



# Silergy Corp.

## 2023 Annual Report

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**Directors:**

Title	Name	Nation	Major experience /academic background
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Director	Mr. Budong You	USA	
Director	Mr. Jiun-huei Shih	ROC	
Director	Mrs. Sophia Tong	ROC	
Director	Mr. Bing Xie	USA	
Independent Director	Mr. Yong-Song Tsai	ROC	
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**Name of overseas securities dealers and methods to inquire into overseas securities: NA****Company Website:** <http://www.silergy.com>

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## Chapter I Letter to Shareholders

In 2023, the global economy continues to face challenges such as rising raw material prices, inflation, significant fluctuations in the international currency market, and multiple impacts due to economic weakness such as uncertain end-demand and widespread inventory adjustments in the supply chain. During the period of global economic and industrial supply chain adjustment, the semiconductor industry is being faced with a complex and challenging environment, with revenue in 2023 falling short of expectations. However, the entire Company is making more rigorous plans and adjustments in areas such as research and development, business, and internal operations, in order to stand firm amidst these difficult circumstances. Silergy's revenue for 2023 was approximately NT\$15,427,335 thousand, a decrease of about 34% compared to NT\$23,511,086 thousand in 2022. The annual net profit was NT\$746,004 thousand, with a net profit margin of 5% and basic earnings per share of NT\$1.96.

The Company's product range continues to expand, reaching over 5,500 items by the end of 2023. Main markets are Mainland China, Taiwan, and South Korea, with accelerated expansion into customer bases in the United States, Europe, and other regions in Asia. In 2023, consumer electronics, industrial products, information products, network communication products, and automotive products contributed to approximately 38%, 34%, 13%, 7%, and 8%, respectively, of the total revenue.

Due to the overall environmental impact, the industrial, information, and network communication sectors have all faced varying degrees of pressure from supply chain prices and inventory. While shipment volume in the consumer sector has been steadily growing, it still has to contend with unusually high industry price competition. Despite challenges posed by the harsh environment, however, automotive products maintained stable growth, accounting for 8% of the annual revenue. At the same time, dozens of new application chips have been exported to global automotive manufacturers. BMS AFE and MCU chips are also about to enter mass production, further elevating the overall application level. Meanwhile, regarding AI power supply, the multi-phase Buck power supply equipped with efficiency-grade DrMOS is currently being mass-produced on clients. In the future, the Company will continue to develop high-power and high-voltage density products in various product areas with active investment in new product R&D and market expansion, especially in response to the technological development and demand driven by AI and new energy sources.

In terms of R&D and process technology development, the Company's self-owned process technologies have been operating on the G3 platform and the proportion of production has been increasing year by year, surpassing 50% by the end of 2023. G4 production has entered mass production, and is expected to be in conjunction with the R&D capacity expansion of new higher-end products in 2024, more effectively enhancing product competitiveness and capacity utilization. The Company's patents for R&D and process technologies have also continued to increase. As of the end of 2023, not accounting for over

364 patents still in the application process, a total of 1,727 patents from China, United States, Taiwan, Japan, India, etc. have been obtained, including 116 new patents acquired in 2023.

In terms of the Company's sustainable development strategy, Silergy has always focused on energy conservation and carbon reduction as the core of its product technology, aiming to promote eco-friendly and sustainable development. In 2021, the ESG/Sustainable Development Task Force was established to engage in ESG-related initiatives. In early 2022, the first ESG report was issued, followed by the presentation of a carbon peak and carbon neutrality development strategy in 2023. The Company plans to complete ISO45001 certification and ESG report verification by 2024, with the aim of meeting international standards and continuously improving operations in line with global practices. At the same time, it plans to fully integrate the concept of sustainable management into the Company's strategic planning and operational management at all levels, and laying a solid foundation for high-quality sustainable development. In the future, the Company will continue to invest resources and implement improvements in various areas, such as the environment, social responsibility, and corporate governance. The goal is to achieve both business growth and environmental protection, demonstrating the achievements and value of sustainable development.

Furthermore, with unchanged long-term objectives, Silergy will continue to focus on its core of innovative technologies as well as its mission of reducing energy consumption to maintain a clean planet. The Company will continue to pursue the highest standard of energy-saving analog chips and strive to become one of the leading semiconductor companies in energy-saving technologies. In the new year, the Company will continue to invest in advanced product R&D and accelerate the adoption of more advanced manufacturing processes through refined management and internal controls. While adhering to principles of integrity, innovation, and sustainable service, the Company will carry out the expansion of the market scope and market share of new products, with a goal to create greater corporate value to reward shareholders' support.

