,923	187,184	182,202
R&D expense to Net operating profit (%)	208.40	163.46	146.09

Note: The information is based on IFRS consolidation data as of March 28, 2024, which is a self-calculated figure.

B. R&D results

■ January 2021

SiS microelectromechanical microphone passed Modern Standby certification.

- February 2021
SiS USI stylus pen IC supports color absorption function and transmits color information through the USI agreement, replacing Bluetooth transmission, providing differentiated specifications.
- July 2022
SiS USI2.0 active stylus IC has been certified through USI2.0 protocol.
- August 2022
SiS USI2.0 active stylus IC has passed the certification of USI2.0 In-cell panel from a well-known LCD display manufacturer.
- October 2022
SiS USI2.0 active stylus IC has passed Google certification.
- October 2022
SiS MPP2.6 active stylus IC has completed development and testing for in-cell panel support.
- November 2022
SiS assisted its customer in completing and passing the USI2.0 certification for their active styluses.
- March 2023
SiS assisted its first customer in completing and passing Microsoft HLK certification for MPP2.6 active styluses.
- May 2023
SiS completed customer active stylus proprietary agreement certification and has commenced shipping.
- September 2023
SiS assisted a total of four customers in completing and passing Microsoft HLK certification for MPP2.6 active styluses.
- December 2023
SiS assisted customers in completing and passing USI2.0 certification for six models of active styluses.

(IV) Long and Short-Term Business Development Plans

A. Short-Term Business Development Plans

In the consumer laptop and tablet market, we actively prepare for product certification, customer sampling, and mass production with the newly developed MPP2.6 and USI2.0 active stylus solutions of new generation. We will continue to promote our business to major stylus manufacturers, as well as to the top five global laptop and tablet manufacturers. We will actively strive for new projects and mass production implementation of customer products, which will be one of the most important business goals this year. In addition, in the microelectromechanical microphone chip and solution market, the Company is actively promoting the newly developed analog output and digital output solutions to complete test verification, and customer sampling; preparation for mass production implementation is also one of our most important business goals this year. SIS's team service has been recognized by our customers. The large interactive whiteboards in emerging education market have already gained a considerable market share. Due to the epidemic in 2020, the large-sized interactive whiteboards in the education market have been stagnant. Thus, the Company has quickly shifted the relevant R&D and promotion resources to glass touch solutions and the promotion of the touch smart whiteboard products. In 2019, the Company tapped into the touch module market, and integrate touch panel modules through key touch technology to provide customers with one-stop services. In the fourth quarter of 2020, we began to obtain customer orders and gradually designed in the Company's touch modules. In 2022, the design in of touch modules continued to grow and support efforts continued to increase, which will be one of the important businesses in 2023.

B. Long-Term Business Development Plans

In the long term, the Company will continue to develop consumer, commercial and industrial touch chips. In addition to the Company's existing IC development capabilities, the Company also combines its existing FAE and software support capabilities to provide Total Solution to most of the existing system vendors or white label mobile device market as well as the new education market and continue to expand our market share in the small and medium-size market. In addition to the original consumer products, the Company is also actively expanding its touch products into the industrial computer and automotive markets. In the ultra-large projected capacitive touch sector, the Company has gained a head start and continues to increase its market share, especially with the lower cost of TP and the competitive price, which have made customers willing to replace optical touch. With the new stylus pen technology offered by SiS, customers coupling with other softwares are able to develop new functions to fulfill the demand of end consumers and achieve the product differentiation, and this also accelerates customers' willingness to replace. Currently, the ultra-large interactive multimedia touch experience has led to another wave of touch chip growth in the global conference room and education markets.

With the increasing penetration of touch applications in All-in-One computers, notebooks, industrial computers and automotive displays, the Company's strength in ultra-large touch has been demonstrated in the ultra-large touch market. We integrate touch panel and multi-functional glass touch panel solution, not only do we provide touch hardware, but also integrate the content of the comprehensive service solution, so that customers have more options to integrate touch panel into product applications. With the completion of the development of the touch chips that support stylus pen and the mass production of stylus pen chips, the Company has further become a professional chip design company, which provides capacitive touch screen chips, stylus pen chips and Total Solution with comprehensive services of all sizes and all kinds of functions.

In the market of microelectromechanical microphone chips and solutions, the Company continues to develop business in different application markets, such as TWS active noise-canceling earbuds, the Artificial Intelligence of Things (AIoT), OTC hearing aid devices, and automotive market. We also seek opportunities for collaboration with companies in the field of voice control and algorithms, to extend the promotion of our products to different markets related to voice input and control.

II. Market, Production and Sales Overview

(I) Market Analysis

A. Analysis of Market Sales of the Company's Products

Currency Unit: NT\$'000

Region/Item		2023		2022	
		Sales Amount	Ratio (%)	Sales Amount	Ratio (%)
Foreign Sales	Asia	84,599	45.20	93,849	51.51
	Others	0	0	1,253	0.69
	Subtotal	84,599	45.20	95,102	52.20
Domestic Sales		102,585	54.80	87,100	47.80
Total		187,184	100.00	182,202	100.00

Note: The above sales amounts are expressed in net amount/consolidated using IFRSs.

B. Market Share

According to the statistics of IEK Industrial Economics and Trends Research Center (ITRI), in 2023, the total production of the IC design industry was estimated to be NT\$1,096.5 billion; the total revenue of the Company was NT\$187 million, accounting for 0.017% of the market share of Taiwan's total production of the IC design industry.

C. Supply, Demand and Growth of the Market in the Future

(1) Supply and Demand

Touch ICs and stylus pen ICs are upstream of the entire touch industry, and the market demand is growing steadily Domestic suppliers include SIS, FocalTech Systems, ELAN, eGalax_ePMIA, Novatek Microelectronics, ILITEK, and WEIDA Hitech, etc. Foreign suppliers include Goodix, Himax, Synaptics, and Melfa, etc.

(2) Demand

Touch ICs are widely used in handheld mobile devices, NB, AIO, and other human-machine interfaces that can replace button control with touch panels. Currently, cell phones and tablet PC are the top two in terms of production volume, but the gross margin is relatively low. The cost of ultra-large touch panels continues to decrease and the demand of the ultra-large touch panel market has formed another wave of growth momentum. In addition, MPP stylus pen and USI stylus pen applications are growing in NB and AIO markets. Small to medium-sized touch panels will be an important profit direction for the Company.

(3) Growth Rate

The demand for touch functionality has expanded from finger touch applications to active stylus applications. Product types range from laptops, all-in-one (AIO) computers, tablets, handheld devices, to large-sized interactive whiteboard (IWB) conference systems. Major brand manufacturers continue to launch products that support active styluses, such as Microsoft's Surface Pro tablet(Surface Pro), Microsoft's All-in-One computer (Surface Studio), and Microsoft's conference room interactive whiteboard (IWB) system (Surface Hub), all of which have integrated active stylus functions, while also stimulating demand for touch functionality in the market. Google continues to incorporate active stylus applications into Chromebook laptops, and the already launched conference room IWB system (Google Jambo) also supports active stylus applications. Apple also continues to expand the use of active styluses in its iPad products of new generation. The new generation of touch technology is no longer limited to finger touch, and the convenience of active stylus applications has been widely accepted by consumers. For example, people have become accustomed to using active styluses to record daily notes or classroom lectures and save them to the cloud. These new technologies and applications will bring people a more diversified, convenient, and customized human-machine interface. The widespread use of touch functions and applications with fingers, as well as the increasing maturity of active stylus technology and the cultivation of usage habits, will bring another wave of significant growth opportunities for consumer touch products.

D. Competitive Niche, Advantages and Adverse Factors of Development Prospects and Countermeasures

(1) Competitive Niches

With a strong financial foundation and cost control capabilities, while actively investing in R&D resources to develop new technologies and products, the Company continues to develop new specifications, functions and low-power process products. In addition to meeting customers' diverse and flexible needs, we also develop new applications that are in line with market trends. At present, the Company has led the industry in the field of ultra large-sized IWB (Cloud Interactive Whiteboard) touch control and has gained a leading position in the conference room and education markets. The integration of chip software and hardware experience is the foundation of the Company's leadership in ultra large-sized IWB (Cloud Interactive Whiteboard), especially in the technology intensive market with relatively high entry barriers. The Company has been dedicating to the PC chipset and consumer electronics fields for more than 30 years. We have established excellent relationships with world-renowned brands and system manufacturers, and are familiar with market trends in consumer products, which is one of our competitive advantages. In recent years, with the cultivation of emerging markets and investment in new product research and development, in addition to the originally provided oversized touch ICs, we have also launched touch modules of different sizes to provide customers with one-stop service for touch functions, saving them time in touch function development and focusing on system integration. In addition to expanding our market share in the oversized touch screen and industrial applications, the Company has also grasped the market trend in advance. In recent years, the Company has invested in the development of active stylus chips with MPP and USI specifications, leading the market with highly integrated and low-power active stylus chips. We will also work with touch screen chips to jointly promote the market, and strive to demonstrate our advantages once again in the touch screen market.

(2) Advantages of Development Prospects

- The clustering effect of Taiwan's computer industry has a positive impact on the competitive advantage of the IC design industry and should be utilized. The increasing demand for human-machine interfaces in emerging markets is also a focus of the Company.
- Our advantages in production are as follows: flexible and responsive manufacturing capabilities, cost and control capabilities, more efficient resource utilization, reduced cycle time, diversified supply chain customer base, and provision of more competitive products to customers.
- With a strong management team and local support team, we are able to adjust product design specifications and mass production schedules to meet customer

needs.

- The consumer electronics market continues to grow, but the price competition is fierce. One of the most effective methods is for customers to seek a more competitive supply chain of components. The Company improves product competitiveness through high technology integration to meet customers' demand for overall price competition.
- In response to the improvement of performance requirements for oversized touch, the use of highly integrated chip technology and software/hardware integration capabilities, such as the use of concatenable technology to improve the efficiency and elasticity of oversized touch solutions, has enabled oversized integration solutions to be accepted by the IWB (Cloud Interactive Whiteboard) market, continuing to invest in developing next-generation products to meet customer and market demands.
- The demand for touch solutions of different sizes in emerging markets and industrial control applications continues to increase. The Company has the ability to integrate software and hardware to provide customers with one-stop touch module solutions, which can reduce the resource investment for customers to develop their own touch solutions. At the same time, local support teams assist customers in integrating touch modules and systems. Integrated services are also one of the important niches for improving market penetration.
- The Company has been dedicating to the PC chipset and consumer electronics fields for more than 30 years. We have established excellent relationships with world-renowned brands and system manufacturers, and are familiar with market trends in consumer products. We also have an early grasp of market trends, which is beneficial for early investment in the development of new products. For example, in recent years, active stylus chip development has led the market to develop chips with high integration functions and low power consumption.

(3) Adverse Factors of Development Prospects

- Fierce competition in the industry, short lifecycle of consumer products, difficulty in maintaining gross margin are the adverse factors for development.
- The On-cell/In-cell touch solutions for small to medium size are becoming increasingly mature. If the overall competitiveness continues to improve, the Out-cell touch solutions may gradually lose their overall competitiveness in consumer products such as PC laptops.
- The overall penetration rate of touch functions in consumer PC products is still low, and the market demand for touch functions is still mainly for mobile phones and tablet applications. Although the penetration rate of the touch function of large-sized IWB is high, it faces low price competition with infrared touch.

(4) Countermeasures

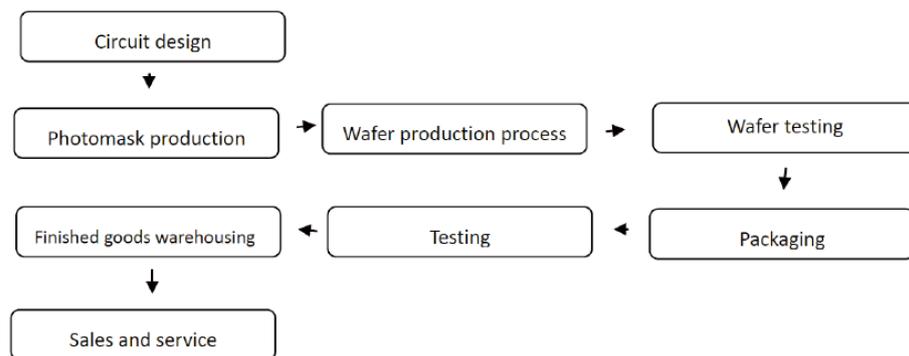
- Continuously invest in professional technology research and development capabilities, enhance core competitiveness, shorten product development time, and seize market opportunities.
- Continuously improve innovation capabilities and master market trends and pulsations, provide products with distinctive features. Establish market segmentation and leverage core competitiveness, such as expanding active stylus applications and supporting touch panels of various sizes and markets.
- Cooperate with panel manufacturers to develop more competitive and differentiated products.

(II) Key Functions and Manufacturing Process of Core Products

A. Key Applications of the Products

Instead of using the traditional mechanical buttons, the intuitive user interface allows users to operate by touching the screen with fingers or the pen tip. It can be used in consumer electronic products such as cell phones, notebooks, tablets, road navigation systems, interactive whiteboards, and human-machine interface for industrial computers.

B. Production process



(III) Supply of Major Raw Materials

United Microelectronics Corp. is the primary raw material supplier for the chips of the Company and has a stable source of supply.

(IV) Information on Manufacturers and Customers that Account for over 10% of Sales and Purchases

A. Supplier Information

Currency Unit: NT\$'000

Item	2023				2022			
	Name	Amount	Percent to the Annual Net Purchase Amount (%)	Relationship with the Issuer	Name	Amount	Percent to the Annual Net Purchase Amount (%)	Relationship with the Issuer
1	Company A	15,000	22	None.	United Microelectronics	36,120	25	Note 2
2	Company B	7,530	11	None.	Company B	15,779	11	None.
3	United Microelectronics	7,050	10	Note 2	Others	92,804	64	None.
4	Others	39,332	57	None.				
	Net purchase	68,912	100		Net purchase	144,703	100	

Note1. Adopted IFRS consolidated information.

Note2. Shareholders with over 10% shareholdings

B. Information on Sales Customers

Currency Unit: NT\$'000

Item	2023				2022			
	Name	Amount	Percent to the Annual Net Sales Amount (%)	Relationship with the Issuer	Name	Amount	Percent to the Annual Net Sales Amount (%)	Relationship with the Issuer
1	Company C	43,444	23	None.	Company A	54,113	30	None.
2	Company B	28,042	15	None.	Company B	28,197	15	None.
3	Company A	20,895	11	None.	Others	99,892	55	None.
4	Others	94,803	51	None.				
	Net sales	187,184	100		Net sales	182,202	100	

Note1. Adopted IFRS consolidated information.

(V) Production Volume and Value

Currency Unit: NT\$'000/Thousand

Year/Production Volume and Value/Major Products	2023			2022		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Consumer Electronic IC	-	7,629	54,431	-	6,229	58,513
Total	-	7,629	54,431	-	6,229	58,513

Note1. The Company's products are not subject to production capacity restrictions.

Note2. Adopted IFRS consolidated information.

(VI) Sales Volume/Value

Currency Unit: NT\$'000/Thousand

Year/ Sales Volume and Value/Major Products	2023				2022			
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Sales Volume	Sales Value	Sales Volume	Sales Value	Sales Volume	Sales Value	Sales Volume	Sales Value
Consumer Electronic IC	446	102,585	6,527	84,599	617	87,100	5,968	95,102
Total	446	102,585	6,527	84,599	617	87,100	5,968	95,102

Note1. Adopted IFRS consolidated information.

III. Employees

Year	As of March 28	2023	2022	
Number of Employees	Technicians	0	0	
	Engineers	169	176	
	Employees	26	24	
	Total	195	200	
Average Age	43.1	42.8	42.2	
Average Service Year	9.8	10.1	9.9	
Academic Distribution Ratio %	PhD (%)	1.0	1.0	0.5
	Master Degree (%)	46.7	43.0	44.6
	Bachelor Degree (%)	51.8	54.5	53.4
	High School (%)	0.5	1.5	1.5

Note1. Adopted consolidated information.

Note2. The publication of this Annual Report is March 28, 2024.

IV. Environmental Expenses

(I) Total losses (including compensation) and penalties arising from environmental pollutions in the past year and up to the date of publication of the Annual Report: None

(II) Countermeasures in the future, including improvement measures and possible expenditures:

The Company is primarily engaged in the design, testing, and sales of integrated circuits and complies with environmental regulations and relevant international standards and norms. In the course of business activities, the Company also aims to protect the nature and strive for environment-friendly and sustainable management. Provide a working environment that is environmentally friendly, safe and hygienic, and establish an appropriate management system so that all employees can work with peace of mind and happiness. In accordance with the environmental, safety and health policy, adhering to the concept of sustainable management, the Company continues to control, prevent and improve environmental protection and green energy. At the same time, the Company participates in activities such as the Taiwan Semiconductor Industry Association and is committed to promoting the environmental, safety and health management system by responding to the activities organized by the competent authorities.

In response to global warming and the sustainable development of our business, we are actively working to save electricity, reduce carbon, improve the high efficiency of our machinery and equipment, and build solar power generation equipment on the roof of our building to

develop green energy, of which NT\$15 million has been invested in 2022.

Engage in R&D, production and service in accordance with the following principles to reduce the impact of the Group's operations on the natural environment:

- A. Comply with and implement domestic regulations and other related requirements on environmental, safety and health.
- B. Reduce the resource and energy consumption of products and services.
- C. Increase the durability of products and maximize the lifecycle of renewable resources.
- D. Increase the efficiency of products and services, and improve the recyclability and reuse of raw materials or products.
- E. Establish an environmental, safety and health management system, and continuously prevent and improve pollution.
- F. Regularly review the operation of the environmental, safety and health policy and management system through management and review.
- G. Conduct environmental training courses for management and employees, and regularly review environmental sustainability goals and progress.

V. Labor Relations

The Company's human resource policy respects and guarantees basic labor human rights principles, and establishes appropriate management methods and procedures. In order to protect the legal interests of employees, the Company has established the "Work Rules of Silicon Integrated Systems Corporation" in accordance with the Labor Standards Act and related laws and regulations. The Company also provides employees with information on labor laws and regulations for employees to comply with. If the employees have any doubts about the labor human rights protection policy, the Company will appoint a labor-management meeting to discuss the matter. If the discussion fails to reach a consensus, it will be submitted to the competent authority.

- (I) The implementation of employee welfare measures, further education, training, retirement systems and implementation, as well as agreements between employers and employees and measures to protect the rights and interests of employees

- A. Employee Benefits and Measures

The main welfare items of the Company are as follows:

- (1) Labor insurance and national health insurance: participate in labor insurance and national health insurance in accordance with the law.
- (2) Group insurance: all regular employees are entitled to group insurance from the day they report to work. The premiums are fully borne by the Company. Employees' dependents and parents are allowed to add insurance at their own expense. The insurance provides an extra layer of protection and care for the employees' families.
- (3) Bonus system: provide bonuses (festivals, performance bonuses, intellectual property rights bonuses, awards for excellent performance employees) and employee share options.

- (4) A staff cafeteria and coffee bar are available for lunch, dinner and beverage refreshments, as well as partial meal subsidies provided for lunch and dinner.
- (5) Leisure facilities: gymnasium, basketball court, snooker, badminton, pool, rhythmic yoga, newspaper and library, as well as outdoor walking paths, providing the best place for employees to dine, socialize and work out.
- (6) Social groups: provide a variety of community learning activities to enrich the leisure life of employees, and also to evoke the camaraderie among colleagues.

The main welfare items handled by the Employee Welfare Committee are as follows:

- (1) In order to enhance employee welfare, the Company has established the Employee Welfare Committee to provide employees with recreational activities, annual celebration subsidies, medical treatment, and further education and other related benefits. The Employee Welfare Committee Charter shall be formulated and reported to the competent authorities in accordance with the regulations.
- (2) The source of employee benefits shall be appropriated in accordance with the "Employee Welfare Fund Act". A monthly contribution of 0.1% of total operating revenues, 0.5% of employees' salaries and allowances, and 20% of the scrap sales proceeds are set aside as employee benefits.
- (3) Employees are entitled to childbirth gratuity, wedding gratuity, funeral money; birthday, Labor Day and three festivals gift certificates (Dragon Boat Festival, Mid-Autumn Festival and Chinese New Year).
- (4) Organize various activities.

B. Staff training and education

Talent is the cornerstone of sustainable business. Our company actively promotes a learning organization, strives to refine employees' abilities and cultivate the quality talents needed by the organization, and draws up annual training plans to address the needs of our employees. The Company offers new employee training and on the job employee training, professional and technical training, management training, self-initiative training, quality management training, safety and health, to provide employees with comprehensive professional skill development and self-growth courses required for their careers.

C. Retirement system:

The Company contributes labor retirement fund to the Labor Retirement Fund Supervisory Committee in accordance with the law, and handles employee pension payments in accordance with the Labor Standards Act. Starting from July 1, 2005, for those who choose the Labor Pension Act retirement system, the Company shall pay 6% of their monthly salaries to the retirement account under the Bureau of Labor Insurance in order to fully protect the rights and interests of employees.

D. Employees Code of Conduct

To ensure the conduct of the Company's employees in compliance with the Code of Conduct and to provide a basis for rewards and punishments, and to provide a better understanding for the Company's stakeholders to the ethical standards and code of conduct that the Company's employees should follow in performing their duties, the Company has established the Employee Code of Conduct and a rewards and punishments system. Its main contents are as follows:

- (1) Ethics and integrity
- (2) Respect individuals and customers
- (3) Avoid conflicts of interest
- (4) Gifts and entertainment
- (5) Complete, fair, accurate, timely and understandable disclosure
- (6) Implementation of Code of Ethics and fraud prevention and protection against whistle-blowing and retaliation

E. Labor-management agreements in recent years

In accordance with the implementation rules required by the government, the employee representatives elected and the employer representatives elected convene the labor-management meeting. The labor-management meeting is held once every three months to coordinate labor-management relations, promote labor management cooperation, and prevent various labor problems before they occur. The meeting is held once every three months to coordinate labor-management relations, promote labor-management cooperation, and prevent various labor problems. The meeting is held to discuss and negotiate on labor welfare issues, labor safety and health, efficiency improvement, annual calendar, etc., and to reach a consensus for implementation so that both employers and employees can benefit from each other.

F. Measures for preserving employees' rights and interests in recent years

The Company's employees are well qualified and the Group's management philosophy and policies are implemented. In addition, the Group has an internal website to provide employees with up-to-date information and an employee suggestion box to receive different voices.

G. Work environment and employee safety protection measures

To protect the safety and health of workers, the Company has set up occupational safety and health management units, personnel, and labor health care staff to carry out occupational safety and health management in accordance with the requirements of the occupational safety and health related laws and regulations. In addition, according to the structure of the occupational safety and health management system, the Company continuously optimizes the occupational safety and health management and identify the possible hazards and risks in the system, environment and operation in the workplace with the concept of risk prevention. the Company determines the risk level and set improvement measures to eliminate and replace unsafe and unhealthy machines, equipment, and operations, to enhance education and training, and to strengthen compliance with laws and regulations by promoting employee health, and the main work environment and personal safety protection measures are as follows:

- (1) Occupational safety and health measures
- (2) Occupational safety and health management
- (3) Occupational safety and health training
- (4) Health management and health promotion

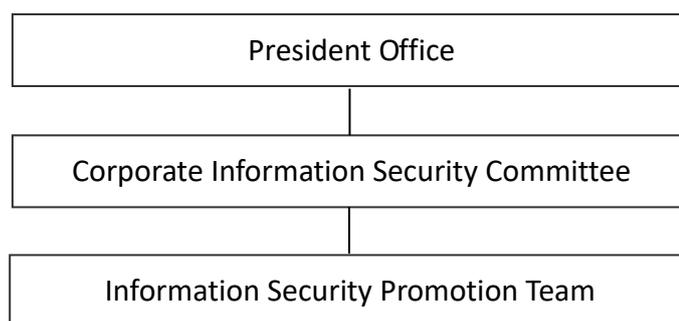
(II) For the most recent year and as of the date of publication of the Annual Report, the losses suffered as a result of labor disputes, and disclose the estimated amount of current and potential future losses and responses:

- A. The Company did not incur any loss from labor disputes in the past year and up to the date of publication of the Annual Report.
- B. The Company values labor relations and is currently maintaining a positive interaction mechanism between the two parties through various communication channels to achieve the goal of taking care of employee welfare and enhancing a quality working environment, and to eliminate disputes that may arise from unnecessary labor disputes by enhancing employee satisfaction in a comprehensive manner. In view of this, under this mechanism of joint participation and adequate communication between employers and employees, it is expected that there will be no labor disputes in the future.

VI. Information Security Management

To prevent various information security threats and prevent theft, tampering or loss of company information, the Company has deployed information security protection technologies to strengthen information security management and internal anti-virus. In addition to adopting a multi-layer network architecture design, the Company has also incorporated anti-hacking and anti-leakage mechanisms to enhance the security of the overall information environment and implement personnel information security management measures. the Company has ensured the security of software and hardware information such as data, systems, equipment and networks, and protected the confidentiality, integrity and availability of information.

(I) Information Security Management Framework



- Corporate Information Security Committee: it is the highest directing organization for information security in the company and is directly under the President's Office, leading the promotion of company-wide information security policies and plans. There is a chief committee member who is responsible for driving and supervising. The Corporate Information Security Committee is composed of the relevant first-level executives of the department and is responsible for resolution and support.
- Information Security Promotion Team: to effectively promote information security business, the company has an information security promotion team, which consists of various information security experts, responsible for developing information security plans.

(II) Promoting information security policies: to effectively implement information security management, the Company has reviewed the applicability of information security policies and protection measures based on the management cycle of Plan-Do-Check-Act (PD) to strengthen information security management and prevent unauthorized access, use, control, leakage, destruction, tampering, destruction or other violations of the company's data systems, equipment and networks to ensure their Confidentiality, integrity and availability.