Chairman, Wei Chen

## Chapter II Company Profile

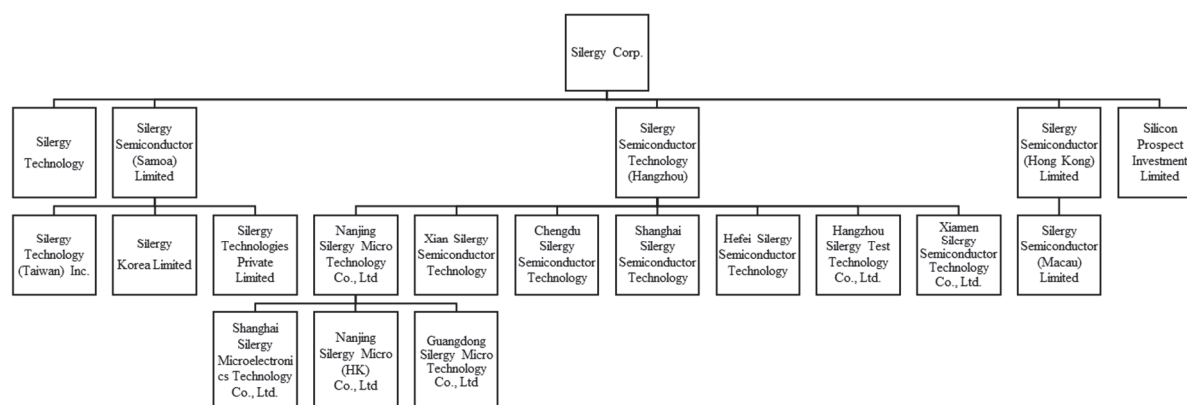
### I. Date of Founding and Summary

Silergy Corp. was founded on February 7, 2008, as a holding company in the British Cayman Islands (hereinafter referred to as “Cayman Islands”), with main businesses in the research and development, design, and sales of power management IC (PMIC). The Company has set up R&D, sales or service locations in China, America, Taiwan, South Korea, Japan and India. Silergy Corp. and its subsidiaries (hereinafter referred to as “Silergy”, “the Company”, or “the Group”) is a professional analog IC design house, and is one of the few IC design houses in the world capable of producing high-voltage, high-current IC in small packages. Silergy has R&D teams specializing in IC design and systems design technologies, and are equipped with industry-leading wafer fabrication and packaging technology design capabilities, enabling Silergy to provide customers with highly integrated products of high performance and quality. Our comprehensive and total solutions enable us to successfully enter the supply chain of companies or ODM/OEM of tablet computers, LED lighting, solid-state drive (SSD), LED TV, notebook, security and surveillance equipment, and smart phones, and expand our customer base for different product applications through IC distributors.

Silergy's management team has years of industrial experience and is well aware of the future directions of the development of products technologies. With our team which specializes in key technologies, Silergy is able to quickly respond to the latest specifications of computer products and provide customers with development platform equipped with comprehensive specifications, designs, and real-time customer service during the product development stage. With the rapid development of information products, Silergy has proven to be a professional IC design house with competitive advantages.

### II. Corporate Structure

December 31, 2023



Note : Silergy Corp. direct or indirect investment shares hold in Nanjing Silergy Micro Technology Co., Ltd is 63.83%.

Silergy Corp. direct or indirect investment shares hold in Shanghai Silergy Semiconductor Technology Co., Ltd is 49.00%.



### III. Company History

Date	Important event
2008	February: Established Silergy Corp., with primary business in power management IC (PMIC) design. May: Established Silergy Technology, a US subsidiary primarily engaged in collecting advanced technologies from the market. Established Silergy (Hangzhou) on April 22, a subsidiary mainly responsible for receiving orders, design, operations, and technical support.
2009	Released industry's first 6V, 2A, 1 MHz synchronous step-down IC in SOT23 package that went into mass production; developed the industry's first 6V, 3.5A, 1 MHz synchronous step-down IC in DFN3x3 package that went into mass production.
2010	Released the world's smallest dual-channel 6A smart-load switch IC in DFN2x2 package. Also released industry's first 30V/2A, 1 MHz buck-boost MR16 LED driver IC in SOT23 package. Passed ISO9001 certification and recognized as a high-tech enterprise and integrated circuit (IC) design enterprise in China.
2011	Released the world's smallest 6V/6A, 1 MHz synchronous step-down IC in DFN2x2 package; released industry's first PFC/QRC/PSR isolated LED driver IC in SOT23 package.
2012	Established Nanjing Silergy Semiconductor Technology. Released industry's first built-in MOS PFC/QRC/PSR isolated LED driver IC in SO8 package. Also released industry's smallest 18V/5A synchronous step-down IC in an SOT23-6 package.
2013	Released industry's first MOS built-in LED driver IC in SOT23 package; and released industry's first input current 6A step-up smart charging IC in QFN3x3 package.
2014	Established Hangzhou Innvolt Technology. Released industry's first SCR dimmable MR16 driver IC. Released industry's first 30V/15A synchronous step-up IC in DFN4x4 package.
2015	Released industry's first motor-driver IC in SOT23 package. Released industry's first high-performance MOS built-in 6.78 MHz wireless charging emitter IC.
2016	Acquired smart-meter and energy-monitoring business units of Maxim Integrated and LED lighting business unit of NXP Semiconductors. Released industry's smallest 500V MOS with PFC silicon-controlled light-modulating LED driver IC in SOT23 package. Released industry's first dual-output DC/DC IC.
2017	Released the industry's first non-inductive high-efficiency Triac dimmable driver IC. Released the industry's smallest 28V/10A four-switch fully integrated buck converter IC in QFN4x4 package. Released the industry's smallest 3.2x3.2 high-efficiency SSD PMIC. Released the industry's smallest QFN4x4 20W power bank PMIC that supports fast charging of mobile phone. Released the industry's smallest 5A switch IC with reverse insertion, over-voltage and over-current protection in QFN2x2 package.
2018	Industry's first single IC, single-inductor, 5-output smart LED dimmable driver IC in QFN5X5 package. Industry's first non-inductive, non-MLCC, high-efficiency Triac dimmable driver IC. IOT buck DCDC IC with ultra-low static power dissipation, 0.5A current in DFN2x2 package. Industry's first single IC 60W PD buck-boost DCDC IC in QFN5X5 package.
2019	Industry first high efficiency 30W isolated charge pump fast charger IC. Industry leading miniLED driver IC for high quality display applications.

Date	Important event
2020	Silergy's first signal chain product has officially entered mass production and successfully applied to monitors. Large batches of products have also been delivered. Industry's first 100W USB PD fully integrated buck IC in QFN3X3 package. Industry's highest sensitivity environmental light sensor, which has successfully entered the medical application fields of heart rate and blood oxygen detection.
2021	First Triac Dimmable MR16 LED driver First DFN4x4 30V/15A Sync Boost Regulator
2022	First 10MHz/20A Sync Buck in QFN3x4 First 18V/45A Sync Buck in QFN4x5
2023	First 40V/15A fully integrated Automotive H bridge motor driver.

## IV. Risks

### (I) Risk factors

1. The impact of changes in interest rates, exchange rate fluctuations, and inflation, on the Company's gain or loss, and the Company's future response measures:

#### (1) Interest rate changes

Silergy incurred an interest expense of NT\$2,540,000 in 2023, mainly from interest expense generated from lease liability using the effective interest method, and will be amortized during the lease period. It amounts to 0.016% of the year's net operating revenue, showing limited impact on the Company's gain and loss.

As the Company increases its scale of operations and profitability, we have adequate equity fund and less reliance on loans from financial institutions. Hence, even if China's interest rates increase in the future, Silergy will not be exposed to risks from significant increase in interest expenses owing to increased interest rates. There will be no material impact on the Company due to interest rate changes.

#### (2) Exchange rate fluctuations

Majority of Silergy's sales and purchases are transacted in US dollars. As such, receivables and payables from the sales and purchases will offset each other, resulting in a natural hedging effect. The Company's 2023 exchange gain was NT\$76,280,000, amounting to 0.49% of the year's net operating revenue, showing limited impact on the Company's gain and loss.

The main functional currency of Silergy is US dollar, and there is no major risk of exchange rate fluctuation to date. To reduce the impact on the Company's gain or loss as a result of fluctuation in exchange rate, Silergy constantly collects currency exchange information, relies on real-time online exchange rate system, and strengthens communication with financial institutions, to determine the trend in exchange fluctuations and use it as basis for exchange settlements. Silergy strives to balance foreign currency assets and liabilities to achieve natural hedging and lower the impact from exchange rate fluctuations. In the future, Silergy will base on the exchange rate fluctuations and foreign currency funding needs, employ financial derivatives for hedging to avoid foreign exchange risks.

(3) Inflation

Silergy continues to monitor market price fluctuations and maintain positive interactions with both suppliers and customers. There has been no significant impact caused by inflation in recent years.