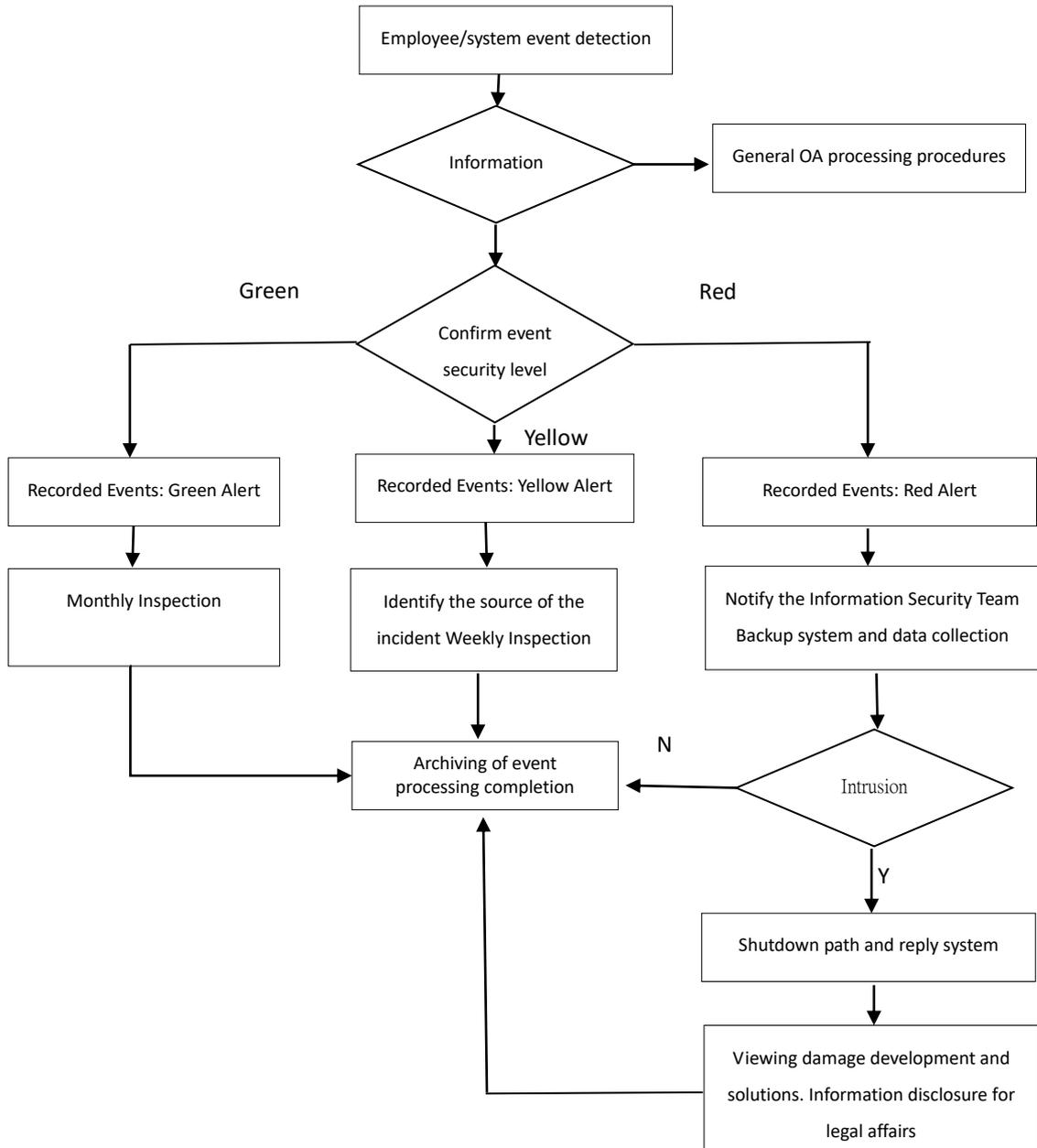
(III) Specific Management Solutions

Security protection	Control measures
Network security	Strengthen the network firewall network control, blocking network attacks
System security	Regular system bug fixing System virtualization and creation of backup on different hosts Regular backup of important information Account passwords must be upgraded to a certain level of complexity and must be updated regularly Build backup system in off-site company
Personal system security	Use system update service with software system factory security update Centralized anti-virus system with virus code update, regular scanning, virus event monitoring and event troubleshooting
Enterprise application system	Regularly review user privileges Conservative procedures for program modification
Information security awareness	Non-scheduled information security concept promotion and education training

(IV) Response and countermeasure to information security incidents

A. The notification and handling of information security incidents are carried out in accordance with the norms of this procedure, and are classified into red, amber, and green alerts according to the severity of the incident: high, medium, and low, and are handled in various ways, and efforts are made to reduce the loss of information, theft, and interruption of important computer services.

B. Emergency procedures for handling information security incidents:



- (V) Input resources for information security management
- Strengthen the information and communication security framework
 - Establish information security manpower: one information security manager and one information security personnel.
 - Conduct annual disaster recovery (DR) mechanism simulation exercises for off-site backup and restoration testing.
 - Conduct internal audits and accountant audits of the information cycle annually.
 - In September 2023, an external information security professional company was commissioned to conduct vulnerability scanning and penetration testing on the Company.
 - Based on the vulnerability scanning results, strengthening operations such as network security and system corrections were carried out.
 - In November 2023, the Information Security Committee convened one meeting.
 - In December 2023, the Information Security and Personal Data Management Committee convened one meeting.
 - Staff educational training
 - In 2023, 10 sessions of information security education policy training were conducted for new employees, with 10 participants per session.
 - Conduct information security awareness campaigns
 - Regularly conduct awareness campaigns for all employees to strengthen information security awareness.
- (VI) Losses suffered as a result of significant information security incidents, possible impact and countermeasures for the most recent year and up to the date of publication of the annual report:
None

VII. Material Contracts: None

Chapter 6 Review and Analysis of Financial Condition and Financial Performance

I. Financial Condition

(I) IFRS Parent Company Only Financial Statements

Currency Unit: NT\$'000

Item/Year	2023	2022	Increase (decrease) amount	Change ratio %	
Current assets	4,102,940	1,585,775	2,517,165	158.3	
Property, plant and equipment	738,438	733,251	5,187	0.71	
Intangible assets	3,046	3,837	(791)	(20.62)	
Other Assets	14,275,558	13,129,021	1,146,537	8.73	
Total Assets	19,119,982	15,451,884	3,668,098	23.74	
Current liabilities	Before distribution	124,979	84,613	40,366	47.71
	After distribution	(Note)	44,086		
Non-current liabilities	4,486	6,820	(2,334)	(34.22)	
Total Liabilities	Before distribution	129,465	91,433	38,032	41.60
	After distribution	(Note)	50,906		
Share capital	7,495,894	7,495,894	-	-	
Capital surplus	83,210	85,303	(2,093)	(2.45)	
Retained earnings	Before distribution	4,191,021	2,847,806	1,343,215	47.17
	After distribution	(Note)	2,098,217		
Other equity interest	7,220,392	4,931,448	2,288,944	46.42	
Total equity	Before distribution	18,990,517	15,360,451	3,630,066	23.63
	After distribution	(Note)	14,610,862		

Note: Subject to the approval at the 2024 annual shareholders' meeting

Differentiation analysis:

1. The increase in current assets was mainly due to cash obtained from the disposal of financial assets measured at fair value through other comprehensive income.
2. The increase in other assets and other equity was mainly due to the increase in the fair value of financial assets measured at fair value through other comprehensive income.

(II) IFRS Consolidated Financial Statements

Currency Unit: NT\$'000

Item/Year		2023	2022	Increase (decrease) amount	Change ratio %
Current assets		4,210,454	1,685,268	2,525,186	149.84
Property, plant and equipment		744,628	742,521	2,107	0.28
Intangible assets		7,566	4,958	2,608	52.60
Other Assets		14,214,358	13,071,647	1,142,711	8.74
Total Assets		19,177,006	15,504,394	3,672,612	23.69
Current liabilities	Before distribution	141,111	100,123	40,988	40.94
	After distribution	(Note)	59,596	-	-
Non-current liabilities		4,878	9,687	(4,809)	(49.64)
Total Liabilities	Before distribution	145,989	109,810	36,179	32.95
	After distribution	(Note)	69,283	-	-
Equity attributable to owners of the parent company		18,990,517	15,360,451	3,630,066	23.63
Share capital		7,495,894	7,495,894	-	-
Capital surplus		83,210	85,303	(2,093)	(2.45)
Retained earnings	Before distribution	4,191,021	2,847,806	1,343,215	47.17
	After distribution	(Note)	2,098,217	-	-
Other equity interest		7,220,392	4,931,448	2,288,944	46.42
Non-controlling interest		40,500	34,133	6,367	18.65
Total equity	Before distribution	19,031,017	15,394,584	3,636,433	23.62
	After distribution	(Note)	14,644,995	-	-

Note: Subject to the approval at the 2024 annual shareholders' meeting

Differentiation analysis:

1. The increase in current assets was mainly due to cash obtained from the disposal of financial assets measured at fair value through other comprehensive income.
2. The increase in other assets and other equity was mainly due to the increase in the fair value of financial assets measured at fair value through other comprehensive income.

II. Financial Performance

(I) IFRS Parent Company Only Financial Statements

Currency Unit: NT\$'000

Item/Year	2023	2022	Increase (decrease) amount	Change ratio %
Sales revenue	118,171	143,354	(25,183)	(17.57)
Gross profit	19,934	(9,558)	29,492	(308.56)
Operating loss	(422,738)	(404,595)	(18,143)	4.48
Non-operating income and expenses	1,053,141	943,029	110,112	11.68
Profit before income tax	630,403	538,434	91,969	17.08
Income from continuing operations	571,261	483,657	87,604	18.11
Net income	571,261	483,657	87,604	18.11
Other income (net amount after tax) for the period	3,810,487	(7,817,768)	11,628,255	(148.74)
Total comprehensive income for the period	4,381,748	(7,334,111)	11,715,859	(159.74)
Earnings per share	0.76	0.65	0.11	16.92

Differentiation analysis:

1. The changes in operating revenues, operating costs and gross profit were mainly due to changes in customer product portfolio.
2. The increase in net of non-operating income and expenses was mainly due to the increase in dividend income recognized.
3. The increase in other comprehensive income was mainly due to the increase in fair value of financial assets - non-current measured at fair value through other comprehensive income.

The Company continues to focus on touch technologies that support a wide range of touch sensors, and continues to improve chip performance and reduce costs, and actively develops application products in the related sector. The future development of touch applications will gain popularity as the price of touch panels becomes more affordable and the human-machine interaction interface is simplified; this will facilitate the Company in achieving its profit target.

(II) IFRS Consolidated Financial Statements

Currency Unit: NT\$'000

Item/Year	2023	2022	Increase (decrease) amount	Change ratio %
Sales revenue	187,184	182,202	4,982	2.73
Gross profit	56,676	4,640	52,036	1,121.47
Operating loss	(451,166)	(463,840)	12,674	(2.73)
Non-operating income and expenses	1,069,171	982,524	86,647	8.82
Profit before income tax	618,005	518,684	99,321	19.15
Net Income from continuing operations	558,841	463,903	94,938	20.47
Net income	558,841	463,903	94,938	20.47
Other income (net amount after tax) for the period	3,810,487	(7,817,768)	11,628,255	(148.74)
Total comprehensive income for the period	4,369,328	(7,353,865)	11,723,193	(159.42)
Net income attributable to owners of the parent company	571,261	483,657	87,604	18.11
Net income attributable to non-controlling interests	(12,420)	(19,754)	7,334	(37.13)
Comprehensive income attributable to owners of the parent company	4,381,748	(7,334,111)	11,715,859	(159.74)
Comprehensive income attributable to non-controlling interests	(12,420)	(19,754)	7,334	(37.13)
Earnings per share	0.76	0.65	0.11	16.92

Differentiation analysis:

1. The changes in operating revenues, operating costs and gross profit were mainly due to changes in customer product portfolio.
2. The increase in net of non-operating income and expenses was mainly due to the increase in dividend income recognized.
3. The increase in other comprehensive income was mainly due to the increase in fair value of financial assets - non-current measured at fair value through other comprehensive income.

The Company continues to focus on touch technologies that support a wide range of touch sensors, and continues to improve chip performance and reduce costs, and actively develops application products in the related sector. The future development of touch applications will gain popularity as the price of touch panels becomes more affordable and the human-machine interaction interface is simplified; this will facilitate the Company in achieving its profit target.

III. Cash flows

(I) Analysis and Improvement Plan of the Change in Cash Flow in 2023

Currency Unit: NT\$'000

Beginning Cash Balance	Net cash flows from operating activities	Net cash flows from investing and financing activities	Cash surplus	Remedial measures for cash inadequacy	
				Investment plan	Financial plan
1,475,986	(282,112)	2,564,998	3,758,872	-	-

1. The net cash outflow from operating activities was NT\$282,112 thousand.
2. The net cash inflow from investing activities was NT\$3,298,882 thousand.
3. The net cash outflow from financing activities was NT\$734,670 thousand.
4. The effect of exchange rate changes on cash and cash equivalents was NT\$786 thousand.
5. There was no cash inadequacy and liquidity deficit for the year.
6. Adopted IFRS consolidated information.

(II) Cash flow analysis for the coming year

Currency Unit: NT\$'000

Beginning Cash Balance	Expected net cash flows from operating activities	Expected net cash flows from investing and financing activities	Expected cash surplus	Remedial measures for expected cash inadequacy	
				Investment plan	Financial plan
3,758,872	(273,600)	(2,060,057)	1,425,215	-	-

Note: Adopted IFRS consolidated information

IV. There were no significant capital expenditures in the recent year, so there was no impact on financial operations.

V. Investment policy for the recent year, main reasons for profit or loss, improvement plan and investment plan for the coming year

- (I) The main reasons for the profit or loss of the investment policy: None.
- (II) Improvement plans: None.
- (III) Investment plans for the coming year: No significant investment plans.

VI. Risk Issues

In view of the internationalization of operations and the increasingly complex impact and challenges posed by changes in the global economic environment, the Company is focusing on the management of corporate risks. In order to ensure the sustainable development of the Company, the Company focuses on the management of corporate risks and conducts risk assessment of economic, environmental and social issues. The Board of Directors will be the highest supervisory unit for risk management and will formulate relevant risk management strategies to identify key risks that may affect the Company's operations and risk response plans from each functional management level to the daily operation management unit, in order to reduce the possible risk of business interruption. The results of risk management activities are summarized and used as the basis for future strategy management, performance measurement and audit plans. The risk management organization of the Company is as follows:

Name of the organization	Duties
Audit Committee and Board of Directors	The Audit Committee evaluates the effectiveness of the Company's internal control system, ensures the effective implementation of internal controls and oversees the control of risks that exist or are potentially present in the Company. The Board of Directors is the highest decision-making body for risk management, approves the risk management policy and structure, and oversees the effective operation of the risk management mechanism.
Audit Unit	In accordance with the risk management policy and risk assessment results, the audit unit prepare an annual audit plan and perform various job audits in accordance with the plan to assist the board of directors in monitoring and controlling the potential risks in the execution of decisions, ensure that all operational risks are effectively controlled, and make timely recommendations for improvement.
Responsible department	The staff of each department shall take the responsibility of first-line risk management in daily operation, analyze, monitor and prevent the related risks within the responsibility of their respective departments, and ensure that the risk control mechanism and procedures can be effectively implemented.

- (I) Impact of interest rate, exchange rate changes and inflation on the Company's profit or loss and future countermeasures
- A. Changes in interest rates: The Company has sufficient working capital and no bank borrowings. An increase in interest rates would result in an increase in interest income. The Company's financial department closely monitors changes in market interest rates to reduce the impact of interest rate changes on the Company's financial condition.
 - B. Changes in exchange rates: The Company engages in derivatives transactions using forward exchange contracts for the purpose of hedging the exchange rate risk arising from its operations. To avoid the exchange rate risk arising from the receivables denominated in foreign currencies held, the sales of forward foreign exchange contracts are the primary instrument for hedging. The Company's exchange loss was NT\$1,764 thousand in 2023.
 - C. Inflation: Inflation has no significant impact on the Company.

- (II) The Company's policy on high-risk, highly leveraged investments, loaning of funds, endorsement and guarantee, and derivatives transactions, the main reasons for profit or loss, and future countermeasures:

The Company has established a sound financial, business, and accounting management system in accordance with relevant laws and regulations, and shall properly conduct comprehensive risk assessments with its related companies on correspondent banks, customers and suppliers, and implement necessary control mechanisms to reduce credit risks.

In order to effectively manage financial affairs and avoid potential trading risks, the Company has established various internal procedures and management practices in accordance with the relevant laws and regulations of the competent authorities, including "Regulations Governing Loaning of Funds," "Regulations Governing Provision of Endorsements/Guarantees," and "Procedures for Derivative Transactions." As of the date of publication of this Annual Report, the Company has not engaged in any high-risk and high-leverage investment activities related to the loaning of funds and the provision of endorsement and guarantee. The Company engages in derivative transactions mainly for the purpose of hedging the exchange rate risk arising from its operations.

- (III) Future R&D plans and expected R&D expenses:

- A. Future R&D plans: Multi-point projected capacitive touch chips, in-cell embedded touch chips, and system-level applications.
- B. Estimated R&D expenses: the estimated R&D expenses for 2024 and 2025 are approximately NT\$330,000,000 per annum.

- (IV) Impact of recent changes in domestic and international policies and regulations on the Company's financial operations and countermeasures:

The Company complies with national policies and laws. The finance and legal departments keep track of important changes in domestic and international policies and laws, and make timely adjustments to the Group's internal systems and business activities in accordance with the latest changes in laws and regulations to ensure smooth operation of the Group.

- (V) Impact of technological changes and industry changes on the Company's financial and business operations and countermeasures:

The Company keeps an eye on domestic and international technological and industrial developments to review and improve their impact on the Group's financial and business conditions. With excellent research and development capabilities, the Company continues to upgrade relevant technologies, develop new products, and provide comprehensive technical services to release products that meet customers' needs. At the same time, the Company has enhanced its service efficiency, strengthened interaction with customers, and had a deep understanding of the pulse and trend of the technology industry. Therefore, technological changes and industry changes have no significant impact on the Company's financial condition.

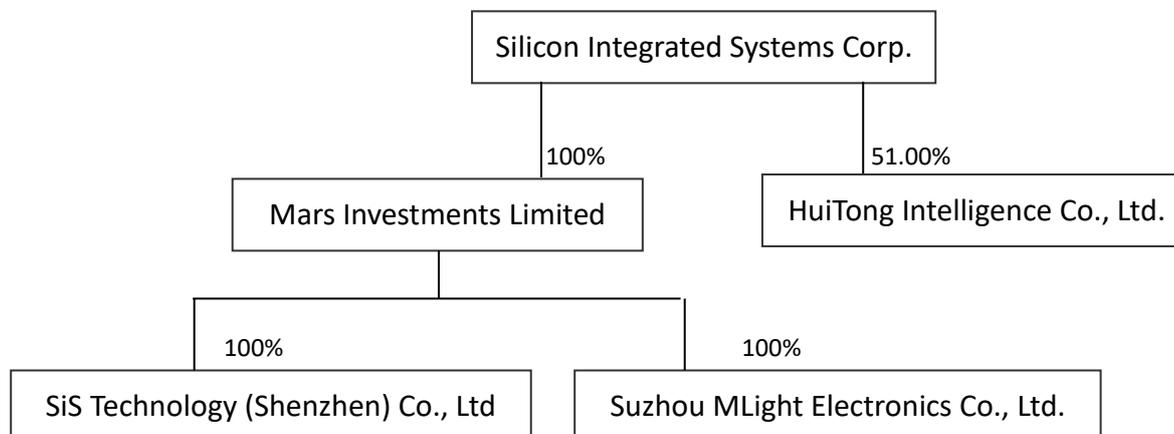
- (VI) Impact of changes in corporate image change on corporate crisis management and countermeasures:
- The Company has always attached importance to corporate governance and community relations, and has been able to fully and effectively integrate and utilize the Group's resources to enhance the overall operational performance. In recent years, the Company has been committed to holding social welfare activities. The Company has plans and measures for all kinds of emergencies to minimize the uncertainty of business operation.
- (VII) Expected benefits, potential risks, and countermeasures of mergers and acquisitions: as of the date of publication of the Annual Report, the Company does not have any merger and acquisition plans.
- (VIII) Expected benefits, potential risks, and countermeasures of plant expansion: the Company currently has no plans to expand its plants.
- (IX) Risks and countermeasures of concentrated imports or sales:
- A. The concentration of imports is due to the characteristics of the industry and the supply and demand of the market.
- B. The Company's customers are diversified and there is no risk of concentrated sales.
- (X) As of the date of publication of the Annual Report, there was no significant transfer of equity by the Company's directors or substantial shareholders holding more than 10% of the shares.
- (XI) As of the date of publication of the Annual Report, there was no change in the Company's ownership.
- (XII) For litigation or non-litigation events, the Company shall include the litigation, non-litigation or administrative disputes that have been determined or are still pending against the Company, its directors, president, persons in charge, substantial shareholders holding more than 10% of the shares, and subsidiaries, whose outcome may have a significant impact on shareholders' equity or stock prices: None.
- (XIII) As of the date of publication of the Annual Report, the Company has no other significant risks.

VII. Other Important Issues: None

Chapter 7 Special Disclosure

I. Information on Affiliates

(I) Structure of affiliates



Note: Information as of March 28, 2024.

(II) General information of affiliates

Name of Affiliates	Date of Incorporation	Location	Paid-in Capital	Main Business Activities
HuiTong Intelligence Co., Ltd.	September 2020	Taiwan	NT\$200,000,000	IC design industry
Mars Investments Limited	January 2013	Samoa	US\$6,687,100	Investment business
SiS Technology (Shenzhen) Co., Ltd	October 2010	China Shenzhen	CNY2,000,000	Development, consulting and sales of electronic products and technology
Suzhou MLight Electronics Co., Ltd.	June 2014	China Suzhou	CNY31,850,000	Design, manufacture and sale of integrated circuits

Note: Information as of March 28, 2024.

(III) Information on common shareholders of treated as controlled companies and affiliates: Not Applicable

(IV) Industry and relationship of the overall business of the affiliates

(V) The Company and its affiliates engage in the design, sales and investment of IC products.

(VI) Information on the directors, supervisors and president of affiliates

Name of Affiliates	Position	Name or Representative	Shareholding	
			Number of Shares	Shareholdings
HuiTong Intelligence Co., Ltd.	Chairman Director	Le-Tien Jung Silicon Integrated Systems Corp.	0 10,200,000	0% 51.00%
Mars Investments Limited	Director	Representative of Silicon Integrated Systems Corp.: Po-Wen Huang	6,687,100	100%
SiS Technology (Shenzhen) Co., Ltd	Executive Director	Mars Investments Limited Representative: Po-Wen Huang	-	100%
Suzhou MLight Electronics Co., Ltd.	Executive Director	Mars Investments Limited Representative: Po-Wen Huang	-	100%

Note: Information as of March 28, 2024.

(VII) Operation of affiliates

Currency Unit: NT\$'000, except for earnings (loss) per share

Name of Affiliates	Capital	Total Assets	Total Liabilities	Net Value	Operating Income for the Period	Operating Profit for the Period	Profit or Loss (After Tax) for the Period	Earnings per Share (After Tax)
HuiTong Intelligence Co., Ltd.	200,000	98,043	15,390	82,653	61,270	(26,229)	(25,681)	(1.28)
Mars Investments Limited	204,443	15,022	0	15,022	(6,173)	(6,227)	(6,216)	(0.93)
SiS Technology (Shenzhen) Co., Ltd	9,320	13,246	748	12,498	7,429	1,446	1,491	Not Applicable
Suzhou MLight Electronics Co., Ltd.	148,975	2,340	414	1,926	15,550	(6,989)	(7,664)	Not Applicable

Note: Information as of December 31, 2023, which is the parent company financial statements.

(VIII) Report of Affiliates

A. Relationship overview between the subsidiaries and the holding company

Name of Holding Company	Reason of Holding	Shareholdings and Pledges of Holding Company			Directors, Supervisors, and Managers	
		Number of Shares Held	Shareholdings	Pledged Shares	Position	Name
HuiTong Intelligence Co., Ltd.	Director	10,200,000	51.00%	0	Chairman Director	Le-Tien Jung Po-Wen Huang
Mars Investments Limited	Director	6,687,100	100%	0	Director	Po-Wen Huang
SiS Technology (Shenzhen) Co., Ltd	Executive Director	-	100%	0	Executive Director	Po-Wen Huang
Suzhou MLight Electronics Co., Ltd.	Executive Director	-	100%	0	Executive Director	Po-Wen Huang

Note: Information as of December 31, 2023, which is the parent company financial statements.

B. Transactions

- (1) Import and export transactions: In 2023, the Company's sales to Suzhou MLight Electronics Co., Ltd. amounted to NT\$7,807 thousand.
- (2) Property transactions: None
- (3) Lease of assets: None
- (4) Other significant transactions: None

C. Endorsements and guarantees: None

D. Derivative transactions: None

(IX) Consolidated financial statements of affiliates

Statement of Declaration

The entities that are required to be included in the consolidated financial statements of the Company as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, the Company and subsidiaries do not prepare a separate set of consolidated financial statements.

Sincerely,

Silicon Integrated Systems Corp.

Person in charge: Stan Hung

February 26, 2024

- II. In the past year and up to the date of publication of the Annual Report, the Company had no private placement of marketable securities.**
- III. In the past year and up to the date of publication of the Annual Report, the subsidiaries did not hold or dispose of the Company's shares.**
- IV. Other necessary supplementary information: None.**
- V. In the past year and up to the date of publication of the Annual Report, there were no events that had a significant impact on shareholders' equity or the securities price as defined in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act.**

Chapter 8 Financial Overview

I. Condensed Balance Sheet of the Most Recent Year

(I) IFRS Condensed Parent Company Only Balance Sheet

Currency Unit: NT\$'000

Item/Year		Financial Information for the Most Recent 5 Years				
		2023	2022	2021	2020	2019
Current assets		4,102,940	1,585,775	808,213	874,160	1,039,912
Property, plant and equipment		738,438	733,251	734,499	742,862	756,066
Intangible assets		3,046	3,837	4,628	5,764	7,045
Other Assets		14,275,558	13,129,021	21,783,175	15,939,902	5,966,498
Total Assets		19,119,982	15,451,884	23,330,515	17,562,688	7,769,521
Current liabilities	Before distribution	124,979	84,613	88,043	58,549	67,107
	After distribution	(Note 3)	44,086	72,273	58,549	67,107
Non-current liabilities		4,486	6,820	6,259	5,942	6,906
Total Liabilities	Before distribution	129,465	91,433	94,302	64,491	74,013
	After distribution	(Note 3)	50,906	78,532	64,491	74,013
Share capital		7,495,894	7,495,894	6,814,449	6,309,675	5,540,625
Capital surplus		83,210	85,303	81,798	85,807	6,445
Retained earnings	Before distribution	4,191,021	2,847,806	3,214,463	3,957,463	5,209,558
	After distribution	(Note 3)	2,098,217	1,987,862	3,957,463	5,209,558
Other equity interest		7,220,392	4,931,448	13,125,503	7,145,252	(2,878,280)
Treasury stock		-	-	-	-	(182,840)
Total equity	Before distribution	18,990,517	15,360,451	23,236,213	17,498,197	7,695,508
	After distribution	(Note 3)	14,610,862	22,691,057	17,498,197	7,695,508

Note1. The above financial information has been audited by the CPAs.

Note2. The Company does not have the most recent financial statements as of the date of publication of the Annual Report.

Note3. Subject to the approval at the 2024 annual shareholders' meeting

(II) IFRS Condensed Consolidated Balance Sheet

Currency Unit: NT\$'000

Item/Year		Financial Information for the Most Recent 5 Years				
		2023	2022	2021	2020	2019
Current assets		4,210,454	1,685,268	878,580	957,445	1,093,145
Property, plant and equipment		744,628	742,521	747,713	749,534	756,976
Intangible assets		7,566	4,958	6,507	7,054	7,045
Other Assets		14,214,358	13,071,647	21,742,223	15,880,076	5,921,489
Total Assets		19,177,006	15,504,394	23,375,023	17,594,109	7,778,655
Current liabilities	Before distribution	141,111	100,123	105,676	73,859	76,116
	After distribution	(Note 3)	59,596	89,906	73,859	76,116
Non-current liabilities		4,878	9,687	6,509	12,675	7,031
Total Liabilities	Before distribution	145,989	109,810	112,185	86,534	83,147
	After distribution	(Note 3)	69,283	96,415	86,534	83,147
Equity attributable to owners of the parent company		18,990,517	15,360,451	23,236,213	17,498,197	7,695,508
Share capital		7,495,894	7,495,894	6,814,449	6,309,675	5,540,625
Capital surplus		83,210	85,303	81,798	85,807	6,445
Retained earnings	Before distribution	4,191,021	2,847,806	3,214,463	3,957,463	5,209,558
	After distribution	(Note 3)	2,098,217	1,987,862	3,957,463	5,209,558
Other equity interest		7,220,392	4,931,448	13,125,503	7,145,252	(2,787,280)
Treasury stock		-	-	-	-	(182,840)
Non-controlling interest		40,500	34,133	26,625	9,378	-
Total equity	Before distribution	19,031,017	15,394,584	23,262,838	17,507,575	7,695,508
	After distribution	(Note 3)	14,644,995	22,717,682	17,507,575	7,695,508

Note1. The above financial information has been audited by the CPAs.

Note2. The Company does not have the most recent financial statements as of the date of publication of the Annual Report.

Note3. Subject to the approval at the 2024 annual shareholders' meeting

II. Condensed Income Statement of the Most Recent Year

(I) IFRS Condensed Parent Company Only Income Statement

Currency Unit: NT\$'000

Item/Year	Financial Information for the Most Recent 5 Years				
	2023	2022	2021	2020	2019
Sales revenue	118,171	143,354	237,235	136,621	208,639
Gross profit	19,934	(9,558)	78,255	37,230	74,653
Operating loss	(422,738)	(404,595)	(285,299)	(414,064)	(335,281)
Non-operating income and expenses	1,053,141	943,029	494,825	158,061	117,982
Profit (Loss) before income tax	630,403	538,434	209,526	(256,003)	(217,299)
Net Income from continuing operations	571,261	483,657	198,311	(299,468)	(224,691)
Net income	571,261	483,657	198,311	(299,468)	(224,691)
Other income (net amount after tax) for the period	3,810,487	(7,817,768)	6,048,488	10,032,217	1,662,113
Total comprehensive income for the period	4,381,748	(7,334,111)	6,246,799	9,732,749	1,437,422
Earnings per share	0.76	0.65	0.26	(0.45)	(0.37)

Note1. The above financial information has been audited by the CPAs.

Note2. The Company does not have the most recent financial statements as of the date of publication of the Annual Report.

(II) IFRS Condensed Consolidated Income Statement

Currency Unit: NT\$'000

Item/Year	Financial Information for the Most Recent 5 Years				
	2023	2022	2021	2020	2019
Sales revenue	187,184	182,202	252,153	160,171	222,952
Gross profit	56,676	4,640	84,487	45,135	86,889
Operating loss	(451,166)	(463,840)	(355,457)	(447,574)	(355,576)
Non-operating income and expenses	1,069,171	982,524	551,378	190,804	138,391
Profit (Loss) before income tax	618,005	518,684	195,921	(256,570)	(217,185)
Net Income from continuing operations	558,841	463,903	184,678	(300,090)	(224,691)
Net income	3,810,487	(7,817,768)	184,678	(300,090)	(224,691)
Other income (net amount after tax) for the period	4,369,328	(7,353,865)	6,048,488	10,032,217	1,662,113
Total comprehensive income for the period	4,369,328	(7,353,865)	6,233,166	9,732,127	1,437,422
Net income attributable to owners of the parent company	571,261	483,657	198,311	(299,468)	(224,691)
Net income attributable to non-controlling interests	(12,420)	(19,754)	(13,633)	(622)	-
Comprehensive income attributable to owners of the parent company	4,381,748	(7,334,111)	6,246,799	9,732,749	1,437,422
Comprehensive income attributable to non-controlling interests	(12,420)	(19,754)	(13,633)	(622)	-
Earnings per share	0.76	0.65	0.26	(0.45)	(0.37)

Note1. The above financial information has been audited by the CPAs.

Note2. The Company does not have the most recent financial statements as of the date of publication of the Annual Report.

Names and auditing opinions of the CPAs

Year	Name of CPA Firm	Name of CPA	Audit Opinion
2023	Ernst & Young	Shen-Jie Hu, Hsin-Min Hsu	Unqualified opinion
2022	Ernst & Young	Shao-Pin Kuo, Hsin-Min Hsu	Unqualified opinion
2021	Ernst & Young	Shao-Pin Kuo, Hsin-Min Hsu	Unqualified opinion
2020	Ernst & Young	Shao-Pin Kuo, Hsin-Min Hsu	Unqualified opinion
2019	Ernst & Young	Shao-Pin Kuo, Chia-Ling Tu	Unqualified opinion

III. Financial Analyses of the Most Recent Year

(I) IFRS Parent Company Only Financial Statement

Analysis Item/Year		Financial analysis for the most recent 5 years				
		2023	2022	2021	2020	2019
Financial structure (%)	Debt to asset ratio	0.68	0.59	0.40	0.37	0.95
	Ratio of long-term capital to property, plant, and equipment	2,571.71	2,094.84	3,163.55	2,355.51	1,017.84
Solvency (%)	Current ratio	3,282.90	1,874.15	917.98	1,493.04	1,549.63
	Quick ratio	3,236.25	1,749.47	782.60	1,384.07	1,453.16
	Interest coverage ratio	28,822.76	41,075.69	34,525.67	-	-
Operating ability	Accounts receivable turnover rate (times)	8.12	4.36	6.00	5.16	5.95
	Average days for cash receipts	44.95	83.72	60.83	70.74	61.34
	Inventory turnover rate (times)	0.53	0.78	0.97	0.72	0.87
	Accounts payable turnover rate (times)	32.53	11.71	7.85	6.70	8.54
	Average days for sale of goods	688.68	467.95	376.29	506.94	419.54
	Property, plant, and equipment turnover rate (times)	0.16	0.20	0.32	0.18	0.27
	Total assets turnover rate	0.01	0.01	0.01	0.01	0.03
Profitability	Return on assets (%)	3.31	2.49	0.97	(2.36)	(3.17)
	Equity return ratio (%)	3.33	2.51	0.97	(2.38)	(3.21)
	Ratio of net profit before tax to paid-in capital (%)	8.41	7.18	3.07	(4.06)	(3.92)
	Net profit margin (%)	483.42	337.39	83.59	(219.20)	(107.69)
	Earnings per share (NT\$)	0.76	0.65	0.26	(0.45)	(0.37)
Cash flows	Cash flow ratio (%)	(207.17)	(429.56)	(369.54)	(577.81)	(388.33)
	Cash flow adequacy ratio (%)	(73.08)	(118.92)	(179.68)	(468.20)	(1,268.95)
	Cash reinvestment ratio (%)	(5.01)	(5.45)	(3.39)	(2.76)	(2.91)
Leverage	Operating leverage	-	-	-	-	-
	Financial leverage	-	-	-	-	-

Reasons for the changes in financial ratios for the last two years are as follows

1. Financial structure: The increase in liabilities to asset ratio was due to the increase in current liabilities during the period.
2. Solvency: The increase in the current ratio and quick ratio was due to the increase in cash.
3. Operating Capacity: The decrease in inventory and in cost of goods sold resulted in the decrease in inventory turnover rate and the increase in average days for sale of goods
4. Profitability: Mainly due to the increase in dividend income.
5. Cash Flow: Mainly due to the increase in cash dividend for the period

Note: The above financial information has been audited by the CPAs.

Note: The calculation of earnings (loss) per share is based on the weighted average number of shares outstanding during the year.

Note: The formula for calculating financial ratios is shown on the following page:

1. Financial structure
 - (1) Debt ratio = Total liabilities/Total assets.
 - (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net value of property, plant, and equipment.
2. Solvency
 - (1) Current ratio = Current assets/Current liabilities.
 - (2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities.
 - (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.
3. Operating ability
 - (1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover rate = Net sales/Average balance of accounts receivable (including accounts receivable and notes receivable generated from operations) for each period.
 - (2) Average days for cash receipts = 365/Accounts receivable turnover rate.
 - (3) Inventory turnover rate = Cost of goods sold/Average inventories.
 - (4) Accounts payable (including accounts payable and notes payable generated from operations) turnover rate = Cost of goods sold/Average balance of accounts payable (including accounts payable and notes payable generated from operations) for each period.
 - (5) Average days for sale of goods = 365/Inventory turnover rate.
 - (6) Property, plant, and equipment turnover rate = Net sales/Average net property, plant, and equipment.
 - (7) Total assets turnover rate = Net sales/Average total assets.
4. Profitability
 - (1) Return on assets = [Income after tax + Interest expenses x (1 - tax rate)]/Average total assets.
 - (2) Return on equity = Income after tax/Average total equity.
 - (3) Net profit margin = Income after tax/Net sales.
 - (4) Earnings per share = (Income attributable to owners of the parent - preferred stock dividends)/Weighted average number of shares issued.
5. Cash flows
 - (1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.
 - (2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year (sum of capital expenditure, inventory additions and cash dividends).
 - (3) Cash reinvestment ratio = (Net cash flows from operating - cash dividends)/(Gross amount of property, plant, and equipment + Long term investment + Other non-current assets + Working capital).
6. Leverage:
 - (1) Operating leverage = (Net Sales-Variable Cost and expense) / Income from Operations
 - (2) Financial leverage = Operating income/(Operating income - Interest expenses).

(II) IFRS Consolidated Financial Statement

Analysis Item/Year		Financial analysis for the most recent 5 years				
		2023	2022	2021	2020	2019
Financial structure (%)	Debt to asset ratio	0.76	0.71	0.48	0.49	1.07
	Ratio of long-term capital to property, plant, and equipment	2,555.78	2,073.29	3,111.20	2,335.79	1,016.61
Solvency (%)	Current ratio	2,983.79	1,683.20	831.39	1,296.31	1,436.16
	Quick ratio	2,930.23	1,563.87	694.06	1,184.65	1,328.41
	Interest coverage ratio	2,645.16	2,692.30	456.09	-	-
Operating ability	Accounts receivable turnover rate (times)	11.60	9.40	9.46	5.13	6.83
	Average days for cash receipts	31.47	38.83	38.58	71.15	53.44
	Inventory turnover rate (times)	0.61	0.77	0.85	0.69	0.76
	Accounts payable turnover rate (times)	42.34	13.59	8.28	7.50	8.39
	Average days for sale of goods	598.36	474.03	429.41	528.99	480.26
	Property, plant, and equipment turnover rate (times)	0.25	0.24	0.34	0.21	0.29
	Total assets turnover rate	0.01	0.01	0.01	0.01	0.03
Profitability	Return on assets (%)	3.22	2.39	0.90	(2.36)	(3.17)
	Equity return ratio (%)	3.25	2.40	0.91	(2.38)	(3.21)
	Ratio of net profit before tax to paid-in capital (%)	8.24	6.92	2.88	(4.07)	(3.92)
	Net profit margin (%)	298.55	254.61	73.24	(187.36)	(100.78)
	Earnings per share (NT\$)	0.76	0.65	0.26	(0.45)	(0.37)
Cash flows	Cash flow ratio (%)	(199.92)	(431.91)	(337.43)	(469.58)	(386.78)
	Cash flow adequacy ratio (%)	(81.39)	(127.63)	(185.61)	(480.31)	(1,241.96)
	Cash reinvestment ratio (%)	(5.11)	(5.85)	(3.51)	(2.87)	(3.29)
Leverage	Operating leverage	-	-	-	-	-
	Financial leverage	-	-	-	-	-

Reasons for the changes in financial ratios for the last two years are as follows

1. Financial structure: The increase in liabilities to asset ratio was due to the increase in current liabilities during the period.
2. Solvency: The increase in the current ratio and quick ratio was due to the increase in cash.
3. Operating Capacity: The decrease in inventory and in cost of goods sold resulted in the decrease in inventory turnover rate and the increase in average days for sale of goods
4. Profitability: Mainly due to the increase in dividend income.
5. Cash Flow: Mainly due to the increase in cash dividend for the period

Note: The above financial information has been audited by the CPAs.

Note: The calculation of earnings (loss) per share is based on the weighted average number of shares outstanding during the year.

Note: The formula for calculating financial ratios is shown on the following page:

1. Financial structure
 - (1) Debt ratio = Total liabilities/Total assets.
 - (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net value of property, plant, and equipment.
2. Solvency
 - (1) Current ratio = Current assets/Current liabilities.
 - (2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities.
 - (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.
3. Operating ability
 - (1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover rate = Net sales/Average balance of accounts receivable (including accounts receivable and notes receivable generated from operations) for each period.
 - (2) Average days for cash receipts = 365/Accounts receivable turnover rate.
 - (3) Inventory turnover rate = Cost of goods sold/Average inventories.
 - (4) Accounts payable (including accounts payable and notes payable generated from operations) turnover rate = Cost of goods sold/Average balance of accounts payable (including accounts payable and notes payable generated from operations) for each period.
 - (5) Average days for sale of goods = 365/Inventory turnover rate.
 - (6) Property, plant, and equipment turnover rate = Net sales/Average net property, plant, and equipment.
 - (7) Total assets turnover rate = Net sales/Average total assets.
4. Profitability
 - (1) Return on assets = [Income after tax + Interest expenses x (1 - tax rate)]/Average total assets.
 - (2) Return on equity = Income after tax/Average total equity.
 - (3) Net profit margin = Income after tax/Net sales.
 - (4) Earnings per share = (Income attributable to owners of the parent - preferred stock dividends)/Weighted average number of shares issued.
5. Cash flows
 - (1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.
 - (2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year (sum of capital expenditure, inventory additions and cash dividends).
 - (3) Cash reinvestment ratio = (Net cash flows from operating - cash dividends)/(Gross amount of property, plant, and equipment + Long term investment + Other non-current assets + Working capital).
6. Leverage:
 - (1) Operating leverage = (Net Sales-Variable Cost and expense) / Income from Operations
 - (2) Financial leverage = Operating income/(Operating income - Interest expenses).

IV. In the past year and up to the date of publication of the Annual Report, the Company and its affiliates have no financial difficulties.

V. Audit Committee's Review Report

Silicon Integrated Systems Corp.

Audit Committee's Review Report

The 2023 financial statements (including consolidated financial statements) of the Company prepared and delivered by the Board of Directors had been jointly audited by CPA Shen-Jie Hu, Hsin-Min Hsu from Ernst & Young Global Limited, who hold sufficient opinion that the above documents fairly present the financial status, operating result and cash flow of the Company. The Business Report and the earnings distribution have been reviewed by the Audit Committee, who has not found any inconsistencies with applicable laws in the review of the aforementioned documents. Therefore, the Audit Committee hereby issues this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

Silicon Integrated Systems Corp. 2024 Annual Shareholders' Meeting

Convener of the Audit Committee: Ya-Ching Li

February 26, 2024

VI. Consolidated Financial Statements

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Silicon Integrated Systems Corp.

Consolidated Financial Statements With Report of Independent Accountants

2023 and 2022

REPRESENTATION LETTER

The entities included in the consolidated financial statements as of December 31, 2023 and for the year then ended prepared under the International Financial Reporting Standards, No.10 are the same as the entities to be included in the combined financial statements of the Company, if any to be prepared, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (referred to as “Combined Financial Statements”). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. Accordingly, the Company did not prepare any other set of Combined Financial Statements than the Consolidated Financial Statements.

Very truly yours,

Silicon Integrated Systems Corporation

Chairman: Stan Hung

February 26, 2024

Independent Auditors' Report Originally Issued in Chinese

To Silicon Integrated Systems Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Silicon Integrated Systems Corporation and its subsidiaries (“the Group”) as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of material accounting policies (together “the consolidated financial statements”).

In our opinion, based on our audits and the reports of the other auditors (please refer to the *Other Matter – Making Reference to the Audits of Other Auditors* section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and their consolidated financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by 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 (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of the other auditors, 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 2023 consolidated financial statements. 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.

Revenue recognition

The Group recognized NT\$187,184 thousand as net sales for the year ended December 31, 2023. Sales of products is the main operating activity of the Group. Its sale regions include not only Taiwan but also Asia and other regions. Trade terms of sales of products under each sale order may be different. It is necessary for the Group to judge and determine the performance obligations and the timing of its satisfaction under each sale order. As a result, we determined the matter to be a key audit matter.

Our audit procedures include (but are not limited to) evaluating and testing the effectiveness of internal control which is related to the timing of revenue recognition; assessing the appropriateness of the accounting policy for revenue recognition; performing test of details on samples selected; tracing to relevant documentation of transactions, reviewing the significant terms of sale orders and agreements, identifying the performance obligations of the sale orders and agreements and timing of its satisfaction, performing cutoff procedures on selected samples for a period before and after reporting date, tracing to relevant documentation to verify the appropriateness of the timing of revenue recognition, and reviewing significant sales allowance and reversals in subsequent period. Please refer to Note 4 and Note 6 in notes to the consolidated financial statements.

Other Matter – Making Reference to the Audits of Other Auditors

We did not audit the financial statements of certain consolidated subsidiaries, whose statements reflect total assets of NT\$98,043 thousand and NT\$86,792 thousand, constituting 1% and 1% of consolidated total assets as of December 31, 2023 and 2022, respectively, and total operating revenues of NT\$61,270 thousand and NT\$17,589 thousand, constituting 33% and 10% of consolidated operating revenues for the years ended December 31, 2023 and 2022, respectively. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors.

We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of the other auditors. These associates and joint ventures under equity method amounted to NT\$35,609 thousand and NT\$82,638 thousand, representing 0.2% and 1% of consolidated total assets as of December 31, 2023 and 2022, respectively. The related shares of losses from the associates and joint ventures under the equity method amounted to NT\$53,410 thousand and NT\$18,970 thousand, representing (9)% and (4)% of the consolidated net income before tax for the years ended December 31, 2023 and 2022, respectively.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Group, 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 audit committee, are responsible for overseeing the financial reporting process of the Group.

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 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 internal control of the Group.
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 ability to continue as a going concern of the Group and its subsidiaries. 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 and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the 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 2022 consolidated financial statements 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.

Others

We have audited and expressed an unqualified opinion on the parent company only financial statements of Silicon Integrated Systems Corporation as of and for the years ended December 31, 2023 and 2022.

Hu, Shen-Chieh

Hsu, Hsin-Min

Ernst & Young, Taiwan

February 26, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations 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 accepted and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SILICON INTEGRATED SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2023 and December 31, 2022
(Expressed in thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2023	%	December 31, 2022	%
Current assets					
Cash and cash equivalents	4, 6(1)	\$ 3,758,872	20	\$ 1,475,986	10
Financial assets measured at amortized cost – current	4, 6(3), 8, 12	357,658	2	9,641	-
Account receivable, net	4, 6(4), 6(12), 12	15,461	-	15,315	-
Accounts receivable - related parties, net	4, 6(4), 6(12), 7, 12	272	-	919	-
Other receivables	12	2,619	-	63,934	-
Inventories, net	4, 5, 6(5)	62,141	-	100,525	1
Prepayments		5,300	-	3,463	-
Other current assets		8,131	-	15,485	-
Total current assets		4,210,454	22	1,685,268	11
Non-current assets					
Financial assets at fair value through other comprehensive income – non-current	4, 6(2), 12	14,095,365	74	12,904,748	83
Investments accounted for using the equity method	4, 6(6)	35,609	-	82,638	1
Property, plant and equipment	4, 5, 6(7)	744,628	4	742,521	5
Right-of-use assets	4, 6(13)	4,184	-	7,954	-
Intangible assets	4, 6(8)	7,566	-	4,958	-
Deferred tax assets	4, 5, 6(17)	1,095	-	125	-
Prepayment for equipment		-	-	175	-
Refundable deposits	12	3,349	-	1,929	-
Net defined benefit assets – non-current	4, 6(9)	74,756	-	74,078	-
Total non-current assets		14,966,552	78	13,819,126	89
Total assets		\$ 19,177,006	100	\$ 15,504,394	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SILICON INTEGRATED SYSTEMS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2023 and December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2023	%	December 31, 2022	%
Current liabilities					
Contract liabilities – current	6(11)	2,055	-	2,992	-
Accounts payable	12	3,494	-	1,863	-
Accounts payable - related parties	7, 12	650	-	158	-
Other payables	12	121,615	1	80,759	1
Other payables - related parties	7, 12	-	-	897	-
Payables on equipment	12	5,528	-	2,058	-
Lease liabilities – current	4, 6(13), 12	3,567	-	4,676	-
Other current liabilities		3,969	-	3,099	-
Refund liabilities		233	-	3,621	-
Total current liabilities		141,111	1	100,123	1
Non-current liabilities					
Deferred tax liabilities	4, 5, 6(17)	306	-	2,612	-
Lease liabilities – non-current	4, 6(13), 12	692	-	3,303	-
Guarantee deposits	12	3,880	-	3,772	-
Total non-current liabilities		4,878	-	9,687	-
Total liabilities		145,989	1	109,810	1
Equity					
Capital					
Common stock	6(10)	7,495,894	39	7,495,894	48
Additional paid-in capital	4,6(10)	83,210	-	85,303	1
Retained earnings	6(10)				
Legal reserve		515,141	3	429,146	3
Unappropriated earnings		3,675,880	19	2,418,660	15
Other components of equity		7,220,392	38	4,931,448	32
Equity attributable to the parent company		18,990,517	99	15,360,451	99
Non-controlling interests	4	40,500	-	34,133	-
Total equity		19,031,017	99	15,394,584	99
Total liabilities and equity		\$ 19,177,006	100	\$ 15,504,394	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SILICON INTEGRATED SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2023 and 2022
(Expressed in thousands of New Taiwan Dollars, except for earnings per share)

Description	Notes	For the years ended December 31		%	%
		2023	2022		
Operating revenues	4, 6(11), 7, 14	\$ 187,184	\$ 182,202	100	100
Operating costs	6(5), 6(14), 7	(130,508)	(177,562)	(70)	(98)
Gross profit		56,676	4,640	30	2
Operating expenses	6(8), 6(12), 6(14), 7				
Selling expenses		(47,498)	(74,211)	(25)	(41)
Administrative expenses		(154,370)	(128,061)	(82)	(70)
Research and development expenses		(305,968)	(266,178)	(163)	(146)
Expected credit loss		(6)	(30)	-	-
Total operating expenses		(507,842)	(468,480)	(270)	(257)
Operating losses		(451,166)	(463,840)	(240)	(255)
Non-operating income and expenses	4, 6(6), 6(15)				
Interest income		25,713	4,645	14	3
Other income		1,098,915	994,464	587	546
Other gains and losses		(1,823)	2,576	(1)	1
Financial costs		(224)	(191)	-	-
Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using equity method		(53,410)	(18,970)	(29)	(10)
Total non-operating income and expenses		1,069,171	982,524	571	540
Income before income tax		618,005	518,684	331	285
Income tax expense	4, 5, 6(17)	(59,164)	(54,781)	(33)	(30)
Net income		558,841	463,903	298	255
Other comprehensive income	6(16)				
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans		1,530	14,866	1	8
Unrealized gains or losses from equity instrument investments measured at fair value through other comprehensive income	6(9)	3,808,786	(7,832,837)	2,036	(4,299)
Income tax relating to items that will not be reclassified to profit or loss		(306)	-	-	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences resulting from translating the financial statements of foreign operations		(618)	203	-	-
Income tax relating to items that may be reclassified to profit or loss		1,095	-	-	-
Other comprehensive income (loss), net of tax		3,810,487	(7,817,768)	2,037	(4,291)
Total comprehensive income		\$ 4,369,328	\$ (7,353,865)	2,335	(4,036)
Net income (loss) attributable to:					
Stockholders of the parent		\$ 571,261	\$ 483,657	305	266
Non-controlling interests		(12,420)	(19,754)	(7)	(11)
Comprehensive income (loss) attributable to:					
Stockholders of the parent		\$ 4,381,748	\$ (7,334,111)	2,342	(4,025)
Non-controlling interests		(12,420)	(19,754)	(7)	(11)
Earnings per share (NT\$)					
Earnings per share-basic		\$ 4,369,328	\$ (7,353,865)	2,335	(4,036)
Earnings per share-diluted	6(18)	\$ 0.76	\$ 0.65		
		\$ 0.76	\$ 0.64		

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SILICON INTEGRATED SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2023 and 2022
(Expressed in thousands of New Taiwan Dollars)

Description	Equity Attributable to the Parent							Non-controlling Interests	Total Equity
	Retained Earnings			Other Equity					
	Common Stock	Additional Paid-in Capital	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets Measured at Fair Value through Other Comprehensive Income	Total		
Balance as of January 1, 2022	\$ 6,814,449	\$ 81,798	\$ 402,492	\$ 2,811,971	\$ (5,059)	\$ 13,130,562	\$ 23,236,213	\$ 26,625	\$ 23,262,838
Appropriation and distribution of 2021 retained earnings	-	-	26,654	(26,654)	-	-	-	-	-
Legal reserve	-	-	-	(545,156)	-	-	(545,156)	-	(545,156)
Cash dividends	681,445	-	-	(681,445)	-	-	-	-	-
Share dividends	-	-	-	483,657	-	-	483,657	(19,754)	463,903
Net income for the year ended December 31, 2022	-	-	-	14,866	203	(7,832,837)	(7,817,768)	-	(7,817,768)
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	498,523	203	(7,832,837)	(7,334,111)	(19,754)	(7,353,865)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	3,238	(3,238)	-
Changes in subsidiaries' ownership	-	3,238	-	-	-	-	-	-	-
Disposal of equity instrument investments measured at fair value through other comprehensive income	-	267	-	-	-	-	267	-	267
Others	-	-	-	-	-	-	-	-	-
Non-controlling Interests	-	-	-	-	-	-	-	30,500	30,500
Balance as of December 31, 2022	\$ 7,495,894	\$ 85,303	\$ 429,146	\$ 2,418,660	\$ (4,856)	\$ 4,936,304	\$ 15,360,451	\$ 34,133	\$ 15,394,584
Balance as of January 1, 2023	\$ 7,495,894	\$ 85,303	\$ 429,146	\$ 2,418,660	\$ (4,856)	\$ 4,936,304	\$ 15,360,451	\$ 34,133	\$ 15,394,584
Appropriation and distribution of 2022 retained earnings	-	-	85,995	(85,995)	-	-	-	-	-
Legal reserve	-	-	-	(749,589)	-	-	(749,589)	-	(749,589)
Cash dividends	-	-	-	-	-	-	-	-	-
Other changes in capital surplus	-	(3,306)	-	-	-	-	(3,306)	-	(3,306)
Share of changes in associates and joint ventures accounted for using equity method	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2023	-	-	-	571,261	-	-	571,261	(12,420)	558,841
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	1,224	477	3,808,786	3,810,487	-	3,810,487
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	572,485	477	3,808,786	4,381,748	(12,420)	4,369,328
Changes in subsidiaries' ownership	-	1,213	-	-	-	-	1,213	(1,213)	-
Non-controlling Interests	-	-	-	-	-	(1,520,319)	-	20,000	20,000
Disposal of equity instrument investments measured at fair value through other comprehensive income	-	-	-	1,520,319	-	-	-	-	-
Balance as of December 31, 2023	\$ 7,495,894	\$ 83,210	\$ 515,141	\$ 3,675,880	\$ (4,379)	\$ 7,224,771	\$ 18,990,517	\$ 40,500	\$ 19,031,017

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SILICON INTEGRATED SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022
(Expressed in thousands of New Taiwan Dollars)

Description	For the years ended December 31,	
	2023	2022
Cash flows from operating activities :		
Net income before tax	\$ 618,005	\$ 518,684
Adjustments for:		
Adjustments to reconcile net income before tax to net cash provided by (used in) operating activities:		
Depreciation	21,043	26,245
Amortization	1,755	2,248
Expected credit loss	6	30
Interest expenses	224	191
Interest income	(25,713)	(4,645)
Dividend income	(1,059,038)	(955,802)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	53,410	18,970
Losses on disposal of property, plant, and equipment	37	238
Others	(4)	(18)
Changes in operating assets and liabilities:		
Accounts receivable	(146)	2,130
Accounts receivable - related parties	647	(214)
Other receivables	1,579	(1,881)
Inventories	38,384	18,453
Prepayments	(1,837)	2,397
Other current assets	7,354	4,797
Other operating assets	546	(41)
Contract liabilities	(937)	2,449
Accounts payable	1,631	(13,580)
Accounts payable - related parties	492	(8,511)
Other payables	40,856	20,715
Other payable - related parties	(897)	(1,742)
Other current liabilities	(2,518)	(2,049)
Cash used in operations	(305,121)	(370,936)
Interest received	24,724	4,155
Income tax paid	(1,715)	(65,664)
Net cash used in operating activities	(282,112)	(432,445)
Cash flows from investing activities :		
Acquisition of financial assets at fair value through other comprehensive income or loss	(2,150)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income or loss	2,620,319	831,121
Acquisition of financial assets measured at amortized cost	(348,017)	(17)
Acquisition of investments accounted for using the equity method	(10,000)	-
Acquisition of property, plant and equipment	(14,802)	(13,446)
Proceeds from disposal of property, plant and equipment	102	355
Increase in refundable deposits	(1,420)	-
Decrease in refundable deposits	-	519
Acquisition of intangible assets	(4,363)	(695)
Decrease in prepayment for equipment	175	2,727
Dividends received	1,059,038	955,802
Net cash provided by investing activities	3,298,882	1,776,366
Cash flows from financing activities :		
Increase in guarantee deposits	108	-
Cash payment for the principle portion of lease liabilities	(5,189)	(8,365)
Cash dividends	(749,589)	(545,156)
Change in non-controlling interests	20,000	30,500
Others	-	267
Net cash used in financing activities	(734,670)	(522,754)
Effect of exchange rate changes on cash and cash equivalents	786	(102)
Net increase in cash and cash equivalents	2,282,886	821,065
Cash and cash equivalents at beginning of the year	1,475,986	654,921
Cash and cash equivalents at end of the year	\$ 3,758,872	\$ 1,475,986

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SILICON INTEGRATED SYSTEMS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and Organization

Silicon Integrated Systems Corporation (“the Group” or “SIS”) was incorporated in August 26, 2006. The Company primarily engages in the R&D, production, manufacturing and selling of integrated circuits and the related components, system products, design of the integrated circuits, testing and assembly service of I/O precision packaging, and import and export business for the aforementioned products. On August 26, 1997, the shares of the Company were listed on the Taiwan Stock Exchange. The Company’s registered office and the main business location is at No. 180, Sec. 2, Gongdao 5th Rd., Hsinchu City, Taiwan (R.O.C.)