2. Policies on high-risk, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives trading, main reasons for profits or losses generated thereby, and future response measures to be undertaken:

Silergy has formulated regulations that include Procedure for Acquisition and Disposition of Assets, Procedure for Loaning Capital to Other Parties, and Procedure for Endorsements and Guarantees. These regulations are used by Silergy and its subsidiaries as the basis for compliance when pursuing relevant activities. Up to the publication date of the annual report, Silergy has not made high-risk or highly leveraged investments, nor provided any capital loan to other parties, made no engagement in derivatives trading. Silergy practices a steady and conservative business strategy and focuses on our primary business. As we do not branch into high-risk industries, adopt a steady and conservative financial policy, and do not engage in highly leveraged investments, the risk is limited.

3. Future research and development plans and expected expenditure

(1) Future research and development plans

- A. Develop high-efficiency and highly reliable high-voltage IC manufacturing processes to create control units, driver units, and highly integrated single-chip.
- B. Develop novel digital-analog mixed control technologies, optimize system architecture, and promote smart PMIC developments.
- C. Digitally controlled PMIC.
- D. Develop sensor and detector IC for future Internet of Things (IoT) applications.

(2) Expected research and development expenditures

R&D investments by Silergy will be based on the progress achieved in the development of new products and technologies. With the growth of revenue in the future, Silergy will gradually increase its annual R&D expenses, and is expected to invest at least NT\$4.9 billion by 2024 to support the R&D projects of new product development in the future, and upgrading the performance of existing products, increasing the market competitiveness of the Company.

4. Major changes to local and overseas policies and laws that impact the Company's financial operations, and response measures:

Silergy's daily operations are compliant with both local and overseas laws and regulations, and our financial operations have not been affected by major changes in local or overseas policies and laws. Silergy is also constantly monitoring the trends and development in local and overseas policies to collect relevant information as reference for the management to develop suitable response strategies.

5. Developments in science and technology (including cyber security risks) as well as industrial change that impact the company's financial operations, and response measures:

Silergy has a strong foundation in research and development which has been recognized by our customers. Our management team constantly monitors the market development and technological trends, and assesses the impact of the risk on the Company's product positioning, so as to reduce all risk factors and generate maximum benefits for our shareholders. Silergy will also continue to invest in the research and development of new products, monitor product development cycles, formulate relevant response measures, and maintain stable financial structure and flexibility in capital allocation, to cater for future market development. In the last fiscal year up to the date of printing of the annual report, changes in technologies and the industry did not have any material impact on the financial operations of Silergy.

6. Changes to corporate image that impact the Company's crisis management, and response measures

Silergy upholds the spirit of integrity management and stability, and is committed in improving quality, efficiency, and internal management, thereby establishing good reputation and corporate image in the industry. There were no changes to corporate image which led to business crisis. Silergy will continue to maintain corporate governance and operational transparency, as well as protect the shareholders' rights to strengthen the image of the Company.

7. Expected benefits and possible risks of mergers and acquisitions, and response measures

Silergy did not engage in any mergers or acquisitions in the past fiscal year and up to the publication date of the annual report. If there are any mergers and acquisition plan in the future, it will be handled in accordance with relevant laws and regulations and relevant regulations formulated by the Company, to protect the interests of the Company and shareholders.

8. Expected benefits and possible risks of plant expansion, and response measures

Silergy is an IC design house and adopts a fabless business model. There is no plan to expand the plant.

9. Risks resulting from consolidation of purchasing or sales operations, and response measures

- (1) Risks resulting from consolidation of purchasing operations and response measures

Semiconductor industry is a vertical specialization business model. After Silergy completes a design, the rest of the manufacturing process, including photomask production, wafer fabrication, singulation, packaging, and backend testing are outsourced to other specialized companies. Wafer is the primary material in this production process. The key factors of consideration for IC design houses include process technology, quality yield, capacity, and delivery date. One or two fabrication plants are selected as suppliers, and Silergy selected Company R and Company S as ours. To avoid risks of supply shortage or interruptions, Silergy has also established a backup supply, maintains a constant supply proportion, and has built a positive relationship with its suppliers. Product technical specifications are also used to adjust supply proportions. Although consolidation of supply operations is common in the industry, Silergy will continue to monitor the state of production and maintain close contact to avoid risks of over consolidation of production.

(2) Risks resulting from consolidation of sales and response measures

In 2023, sales to the Company's top one customer is approximately 11% and, while that to most of other customers was lower than 10%. In general, there is no risk of over-consolidation of sales. Silergy also constantly monitors the customer's financial status, makes credit assessments, and sets aside an allowance for doubtful accounts according to the collection and aging of delinquent accounts. Besides establishing a positive and stable partnership with its customers, Silergy continues to expand its customer base.