2. Date and Procedures of Authorization of Financial Statements for Issue

The consolidated financial statements for the years ended December 31, 2023 and 2022 were authorized for issue by the Board of Directors’ meeting on February 26, 2024.

3. Newly Issued or Revised Standards and Interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company and its subsidiaries (“the Group”) applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below:

Items	New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
a	Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants - Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	January 1, 2024

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(a) Classification of Liabilities as Current or Non-current - Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback - Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(c) Non-current Liabilities with Covenants - Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(d) Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The new or amended standards and interpretations have no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below:

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Items	New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Lack of Exchangeability - Amendments to IAS 21	January 1, 2025

- (a) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures.

The amendments address the inconsistency between the requirements in IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 “Business Combinations” between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or losses resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

- (b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model. Under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

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Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c) Lack of Exchangeability - Amendments to IAS 21

These amendments clarify the exchangeability and lack of exchangeability between currencies, how exchange rates are determined when a currency lacks exchangeability, and they add additional disclosure requirements when there is a lack of exchangeability of a currency. These amendments apply to fiscal years beginning on or after January 1, 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC, and the local effective dates are to be determined by FSC. The aforementioned standards and interpretations have no material impact on the Group.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The consolidated financial statements of the Group for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”), IFRSs, IASs, IFRIC and SIC which are endorsed by FSC (TIFRSs).

(2) Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

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(3) Basis of Consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- B. exposure, or rights, to variable returns from its involvement with the investee; and
- C. the ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- A. the contractual arrangement with the other vote holders of the investee;
- B. rights arising from other contractual arrangements;
- C. the Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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If the Company loses control of a subsidiary, it:

- A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- B. derecognizes the carrying amount of any non-controlling interest;
- C. recognizes the fair value of the consideration received;
- D. recognizes the fair value of any investment retained;
- E. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
- F. recognizes any resulting difference in profit or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Business nature	Percentage of Ownership	
			December 31, 2023	December 31, 2022
SIS	Mars Investments (SAMOA) Ltd.	General investing	100.00%	100.00%
SIS	HuiTong Intelligence Co., Ltd.	Develop various AIOT products and provide integrated solutions	51.00% (Note)	52.15%
Mars Investments (SAMOA) Ltd.	Shenzhen SiS Technology Co., Ltd.	Marketing and technical service business	100.00%	100.00%
Mars Investments (SAMOA) Ltd.	Suzhou Mlight Electronics Co., Ltd.	Design, production, and sales integrated circuits	100.00%	100.00%

Note:

HuiTong Intelligence Company Limited issued new shares in May 2023 that decreased the Company's percentage of ownership to 51%.

(4) Foreign Currency Transactions

The Group's consolidated financial statements are presented in NT\$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets

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and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 “Financial Instruments” are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of Financial Statements in Foreign Currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that results in a loss of control, loss of significant influence or joint control but retaining partial equity is considered a disposal.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange

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differences recognized in other comprehensive income is adjusted in “investments accounted for using the equity method”. In partial disposal of an associate or jointly joint venture that includes a foreign operation that does not result in a loss of significant influence or joint agreement, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and Non-Current Distinction

An asset is classified as current when:

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- B. The Group holds the asset primarily for the purpose of trading.
- C. The Group expects to realize the asset within twelve months after the reporting period.
- D. The asset is cash or cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Group expects to settle the liability in its normal operating cycle.
- B. The Group holds the liability primarily for the purpose of trading.
- C. The liability is due to be settled within twelve months after the reporting period.
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, (including time deposits with original maturities of three months or less).

(8) Financial Instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 “Financial Instruments” are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a) the Group’s business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

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- (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

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

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income is described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, at initial recognition, the Group makes an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity

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instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and should be presented as financial assets measured at fair value through other comprehensive income on balance sheet. Dividends on such investments are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investments.

Financial assets measured at fair value through profit or loss

Financial assets are classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets are measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Gains or losses resulting from remeasurement of such financial assets are recognized in profit or loss which includes any dividends or interest received from such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial assets measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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The loss allowance is measured as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial assets has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) the rights to receive cash flows from the asset have expired.
- (b) the Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- (c) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

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D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined)

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contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

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E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. in the principal market for the asset or liability; or
- B. in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques which are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

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Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - Purchase cost on first in first out.

Finished goods and work in progress - Stated at standard cost and the cost difference is allocated to the cost of goods sold and the inventory at the end of the period at the checkout, so that it is close to the weighted average cost valuation.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Investments accounted for using the equity method

An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the Group that has joint control of the arrangement has rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro rata basis.

When the associate or joint venture issues new shares, and the Group's interest in an associate or joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in capital surplus and investments accounted for using the equity method. When the interest in the

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associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 “Investments in Associates and Joint Ventures”. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the ‘share of profit or loss of an associate’ in the statement of comprehensive income in accordance with IAS 36 “Impairment of Assets”. In determining the value in use of the investment, the Group estimates:

- (1) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate or joint venture and the proceeds on the ultimate disposal of the investment; or
- (2) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for goodwill impairment testing in IAS 36 “Impairment of Assets”.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

(12) Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment loss, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for

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construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, Plant and Equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings and facilities	3-50 years
Machinery equipment	3-5 years
Transportation equipment	5 years
Office equipment	3-5 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of property, plant and equipment of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and such changes are treated as changes in accounting estimates.

(13) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether the contract, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component

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within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

The Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of

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the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use assets applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and presents interest expense separately from the depreciation charge associated with those leases in the consolidated income statement.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

The Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets

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held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash generated unit level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite useful life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in other operating income and expenses.

Research and development costs

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Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Group can demonstrate:

- A. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- B. its intention to complete and its ability to use or sell the asset;
- C. how the asset will generate future economic benefits;
- D. the availability of resources to complete the asset; and
- E. the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

	IPs	Computer software
Useful lives	Finite (3-5 years)	Finite (10 years)
Internally generated or acquired	Acquired	Acquired

Abovementioned intangible assets are amortized on a straight-line basis over the estimated useful life.

(15) Impairment of Non-Financial Assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 “Impairment of Assets” may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset’s or CGU’s recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase

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in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A CGU, or the groups of CGUs, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the CGU (groups of CGUs), then to the other assets of the unit (groups of units) pro rata on the basis of the carrying amount of each asset in the unit (groups of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Revenue Recognition

The Group's revenue arising from contracts with customers mainly include sale of goods. The accounting policies for the Group's types of revenue are explained as follows:

Sale of goods

The Group manufactures and sells merchandise. Sales are recognized when goods have been shipped and customers have obtained the control (the customer has the ability to direct the use of the goods and obtain substantially all of the remaining benefits from the goods). The main products of the Group are touch ICs and server and industrial computer ICs Sales transactions are usually accompanied by discounts. Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Based on previous experience, the Group uses the expected value method to estimate volume discounts. However, revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Refund liability is also recognized during the period specified in the contract.

The credit period of the Group's sale of goods is from 30 to 60 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the Group transfers the goods to customers and when the customers pay for that goods is usually short and has no significant financing component to the contract.

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(17) Post-Employment Benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Group recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the group recognizes related restructuring or termination costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(18) Income Tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

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Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The additional income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the stockholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not result in equivalent taxable and deductible temporary differences at the time of the transaction.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not result in equivalent taxable and deductible temporary differences at the time of the transaction.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are

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recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

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The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

A. Impairment of non-financial assets

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or CGU. The value in use calculation is based on a discounted cash flow model. The change in the assumptions of the estimate of the recoverable amount may affect the result of the impairment test.

B. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could cause future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6

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for more details on unrecognized deferred tax assets of the Group as of December 31, 2023.

C. Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	As of December 31,	
	2023	2022
Cash on hand and savings accounts	\$129,521	\$194,697
Time deposits	3,629,351	1,281,289
Total	<u>\$3,758,872</u>	<u>\$1,475,986</u>

(2) Financial assets at fair value through other comprehensive income - non-current

	As of December 31,	
	2023	2022
Equity instrument investments measured at fair value through other comprehensive income - non-current		
Listed companies' stocks	\$ 14,022,130	\$10,849,823
Unlisted companies' stocks	73,235	2,054,925
Total	<u>\$14,095,365</u>	<u>\$12,904,748</u>

Financial assets at fair value through other comprehensive income were not pledged.

The Group acquired the invested company recorded under Financial assets at fair value through other comprehensive income for NT\$2,150 thousand.

In consideration of the Group's investment strategy, during 2023, the Group disposed of certain unlisted shares (classified as financial assets measured at fair value through other comprehensive income) with fair value of NT\$2,620,319 thousand at the time of disposal.

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Related unrealized gain of NT\$1,520,319 thousand was transferred from other equity to retained earnings.

Please refer to Note 12 for more details on credit risk.

In consideration of the Group's investment strategy, during 2022, the Group disposed of certain listed shares (classified as financial assets measured at fair value through other comprehensive income) with fair value of NT\$831,121 thousand at the time of disposal. Related unrealized gain of NT\$361,421 thousand was transferred from other equity to retained earnings.

The Group has equity instrument investments measured at fair value through other comprehensive income. Details on dividends recognized for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
Related to investments held at the end of the reporting period	\$1,059,038	\$955,802
Related to investments derecognized during the period	-	-
Dividends recognized during the period	\$1,059,038	\$955,802

(3) Financial assets measured at amortized cost

	As of December 31,	
	2023	2022
Time deposits	\$357,658	\$9,641

The Group classified partial financial assets as financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge.

(4) Accounts receivables and Accounts receivables - related parties, net

	As of December 31,	
	2023	2022
Accounts receivable	\$15,461	\$15,627
Less: allowances for goods returns and discounts	-	-

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Less: loss allowance	-	(312)
Subtotal	15,461	15,315
Accounts receivable - related parties	272	919
Less: loss allowance	-	-
Subtotal	272	919
Total	\$15,733	\$16,234

Accounts receivable were not pledged.

Accounts receivable are generally on 30-60 day terms. The total carrying amount as of December 31, 2023 and 2022 were NT\$15,733 thousand and NT\$16,546 thousand, respectively. Please refer to Note 6.(12) for more details on loss allowance of accounts receivable for the years ended December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(5) Inventories

	As of December 31,	
	2023	2022
Raw materials	\$696	\$3,320
Work in process	36,152	42,524
Finished goods	25,293	54,681
Total	\$62,141	\$100,525

The cost of inventories recognized in expenses amounted to NT\$135,508 thousand, including the write-down of inventories of NT\$27,654 thousand and reversal of write-down of inventories of NT\$13,304 thousand for the year ended December 31, 2023.

The cost of inventories recognized in expenses amounted to NT\$177,562 thousand, including the write-down of inventories of NT\$54,471 thousand and reversal of write-down of inventories of NT\$26,075 thousand for the year ended December 31, 2022.

No inventories were pledged.

(6) Investments accounted for using the equity method

Details of the investments accounted for using the equity method are as follows:

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Investee companies	As of December 31,			
	2023		2022	
	Amount	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)
<u>Investments in associates</u>				
Vxis Technology Corporation	\$35,609	34.03	\$38,470	34.03
Goaltop Technology Corporation (NOTE A)	-	30.21	24,805	29.05
Haining Jingqi Technology Corporation	-	38.57	19,363	38.57
Total	<u>\$35,609</u>		<u>\$82,638</u>	

- A. The Group subscribed to the new shares issued by Goaltop Technology Corporation in the amount of NT\$10,000 thousand for the year ended December 31, 2023. Related registration processes were completed on May 18, 2023.

The Group's investments in Vxis Technology Corporation, Goaltop Technology Corporation and Haining Jingqi Technology Corporation are not individually material. The summarized financial information of the Group's ownership in those associates is as follows:

	For the years ended December 31,	
	2023	2022
Loss from continuing operations	\$(53,410)	\$(18,970)
Other comprehensive income (post-tax)	-	-
Total comprehensive income	<u>\$(53,410)</u>	<u>\$(18,970)</u>

As of December 31, 2023 and 2022, the aforementioned associates did not have contingent liabilities or capital commitments and the investments in associates were not pledged.

(7) Property, plant and equipment

	As of December 31,	
	2023	2022
Owner-occupied property, plant and equipment	<u>\$744,628</u>	<u>\$742,521</u>

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(a) Property, plant and equipment for own-use

	Land	Buildings and facilities	Machinery equipment	Transportation equipment	Office equipment	Total
Cost:						
As of January 1, 2023	\$476,328	\$997,030	\$429,422	\$2,071	\$145,585	\$2,050,436
Additions	-	16,361	633	-	1,278	18,272
Disposals	-	(39)	(104,602)	-	(56,217)	(160,858)
Exchange differences	-	-	-	-	(58)	(58)
As of December 31, 2023	<u>\$476,328</u>	<u>\$1,013,352</u>	<u>\$325,453</u>	<u>\$2,071</u>	<u>\$90,588</u>	<u>\$1,907,792</u>
As of January 1, 2022	\$476,328	\$985,441	\$429,378	\$2,071	\$146,016	\$2,039,234
Additions	-	11,589	360	-	1,612	13,561
Disposals	-	-	(316)	-	(2,162)	(2,478)
Exchange differences	-	-	-	-	119	119
As of December 31, 2022	<u>\$476,328</u>	<u>\$997,030</u>	<u>\$429,422</u>	<u>\$2,071</u>	<u>\$145,585</u>	<u>\$2,050,436</u>
Depreciation and Impairment:						
As of January 1, 2023	\$-	\$743,472	\$422,517	\$1,658	\$140,268	\$1,307,915
Depreciation	-	11,262	2,565	206	1,991	16,024
Disposals	-	(39)	(104,600)	-	(56,080)	(160,719)
Exchange differences	-	-	-	-	(56)	(56)
As of December 31, 2023	<u>\$-</u>	<u>\$754,695</u>	<u>\$320,482</u>	<u>\$1,864</u>	<u>\$86,123</u>	<u>\$1,163,164</u>
As of January 1, 2022	\$-	\$733,334	\$417,163	\$1,452	\$139,572	\$1,291,521
Depreciation	-	10,138	5,470	206	2,372	18,186
Disposals	-	-	(116)	-	(1,769)	(1,885)
Exchange differences	-	-	-	-	93	93
As of December 31, 2022	<u>\$-</u>	<u>\$743,472</u>	<u>\$422,517</u>	<u>\$1,658</u>	<u>\$140,268</u>	<u>\$1,307,915</u>
Net carrying amounts as of:						
December 31, 2023	<u>\$476,328</u>	<u>\$258,657</u>	<u>\$4,971</u>	<u>\$207</u>	<u>\$4,465</u>	<u>\$744,628</u>
December 31, 2022	<u>\$476,328</u>	<u>\$253,558</u>	<u>\$6,905</u>	<u>\$413</u>	<u>\$5,317</u>	<u>\$742,521</u>

(b) There was no interest capitalization during the year of 2023 and 2022.

(c) Main components of buildings include main building structure, electric engineering and air-conditioning equipment, etc., which are depreciated over useful lives of 50 years and 10 years, respectively.

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(d) Certain of the Group's R&D building land is farmland and therefore is registered under a third party's name. The farmland has been mortgaged to the Group for security.

(e) The investment activities partially influenced the cash flow are as follows:

	For the years ended December 31,	
	2023	2022
Acquisition of property, plant and equipment	\$18,272	\$13,561
Increase in payables to equipment	(3,470)	(115)
Total	\$14,802	\$13,446

(f) Property, plant and equipment were not pledged.

(8) Intangible assets

	Software	IPs	Total
Cost:			
As of January 1, 2023	\$14,746	\$265,866	\$280,612
Additions – acquired separately	363	4,000	4,363
Disposals	-	(67,840)	(67,840)
As of December 31, 2023	\$15,109	\$202,026	\$217,135
As of January 1, 2022	\$14,036	\$265,866	\$279,902
Additions – acquired separately	695	-	695
Exchange differences	15	-	15
As of December 31, 2022	\$14,746	\$265,866	\$280,612
Amortization and Impairment:			
As of January 1, 2023	\$9,788	\$265,866	\$275,654
Amortization	1,700	55	1,755
Disposals	-	(67,840)	(67,840)
As of December 31, 2023	\$11,488	\$198,081	\$209,569
As of January 1, 2022	\$7,529	\$265,866	\$273,395
Amortization	2,248	-	2,248
Exchange differences	11	-	11
As of December 31, 2022	\$9,788	\$265,866	\$275,654

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	Software	IPs	Total
Net carrying amount as of:			
December 31, 2023	\$3,621	\$3,945	\$7,566
December 31, 2022	\$4,958	\$-	\$4,958

The amortization expenses of intangible assets are as follows:

	For the years ended December 31,	
	2023	2022
Selling expenses	\$172	\$433
General and administrative expenses	473	536
Research and development expenses	1,110	1,279
Total	\$1,755	\$2,248

(9) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company would make monthly contributions to the employees' individual pension accounts at the amounts not less than 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employee's salaries or wages to the employee's individual pension accounts.

Pension benefits for employees of overseas subsidiaries are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were NT\$11,313 thousand and NT\$10,276 thousand, respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after

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the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is insufficient to cover pension benefit calculated for employees eligible to retire in the next year, the Company and its domestic subsidiaries would make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mentation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT\$0 to its defined benefit plan during the 12 months beginning after December 31, 2023.

The average duration of the defined benefit plan obligations were both 10 years as of December 31, 2023 and 2022.

The summarization of defined benefit plan reflected in profit or loss are as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Current service costs	\$78	255
Prior service costs	1,885	-
Net interest expense on the net defined benefit liabilities (assets)	(1,111)	(296)
Total	<u>\$852</u>	<u>\$(41)</u>

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Present value of defined benefit obligation and plan assets at fair value is as follows:

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Present value of defined benefit obligation	\$49,415	\$49,338	\$61,529
Fair value of plan assets	(124,171)	(123,416)	(120,700)
Net defined benefit (assets) liabilities, non-current	<u>\$(74,756)</u>	<u>\$(74,078)</u>	<u>\$(59,171)</u>

Reconciliation of liabilities (assets) of the defined benefit plan is as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
As of January 1, 2022	\$61,529	\$(120,700)	\$(59,171)
Current service costs	255	-	255
Net interest expense (income)	308	(604)	(296)
Subtotal	<u>62,092</u>	<u>(121,304)</u>	<u>(59,212)</u>
Remeasurements of the net defined benefit liability/asset:			
Actuarial gains and losses arising from changes in demographic assumptions	39	-	39
Actuarial gains and losses arising from changes in financial assumptions	(5,314)	-	(5,314)
Experience adjustments	(18)	-	(18)
Remeasurements of the defined benefit assets	-	(9,573)	(9,573)
Remeasurements of the defined benefit liabilities/assets	(7,461)	7,461	-
Subtotal	<u>(12,754)</u>	<u>(2,112)</u>	<u>(14,866)</u>
As of December 31, 2022	49,338	(123,416)	(74,078)
Current service costs	78	-	78
Prior service costs	1,885	-	1,885
Net interest expense (income)	740	(1,851)	(1,111)
Subtotal	<u>52,041</u>	<u>(125,267)</u>	<u>(73,226)</u>

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	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Remeasurements of the net defined benefit liability/asset:			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	1,140	-	1,140
Experience adjustments	(1,881)	-	(1,881)
Remeasurements of the defined benefit asset	-	(789)	(789)
Remeasurements of defined benefit liability/asset	(1,885)	1,885	-
Subtotal	(2,626)	1,096	(1,530)
As of December 31, 2023	\$49,415	\$(124,171)	\$(74,756)

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2023	2022
Discount rate	1.250%	1.500%
Expected rate of salary increases	3.500%	3.500%

A sensitivity analysis for significant assumptions as of December 31, 2023 and 2022 is as follows:

	Effect on the defined benefit obligation			
	2023		2022	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rates increase by 0.25%	\$-	\$1,140	\$-	\$1,211
Discount rates decrease by 0.25%	1,181	-	1,256	-
Expected salary increase by 0.25%	1,136	-	1,211	-
Expected salary decrease by 0.25%	-	1,103	-	1,174

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The sensitivity analysis shown above is based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(10) Equities

A. Common stock

The Company's authorized capital as of December 31, 2023 and 2022 were both NT\$18,000,000 thousand, amounting to 1,800,000 thousand shares, each at a par value of NT\$10. The Company's issued capital were both NT\$7,495,894 thousand, amounting to 749,589 thousand shares, as of December 31, 2023 and 2022, each at a par value of NT\$10.

B. Capital surplus

	As of December 31,	
	2023	2022
From share of changes in associates and joint ventures	\$3,878	\$7,184
Changes in subsidiaries ownership interest	4,451	3,238
Others	74,881	74,881
Total	<u>\$83,210</u>	<u>\$85,303</u>

According to the Company Act, the capital surplus shall not be used except for offset the deficit of the company. When a company incurs no loss, it may distribute the capital surplus generated from the excess of the issuance price over the par value of share capital and donations. The distribution could be made in cash to its shareholders in proportion to the number of shares being held by each of them.

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C. Retained earnings and dividend policy:

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- (a) reserve for tax payments;
- (b) offset accumulated losses in previous years, if any;
- (c) legal reserve, which is 10% of leftover profits;
- (d) allocation or reverse of special reserve as required by law or government authorities;
- (e) the board of directors will prepare a distribution proposal and submit the same to the shareholders' meeting for review and approval by a resolution.

Pursuant to existing regulations, the Company is required to set aside additional special reserve equivalent to the earnings for the year or undistributed retained earnings for prior year according to the debit balance of the components of shareholders' equity for the year (and prior year). For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

The FSC on March 31, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the special reserve in the amount equal to the reversal may be released for earnings distribution.

As of December 31, 2023 and 2022, special reserve set aside for the first-time adoption of TIFRS amounted to NT\$0.

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The appropriation of 2023 and 2022 earnings were approved and resolved by the Board of Directors' meeting and Shareholders' meeting on February 26, 2024 and June 6, 2023, respectively, are as follows:

	Appropriation of earnings		Dividends per share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$209,281	\$85,995		
Common stock - cash dividend	224,877	749,589	\$0.30	\$1.00

Please refer to Note 6. (14) for more details on employees' compensation and remuneration to directors.

(11) Operating revenue

A. Disaggregation of revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Sales of goods	\$187,184	\$182,202

Revenue from contracts with customers are all recognized at a point in time for the years ended December 31, 2023 and 2022.

B. Contract balances

Contract liabilities – current

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Sales of goods	\$2,055	\$2,992	\$543

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The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2023 and 2022 are as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Revenue recognized during the period that was included in the beginning balance	\$2,201	\$240
Increase in receipts in advance during the period	1,264	2,689

(12) Expected credit losses

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Operating expenses - expected credit loss		
Accounts receivable	<u>\$6</u>	<u>\$30</u>

Please refer to Note 12 for more details on credit risk.

The Group measures the allowance of its receivables (including accounts receivables and accounts receivables from related parties) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31, 2023 and 2022 is as follows:

As of December 31, 2023

	<u>Past due</u>						<u>Total</u>
	<u>Neither past due</u>	<u>Within 90 days</u>	<u>91-180 days</u>	<u>181-270 days</u>	<u>271-365 days</u>	<u>After 365 days</u>	
Gross carrying amount	\$10,585	\$5,148	\$-	\$-	\$-	\$-	\$15,733
Loss ratio	-	-	25%	50%	75%	100%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Carrying amount of trade receivables	<u>\$10,585</u>	<u>\$5,148</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$15,733</u>

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As of December 31, 2022

	Neither past due	Past due					Total
		Within 90 days	91-180 days	181-270 days	271-365 days	After 365 days	
Gross carrying amount	\$7,563	\$8,671	\$-	\$-	\$-	\$312	\$16,546
Loss ratio	-	-	25%	50%	75%	100%	
Lifetime expected credit losses	-	-	-	-	-	(312)	(312)
Carrying amount of trade receivables	\$7,563	\$8,671	\$-	\$-	\$-	\$-	\$16,234

The movements in the provision for impairment of accounts receivables for the years ended December 31, 2023 and 2022 are as follows:

	<u>Accounts receivables</u>
As of January 1, 2023	\$312
Increase for the current period	6
Write-off	(318)
As of December 31, 2023	<u>\$-</u>
As of January 1, 2022	\$3,979
Increase for the current period	30
Reversal for the current period	(3,752)
Effect of changes in exchange rate	55
As of December 31, 2022	<u>\$312</u>

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(13) Leases

A. The Group as lessee

The Group leases various property (buildings and facilities), machinery equipment and office equipment. These term of leases are between 1 and 5 years.

The effect that leases have on the financial position, financial performance and cash flows of the Group is as follows:

(a) Amounts recognized in the balance sheet

i. Right-of-use asset

The carrying amount of right-of-use assets

	As of December 31,	
	2023	2022
Buildings and facilities	\$3,816	\$7,473
Machinery equipment	-	5
Office equipment	368	476
Total	<u>\$4,184</u>	<u>\$7,954</u>

During the years ended December 31, 2023 and 2022, the Group's additions to right-of-use assets amounted to NT\$1,865 thousand and NT\$9,064 thousand, respectively.

ii. Lease liability

	As of December 31,	
	2023	2022
Lease liability	<u>\$4,259</u>	<u>\$7,979</u>
Lease liability-current	\$3,567	\$4,676
Lease liability-non-current	692	3,303
Total	<u>\$4,259</u>	<u>\$7,979</u>

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Please refer to Note 6.(15)4 for the interest on lease liability recognized during the years ended December 31, 2023 and 2022, and refer to Note 12.(5) for the maturity analysis of lease liabilities as of December 31, 2023 and 2022.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2023	2022
Buildings and facilities	\$4,906	\$7,890
Machinery equipment	5	63
Office equipment	108	106
Total	<u>\$5,019</u>	<u>\$8,059</u>

(c) Income and costs relating to leasing activities

	For the years ended December 31,	
	2023	2022
The expense relating to leases of low-value assets	<u>\$81</u>	<u>\$70</u>

(d) Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases amounted to NT\$5,270 thousand and NT\$8,435 thousand, respectively.

B. The Group as a lessor

The Group entered into an office lease agreement. As the lease did not transfer substantially all the risks and rewards incidental to the ownership of the underlying asset, the Group classified the lease as an operating lease.

	For the years ended December 31,	
	2023	2022
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	<u>\$30,944</u>	<u>\$30,616</u>

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The undiscounted lease payments to be received for the remaining years as of December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
Not later than one year	\$25,624	\$27,978
Later than one year and not later than two years	8,725	16,777
Later than two years and not later than three years	6,651	-
Total	\$41,000	\$44,755

(14) Employee Benefits, Depreciation and Amortization Expenses are summarized by Function as follows:

	For the years ended December 31,					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$11,118	\$319,572	\$330,690	\$9,245	\$275,287	\$284,532
Labor and health insurance	865	21,415	22,280	894	21,088	21,982
Pension	348	11,817	12,165	309	9,926	10,235
Directors' Remuneration to directors	-	6,928	6,928	-	11,579	11,579
Others	-	5,519	5,519	-	4,752	4,752
Total	\$12,331	\$365,251	\$377,582	\$10,448	\$322,632	\$333,080
Depreciation	\$478	\$20,565	\$21,043	\$493	\$25,752	\$26,245
Amortization	\$-	\$1,755	\$1,755	\$-	\$2,248	\$2,248

According to the Articles of Incorporation of the Company, no less than 5% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered (if any). The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the

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form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of current year, the Company estimated 8% and 1 % of the employees' compensation and remuneration to directors for the year ended December 31, 2023, respectively. The Company recognized the amounts of NT\$55,420 thousand and NT\$6,928 thousand of employees' compensation and remuneration to directors for the year ended December 31, 2023, respectively. The employees' compensation and remuneration to directors were recognized as salary expense. If the estimated amounts differ from the actual distribution resolved by the board of directors, the Company will recognize the change as an adjustment to income of next year. If the board of directors resolved to distribute employees' compensation in the form of stocks, then the number of stocks distributed as employees' compensation was calculated based on the closing price one day earlier than the date of resolution. A resolution was approved in a meeting of the Board of Directors held on February 26, 2024 to distribute the amounts of NT\$55,420 thousand and NT\$6,928 thousand in cash as employees' compensation and remuneration to directors, respectively.

Actual distribution of employees' compensation and remuneration to directors and supervisors in 2023 amounted to NT\$28,948 thousand and NT\$11,579 thousand, respectively. There were no difference between the aforementioned approved amounts and the amounts charged earning in 2022.

(15) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2023	2022
Financial assets measured at amortized cost	\$25,713	\$4,645

B. Other income

	For the years ended December 31,	
	2023	2022
Rental income	\$30,944	\$30,616
Dividend income	1,059,038	955,802
Others	8,933	8,046
Total	\$1,098,915	\$994,464

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C. Other gains and losses

	For the years ended December 31,	
	2023	2022
Foreign exchange (losses) gains, net	\$(1,764)	\$2,814
Losses on disposal of property, plant and equipment	(37)	(238)
Others	(22)	-
Total	<u>\$ (1,823)</u>	<u>\$ 2,576</u>

D. Finance costs

	For the years ended December 31,	
	2023	2022
Interest expenses on lease liabilities	<u>\$224</u>	<u>\$191</u>

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(16) Components of other comprehensive income

For the year ended December 31, 2023

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not to be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plan	\$1,530	\$-	\$1,530	\$(306)	\$1,224
Unrealized gains and losses from equity instrument investments measured at fair value through other comprehensive income	3,808,786	-	3,808,786	-	3,808,786
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	(618)	-	(618)	1,095	477
Total other comprehensive income	<u>\$3,809,698</u>	<u>\$-</u>	<u>\$3,809,698</u>	<u>\$789</u>	<u>\$3,810,487</u>

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	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not to be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plan	\$14,866	\$-	\$14,866	\$-	\$14,866
Unrealized gains and losses from equity instrument investments measured at fair value through other comprehensive income	(7,832,837)	-	(7,832,837)	-	(7,832,837)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	203	-	203	-	203
Total other comprehensive income	<u><u>\$(7,817,768)</u></u>	<u><u>\$-</u></u>	<u><u>\$(7,817,768)</u></u>	<u><u>\$-</u></u>	<u><u>\$(7,817,768)</u></u>

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(17) Income Tax

A. The major components of income tax expense are as follows:

Income tax expense (income) recognized in profit or loss

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Current income tax expense:		
Current income tax charge	\$59,164	\$54,781
Deferred tax expense (income):		
Deferred tax income related to origination and reversal of temporary differences	(7,431)	(8,358)
Deferred tax expense related to recognition and derecognition of tax losses and unused tax credits	7,431	8,358
Income tax expense recognized in profit or loss	<u>\$59,164</u>	<u>\$54,781</u>

Income tax related to other comprehensive income

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Deferred tax expense (income):		
Remeasurements of defined benefit plans	\$306	\$-
Exchange differences on translation of foreign operations	(1,095)	-
Income tax related to components of other comprehensive income	<u>\$(789)</u>	<u>\$-</u>

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Reconciliation between tax expense and the accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31,	
	2023	2022
Accounting profit before tax from continuing operations	\$618,005	\$518,684
Tax at the statutory income tax rates applicable to the Company	\$123,601	\$103,736
Tax effect of expenses not deductible for tax purposes	(202,283)	(183,052)
Adjustments of deferred tax assets/liabilities for write-downs/reversals and different jurisdictional tax rates	76,203	75,366
Tax effect of other adjustments in accordance with the Income Tax Act	299	-
Others	61,344	58,731
Income tax expense recognized in profit or loss	\$59,164	\$54,781

B. Deferred tax assets (liabilities) related to the following:

	For the year ended December 31, 2023			
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Depreciation difference for tax purpose	\$(2,483)	\$2,483	\$-	\$-
Unrealized exchange gains	(129)	405	-	276
Impairment loss	6,506	-	-	6,506
Investments accounted for using the equity method	36,901	4,417	-	41,318
Loss allowance	23	(23)	-	-
Unrealized allowance for inventory obsolescence	22,722	1,048	-	23,770
Others	724	(634)	-	90
Unused tax losses	(66,751)	(5,209)	-	(71,960)
Net defined benefit assets	-	-	(306)	(306)
Exchange differences on translation of foreign operations	-	-	1,095	1,095
Deferred tax expense		\$2,487	\$789	
Net deferred tax assets / (liabilities)	\$(2,487)			\$789
Reflected in balance sheet as follows:				
Deferred tax assets	\$125			\$513
Deferred tax liabilities	\$(2,612)			\$276

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	For the year ended December 31, 2022			
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Depreciation difference for tax purpose	\$(2,483)	\$-	\$-	\$(2,483)
Unrealized exchange gains	11	(140)	-	(129)
Impairment loss	6,506	-	-	6,506
Investments accounted for using the equity method	32,904	3,997	-	36,901
Loss allowance	94	(71)	-	23
Unrealized allowance for inventory obsolescence	18,169	4,553	-	22,722
Others	698	26	-	724
Unused tax losses	(58,386)	(8,365)	-	(66,751)
Deferred tax expense		\$-	\$-	
Net deferred tax assets / (liabilities)	<u>\$(2,487)</u>			<u>\$(2,487)</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$-</u>			<u>\$125</u>
Deferred tax liabilities	<u>\$(2,487)</u>			<u>\$(2,612)</u>

C. The following table contains information of the unused tax losses of the Group:

Year	Tax losses for the period	Unused tax losses as at December 31,		
		2023	2022	Expiration year
2012	\$1,343,045	\$-	\$1,343,045	2022
2013	594,767	594,767	594,767	2023
2014	856,518	856,518	856,518	2024
2015	44,752	44,752	44,752	2025
2016	40,639	40,639	40,639	2026
2017	86,061	86,061	86,061	2027
2018	138,422	138,422	138,422	2028
2019	308,713	308,713	308,713	2029
2020	183,676	183,676	183,676	2030
2021	44,138	44,138	44,138	2031
2022	44,418	44,418	-	2032
2023 (forecast)	441,537	441,537	-	2033
		<u>\$2,783,641</u>	<u>\$3,640,731</u>	

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D. Unrecognized deferred tax assets

As of December 31, 2023 and 2022, deferred tax assets that have not yet been recognized amounted to NT\$556,728 thousand and NT\$804,073 thousand, respectively.

The Company does not have undistributed earnings generated in and before 1997.

E. The assessment of income tax returns

As of December 31, 2023, the assessments of income tax returns of the Company and its material subsidiaries are as follows:

	<u>The assessment of income tax returns</u>
Silicon Integrated Systems Corp.	Assessed and approved up to 2021
Subsidiary- HuiTong Intelligence Company Limited	Assessed and approved up to 2021
Subsidiary- Suzhou Mlight Electronics Co., Ltd.	Assessed up to 2022
Subsidiary- Shenzhen SiS Technology Co., Ltd.	Assessed up to 2022

(18) Earnings Per Share

Basic earnings per share is calculated by dividing net profit for the period attributable to ordinary equity holders of the parent entity by the weighted- average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted-average number of ordinary shares outstanding during the period plus the weighted-average number of ordinary shares that would be issued assuming all the dilutive potential ordinary shares were converted into ordinary shares.

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
A. Basic earnings per share		
Net income (in thousand NT\$)	<u>\$571,261</u>	<u>\$483,657</u>
Weighted-average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>749,589</u>	<u>749,588</u>
Basic earnings per share (NT\$)	<u>\$0.76</u>	<u>\$0.65</u>

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	For the years ended December 31,	
	2023	2022
B. Diluted earnings per share		
Net income (in thousand NT\$)	\$572,261	\$483,657
Weighted-average number of ordinary shares outstanding for basic earnings per share (in thousands)	749,589	749,588
Effect of dilution:		
Employees' compensation-stocks (in thousands)	1,474	1,877
Weighted-average number of ordinary shares outstanding after dilution (in thousands)	751,063	751,465
Diluted earnings per share (NT\$)	\$0.76	\$0.64

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date when the financial statements were authorized for issue.

7. Related Party Transactions

Information of the related parties that had transactions with the Group during the financial reporting years is as follows:

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
United Microelectronics Corp.	Entities with joint control or significant influence over the company
Goaltop Technology Corporation	Associate
Haining Jingqi Technology Co., Ltd.	Associate
Waltop International Corporation	Other related parties (Note A)

A. The Company re-elected the board of directors on June 21, 2022. Waltop International Corporation is no longer a related party of the Group, therefore, the amount of related party transactions is accumulated up to that day.

(1) Significant transactions with related parties

A. Sales

	For the years ended December 31,	
	2023	2022
Haining Jingqi Technology Co., Ltd.	\$28,042	\$28,197
United Microelectronics Corp.	5,168	1,731
	\$33,210	\$29,928

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The sales price to related parties was determined through mutual agreement based on the market demands. The trade credit terms with related parties were 60 days, while the terms with non-related parties were 30 to 60 days. The outstanding balance due from related parties as of December 31, 2023 and 2022 was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed.

B. Purchases

	For the years ended December 31,	
	2023	2022
United Microelectronics Corp.	\$7,050	\$36,120

The purchase price to the above related parties is determined through mutual agreement based on the market demands. The trade credit terms with the related parties and third-party suppliers were the same.

C. Rental income from related parties

	For the years ended December 31,	
	2023	2022
Goaltop Technology Corporation	\$362	\$379
Waltop International Corporation	-	412
	\$362	\$791

The above-mentioned rental income were leases offices and parking spaces to related parties. The transaction conditions are agreed upon by both parties, and the rent is paid monthly.

D. Accounts receivables from related parties

	As of December 31,	
	2023	2022
Haining Jingqi Technology Co., Ltd.	\$272	\$919

E. Accounts payable to related parties

	As of December 31,	
	2023	2022
United Microelectronics Corp.	\$650	\$158

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F. Other payables to related parties

	As of December 31,	
	2023	2022
United Microelectronics Corp.	\$-	\$897

G. Key management personnel compensation

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$33,038	\$21,152
Post-employment benefits	989	617
Total	\$34,027	\$21,769

8. Assets Pledged as Collateral

The Group's assets pledged as collateral were as follows:

Items	Carrying amount		Purpose of pledge
	December 31, 2023	December 31, 2022	
Financial assets measured at amortized cost-current	\$2,158	\$2,141	Customs clearance deposit
Total	\$2,158	\$2,141	

9. Significant Contingencies and Unrecognized Contractual Commitments

None.

10. Losses Due to Major Disasters

None.

11. Significant Subsequent Events

To enhance the return on equity, the Company's board of directors resolved on February 26, 2024 to reduce capital by 35%, for a total of NT\$2,623,563 thousand, thereby eliminating 262,356 thousand shares. The proposal will be submitted to the shareholders' meeting for discussion, and after it is approved and submitted to the competent authority for approval, the chairman will be authorized to set a record date for the capital reduction.

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12. Others

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2023	2022
Financial assets at fair value through other comprehensive income	\$14,095,365	\$12,904,748
Financial assets measured at amortized cost		
Cash and cash equivalents (exclude cash on hand)	3,758,361	1,475,460
Financial assets measured at amortized cost-current	357,658	9,641
Accounts receivable (including related parties)	15,733	16,234
Other receivables (including related parties)	2,619	63,934
Refundable deposits	3,349	1,929
Subtotal	4,137,720	1,567,198
Total	\$18,233,085	\$14,471,946

Financial liabilities

	As of December 31,	
	2023	2022
Financial liabilities at amortized cost:		
Accounts payable (including related parties)	\$4,144	\$2,021
Other payables (including related parties)	121,615	81,656
Payables on equipment	5,528	2,058
Guarantee deposits	3,880	3,772
Lease liabilities	4,259	7,979
Total	\$139,426	\$97,486

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies, measures, and manages the aforementioned risks based on the Group's policy and risk appetite.

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The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by Board of Directors and Audit Committee must be carried out based on relevant regulations and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise foreign currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into accounts the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expenses are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

Some receivables and payables are denominated in the same foreign currency, and it will result in economic hedging effect. Further, net investments in foreign operations are primarily for strategic purposes, and they are not hedged by the Group.

The Group's sensitivity analysis to foreign currency risk mainly focuses on foreign currency monetary items at the end of the reporting period. The Group's foreign currency risk is mainly from the volatility in the exchange rates for USD and CNY. The sensitivity analysis is as follows:

When NTD appreciates or depreciates against USD by 1%, the profit for the years ended December 31, 2023 and 2022 decreases / increases by NT\$744 thousand and NT\$737 thousand, respectively.

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When NTD appreciates or depreciates against CNY by 1%, the profit for the years ended December 31, 2023 and 2022 decreases / increases by NT\$139 thousand and NT\$192 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investment at variable interest rates. As a whole, the interest rates risk is minimal.

Equity price risk

The Group's equity investments, including listed and unlisted equity securities, are exposed to market price risk arising from uncertainties of future values of equity securities. The Group's investments in listed and unlisted equity securities are classified under financial assets at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity investments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves certain significant equity investments according to level of authority.

At the reporting date ended December 31, 2023 and 2022, a change of 1% in the price of the listed equity securities classified under equity instrument investments measured at fair value through other comprehensive income would have impact of NT\$140,221 thousand and NT\$108,498 thousand, respectively, on the equity attributable to the Group.

Please refer to Note 12(7) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit Risk Management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade receivables) and from its financing activities (including bank deposits and other financial instruments).

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Customer credit risk is managed by each business unit subject to the Group’s established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group’s internal rating criteria, etc. Certain customer’s credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of December 31, 2023 and 2022, receivables from top ten customers represented 74% and 75% of the total trade receivables of the Group, respectively. The credit concentration risk of other accounts receivable was insignificant.

The Group manages its exposure to credit risk arising from bank deposits, fixed income securities and other financial instruments in accordance with established group policies. Since the counter-parties are selected reputable financial institutions and companies, the Group believes its exposure to credit risk is not significant.

The Group adopted IFRS 9 to assess the expected credit losses. The measurement indicators of the Group are described as follows:

Level of credit risk	Indicator	Measurement method for expected credit losses	Carrying amount	
			As of December 31,	
			2023	2022
Simplified method				
(Note)	Note	Lifetime expected credit losses	\$15,733	\$16,546

Note: Includes trade receivables.

(5) Liquidity Risk Management

The Group’s objective is to maintain a balance between continuity of funding and flexibility through use of cash and cash equivalents, highly liquid equity investments and bank borrowings. The table below summarizes the maturity profile of the Group’s financial liabilities based on the contractual undiscounted payments and contractual maturity.

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Non-derivative financial instruments

	<u>Less than 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>Total</u>
As of December 31, 2023				
Accounts payable				
(including related parties)	\$4,144	\$-	\$-	\$4,144
Other payables				
(including related parties)	121,615	-	-	121,615
Accrued equipment costs	5,528	-	-	5,528
Guarantee deposits	-	3,880	-	3,880
Lease liabilities	4,288	691	49	5,028
As of December 31, 2022				
Accounts payable				
(including related parties)	\$2,021	\$-	\$-	\$2,021
Other payables				
(including related parties)	81,656	-	-	81,656
Accrued equipment costs	2,058	-	-	2,058
Guarantee deposits	-	3,772	-	3,772
Lease liabilities	6,974	3,206	167	10,347

(6) Fair Value of Financial Instruments

A. The methods and assumptions applied in determining the fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, trade receivables, accounts payable and other current financial assets approximates their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (i.e. listed equity securities) at the reporting date.

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(c) Fair value of equity instruments without market quotations (i.e. unlisted equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets measured at amortized cost approximates their fair value since short maturities.

C. Fair value recognized on the balance sheet

Please refer to Note 12(7) for fair value measurement hierarchy for financial instruments of the Group.

(7) Fair Value Measurement Hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3 – Unobservable inputs for the assets or liabilities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

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B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis; the following table presents the fair value measurement hierarchy of the Group's assets and liabilities on a recurring basis:

As of December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets measured at fair value:				
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	<u>\$14,022,130</u>	<u>\$-</u>	<u>\$73,235</u>	<u>\$14,095,365</u>

As of December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets measured at fair value:				
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	<u>\$10,849,823</u>	<u>\$-</u>	<u>\$2,054,925</u>	<u>\$12,904,748</u>

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

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The detail movement of recurring fair value measurements in Level 3

Reconciliation for recurring fair value measurements in Level 3 of the fair value hierarchy during the period is as follows:

	<u>Assets</u>
	<u>Financial assets at fair value through other comprehensive income</u>
	<u>Stocks</u>
As of January 1, 2023	\$2,054,925
Total gains and losses recognized for the year ended December 31, 2023:	
Amount recognized in profit or loss (presented in “other profit or loss”)	-
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income”)	636,479
Acquisitions/issues for the year ended December 31, 2023	2,150
Disposals/settlements for the year ended December 31, 2023	(2,620,319)
Transfer in (out) Level 3	-
As of December 31, 2023	<u>\$73,235</u>

	<u>Assets</u>
	<u>Financial assets at fair value through other comprehensive income</u>
	<u>Stocks</u>
As of January 1, 2022	\$3,018,978
Total gains and losses recognized for the year ended December 31, 2022:	
Amount recognized in profit or loss (presented in “other profit or loss”)	-
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income”)	(964,053)
Acquisitions/issues for the year ended December 31, 2022	-
Disposals/settlements for the year ended December 31, 2022	-
Transfer in (out) Level 3	-
As of December 31, 2022	<u>\$2,054,925</u>

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Total gains (loss) related to assets recognized for the years ended December 31, 2023 and 2022 amounted to NT\$636,479 thousand and NT\$964,053 thousand, respectively.

Information on significant unobservable inputs to valuation of fair value measurements categorized within Level 3 of the fair value hierarchy

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets :					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks.	1% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Group's equity by NT\$1,046 thousand.

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As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets :					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks.	1% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Group's equity by NT\$27,737 thousand.
Stocks	Market approach	Lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks.	1% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Group's equity by NT\$1,619 thousand.

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(8) Significant Assets and Liabilities Denominated in Foreign Currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of December 31, 2023		
	Foreign currencies (thousand)	Exchange rate	NTD (thousand)
<u>Financial assets</u>			
Monetary item:			
USD	\$2,497	30.705	\$76,670
CNY	3,493	4.327	15,113
<u>Financial liabilities</u>			
Monetary items:			
USD	75	30.705	2,294
CNY	269	4.327	1,162
	As of December 31, 2022		
	Foreign currencies (thousand)	Exchange rate	NTD (thousand)
<u>Financial assets</u>			
Monetary item:			
USD	\$2,446	30.71	\$75,116
CNY	5,028	4.408	22,165
<u>Financial liabilities</u>			
Monetary items:			
USD	\$48	30.71	\$1,460
CNY	675	4.408	2,977

The Group has various functional currencies, and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant asset and liability denominated in foreign currencies. The foreign exchange (loss) gain was NT\$(1,764) thousand and NT\$2,814 thousand for the years ended December 31, 2023 and 2022, respectively.

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SILICON INTEGRATED SYSTEMS CORPORATION AND SUBSIDIARIES
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The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

(9) Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Additional Disclosures

(1) The following are additional disclosures for the Group and its affiliates:

- A. Financing provided to others for the year ended December 31, 2023: None.
- B. Endorsement/Guarantee provided to others for the year ended December 31, 2023: None.
- C. Securities held as of December 31, 2023: Please refer to Attachment 1.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: Please refer to Attachment 6.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2023: None.
- I. Financial instruments and derivative transactions: None.
- J. Intercompany relationships and significant intercompany transactions: Please refer to Attachment 2.

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SILICON INTEGRATED SYSTEMS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(Continued)
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(2) Information on Investees

A. Information regarding investee companies over which the Company can exercise significant influence or direct or indirect control: Please refer to Attachment 3.

B. When directly or indirectly controlling the investee company, the relevant information of items (1)-(9) of the preceding paragraph of the investee company shall be disclosed:
None.

(3) Investment in Mainland China

Please refer to Attachment 4.

(4) Main Shareholder Information

Please refer to Attachment 5.

14. Segment Information

(1) General information

The major sales of the Group come from touch ICs and niche graphics processing units which can be applied on servers and industrial computers. The chief operating decision maker reviews the overall operating results to make decisions about resources to be allocated and evaluates the overall performance. Therefore, the Group is aggregated into a single segment.

(2) Geographical information

A. Net sales from external customers

	For the years ended December 31,	
	2023	2022
Taiwan	\$102,585	\$87,100
Asia	84,599	93,849
Others	-	1,253
Total	\$187,184	\$182,202

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(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Non-current assets

	For the years ended December 31,	
	2023	2022
Taiwan	\$755,994	\$753,916
Others	384	1,517
Total	<u>\$756,378</u>	<u>\$755,433</u>

(3) Major customers

Individual customers accounting for at least 10% of operating revenues is as follows:

	For the years ended December 31,	
	2023	2022
Customer A	\$43,444	\$54,113
Customer B	28,042	28,197
Total	<u>\$71,486</u>	<u>\$82,310</u>

ATTACHMENT 1 (Securities held as of December 31, 2023)
 (Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Held company name	Securities Type	Marketable securities type and name	Relationship with the company	Financial statement account	Balances as of December 31, 2023				Note
					Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value	
SILICON INTEGRATED SYSTEMS CORPORATION	Stocks	UNITED MICROELECTRONICS CORPORATION	Entities with joint control or significant influence over the Company	Non-current financial assets at fair value through other comprehensive income	266,580	\$14,022,130	2.13%	\$14,022,130	None
	Stocks	GLOBAL MOBILE CORP.	-	Non-current financial assets at fair value through other comprehensive income	5,400	-	1.96%	-	None
	Stocks	VADEM CORPORATION - Special shares	-	Non-current financial assets at fair value through other comprehensive income	269	-	-	-	None
	Stocks	TAIWAN IMPLANT TECHNOLOGY CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	1,543	695	7.84%	695	None
	Stocks	TC-1 Culture Fund	-	Non-current financial assets at fair value through other comprehensive income	1,000	-	3.61%	-	None
	Stocks	ASIA PACIFIC MICROSYSTEMS, INC.	-	Non-current financial assets at fair value through other comprehensive income	7,218	72,540	15.37%	72,540	None
	Stocks	Wallop International Corporation	-	Non-current financial assets at fair value through other comprehensive income	118	-	4.00%	-	None
	Stocks	Maxima Ventures Services V, Inc.	-	Non-current financial assets at fair value through other comprehensive income	16	-	4.84%	-	None

ATTACHMENT 2 (Intercompany relationships and significant intercompany transactions)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No. (Note 1)	Related Party	Counterparty	Relationship with the Company (Note 2)	Transactions				Percentage of consolidated operating revenue or consolidated total assets (Note 3)
				Account	Amount	Term		
0	Silicon Integrated Systems Corporation	Shenzhen SIS Technology Co., Ltd.	1	Operating expenses	\$7,464	-	3.99%	
0	Silicon Integrated Systems Corporation	Suzhou Mlight Electronics Co., Ltd.	1	Sales	7,807	-	4.17%	
0	Silicon Integrated Systems Corporation	Suzhou Mlight Electronics Co., Ltd.	1	Other operating revenue	65	-	0.03%	
0	Silicon Integrated Systems Corporation	HuiTong Intelligence Company Limited	1	Other operating revenue	187	-	0.10%	

Note 1: The parent company and its subsidiaries are coded as follows:

1. The parent company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:

1. The parent company to subsidiary.
2. The subsidiary to parent company.
3. The subsidiary to subsidiary.

Note 3: When calculating the percentage of transaction amount to the consolidated revenues or the consolidated assets: Items of the balance sheets are calculated as its ending balance to total consolidated assets; items of income statement are calculated by its cumulative balance to the total consolidated income.

ATTACHMENT 3 : (Names, locations and related information of investee companies as of December 31, 2023) (Not including investments in Mainland China) (Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investor company	Investee company	Address	Main businesses and products	Original Investment Amount		Balance as of December 31, 2023			Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount		
Silicon Integrated Systems Corporation	Mars Investments (SAMOA) Ltd.	SAMOA	General investing	\$204,343	\$204,343	6,687	100.00%	\$15,023	\$(3,038)	Subsidiary
	HuiTong Intelligence Company Limited	Taipei City, Taiwan	Develop various AIOT products and provide integrated solutions	102,000	85,000	10,200	51.00%	42,153	(13,261)	Subsidiary
	Vxis Technology Corporation	Hsinchu City, Taiwan	Manufacturing of electronic parts	144,760	144,760	4,033	34.03%	35,609	(2,861)	The investee accounted for using the equity method
	Gooltop Technology Corporation	Taoyuan City, Taiwan	Manufacturing and sales of electronic parts	154,000	144,000	5,600	30.21%	-	(31,499) (Note)	The investee accounted for using the equity method

Note : The group's investment accounted for using the equity method, due to its poor operating conditions, it was estimated that the cost of investment may not be recoverable. Thus the loss was recognized till the carrying amount reached to NT\$0.

ATTACHMENT 4 (Investments in Mainland China as of December 31, 2023)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of Investee Company	Percentage of Ownership	Investment Income (Loss) Recognized	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Shenzhen SIS Technology Co., Ltd.	Electronics product technologies development, technical consultation and sales, and import and export business	\$9,320	Indirectly investment in Mainland China through companies registered in a third region Note 1	\$9,320	\$-	\$-	\$9,320	\$1,491	100.00%	\$1,491 Note 3(1)	\$12,498	\$-
Suzhou Mlight Electronics Co., Ltd.	Design, production and sales of various integrated circuits	\$148,975	Indirectly investment in Mainland China through companies registered in a third region Note 2	\$148,975	\$-	\$-	\$148,975	\$(7,664)	100.00%	\$(7,664) Note 3(1)	\$1,925	\$-
Haining Jingqi Technology Co., Ltd.	Electronics components manufacturing and software development	\$30,112	Investment in China	\$30,112	\$-	\$-	\$30,112	\$(9,263)	38.57%	\$(19,050) Note 3(2), Note 4	\$-	\$-

Accumulated investment in Mainland China as of December 31, 2023	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment
\$188,407	\$188,407	\$11,394,311

Note 1: Indirectly investment in Shenzhen SIS Technology Co., Ltd through subsidiaries of Mars Investments (SAMOA).

Note 2: Indirectly investment in Suzhou Mlight Electronics Co., Ltd through subsidiaries of Mars Investments (SAMOA).

Note 3: The investment income (loss) recognized in current period, the investment income (loss) were determined base on the following basis:

(1) The financial statement were audited by the auditors of the parent company.

(2) The financial statement were audited by the international certified public accounting firm in cooperation with an R.O.C. accounting firm.

(3) Others.

Note 4: The group's investment accounted for using the equity method, due to its poor operating conditions, it was estimated that the cost of investment may not be recoverable. Thus the loss was recognized till the carrying amount reached to NT\$0.

ATTACHMENT 5 (The information of Major shareholder as of December 31, 2023)

Name	Shares	Number of shares (Units/shares)	Percentage of ownership (%)
UNITED MICROELECTRONICS CORPORATION		142,535,174	19.02%

NOTE 1: The main shareholders information in this table is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. The total number of ordinary shares and special shares held by the shareholders who have completed the delivery of the company without physical registration (including treasury shares) is more than 5%. As for the share capital recorded in the company's financial report and the number of shares actually delivered by the company without physical registration, the calculation basis may be different or inconsistent.

NOTE 2: If the above date is number of trusted shares, it is disclosed by account of trustee. The report of shareholders who holding more than 10% ownership according to Securities and Exchange Act includes the shares held by shareholders and trusted assets with right to use. Please refer to Market Observation Post System.

ATTACHMENT 6 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance		
					Units (thousand)/bonds/shares (thousand)	Amount	Units (thousand)/bonds/shares (thousand)	Amount	Units (thousand)/bonds/shares (thousand)	Amount	Cost	Gain (Loss) from disposal	Valuation adjustment	Units (thousand)/bonds/shares (thousand)	Amount
SILICON INTEGRATED SYSTEMS CORPORATION	Shieh Yong Investment Co., Ltd.	Non-current financial assets at fair value through other comprehensive income	-	-	367,499	\$1,941,572	-	\$-	367,499	\$2,620,319	\$1,100,000	\$-	\$1,520,319	-	\$-

NOTE 1: The Shieh Yong investment was resolved by the shareholders' meeting in March 2023 to reduce the capital and return the shares, which reduced 9,923 thousand of shares held by the group.

NOTE 2: The Shieh Yong investment was resolved by the board of directors in September 2023 to dispose of the shares held, resulting in a decrease in 357,576 thousand of shares.

VII. Parent Company Only Financial Statements

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Silicon Integrated Systems Corp.

Parent Company Only Financial Statements With Report of Independent

Accountants

2023 and 2022

Independent Auditors' Report Originally Issued in Chinese

To Silicon Integrated Systems Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Silicon Integrated Systems Corporation (“the Company”) as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements, including the summary of material accounting policies (together “the parent company only financial statements”).

In our opinion, based on our audits and the reports of the other auditors (please refer to the *Other Matter – Making Reference to the Audits of Other Auditors* section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of 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 Parent Company Only 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 (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of the other auditors, 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 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

The Company recognized NT\$ 118,171 thousand as net sales for the year ended December 31, 2023. Sales of products is the main operating activity of the Company. Its sale regions include not only Taiwan but also Asia and other regions. Trade terms of sales of products under each sale order may be different. It is necessary for the Company to judge and determine the performance obligations and the timing of its satisfaction under each sale order. As a result, we determined the matter to be a key audit matter.

Our audit procedures include (but are not limited to) evaluating and testing the effectiveness of internal control which is related to the timing of revenue recognition; assessing the appropriateness of the accounting policy for revenue recognition; performing test of details on samples selected; tracing to relevant documentation of transactions, reviewing the significant terms of sale orders and agreements, identifying the performance obligations of the sale orders and agreements and timing of its satisfaction, performing cutoff procedures on selected samples for a period before and after reporting date, tracing to relevant documentation to verify the appropriateness of the timing of revenue recognition, and reviewing significant sales allowance and reversals in subsequent period. Please refer to Note 4 and Note 6 in notes to the parent company only financial statements.

Other Matter – Making Reference to the Audits of Other Auditors

We did not audit the financial statements of certain investee companies, which were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. The investment in these investee companies under equity method amounted to NT\$77,762 thousand and NT\$119,839 thousand, accounting for 0.4% and 1% of total assets as of December 31, 2023 and 2022, respectively. The related shares of losses recognized from these subsidiaries, associates and joint ventures under the equity method amounted to NT\$66,671 thousand and NT\$43,633 thousand, accounting for (11)% and (8)% of the net income before tax for the years ended December 31, 2023 and 2022 respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, 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 audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only 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 internal control of the Company.
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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only 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 parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only 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 2023 parent company only financial statements 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.

Hu, Shen-Chieh

Hsu, Hsin-Min

Ernst & Young, Taiwan

February 26, 2024

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, results of operations 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese

SILICON INTEGRATED SYSTEMS CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2023	%	December 31, 2022	%
Current assets					
Cash and cash equivalents	4, 6(1)	\$ 3,670,547	19	\$ 1,391,733	9
Financial assets measured at amortized cost – current	4, 6(3), 8, 12	357,658	2	9,641	-
Account receivable, net	4, 6(4), 6(12), 12	13,551	-	12,528	-
Accounts receivable - related parties, net	4, 6(4), 6(12), 7, 12	272	-	2,460	-
Other receivables		2,601	-	63,916	-
Inventories, net	4, 5, 6(5)	47,834	-	89,238	1
Prepayments		5,127	-	3,278	-
Other current assets		5,350	-	12,981	-
Total current assets		4,102,940	21	1,585,775	10
Non-current assets					
Financial assets at fair value through other comprehensive income – non-current	4, 6(2), 12	14,095,365	74	12,904,748	84
Investments accounted for using the equity method	4, 6(6)	103,695	1	149,115	1
Property, plant and equipment	4, 5, 6(7)	738,438	4	733,251	5
Right-of-use assets	4, 6(13)	420	-	533	-
Intangible assets	4, 6(8)	3,046	-	3,837	-
Deferred tax assets	4, 5, 6(17)	1,095	-	125	-
Prepayment for equipment		-	-	175	-
Refundable deposits	12	227	-	247	-
Net defined benefit assets – non-current	4, 6(9)	74,756	-	74,078	-
Total non-current assets		15,017,042	79	13,866,109	90
Total assets		\$ 19,119,982	100	\$ 15,451,884	100

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

English Translation of the Parent Company Only Financial Statements Originally Issued in Chinese

SILICON INTEGRATED SYSTEMS CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2023	December 31, 2022	%	%
		\$	\$		
Current liabilities					
Contract liabilities – current	6(11)	2,055	1,192	-	-
Accounts payable	12	3,383	1,850	-	-
Accounts payable - related parties	7, 12	650	158	-	-
Other payables	12	110,048	71,746	1	1
Other payables - related parties	7, 12	-	897	-	-
Payables on equipment	12	5,528	2,058	-	-
Lease liabilities – current	4, 6(13), 12	158	160	-	-
Other current liabilities		2,924	2,931	-	-
Refund liabilities		233	3,621	-	-
Total current liabilities		<u>124,979</u>	<u>84,613</u>	<u>1</u>	<u>1</u>
Non-current liabilities					
Deferred tax liabilities	4, 5, 6(17)	306	2,612	-	-
Lease liabilities – non-current	4, 6(13), 12	272	378	-	-
Guarantee deposits	12	3,908	3,830	-	-
Total non-current liabilities		<u>4,486</u>	<u>6,820</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>129,465</u>	<u>91,433</u>	<u>1</u>	<u>1</u>
Equity					
Capital	6(10)				
Common stock		7,495,894	7,495,894	39	48
Additional paid-in capital	4, 6(10)	83,210	85,303	-	1
Retained earnings	6(10)				
Legal reserve		515,141	429,146	3	3
Unappropriated earnings		3,675,880	2,418,660	19	15
Other components of equity		7,220,392	4,931,448	38	32
Total equity		<u>18,990,517</u>	<u>15,360,451</u>	<u>99</u>	<u>99</u>
Total liabilities and equity		<u>\$ 19,119,982</u>	<u>\$ 15,451,884</u>	<u>100</u>	<u>100</u>

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

SILICON INTEGRATED SYSTEMS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2023 and 2022
(Expressed in thousands of New Taiwan Dollars, except for earnings per share)

Description	Notes	For the years ended December 31		
		2023	%	2022
Operating revenues	4, 6(1), 7	\$ 118,171	100	\$ 143,354
Operating costs	6(5), 6(14), 7	(98,237)	(83)	(152,912)
Gross profit		19,934	17	(9,558)
Operating expenses	6(8), 6(12), 6(14), 7			
Selling expenses		(33,862)	(29)	(52,008)
Administrative expenses		(139,014)	(118)	(107,946)
Research and development expenses		(269,790)	(228)	(235,053)
Expected credit loss		(6)	-	(30)
Total operating expenses		(442,672)	(375)	(395,037)
Operating loss		(422,738)	(358)	(404,595)
Non-operating income and expenses	4, 6(6), 6(15)			
Interest income		25,146	21	4,463
Other income		1,098,447	930	994,905
Other gains and losses		(722)	(1)	4,195
Financial costs		(21)	-	(13)
Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using equity method		(69,709)	(59)	(60,521)
Total non-operating income and expenses		1,053,141	891	943,029
Income before income tax		630,403	533	538,434
Income tax expense	4, 5, 6(17)	(59,142)	(50)	(54,777)
Net income		571,261	483	483,657
Other comprehensive income	6(16)			
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of defined benefit plans	6(9)	1,530	1	14,866
Unrealized gains or losses from equity instrument investments measured at fair value through other comprehensive income		3,808,786	3,223	(7,832,837)
Income tax relating to items that will not be reclassified to profit or loss		(306)	-	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences resulting from translating the financial statements of foreign operations		(618)	-	203
Income tax relating to items that may be reclassified to profit or loss		1,095	1	-
Other comprehensive income (loss), net of tax		3,810,487	3,225	(7,817,768)
Total comprehensive income (loss)		4,381,748	3,708	(7,334,111)
Earnings per share (NT\$)	6(18)			
Earnings per share-basic		\$ 0.76		\$ 0.65
Earnings per share-diluted		\$ 0.76		\$ 0.64

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
SILICON INTEGRATED SYSTEMS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2023 and 2022
(Expressed in thousands of New Taiwan Dollars)

Description	Retained Earnings			Other Equity			Total Equity
	Common Stock	Additional Paid-in Capital	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets Measured at Fair Value through Other Comprehensive Income	
Balance as of January 1, 2022	\$ 6,814,449	\$ 81,798	\$ 402,492	\$ 2,811,971	\$ (5,059)	\$ 13,130,562	\$23,236,213
Appropriation and distribution of 2021 retained earnings	-	-	26,654	(26,654)	-	-	-
Legal reserve	-	-	-	(545,156)	-	-	(545,156)
Cash dividends	681,445	-	-	(681,445)	-	-	-
Share dividends	-	-	-	483,657	-	-	483,657
Net income for the year ended December 31, 2022	-	-	-	14,866	203	(7,832,837)	(7,817,768)
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	498,523	203	(7,832,837)	(7,334,111)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-
Changes in subsidiaries' ownership	-	3,238	-	-	-	-	3,238
Disposal of equity instrument investments measured at fair value through other comprehensive income	-	-	-	361,421	-	(361,421)	-
Others	-	267	-	-	-	-	267
Balance as of December 31, 2022	\$ 7,495,894	\$ 85,303	\$ 429,146	\$ 2,418,660	\$ (4,856)	\$ 4,936,304	\$ 15,360,451
Balance as of January 1, 2023	\$ 7,495,894	\$ 85,303	\$ 429,146	\$ 2,418,660	\$ (4,856)	\$ 4,936,304	\$ 15,360,451
Appropriation and distribution of 2022 retained earnings	-	-	85,995	(85,995)	-	-	-
Legal reserve	-	-	-	(749,589)	-	-	(749,589)
Cash dividends	-	-	-	-	-	-	-
Other changes in capital surplus	-	(3,306)	-	-	-	-	(3,306)
Share of changes in associates and joint ventures accounted for using equity method	-	-	-	-	-	-	-
Net income for the year ended December 31, 2023	-	-	-	571,261	-	-	571,261
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	1,224	477	3,808,786	3,810,487
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	572,485	477	3,808,786	4,381,748
Changes in subsidiaries' ownership	-	1,213	-	-	-	-	1,213
Disposal of equity instrument investments measured at fair value through other comprehensive income	-	-	-	1,520,319	-	(1,520,319)	-
Balance as of December 31, 2023	\$ 7,495,894	\$ 83,210	\$ 515,141	\$ 3,675,880	\$ (4,379)	\$ 7,224,771	\$ 18,990,517

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

SILICON INTEGRATED SYSTEMS CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

Description	For the years ended December 31	
	2023	2022
Cash flows from operating activities :		
Net income before tax	\$ 630,403	\$ 538,434
Adjustments for:		
Adjustments to reconcile net income before tax to net cash provided by (used in) operating activities:		
Depreciation	12,966	14,654
Amortization	1,154	1,486
Expected credit loss	6	30
Interest expenses	21	13
Interest income	(25,146)	(4,463)
Dividend income	(1,059,038)	(955,802)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	69,709	60,521
Losses on disposal of property, plant, and equipment	83	14
Changes in operating assets and liabilities:		
Accounts receivable	(1,029)	2,607
Accounts receivable - related parties	2,188	32,555
Other receivables	1,578	(1,874)
Other receivables-related parties	-	5
Inventories	41,404	8,560
Prepayments	(1,849)	1,894
Other current assets	7,631	3,236
Other operating assets	546	(41)
Contract liabilities	863	888
Accounts payable	1,533	(13,587)
Accounts payable - related parties	492	(8,511)
Other payables	38,302	19,417
Other payable - related parties	(897)	(1,742)
Other current liabilities	(3,395)	(68)
Cash used in operations	(282,475)	(301,774)
Interest received	24,158	3,972
Income tax paid	(599)	(65,659)
Net cash used in operating activities	(258,916)	(363,461)
Cash flows from investing activities :		
Acquisition of financial assets at fair value through other comprehensive income or loss	(2,150)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income or loss	2,620,319	831,121
Acquisition of financial assets measured at amortized cost	(348,017)	(17)
Acquisition of investments accounted for using the equity method	(27,000)	(54,041)
Acquisition of property, plant and equipment	(14,546)	(13,058)
Proceeds from disposal of property, plant and equipment	14	10
Increase in refundable deposits	-	(85)
Decrease in refundable deposits	20	-
Acquisition of intangible assets	(363)	(695)
Decrease in prepayment for equipment	175	2,708
Dividends received	1,059,038	955,802
Net cash provided by investing activities	3,287,490	1,721,745
Cash flows from financing activities :		
Increase in guarantee deposits	78	58
Cash payment for the principle portion of lease liabilities	(249)	(268)
Cash dividends	(749,589)	(545,156)
Others	-	267
Net cash used in financing activities	(749,760)	(545,099)
Net increase in cash and cash equivalents	2,278,814	813,185
Cash and cash equivalents at beginning of the year	1,391,733	578,548
Cash and cash equivalents at end of the year	\$ 3,670,547	\$ 1,391,733

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

English Translation of Financial Statements Originally Issued in Chinese
SILICON INTEGRATED SYSTEMS CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and Organization

Silicon Integrated Systems Corporation (“the Company”) was incorporated in August 26, 2006. The Company primarily engages in the R&D, production, manufacturing and selling of integrated circuits and the related components, system products, design of the integrated circuits, testing and assembly service of I/O precision packaging, and import and export business for the aforementioned products. On August 26, 1997, the shares of the Company were listed on the Taiwan Stock Exchange. The Company’s registered office and the main business location is at No. 180, Sec. 2, Gongdao 5th Rd., Hsinchu City, Taiwan (R.O.C.)

2. Date and Procedures of Authorization of Financial Statements for Issue

The parent company only financial statements for the years ended December 31, 2023 and 2022 were authorized for issue by the Board of Directors’ meeting on February 26, 2024.

3. Newly Issued or Revised Standards and Interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments.

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Company.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below:

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 1, 2024
b	Lease Liabilities in a Sale and Leaseback - Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants - Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	January 1, 2024

SILICON INTEGRATED SYSTEMS CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(a) Classification of Liabilities as Current or Non-current - Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liabilities in a Sale and Leaseback - Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(c) Non-current Liabilities with Covenants - Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(d) Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The new or amended standards and interpretations have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below:

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

SILICON INTEGRATED SYSTEMS CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (a) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures.

The amendments address the inconsistency between the requirements in IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 “Business Combinations” between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or losses resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

- (b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model. Under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

SILICON INTEGRATED SYSTEMS CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

© Lack of Exchangeability - Amendment to IAS 21

These amendments clarify the exchangeability and lack of exchangeability between currencies, how exchange rates are determined when a currency lacks exchangeability, and they add additional disclosure requirements when there is a lack of exchangeability of a currency. These amendments apply to fiscal years beginning on or after January 1, 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC, and the local effective dates are to be determined by FSC. The aforementioned standards and interpretations have no material impact on the Company.

4. **Summary of Significant Accounting Policies**

(1) **Statement of Compliance**

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”), IFRSs, IASs, IFRIC and SIC which are endorsed by FSC (TIFRSs).

(2) **Basis of Preparation**

According to article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under “Investments accounted for using the equity method” in the parent company only financial report and change in value will be adjusted.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

SILICON INTEGRATED SYSTEMS CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Foreign Currency Transactions

The Company's parent company only financial statements are presented in NT\$.

Transactions in foreign currencies are initially recorded by the Company's functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 "Financial Instruments" are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of Financial Statements in Foreign Currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that results in a loss of control, loss of significant influence or joint control but retaining partial equity is considered a disposal.

SILICON INTEGRATED SYSTEMS CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is adjusted in “investments accounted for using the equity method”. In partial disposal of an associate or jointly joint venture that includes a foreign operation that does not result in a loss of significant influence or joint agreement, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and Non-Current Distinction

An asset is classified as current when:

- A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- B. The Company holds the asset primarily for the purpose of trading.
- C. The Company expects to realize the asset within twelve months after the reporting period.
- D. The asset is cash or cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Company expects to settle the liability in its normal operating cycle.
- B. The Company holds the liability primarily for the purpose of trading.
- C. The liability is due to be settled within twelve months after the reporting period.
- D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

SILICON INTEGRATED SYSTEMS CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, (including time deposits with original maturities of three months or less).

(7) Financial Instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 “Financial Instruments” are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a) the Company’s business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

SILICON INTEGRATED SYSTEMS CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Such financial assets are subsequently measured at amortized cost and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

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

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income is described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

SILICON INTEGRATED SYSTEMS CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
- (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, at initial recognition, the Company makes an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and should be presented as financial assets measured at fair value through other comprehensive income on balance sheet. Dividends on such investments are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investments.

Financial assets measured at fair value through profit or loss

Financial assets are classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets are measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Gains or losses resulting from remeasurement of such financial assets are recognized in profit or loss which includes any dividends or interest received from such financial assets.

SILICON INTEGRATED SYSTEMS CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial assets measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- (b) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (c) the time value of money; and
- (d) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial assets has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

SILICON INTEGRATED SYSTEMS CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) the rights to receive cash flows from the asset have expired.
- (b) the Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- (c) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

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Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

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Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. in the principal market for the asset or liability; or
- B. in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

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A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques which are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - Purchase cost on first in first out.

Finished goods and work in progress - Stated at standard cost and the cost difference is allocated to the cost of goods sold and the inventory at the end of the period at the checkout, so that it is close to the weighted average cost valuation.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(10) Investments Accounted for Using the Equity Method

According to article 21 of the Regulations, the investments in subsidiaries will be disclosed under "Investments accounted for using the equity method" and change in value will be adjusted to comply. The profit or loss and other comprehensive income presented in parent company only financial reports will be the same as the allocations of profit or loss and other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. The difference of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under "investments accounted for using the equity method," "share of profit of subsidiaries and associates accounted for using the equity method" and "share of other comprehensive income of subsidiaries and associates accounted for using the equity method."

The Company's investment excluding assets held for sale in associates is accounted for using equity method. An associate is an equity over which the Company has significant influence.

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Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a prorata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 "Impairment of Assets". In determining the value in use of the investment, the Company estimates:

- (1) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment;
or

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- (2) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36“Impairment of Assets”.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

(11) Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment loss, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, Plant and Equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings and facilities	3-50 years
Machinery equipment	3-5 years
Transportation equipment	5 years
Office equipment	3-5 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

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The residual values, useful lives and methods of property, plant and equipment of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and such changes are treated as changes in accounting estimates.

(12) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether the contract, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

The Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

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- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use assets applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and presents interest expense separately from the depreciation charge associated with those leases in the income statement.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

The Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(13) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

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The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash generated unit level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite useful life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in other operating income and expenses.

Research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Company can demonstrate:

- A. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- B. its intention to complete and its ability to use or sell the asset;
- C. how the asset will generate future economic benefits;
- D. the availability of resources to complete the asset; and
- E. the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

	IPs	Computer software
Useful lives	Finite (3 years)	Finite (10 years)
Internally generated or acquired	Acquired	Acquired

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Abovementioned intangible assets are amortized on a straight-line basis over the estimated useful life.

(14) Impairment of Non-Financial Assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 “Impairment of Assets” may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset’s or CGU’s recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A CGU, or the groups of CGUs, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the CGU (groups of CGUs), then to the other assets of the unit (groups of units) pro rata on the basis of the carrying amount of each asset in the unit (groups of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

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(15) Revenue Recognition

The Company's revenue arising from contracts with customers mainly include sale of goods. The accounting policies for the Company's types of revenue are explained as follows:

Sale of goods

The Company manufactures and sells merchandise. Sales are recognized when goods have been shipped and customers have obtained the control (the customer has the ability to direct the use of the goods and obtain substantially all of the remaining benefits from the goods). The main products of the Company are touch ICs and server and industrial computer ICs. Sales transactions are usually accompanied by discounts. Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Based on previous experience, the Company uses the expected value method to estimate volume discounts. However, revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Refund liability is also recognized during the period specified in the contract.

The credit period of the Company's sale of goods is from 30 to 60 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the Company transfers the goods to customers and when the customers pay for that goods is usually short and has no significant financing component to the contract.

(16) Post-Employment Benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's parent company only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

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Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Company recognizes related restructuring or termination costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(17) Income Tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The additional income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the stockholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not result in equivalent taxable and deductible temporary differences at the time of the transaction.

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B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not result in equivalent taxable and deductible temporary differences at the time of the transaction.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's parent company only financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

A. Impairment of non-financial assets

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or CGU. The value in use calculation is based on a discounted cash flow model. The change in the assumptions of the estimate of the recoverable amount may affect the result of the impairment test.

B. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could cause future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

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Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6.(17) for more details on unrecognized deferred tax assets of the Company as of December 31, 2023.

C. Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6.(5) for more details.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	As of December 31,	
	2023	2022
Cash on hand and savings accounts	\$72,842	\$145,023
Time deposits	3,597,705	1,246,710
Total	\$3,670,547	\$1,391,733

(2) Financial assets at fair value through other comprehensive income - non-current

	As of December 31,	
	2023	2022
Equity instrument investments measured at fair value through other comprehensive income - non-current		
Listed companies' stocks	\$14,022,130	\$10,849,823
Unlisted companies' stocks	73,235	2,054,925
Total	\$14,095,365	\$12,904,748

Financial assets at fair value through other comprehensive income were not pledged.

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Please refer to Note 12 for more details on credit risk.

The Company acquired the invested company recorded under Financial assets at fair value through other comprehensive income for NT\$2,150 thousand.

In consideration of the Company's investment strategy, during 2023, the Company disposed of certain unlisted shares (classified as financial assets measured at fair value through other comprehensive income) with fair value of NT\$2,620,319 thousand at the time of disposal. Related unrealized gain of NT\$1,520,319 thousand was transferred from other equity to retained earnings.

In consideration of the Company's investment strategy, during 2022, the Company disposed of certain listed shares (classified as financial assets measured at fair value through other comprehensive income) with fair value of NT\$831,121 thousand at the time of disposal. Related unrealized gain of NT\$361,421 thousand was transferred from other equity to retained earnings.

The Company has equity instrument investments measured at fair value through other comprehensive income. Details on dividends recognized for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
Related to investments held at the end of the reporting period	\$1,059,038	\$955,802
Related to investments derecognized during the period	-	-
Dividends recognized during the period	\$1,059,038	\$955,802

(3) Financial assets measured at amortized cost

	As of December 31,	
	2023	2022
Time deposits	\$357,658	\$9,641

The Company classified partial financial assets as financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge.

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(4) Accounts receivables and Accounts receivables - related parties, net

	As of December 31,	
	2023	2022
Accounts receivable	\$13,551	\$12,840
Less: allowances for goods returns and discounts	-	-
Less: loss allowance	-	(312)
Subtotal	13,551	12,528
Accounts receivable - related parties	272	2,460
Less: loss allowance	-	-
Subtotal	272	2,460
Total	\$13,823	\$14,988

Accounts receivable were not pledged.

Accounts receivable are generally on 30-60 day terms. The total carrying amount as of December 31, 2023 and 2022 were NT\$13,823 thousand and NT\$15,300 thousand, respectively. Please refer to Note 6.(12) for more details on loss allowance of accounts receivable for the years ended December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(5) Inventories

	As of December 31,	
	2023	2022
Raw materials	\$1	\$2,121
Work in process	35,720	42,125
Finished goods	12,113	44,992
Total	\$47,834	\$89,238

The cost of inventories recognized in expenses amounted to NT\$98,237 thousand, including the write-down of inventories of NT\$18,542 thousand and reversal of write-down of inventories of NT\$13,304 thousand for the year ended December 31, 2023.

The cost of inventories recognized in expenses amounted to NT\$152,912 thousand, including the write-down of inventories of NT\$48,842 thousand and reversal of write-down of inventories of NT\$26,075 thousand for the year ended December 31, 2022.

No inventories were pledged.

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(6) Investments accounted for using the equity method

Details of the investments accounted for using the equity method are as follows:

Investee companies	As of December 31,			
	2023		2022	
	Amount	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)
<u>Investments in subsidiaries</u>				
Mars Investments				
(SAMOA) Ltd. (NOTE A)	\$15,023	100.00	\$21,544	100.00
HuiTong Intelligence Company Limited (NOTE B)	42,153	51.00	37,201	52.15
Subtotal	<u>57,176</u>		<u>58,745</u>	
<u>Investments in associates</u>				
Vxis Technology Corporation	35,609	34.03	38,470	34.03
Goaltop Technology Corporation (NOTE C)	-	30.21	24,805	29.05
Haining Jingqi Technology Corporation	-	38.57	19,363	38.57
Subtotal	35,609		82,638	
Add: deferred credit	10,910		7,732	
Total	<u>\$103,695</u>		<u>\$149,115</u>	

- A. The Company increased its investment in Mars Investments (SAMOA) Ltd. by NT\$29,041 thousand for the year ended December 31, 2022.
- B. The Company subscribed to 1,700 thousand new shares issued by HuiTong Intelligence Company Limited during the year 2023. The subscription was not proportionate to the Company's original ownership interest of HuiTong Intelligence Company Limited. The percentage of ownership was therefore decreased from 52.15% to 51.00%. Related registration processes were completed on December 20, 2023. The Company subscribed to 2,500 thousand new shares issued by HuiTong Intelligence Company Limited during the year 2022. The subscription was not proportionate to the Company's original ownership interest of HuiTong Intelligence Company Limited. The percentage of ownership was therefore decreased from 55.81% to 52.15%. Related registration processes were completed on October 24, 2022.

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C. The Company subscribed to the new shares issued by Goaltop Technology Corporation in the amount of NT\$10,000 thousand for the year ended December 31, 2023. Related registration processes were completed on May 18, 2023.

(a) Investments in subsidiaries

Investments in subsidiaries are classified as “investments accounted for using the equity method” in the parent company only financial statements with necessary valuation adjustments.

(b) Investments in associates

The Company’s investments in Vxis Technology Corporation, Goaltop Technology Corporation and Haining Jingqi Technology Corporation are not individually material. The summarized financial information of the Company’s ownership in those associates is as follows:

	For the years ended December 31,	
	2023	2022
Loss from continuing operations	\$(53,410)	\$(18,970)
Other comprehensive income (post-tax)	-	-
Total comprehensive income	\$(53,410)	\$(18,970)

As of December 31, 2023 and 2022, the aforementioned associates did not have contingent liabilities or capital commitments and the investments in associates were not pledged.

(7) Property, plant and equipment

	As of December 31,	
	2023	2022
Owner-occupied property, plant and equipment	\$738,438	\$733,251

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(a) Property, plant and equipment for own-use

	Land	Buildings and facilities	Machinery equipment	Transportation equipment	Office equipment	Total
Cost:						
As of January 1, 2023	\$476,328	\$994,829	\$419,779	\$2,071	\$137,140	\$2,030,147
Additions	-	16,361	633	-	1,022	18,016
Disposals	-	(39)	(104,602)	-	(52,358)	(156,999)
As of December 31, 2023	<u>\$476,328</u>	<u>\$1,011,151</u>	<u>\$315,810</u>	<u>\$2,071</u>	<u>\$85,804</u>	<u>\$1,891,164</u>
As of January 1, 2022	\$476,328	\$983,240	\$419,875	\$2,071	\$135,666	\$2,017,180
Additions	-	11,589	-	-	1,584	13,173
Disposals	-	-	(96)	-	(110)	(206)
As of December 31, 2022	<u>\$476,328</u>	<u>\$994,829</u>	<u>\$419,779</u>	<u>\$2,071</u>	<u>\$137,140</u>	<u>\$2,030,147</u>
Depreciation and Impairment:						
As of January 1, 2023	\$-	\$742,518	\$419,070	\$1,658	\$133,650	\$1,296,896
Depreciation	-	10,822	589	206	1,115	12,732
Disposals	-	(39)	(104,600)	-	(52,263)	(156,902)
As of December 31, 2023	<u>\$-</u>	<u>\$753,301</u>	<u>\$315,059</u>	<u>\$1,864</u>	<u>\$82,502</u>	<u>\$1,152,726</u>
As of January 1, 2022	\$-	\$732,820	\$415,619	\$1,452	\$132,790	\$1,282,681
Depreciation	-	9,698	3,523	206	970	14,397
Disposals	-	-	(72)	-	(110)	(182)
As of December 31, 2022	<u>\$-</u>	<u>\$742,518</u>	<u>\$419,070</u>	<u>\$1,658</u>	<u>\$133,650</u>	<u>\$1,296,896</u>
Net carrying amounts as of:						
December 31, 2023	<u>\$476,328</u>	<u>\$257,850</u>	<u>\$751</u>	<u>\$207</u>	<u>\$3,302</u>	<u>\$738,438</u>
December 31, 2022	<u>\$476,328</u>	<u>\$252,311</u>	<u>\$709</u>	<u>\$413</u>	<u>\$3,490</u>	<u>\$733,251</u>

(b) There was no interest capitalization during the year of 2023 and 2022.

(c) Main components of buildings include main building structure, electric engineering and air-conditioning equipment, etc., which are depreciated over useful lives of 50 years and 10 years, respectively.

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(d) Certain of the Company's R&D building land is farmland and therefore is registered under a third party's name. The farmland has been mortgaged to the Company for security.

(e) The investment activities partially influenced the cash flow are as follows:

	For the years ended December 31,	
	2023	2022
Acquisition of property, plant and equipment	\$18,016	\$13,173
Increase in payables to equipment	(3,470)	(115)
Total	\$14,546	\$13,058

(f) Property, plant and equipment were not pledged.

(8) Intangible assets

	Software	IPs	Total
Cost:			
As of January 1, 2023	\$11,069	\$309,335	\$320,404
Additions – acquired separately	363	-	363
Disposals	-	(67,840)	(67,840)
As of December 31, 2023	\$11,432	\$241,495	\$252,927
As of January 1, 2022	\$10,374	\$309,335	\$319,709
Additions – acquired separately	695	-	695
As of December 31, 2022	\$11,069	\$309,335	\$320,404
Amortization and Impairment:			
As of January 1, 2023	\$7,232	\$309,335	\$316,567
Amortization	1,154	-	1,154
Disposals	-	(67,840)	(67,840)
As of December 31, 2023	\$8,386	\$241,495	\$249,881
As of January 1, 2022	\$5,746	\$309,335	\$315,081
Amortization	1,486	-	1,486
As of December 31, 2022	\$7,232	\$309,335	\$316,567

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	Software	IPs	Total
Net carrying amount as of:			
December 31, 2023	\$3,046	\$-	\$3,046
December 31, 2022	\$3,837	\$-	\$3,837

The amortization expenses of intangible assets are as follows:

	For the years ended December 31,	
	2023	2022
Selling expenses	\$172	\$433
General and administrative expenses	369	421
Research and development expenses	613	632
Total	\$1,154	\$1,486

(9) Post-employment benefits

Defined contribution plan

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company would make monthly contributions to the employees' individual pension accounts at the amounts not less than 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were NT\$9,522 thousand and NT\$9,195 thousand, respectively.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is insufficient to cover pension benefit calculated for employees eligible to retire in the next year, the Company and its domestic subsidiaries would make up the difference in one appropriation before the end of March the following year.

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The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under management, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT\$0 to its defined benefit plan during the 12 months beginning after December 31, 2023.

The average duration of the defined benefit plan obligations were both 10 years as of December 31, 2023 and 2022.

The summarization of defined benefit plan reflected in profit or loss are as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Current service costs	\$78	\$255
Prior service costs	1,885	-
Net interest expense on the net defined benefit liabilities (assets)	(1,111)	(296)
Total	<u>\$852</u>	<u>\$(41)</u>

Present value of defined benefit obligation and plan assets at fair value is as follows:

	<u>As of</u>		
	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>January 1,</u> <u>2022</u>
Present value of defined benefit obligation	\$49,415	\$49,338	\$61,529
Fair value of plan assets	(124,171)	(123,416)	(120,700)
Net defined benefit (assets) liabilities, non-current	<u>\$(74,756)</u>	<u>\$(74,078)</u>	<u>\$(59,171)</u>

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Reconciliation of liabilities (assets) of the defined benefit plan is as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
As of January 1, 2022	\$61,529	\$(120,700)	\$(59,171)
Current service costs	255	-	255
Net interest expense (income)	308	(604)	(296)
Subtotal	<u>62,092</u>	<u>(121,304)</u>	<u>(59,212)</u>
Remeasurements of the net defined benefit liability/asset:			
Actuarial gains and losses arising from changes in demographic assumptions	39	-	39
Actuarial gains and losses arising from changes in financial assumptions	(5,314)	-	(5,314)
Experience adjustments	(18)	-	(18)
Remeasurements of the defined benefit assets	-	(9,573)	(9,573)
Remeasurements of the defined benefit liabilities/assets	(7,461)	7,461	-
Subtotal	<u>(12,754)</u>	<u>(2,112)</u>	<u>(14,866)</u>
As of December 31, 2022	49,338	(123,416)	(74,078)
Current service costs	78	-	78
Prior service costs	1,885	-	1,885
Net interest expense (income)	740	(1,851)	(1,111)
Subtotal	<u>52,041</u>	<u>(125,267)</u>	<u>(73,226)</u>
Remeasurements of the net defined benefit liability/asset:			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	1,140	-	1,140
Experience adjustments	(1,881)	-	(1,881)
Remeasurements of the defined benefit asset	-	(789)	(789)
Remeasurements of defined benefit liability/asset	(1,885)	1,885	-
Subtotal	<u>(2,626)</u>	<u>1,096</u>	<u>(1,530)</u>
As of December 31, 2023	<u>\$49,415</u>	<u>\$(124,171)</u>	<u>\$(74,756)</u>

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The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2023	2022
Discount rate	1.250%	1.500%
Expected rate of salary increases	3.500%	3.500%

A sensitivity analysis for significant assumptions as of December 31, 2023 and 2022 is as follows:

	Effect on the defined benefit obligation			
	2023		2022	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rates increase by 0.25%	\$-	\$1,140	\$-	\$1,211
Discount rates decrease by 0.25%	1,181	-	1,256	-
Expected salary increase by 0.25%	1,136	-	1,211	-
Expected salary decrease by 0.25%	-	1,103	-	1,174

The sensitivity analysis shown above is based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(10) Equities

A. Common stock

The Company's authorized capital as of December 31, 2023 and 2022 were both NT\$18,000,000 thousand, amounting to 1,800,000 thousand shares, each at a par value of NT\$10. The Company's issued capital were both NT\$7,495,894 thousand, amounting to 749,589 thousand shares, as of December 31, 2023 and 2022, each at a par value of NT\$10.

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B. Capital surplus

	As of December 31,	
	2023	2022
From share of changes in associates and joint ventures	\$3,878	\$7,184
Changes in subsidiaries ownership interest	4,451	3,238
Others	74,881	74,881
Total	\$83,210	\$85,303

According to the Company Act, the capital surplus shall not be used except for offset the deficit of the Company. When a company incurs no loss, it may distribute the capital surplus generated from the excess of the issuance price over the par value of share capital and donations. The distribution could be made in cash to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policy:

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- (a) reserve for tax payments;
- (b) offset accumulated losses in previous years, if any;
- (c) legal reserve, which is 10% of leftover profits;
- (d) allocation or reverse of special reserve as required by law or government authorities;
- (e) the board of directors will prepare a distribution proposal and submit the same to the shareholders' meeting for review and approval by a resolution.

Pursuant to existing regulations, the Company is required to set aside additional special reserve equivalent to the earnings for the year or undistributed retained earnings for prior year according to the debit balance of the components of shareholders' equity for the year (and prior year). For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

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According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

The FSC on March 31, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the special reserve in the amount equal to the reversal may be released for earnings distribution.

As of December 31, 2023 and 2022, special reserve set aside for the first-time adoption of TIFRS amounted to NT\$0.

The appropriation of 2023 and 2022 earnings were approved and resolved by the Board of Directors' meeting and Shareholders' meeting on February 26, 2024 and June 6, 2023, respectively, are as follows:

	Appropriation of earnings		Dividends per share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$209,281	\$85,995		
Common stock - cash dividend	224,877	749,589	\$0.30	\$1.00

Please refer to Note 6. (14) for more details on employees' compensation and remuneration to directors.

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(11) Operating revenue

A. Disaggregation of revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Sales of goods	\$118,171	\$143,354

Revenue from contracts with customers are all recognized at a point in time for the years ended December 31, 2023 and 2022.

B. Contract balances

Contract liabilities - current

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Sales of goods	\$2,055	\$1,192	\$304

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
Revenue recognized during the period that was included in the beginning balance	\$401	\$-
Increase in receipts in advance during the period	1,264	888

(12) Expected credit losses

	For the years ended December 31,	
	2023	2022
Operating expenses - expected credit loss		
Accounts receivable	\$6	\$30

Please refer to Note 12 for more details on credit risk.

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The Company measures the allowance of its receivables (including accounts receivables and accounts receivables from related parties) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2023 and 2022 is as follows:

As of December 31, 2023

	Past due						Total
	Neither past due	Within 90 days	91-180 days	181-270 days	271-365 days	After 365 days	
Gross carrying amount	\$8,675	\$5,148	\$-	\$-	\$-	\$-	\$13,823
Loss ratio	-	-	25%	50%	75%	100%	
Lifetime expected credit losses	-	-	-	-	-	-	-
Carrying amount of trade receivables	<u>\$8,675</u>	<u>\$5,148</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$13,823</u>

As of December 31, 2022

	Past due						Total
	Neither past due	Within 90 days	91-180 days	181-270 days	271-365 days	After 365 days	
Gross carrying amount	\$7,431	\$7,557	\$-	\$-	\$-	\$312	\$15,300
Loss ratio	-	-	25%	50%	75%	100%	
Lifetime expected credit losses	-	-	-	-	-	(312)	(312)
Carrying amount of trade receivables	<u>\$7,431</u>	<u>\$7,557</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$14,988</u>

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The movements in the provision for impairment of accounts receivables for the years ended December 31, 2023 and 2022 are as follows:

	<u>Accounts receivables</u>
As of January 1, 2023	\$312
Increase for the current period	6
Write-off	(318)
As of December 31, 2023	\$-
As of January 1, 2022	\$282
Increase for the current period	30
As of December 31, 2022	\$312

(13) Leases

A. The Company as lessee

The Company leases various property (buildings and facilities), machinery equipment and office equipment. These term of leases are between 1 and 5 years.

The effect that leases have on the financial position, financial performance and cash flows of the Company is as follows:

(a) Amounts recognized in the balance sheet

i. Right-of-use asset

The carrying amount of right-of-use assets

	<u>As of December 31,</u>	
	<u>2023</u>	<u>2022</u>
Buildings and facilities	\$50	\$52
Machinery equipment	-	5
Office equipment	370	476
Total	\$420	\$533

During the years ended December 31, 2023 and 2022, the Company's additions to right-of-use assets amounted to NT\$517 thousand and NT\$691 thousand, respectively.

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ii. Lease liability

	As of December 31,	
	2023	2022
Lease liability	\$430	\$538
Lease liability-current	\$158	\$160
Lease liability-non-current	272	378
Total	\$430	\$538

Please refer to Note 6.(15)4 for the interest on lease liability recognized during the years ended December 31, 2023 and 2022, and refer to Note 12. (5) for the maturity analysis of lease liabilities as of December 31, 2023 and 2022.

(b) Amounts recognized in the statement of profit or loss
Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2023	2022
Buildings and facilities	\$121	\$88
Machinery equipment	6	63
Office equipment	107	106
Total	\$234	\$257

(c) Income and costs relating to leasing activities

	For the years ended December 31,	
	2023	2022
The expense relating to leases of low-value assets	\$21	\$21

(d) Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases amounted to NT\$270 thousand and NT\$289 thousand, respectively.

B. The Company as a lessor

The Company entered into an office lease agreement. As the lease did not transfer substantially all the risks and rewards incidental to the ownership of the underlying asset, the Company classified the lease as an operating lease.

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	For the years ended December 31,	
	2023	2022
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$31,131	\$30,975

The undiscounted lease payments to be received for the remaining years as of December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
Not later than one year	\$25,811	\$28,165
Later than one year and not later than two years	8,725	16,777
Later than two years and not later than three years	6,651	-
Total	\$41,187	\$44,942

(14) Employee Benefits, Depreciation and Amortization Expenses are summarized by Function as follows:

	For the years ended December 31,					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$9,511	\$270,444	\$279,955	\$8,193	\$227,645	\$235,838
Labor and health insurance	641	16,299	16,940	604	15,488	16,092
Pension	348	10,026	10,374	309	8,845	9,154
Directors' Remuneration to directors	-	6,928	6,928	-	11,579	11,579
Others	-	5,519	5,519	-	4,752	4,752
Total	\$10,500	\$309,216	\$319,716	\$9,106	\$268,309	\$277,415
Depreciation	\$478	\$12,488	\$12,966	\$493	\$14,161	\$14,654
Amortization	\$-	\$1,154	1,154	\$-	\$1,486	1,486

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The numbers of the Company's directors and employees were 163 and 164, including 7 and 7 non-employee directors as of December 31, 2023 and 2022, respectively.

The Company's average employee benefit expenses for the years ended December 31, 2023 and 2022 were NT\$1,984 thousand and NT\$1,673 thousand, respectively. The Company's average payroll expenses for the years ended December 31, 2023 and 2022 were NT\$1,795 thousand and NT\$1,502 thousand, respectively. The Company's average payroll adjustment for the year ended December 31, 2023 was 20%.

According to the Articles of Incorporation of the Company, no less than 5% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered (if any). The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of current year, the Company estimated 8% and 1% of the employees' compensation and remuneration to directors for the year ended December 31, 2023, respectively. The Company recognized the amounts of NT\$55,420 thousand and NT\$6,928 thousand of employees' compensation and remuneration to directors for the year ended December 31, 2023, respectively. The employees' compensation and remuneration to directors were recognized as salary expense. If the estimated amounts differ from the actual distribution resolved by the board of directors, the Company will recognize the change as an adjustment to income of next year. If the board of directors resolved to distribute employees' compensation in the form of stocks, then the number of stocks distributed as employees' compensation was calculated based on the closing price one day earlier than the date of resolution. A resolution was approved in a meeting of the Board of Directors held on February 26, 2024 to distribute the amounts of NT\$55,420 thousand and NT\$6,928 thousand in cash as employees' compensation and remuneration to directors, respectively.

Actual distribution of employees' compensation and remuneration to directors and supervisors in 2023 amounted to NT\$28,948 thousand and NT\$11,579 thousand, respectively. There were no difference between the aforementioned approved amounts and the amounts charged earning in 2022.

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(15) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2023	2022
Financial assets measured at amortized cost	\$25,146	\$4,463

B. Other income

	For the years ended December 31,	
	2023	2022
Rental income	\$31,131	\$30,975
Dividend income	1,059,038	955,802
Others	8,278	8,128
Total	\$1,098,447	\$994,905

C. Other gains and losses

	For the years ended December 31,	
	2023	2022
Losses on disposal of property, plant and equipment	\$(83)	\$(14)
Foreign exchange (losses) gains, net	(639)	4,209
Total	\$(722)	\$4,195

D. Finance costs

	For the years ended December 31,	
	2023	2022
Interest expenses on lease liabilities	\$21	\$13

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(16) Components of other comprehensive income

For the year ended December 31, 2023

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not to be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plan	\$1,530	\$-	\$1,530	\$(306)	\$1,224
Unrealized gains and losses from equity instrument investments measured at fair value through other comprehensive income	3,808,786	-	3,808,786	-	3,808,786
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	(618)	-	(618)	1,095	477
Total other comprehensive income	<u>\$3,809,698</u>	<u>\$-</u>	<u>\$3,809,698</u>	<u>\$789</u>	<u>\$3,810,487</u>

For the year ended December 31, 2022

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not to be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit plan	\$14,866	\$-	\$14,866	\$-	\$14,866
Unrealized gains and losses from equity instrument investments measured at fair value through other comprehensive income	(7,832,837)	-	(7,832,837)	-	(7,832,837)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	203	-	203	-	203
Total other comprehensive income	<u>\$(7,817,768)</u>	<u>\$-</u>	<u>\$(7,817,768)</u>	<u>\$-</u>	<u>\$(7,817,768)</u>

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(17) Income Tax

A. The major components of income tax expense are as follows:

Income tax expense (income) recognized in profit or loss

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Current income tax expense:		
Current income tax charge	\$59,142	\$54,777
Deferred tax expense (income):		
Deferred tax income related to origination and reversal of temporary differences	(7,431)	(8,358)
Deferred tax expense related to recognition and derecognition of tax losses and unused tax credits	7,431	8,358
Income tax expense recognized in profit or loss	<u>\$59,142</u>	<u>\$54,777</u>

Income tax related to other comprehensive income

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Deferred tax expense (income):		
Remeasurements of defined benefit plans	\$306	\$-
Exchange differences on translation of foreign operations	(1,095)	-
Income tax related to components of other comprehensive income	<u>\$(789)</u>	<u>\$-</u>

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Reconciliation between tax expense and the accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31,	
	2023	2022
Accounting profit before tax from continuing operations	\$630,403	\$538,434
Tax at the statutory income tax rates applicable to the company	\$126,080	\$107,686
Tax effect of expenses not deductible for tax purposes	(216,683)	(183,052)
Adjustments of deferred tax assets/liabilities for write-downs/reversals and different jurisdictional tax rates	90,603	75,366
Tax effect of other adjustments in accordance with the Income Tax Act	59,142	54,777
Income tax expense recognized in profit or loss	\$59,142	\$54,777

B. Deferred tax assets (liabilities) related to the following:

	For the year ended December 31, 2023			
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Depreciation difference for tax purpose	\$(2,483)	\$2,483	\$-	\$-
Unrealized exchange gains	(129)	405	-	276
Impairment loss	6,506	-	-	6,506
Investments accounted for using the equity method	36,901	4,417	-	41,318
Loss allowance	23	(23)	-	-
Unrealized allowance for inventory obsolescence	22,722	1,048	-	23,770
Others	724	(634)	-	90
Unused tax losses	(66,751)	(5,209)	-	(71,960)
Net defined benefit assets	-	-	(306)	(306)
Exchange differences on translation of foreign operations	-	-	1,095	1,095
Deferred tax expense		\$2,487	\$789	
Net deferred tax assets / (liabilities)	\$(2,487)			\$789
Reflected in balance sheet as follows:				
Deferred tax assets	\$125			\$513
Deferred tax liabilities	\$(2,612)			\$276

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	For the year ended December 31, 2022			
	Beginning balance	Recognized in profit or loss	Recognized in other	Ending balance
			comprehensive income	
	balance	profit or loss	income	Ending balance
Temporary differences				
Depreciation difference for tax purpose	\$(2,483)	\$-	\$-	\$(2,483)
Unrealized exchange gains	11	(140)	-	(129)
Impairment loss	6,506	-	-	6,506
Investments accounted for using the equity method	32,904	3,997	-	36,901
Loss allowance	94	(71)	-	23
Unrealized allowance for inventory obsolescence	18,169	4,553	-	22,722
Others	698	26	-	724
Unused tax losses	(58,386)	(8,365)	-	(66,751)
Deferred tax expense		\$-	\$-	
Net deferred tax assets / (liabilities)	<u>\$(2,487)</u>			<u>\$(2,487)</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$-</u>			<u>\$125</u>
Deferred tax liabilities	<u>\$(2,487)</u>			<u>\$(2,612)</u>

C. The following table contains information of the unused tax losses of the Company:

Year	Tax losses for the period	Unused tax losses as at December 31,		
		2023	2022	Expiration year
2012	\$1,343,045	\$-	\$1,343,045	2022
2013	594,767	594,767	594,767	2023
2014	856,518	856,518	856,518	2024
2015	44,752	44,752	44,752	2025
2016	40,639	40,639	40,639	2026
2017	86,061	86,061	86,061	2027
2018	138,422	138,422	138,422	2028
2019	308,713	308,713	308,713	2029
2020	180,566	180,566	180,566	2030
2023 (forecast)	343,857	415,857	-	2033
		<u>\$2,666,295</u>	<u>\$3,593,483</u>	

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D. Unrecognized deferred tax assets

As of December 31, 2023 and 2022, deferred tax assets that have not yet been recognized amounted to NT\$533,259 thousand and NT\$785,740 thousand, respectively.

The Company does not have undistributed earnings generated in and before 1997.

E. The assessment of income tax returns

As of December 31, 2023, income tax returns of the Company have been assessed and approved up to 2021.

(18) Earnings Per Share

Basic earnings per share is calculated by dividing net profit for the period attributable to ordinary equity holders of the parent entity by the weighted- average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted-average number of ordinary shares outstanding during the period plus the weighted-average number of ordinary shares that would be issued assuming all the dilutive potential ordinary shares were converted into ordinary shares.

	For the years ended December 31,	
	2023	2022
A. Basic earnings per share		
Net income (in thousand NT\$)	\$571,261	\$483,657
Weighted-average number of ordinary shares outstanding for basic earnings per share (in thousands)	749,589	749,588
Basic earnings per share (NT\$)	\$0.76	\$0.65
B. Diluted earnings per share		
Net income (in thousand NT\$)	\$571,261	\$483,657
Weighted-average number of ordinary shares outstanding for basic earnings per share (in thousands)	749,589	749,588
Effect of dilution:		
Employee compensation-stock (in thousands)	1,474	1,877
Weighted-average number of ordinary shares outstanding after dilution (in thousands)	751,063	751,465
Diluted earnings per share (NT\$)	\$0.76	\$0.64

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There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date when the financial statements were authorized for issue.

7. Related Party Transactions

Information of the related parties that had transactions with the Company during the financial reporting years is as follows:

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
United Microelectronics Corp.	Entities with joint control or significant influence over the company
HuiTong Intelligence Company Limited	Subsidiary
Shenzhen SiS Technology Co., Ltd.	Subsidiary
Suzhou Mlight Electronics Co., Ltd.	Subsidiary
Goaltop Technology Corporation	Associate
Haining Jingqi Technology Co., Ltd.	Associate
Waltop International Corporation	Other related parties (NOTE A)

A. The Company re-elected the board of directors on June 21, 2022. Waltop International Corporation is no longer a related party of the Group, therefore, the amount of related party transactions is accumulated up to that day.

(1) Significant transactions with related parties

A. Sales

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Haining Jingqi Technology Co., Ltd.	\$27,948	\$26,956
Suzhou Mlight Electronics Co., Ltd.	7,807	13,609
Total	<u>\$35,755</u>	<u>\$40,565</u>

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The sales price to related parties was determined through mutual agreement based on the market demands. The trade credit terms with related parties were 60 days, while the terms with non-related parties were 30 to 60 days. The outstanding balance due from related parties as of December 31, 2023 and 2022 was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed.

B. Purchases

	For the years ended December 31,	
	2023	2022
United Microelectronics Corp.	\$7,050	\$36,120
Suzhou Mlight Electronics Co., Ltd.	-	2,905
Total	\$7,050	\$39,025

The purchase price to the above related parties is determined through mutual agreement based on the market demands. The trade credit terms with the related parties and third-party suppliers were the same.

C. Rental income from related parties

	For the years ended December 31,	
	2023	2022
Goaltop Technology Corporation	\$362	\$379
HuiTong Intelligence Company Limited	187	359
Wsltop International Corporation	-	412
Total	\$549	\$1,150

The above-mentioned rental income were leases offices and parking spaces to related parties. The transaction conditions are agreed upon by both parties, and the rent is paid monthly.

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D. Other income

	For the years ended December 31,	
	2023	2022
Suzhou Mlight Electronics Co., Ltd.	\$65	\$143

E. Accounts receivable from related parties

	As of December 31,	
	2023	2022
Haining Jingqi Technology Co., Ltd.	\$272	\$919
Suzhou Mlight Electronics Co., Ltd.	-	1,541
Total	\$272	\$2,460

F. Accounts payable to related parties

	As of December 31,	
	2023	2022
United Microelectronics Corp.	\$650	\$158

G. Other payables to related parties

	As of December 31,	
	2023	2022
United Microelectronics Corp.	\$-	\$897

H. Others

Technical services fee paid by the Company to subsidiaries amounted to NT\$7,464 thousand and NT\$12,298 thousand for the years ended December 31, 2023 and 2022, respectively.

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I. Key management personnel compensation

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$33,038	\$21,152
Post-employment benefits	989	617
Total	\$34,027	\$21,769

8. Assets Pledged as Collateral

The Company's assets pledged as collateral were as follows:

Items	Carrying amount		Purpose of pledge
	December 31, 2023	December 31, 2022	
Financial assets measured at amortized cost-current	\$2,158	\$2,141	Customs clearance deposit
Total	\$2,158	\$2,141	

9. Significant Contingencies and Unrecognized Contractual Commitments

None.

10. Losses Due to Major Disasters

None.

11. Significant Subsequent Events

To enhance the return on equity, the Company's board of directors resolved on February 26, 2024 to reduce capital by 35%, for a total of NT\$2,623,563 thousand, thereby eliminating 262,356 thousand shares. The proposal will be submitted to the shareholders' meeting for discussion, and after it is approved and submitted to the competent authority for approval, the chairman will be authorized to set a record date for the capital reduction.

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12. Others

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2023	2022
Financial assets at fair value through other comprehensive income	\$14,095,365	\$12,904,748
Financial assets measured at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	3,670,167	1,391,353
Financial assets measured at amortized cost-current	357,658	9,641
Accounts receivable (including related parties)	13,823	14,988
Other receivable (including related parties)	2,601	63,916
Refundable deposits	227	247
Subtotal	4,044,476	1,480,145
Total	\$18,139,841	\$14,384,893

Financial liabilities

	As of December 31,	
	2023	2022
Financial liabilities at amortized cost:		
Accounts payable (including related parties)	\$4,033	\$2,008
Other payables (including related parties)	110,048	72,643
Payables on equipment	5,528	2,058
Guarantee deposits	3,908	3,830
Lease liabilities	430	538
Total	\$123,947	\$81,077

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures, and manages the aforementioned risks based on the Company's policy and risk appetite.

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The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by Board of Directors and Audit Committee must be carried out based on relevant regulations and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise foreign currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables, there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into accounts the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenues or expenses are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is in place. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD:

When NTD appreciates or depreciates against USD by 1%, the profit for the years ended December 31, 2023 and 2022 decreases / increases by NT\$735 thousand and NT\$727 thousand, respectively.

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Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment at variable interest rates. As a whole, the interest rates risk is minimal.

Equity price risk

The Company's equity investments, including listed and unlisted equity securities, are exposed to market price risk arising from uncertainties of future values of equity securities. The Company's investments in listed and unlisted equity securities are classified under financial assets at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity investments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves certain significant equity investments according to level of authority.

At the reporting date ended December 31, 2023 and 2022, a change of 1% in the price of the listed equity securities classified under equity instrument investments measured at fair value through other comprehensive income would have impact of NT\$140,221 thousand and NT\$108,498 thousand, respectively, on the equity attributable to the Company.

Please refer to Note 12(7) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit Risk Management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for trade receivables) and from its financing activities (including bank deposits and other financial instruments).

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

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As of December 31, 2023 and 2022, receivables from top ten customers represented 84% and 84% of the total trade receivables of the Company, respectively. The credit concentration risk of other accounts receivable was insignificant.

The Company manages its exposure to credit risk arising from bank deposits, fixed income securities and other financial instruments in accordance with established group policies. Since the counter-parties are selected reputable financial institutions and companies, the Company believes its exposure to credit risk is not significant.

The Company adopted IFRS 9 to assess the expected credit losses. The measurement indicators of the Company are described as follows:

Level of credit risk	Indicator	Measurement method for expected credit losses	Carrying amount	
			As of December 31,	
			2023	2022
Simplified method				
(Note)	Note	Lifetime expected credit losses	\$13,823	\$15,300

Note: Includes trade receivables.

(5) Liquidity Risk Management

The Company's objective is to maintain a balance between continuity of funding and flexibility through use of cash and cash equivalents, highly liquid equity investments and bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity.

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	Total
As of December 31, 2023				
Accounts payable				
(including related parties)	\$4,033	\$-	\$-	\$4,033
Other payables				
(including related parties)	110,048	-	-	110,048
Guarantee deposits	-	3,908	-	3,908
Lease liabilities	170	235	49	454
As of December 31, 2022				
Accounts payable				
(including related parties)	\$2,008	\$-	\$-	\$2,008
Other payables				
(including related parties)	72,643	-	-	72,643
Guarantee deposits	-	3,830	-	3,830
Lease liabilities	175	235	167	577

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(6) Fair Value of Financial Instruments

A. The methods and assumptions applied in determining the fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, trade receivables, accounts payable and other current financial assets approximates their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (i.e. listed equity securities) at the reporting date.
- (c) Fair value of equity instruments without market quotations (i.e. unlisted equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets measured at amortized cost approximates their fair value since short maturities.

C. Fair value recognized on the balance sheet

Please refer to Note 12(7) for fair value measurement hierarchy for financial instruments of the Company.

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(7) Fair Value Measurement Hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3 – Unobservable inputs for the assets or liabilities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company’s assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis; the following table presents the fair value measurement hierarchy of the Company’s assets and liabilities on a recurring basis:

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	\$14,022,130	\$-	\$73,235	\$14,095,365

SILICON INTEGRATED SYSTEMS CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	\$10,849,823	\$-	\$2,054,925	\$12,904,748

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

The detail movement of recurring fair value measurements in Level 3

Reconciliation for recurring fair value measurements in Level 3 of the fair value hierarchy during the period is as follows:

	Assets
	Financial assets at fair value through other comprehensive income
As of January 1, 2023	\$2,054,925
Total gains and losses recognized for the year ended December 31, 2023:	
Amount recognized in profit or loss (presented in “other profit or loss”)	-
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income”)	636,479
Acquisitions/issues for the year ended December 31, 2023	2,150
Disposals/settlements for the year ended December 31, 2023	(2,620,319)
Transfer in (out) Level 3	-
As of December 31, 2023	\$73,235

SILICON INTEGRATED SYSTEMS CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Assets
	Financial assets at fair value through other comprehensive income
	Stocks
As of January 1, 2022	\$3,018,978
Total gains and losses recognized for the year ended December 31, 2022:	
Amount recognized in profit or loss (presented in “other profit or loss”)	-
Amount recognized in OCI (presented in “unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income”)	(964,053)
Acquisitions/issues for the year ended December 31, 2022	-
Disposals/settlements for the year ended December 31, 2022	-
Transfer in (out) Level 3	-
As of December 31, 2022	\$2,054,925

Total gains (loss) related to assets recognized for the years ended December 31, 2023 and 2022 amounted to NT\$636,479 thousand and NT\$964,053 thousand, respectively.

Information on significant unobservable inputs to valuation of fair value measurements categorized within Level 3 of the fair value hierarchy

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets :					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks.	1% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Company’s equity by NT\$1,046 thousand.

SILICON INTEGRATED SYSTEMS CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets :					
Financial assets					
at fair value					
through other					
comprehensive					
income					
Stocks	Asset approach	Lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks.	1% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Company's equity by NT\$27,737 thousand.
Stocks	Market approach	Lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks.	1% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Company's equity by NT\$1,619 thousand.

SILICON INTEGRATED SYSTEMS CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Significant Assets and Liabilities Denominated in Foreign Currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

As of December 31, 2023			
	Foreign currencies (thousand)	Exchange rate	NTD (thousand)
<u>Financial assets</u>			
Monetary item:			
USD	\$2,468	30.705	\$75,788
<u>Financial liabilities</u>			
Monetary items:			
USD	75	30.705	2,294

As of December 31, 2022			
	Foreign currencies (thousand)	Exchange rate	NTD (thousand)
<u>Financial assets</u>			
Monetary item:			
USD	\$2,416	30.71	\$74,185
<u>Financial liabilities</u>			
Monetary items:			
USD	48	30.71	1,460

The Company has various functional currencies, and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant asset and liability denominated in foreign currencies. The foreign exchange (loss) gain was NT\$(639) thousand and NT\$4,209 thousand for the years ended December 31, 2023 and 2022, respectively.

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

SILICON INTEGRATED SYSTEMS CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(9) Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Additional Disclosures

(1) The following are additional disclosures for the Company and its affiliates:

- A. Financing provided to others for the year ended December 31, 2023: None.
- B. Endorsement/Guarantee provided to others for the year ended December 31, 2023: None.
- C. Securities held as of December 31, 2023: Please refer to Attachment 1.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: Please refer to Attachment 6.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2023: None.
- I. Financial instruments and derivative transactions: None.
- J. Intercompany relationships and significant intercompany transactions: Please refer to Attachment 2.

(2) Information on Investees

- A. Information regarding investee companies over which the Company can exercise significant influence or control: Please refer to Attachment 3.

SILICON INTEGRATED SYSTEMS CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS-(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. The following are additional disclosures for investee companies the Company has significant influence or control over:

- (a) Financing provided to others for the year ended December 31, 2023: None.
- (b) Endorsement/Guarantee provided to others for the year ended December 31, 2023: None.
- (c) Securities held as of December 31, 2023: None.
- (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
- (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
- (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
- (g) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
- (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2023: None.
- (i) Financial instruments and derivative transactions: None.

(3) Investment in Mainland China

Please refer to Attachment 4.

(4) Main Shareholder Information

Please refer to Attachment 5.

ATTACHMENT 1 (Securities held as of December 31, 2023)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held company name	Securities Type	Marketable securities type and name	Relationship with the company	Financial statement account	Balances as of December 31, 2023			Note	
					Shares/Units	Carrying amount	Percentage of ownership (%)		Fair value
SILICON INTEGRATED SYSTEMS CORPORATION	Stocks	UNITED MICROELECTRONICS CORPORATION	Entities that have joint control or significant influence over the Company	Non-current financial assets at fair value through other comprehensive income	266,580	\$14,022,130	2.13%	\$14,022,130	None
	Stocks	GLOBAL MOBILE CORP.		Non-current financial assets at fair value through other comprehensive income	5,400	-	1.96%	-	None
	Stocks	VADDEM CORPORATION - Special shares		Non-current financial assets at fair value through other comprehensive income	269	-	-	-	None
	Stocks	TAIWAN IMPLANT TECHNOLOGY CO., LTD.		Non-current financial assets at fair value through other comprehensive income	1,543	695	7.84%	695	None
	Stocks	TIC-1 Culture Fund		Non-current financial assets at fair value through other comprehensive income	1,000	-	3.61%	-	None
	Stocks	ASIA PACIFIC MICROSYSTEMS, INC.		Non-current financial assets at fair value through other comprehensive income	7,218	72,540	15.37%	72,540	None
	Stocks	Wallop International Corporation		Non-current financial assets at fair value through other comprehensive income	118	-	4.00%	-	None
	Stocks	Maximal Ventures Services Y, Inc.		Non-current financial assets at fair value through other comprehensive income	16	-	4.84%	-	None
	Stocks								

ATTACHMENT 2 (Intercompany relationships and significant intercompany transactions)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No. (Note 1)	Related Party	Counterparty	Relationship with the Company (Note 2)	Transactions			Percentage of consolidated operating revenue or consolidated total assets (Note 3)
				Account	Amount	Term	
0	Silicon Integrated Systems Corporation	Shenzhen SiS Technology Co., Ltd.	1	Operating expenses	\$7,464	-	3.99%
0	Silicon Integrated Systems Corporation	Suzhou Mlight Electronics Co., Ltd.	1	Sales	7,807	-	4.17%
0	Silicon Integrated Systems Corporation	Suzhou Mlight Electronics Co., Ltd.	1	Other operating revenue	65	-	0.03%
0	Silicon Integrated Systems Corporation	HuiTong Intelligence Company Limited	1	Other operating revenue	187	-	0.10%

Note 1: The parent company and its subsidiaries are coded as follows:

1. The parent company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:

1. The parent company to subsidiary.
2. The subsidiary to parent company.
3. The subsidiary to subsidiary.

Note 3: When calculating the percentage of transaction amount to the consolidated revenues or the consolidated assets: Items of the balance sheets are calculated as its ending balance to total consolidated assets; items of income statement are calculated by its cumulative balance to the total consolidated income.

ATTACHMENT 3 : (Names, locations and related information of investee companies as of December 31, 2023) (Not including investments in Mainland China)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor company	Investee company	Address	Main businesses and products	Original Investment Amount		Balance as of December 31, 2023			Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount		
Silicon Integrated Systems Corporation	Mars Investments (SAMOA) Ltd.	SAMOA	General investing	\$204,343	\$204,343	6,687	100.00%	\$15,023	\$(3,038)	Subsidiary
	HuiTong Intelligence Company Limited	Taipei City, Taiwan	Develop various AIOT products and provide integrated solutions	102,000	85,000	10,200	51.00%	42,153	(13,261)	Subsidiary
	Vxis Technology Corporation	Hsinchu City, Taiwan	Manufacturing of electronic parts	144,760	144,760	4,033	34.03%	35,609	(2,861)	The investee accounted for using the equity method
	Goaltop Technology Corporation	Taoyuan City, Taiwan	Manufacturing and sales of electronic parts	154,000	144,000	5,600	30.21%	-	(31,499) (NOTE)	The investee accounted for using the equity method

Note : The company's investment accounted for using the equity method, due to its poor operating conditions, it was estimated that the cost of investment may not be recoverable. Thus the loss was recognized till the carrying amount reached to NT\$0.

ATTACHMENT 4 (Investments in Mainland China as of December 31, 2023)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of Investee Company	Percentage of Ownership	Investment Income (Loss) Recognized (Note 3)	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Shenzhen SIS Technology Co., Ltd.	Electronics product technologies development, technical consultation and sales, and import and export business	\$9,320	Indirectly investment in Mainland China through companies registered in a third region Note 1	\$9,320	\$-	\$-	\$9,320	\$1,491	100.00%	\$1,491	\$12,498	\$-
Suzhou Mlight Electronics Co., Ltd.	Design, production and sales of various integrated circuits	\$148,975	Indirectly investment in Mainland China through companies registered in a third region Note 2	\$148,975	\$-	\$-	\$148,975	\$ (7,664)	100.00%	\$ (7,664)	\$1,925	\$-
Haining Jingqi Technology Co., Ltd.	Electronics components manufacturing and software development	\$30,112	Investment in China	\$30,112	\$-	\$-	\$30,112	\$ (9,263)	38.57%	\$ (19,050) Note 4	\$-	\$-

Accumulated investment in Mainland China as of December 31, 2023	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment
\$188,407	\$188,407	\$11,394,311

Note 1 : Indirectly investment in Shenzhen SIS Technology Co., Ltd through subsidiaries Mars Investment (SAMOA).
Note 2 : Indirectly investment in Suzhou Mlight Electronics Co., Ltd through subsidiaries Mars Investment (SAMOA).
Note 3 : The share of profit or loss of subsidiaries, associates, and joint ventures for years ended December 31, 2023 were audited by auditors with R.O.C of parent company or an international certified public accounting firm in cooperation with an R.O.C accounting firm.
Note 4 : The company's investment accounted for using the equity method, due to its poor operating conditions, it was estimated that the cost of investment may not be recoverable. Thus the loss was recognized till the carrying amount reached to NT\$0.

ATTACHMENT 5 (The information of Major shareholder as of December 31, 2023)

Name	Shares	Percentage of ownership (%)
UNITED MICROELECTRONICS CORPORATION	142,535,174	19.02%

NOTE 1 : The main shareholder information in this table is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. The total number of ordinary shares and special shares held by the shareholders who have complete the delivery of the company without physical registration (including treasure shares) in more than 5%. As for the share capital recorded in the company's financial report and the number of share actually delivered by the company without physical registration, the calculation basis may be different or inconsistent.

NOTE 2 : If the above date is number of trusted shares it is disclosed by account of trustee. The report of shareholders who holding more than 10% ownership according to securities and in Exchange Act, includes the shares held by shareholders and trusted assets with right to use. Please refer to Market Observation Post System.

ATTACHMENT 6 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended December 31, 2023)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance		
					Units (thousand)/bonds/shares (thousand)	Amount	Units (thousand)/bonds/shares (thousand)	Amount	Units (thousand)/bonds/shares (thousand)	Amount	Cost	Gain (Loss) from disposal	Valuation adjustment	Units (thousand)/bonds/shares (thousand)	Amount
SILICON INTEGRATED SYSTEMS CORPORATION	SHIEH YONG INVESTMENT CO., LTD.	Non-current financial assets at fair value through other comprehensive income	-	-	367,499	\$1,941,572	-	\$-	367,499	\$2,620,319	\$1,100,000	\$-	\$1,520,319	-	\$-

Note 1 : The Shieh Yong investment was resolved by the shareholders' meeting in March 2023 to reduce the capital and return the shares, which reduced 9,923 thousand of shares held by the company.

Note 2 : The Shieh Yong investment was resolved by the board of directors in September 2023 to dispose of the share held, resulting in a decrease in 357,576 thousand shares.

SILICON INTEGRATED SYSTEMS CORPORATION
1. STATEMENT OF CASH AND CASH EQUIVALENTS
As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars and Dollars of Foreign Currencies)

Item	Description	Amount	Note
Petty Cash		\$ 380	
Bank savings			
Time deposits		3,597,705	
Foreign currency	USD 1,002 thousand, exchange rate 1:30.705	30,765	
	JPY 35 thousand, exchange rate 1:0.2172		
	EUR 0.046 thousand, exchange rate 1:33.98		
Savings		41,552	
Checkings		145	
Total		<u>\$ 3,670,547</u>	

SILICON INTEGRATED SYSTEMS CORPORATION

2. STATEMENT OF ACCOUNTS RECEIVABLE

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Client	Description	Amount	Note
Accounts receivable			
Client A		\$ 7,103	
Client B		2,306	
Client C		1,087	
Client D		948	
Client E		870	
Client F		827	
Others	The amount of individual client in others does not exceed 5% of the account balance.	410	
Subtotal		<u>13,551</u>	
Less : allowance for doubtful debts		<u>-</u>	
Net amount		<u>13,551</u>	
Accounts receivable-relate parties			
Haining Jingqi Technology Corporation		<u>272</u>	
Subtotal		<u>272</u>	
Total		<u>\$ 13,823</u>	

SILICON INTEGRATED SYSTEMS CORPORATION

3. STATEMENT OF INVENTORIES

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount		Note
		Cost	Fair Value	
Raw materials		\$ 100	\$ 1	Fair value is recognized on net realizable value
Work in process		64,719	48,789	
Finished goods		<u>101,863</u>	<u>24,521</u>	
Total		166,682	<u>\$ 73,311</u>	
Less : allowance for inventory valuation losses		<u>(118,848)</u>		
Net Amount		<u>\$ 47,834</u>		

SILICON INTEGRATED SYSTEMS CORPORATION
4. STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
For the year ended December 31, 2023

	(Amounts in Thousands of New Taiwan Dollars)															
	Beginning Balance		Acquisition		Disposal		Investment Income (Loss)	Exchange Differences on Translation of Foreign Operations	Others	Ending Balance		Fair Value / Net Assets Value		Collateral	Note	
	Shares (Thousands)	Amount	Shares (Thousands)	Amount	Shares (Thousands)	Amount				Shares (Thousands)	Amount	Unit Price (dollars)	Total Amount			
Investee Company																
Vixis Technology Corporation	4,033	\$ 38,470	-	\$ -	-	\$ -	(2,861)	\$ -	-	4,033	34.03%	\$ 35,609	7.68	\$ 30,950	None	
Mars Investments (SAMOA) Ltd.	6,687	21,544	-	-	-	-	(6,216)	(305)	-	6,687	100.00%	15,023	2.25	15,023	None	
Goaltop Technology Corporation	10,200	24,805	1,000	10,000	(5,600)	-	(31,499)	-	(3,306)	5,600	30.21%	-	2.66	14,873	None	Note 1 and Note 2
Haining Jingqi Technology Corporation	7,000	19,363	-	-	-	-	(19,050)	(313)	-	7,000	38.57%	-	2.21	15,481	None	Note 2
HuiTong Intelligence Company Limited	8,500	37,201	1,700	17,000	-	-	(13,261)	-	1,213	10,200	51.00%	42,153	4.13	42,153	None	
Subtotal		141,383		27,000		-	(72,887)	(618)	(2,093)			92,785				
Add : deferred credit						-	3,178	-	-			10,910				
Total		\$ 149,115		\$ 27,000		\$ -	\$ (69,709)	\$ (618)	\$ (2,093)			\$ 103,695				

Note 1 : The decrease in the number of shares for the period is due to capital reduction to offset the accumulated loss.

Note 2 : The company's investment accounted for using the equity method, due to its poor operating conditions, it was estimated that the cost of investment may not be recoverable. Thus the loss was recognized till the carrying amount reached to NT\$0.

SILICON INTEGRATED SYSTEMS CORPORATION
5. STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT
For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Beginning Balance		Acquisition		Disposal		Adjustments	Ending Balance		Collateral	Note
	Shares (Thousands)	Fair Value	Shares (Thousands)	Amount	Shares (Thousands)	Amount		Shares (Thousands)	Fair Value		
United Microelectronics Corporation	266,580	\$ 10,849,823	-	-	-	-	\$ 3,172,307	266,580	\$14,022,130	None	Note 1
Shieh Yong Investment Co., Ltd.	367,499	1,941,572	-	-	(367,499)	(2,620,319)	678,747	-	-	None	Note 1 and Note 2
Global Mobile Corp.	5,400	-	-	-	-	-	-	5,400	-	None	Note 1
Vadem Corporation – Special shares	269	-	-	-	-	-	-	269	-	None	Note 1
Taiwan Implant Technology Co., Ltd.	1,328	4,795	215	2,150	-	-	(6,250)	1,543	695	None	Note 1
TC-1 Culture Fund	1,000	-	-	-	-	-	-	1,000	-	None	Note 1
Maxima Ventures Services V, Inc.	16	-	-	-	-	-	-	16	-	None	Note 1
Asia Pacific Microsystems, Inc.	7,218	108,558	-	-	-	-	(36,018)	7,218	72,540	None	Note 1
Waltop International Corporation	118	-	-	-	-	-	-	118	-	None	Note 1
Total		\$ 12,904,748		\$ 2,150		\$ (2,620,319)	\$ 3,808,786		\$ 14,095,365		

Note 1 : The unrealized gains increasing NT\$3,808,786 thousand in 2023 is due to unrealized gains, which were recognized in unrealized gains and losses on financial assets measured at fair value through other comprehensive income of other component equity.

Note 2 : The financial assets measured at fair value through other comprehensive income decreased NT\$2,620,319 thousand due to disposal in 2023.

SILICON INTEGRATED SYSTEMS CORPORATION

6. STATEMENT OF COST OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Property, plant and equipment		<u>\$ 738,438</u>	Please refer to Note 6. (7) of the financial statements.
Intangible Assets		<u>\$ 3,046</u>	Please refer to Note 6. (8) of the financial statements.

SILICON INTEGRATED SYSTEMS CORPORATION
7. STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Beginning Balance	Acquisition	Disposal	Ending Balance
Cost				
Buildings and facilities	\$ 397	\$ 517	\$ (429)	\$ 485
Machinery equipment	250	-	-	250
Office equipment	540	-	-	540
Total	<u>\$ 1,187</u>	<u>\$ 517</u>	<u>\$ (429)</u>	<u>\$ 1,275</u>
Depreciation				
Buildings and facilities	347	121	\$ (33)	435
Machinery equipment	244	6	-	250
Office equipment	63	107	-	170
Total	<u>\$ 654</u>	<u>\$ 234</u>	<u>\$ (33)</u>	<u>\$ 855</u>
Carrying amount, net	<u>\$ 533</u>	<u>\$ 283</u>	<u>\$ (396)</u>	<u>\$ 420</u>

SILICON INTEGRATED SYSTEMS CORPORATION
8. STATEMENT OF ACCOUNTS PAYABLE
As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Supplier	Description	Amount	Note
Vendor			
Vendor A		\$ 1,185	
Vendor B		736	
Vendor C		690	
Vendor D		654	
Others	The amount of individual vendor in others does not exceed 5% of the account balance.	118	
Subtotal		<u>\$ 3,383</u>	
Accounts payable - related parties			
United Microelectronics Corporation		<u>\$ 650</u>	
Total		<u><u>\$ 4,033</u></u>	

SILICON INTEGRATED SYSTEMS CORPORATION

9. STATEMENT OF OTHER PAYABLES

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Personnel		\$ 91,370	
Accrued expenses		7,976	
Others	The amount of individual item in others does not exceed 5% of the account balance.	10,702	
Total		<u>\$ 110,048</u>	

SILICON INTEGRATED SYSTEMS CORPORATION

10. STATEMENT OF LEASE LIABILITIES

As of December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Lease Term	Discount rate	Ending Balance	Note
Buildings and facilities	2023/08/01~2024/07/31	3.86%	\$ 52	Note
Office equipment	2022/06/01~2027/05/31	3.86%	378	
Total			<u>\$ 430</u>	

Note : Includes current portion of lease liabilities of NT\$158 thousand.

SILICON INTEGRATED SYSTEMS CORPORATION

11. STATEMENT OF OPERATING REVENUES

For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Units	Amount	Note
Sale of goods			
IC	6,865 thousand units	\$ 117,278	
Less: sales returns and discounts		893	
Net operating revenues		<u>\$ 118,171</u>	

SILICON INTEGRATED SYSTEMS CORPORATION

12. STATEMENT OF OPERATING COSTS

For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Direct material			
Beginning of year		\$ 2,221	
Add: Raw material purchased		9,367	
Transfer to expenses		-	
Less: Raw material, end of year		(100)	
Direct material used		11,488	
Manufacturing Expenses		13,955	
Processing cost		11,220	
Manufacturing Costs		36,663	
Add: Work in process, beginning of year		71,640	
Work in process purchased		2,896	
Less: Work in process, end of year		(64,719)	
Transfer to expenses		(288)	
Cost of Finished Goods		46,192	
Add: Finished goods, beginning of year		128,988	
Finished goods purchased		20,000	
Less: Finished goods, end of year		(101,863)	
Other		(13,622)	
Loss as a result of the net realized value of inventory being lower than its cost		18,542	
Total Operating Costs		\$ 98,237	

SILICON INTEGRATED SYSTEMS CORPORATION

13. STATEMENT OF SELLING EXPENSES

For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salaries		\$ 24,285	
Insurance		2,167	
Others	The amount of individual item in others does not exceed 5% of the account balance.	7,410	
Total		<u>\$ 33,862</u>	

SILICON INTEGRATED SYSTEMS CORPORATION
14. STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salaries		\$ 71,236	
Taxes		10,481	
Professional fees		13,206	
Others	The amount of individual item in others does not exceed 5% of the account balance.	44,091	
Total		<u>\$ 139,014</u>	

SILICON INTEGRATED SYSTEMS CORPORATION
15. STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Summary	Amount	Note
Salaries		\$ 174,923	
Repairs and maintenance		18,557	
Others	The amount of individual item in others does not exceed 5% of the account balance.	76,310	
Total		<u>\$ 269,790</u>	

SILICON INTEGRATED SYSTEMS CORPORATION
16.STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION, AND AMORIZATION EXPENSES
For the year ended December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Feature	For the year ended December 31, 2023			For the year ended December 31, 2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Nature						
Employee benefits expense	Please refer to 6.(14)					
Payroll						
Labor and health insurance						
Pension						
Board compensation						
Others						
Depreciation						
Amortization						

The Company's compensation policies are as follows:

1. Wages level should consider the peer norm in the R.O.C. to ensure competitiveness.
2. Wages level should be motivative and link to employees' performance, quality and teamwork.

The compensation program includes the basic salaries, bonuses, benefits and profit sharing bonuses.

The standard of remuneration and basic salaries are based on job responsibility and experience; the bonuses and profit sharing bonuses are related to the Company's performance as well as the employee's performance.

Silicon Integrated Systems Corp.

Chairman: Stan Hung



Silicon Integrated Systems Corp.

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