10. Impact and risk to the Company due to major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the Company has been transferred or changed hands, and response measures:

Election for new directors Mr. XIE BING of Silergy was held at the 2023 annual shareholders' meeting. The term of the new directors is from May 26 ,2023 to May 26, 2025.

For information of the fourth board of directors, please refer to the inner cover of the annual report. For the past fiscal year up to the publication date of this report, changes to members of the board of directors, directors, and major shareholders holding at least ten percent (10%) of the shares did not result in operation risks or material impact to the finances and operations of Silergy.

11. Impact and risk due to any change in governance rights in the company, and response measures

Over the past fiscal year up to the publication date of this report, there has been no change in governance rights in Silergy. Silergy has enhanced various corporate governance measures and introduced independent directors to safeguard the rights and interests of its shareholders. Silergy's professional managerial officers manage our day-to-day operations, and our strong management team has made significant contributions to the performances of the Company, and is expected to continue to gain support from the shareholders. Hence, any change in management power in the future will not have material negative impact on the Company's management and operational advantages.

12. Any litigious or non-litigious matters or administrative disputes up to the publication date of this report where the company and company directors, supervisors, general managers, and persons with actual responsibility in the company, and major shareholders holding more than 10% of the company's shares and affiliated companies who have been concluded through final judgment or still under litigation, to be a party thereof, and where the results thereof could materially affect the shareholders' equity or prices of the company's securities, as well as the facts of the dispute, amount of money at stake, date of litigation commencement, and main parties to the litigation: No such incident.

13. Other material risks and response measures

(1) Safeguarding shareholder rights and interests

There are a number of differences in the provisions of the Cayman Islands Companies Law and the Company Act of the Republic of China (ROC). Although Silergy has revised its Articles of Incorporation according to the Checklist for the Protection of Shareholder Rights and Interests in the Registration Site of a Foreign Issuer, there are still a number of differences related to corporate operations in the laws of both countries. An investor is unable to adopt the concept of legal rights

protection for investments in Taiwanese companies when investing in a Cayman Islands company. Investors should have proper understanding and acquire professional advice to ensure that investments made in a company incorporated in the Cayman Islands are subject to shareholders' rights protection.

(2) Overall risks of economy, political environment, foreign exchange, and laws

Silergy is registered in the Cayman Islands while the major business operations are conducted in China. The overall economy, changes in political environment and foreign exchange fluctuations of the country of incorporation and countries where its main operations are conducted will affect the operations of Silergy.

(3) Cash dividend distribution and tax liabilities

According to the relevant laws of China, when a subsidiary in China distributes profit, at least 10% of net income after taxes (NIAT) every year must be first set aside as the legal surplus (regarded as a legal reserve that cannot be distributed as dividend on shares until it reaches 50% of the registered capital of the company). A tax on any share dividend, bonus, interest, and other income earned in and from China by a non-resident company of a country or territory that has signed a tax agreement with China shall be, according to the provisions of the relevant tax agreement, less than 10%. After the company's applications are reviewed and approved by a competent tax authority, the company may be eligible to the agreed tax rate. With the exception of the aforementioned scenarios, and when the China subsidiary remits the share dividends to places outside China, an income tax of 10% shall be deducted on behalf of the shareholder. These provisions may potentially reduce the ability of Silergy to distribute share dividends to its shareholders. A subsidiary in China must comply with local laws for overseas remittance of shares dividend. If China changes laws related to the aforementioned activities and to dividend remittance so that a subsidiary of Silergy in China is unable to comply with the relevant laws or must acquire permission or submit files related to the activities, there may be a risk of failure to remit share dividends.

(4) Rapid changes to market scale of the product

The demand for consumer electronics depends on the consumer's taste, preference, and government policies of various countries. End-user product suppliers, which include Silergy's customers and market share, are constantly and rapidly changing. The integration of Silergy's products and manufacturers, and the growth of the Company's product market share, in the past and foreseeable future, depend on the ability in predicting consumer tastes and preference, as well as the Company's ability to provide cost-effective design, production, and sale of product to end consumers who control the market.

Silergy will continue to monitor the market demand and work closely with end product manufacturers, so as to grasp market opportunities. We will research and develop more innovative and advanced products, and beat our competitors in launching new products that meet the customer's tastes and preferences to reduce risks caused by demand changes in consumer electronics.

(5) Risks of reduced average sales prices

ICs developed and sold by Silergy are widely used in various types of consumer electronics. Potential price pressure from customers, and the highly

competitive and price sensitivity consumer products, may cause a rapid drop in price in the future, leading to reduced gross earnings for Silergy. With expected price pressure from competitors, Silergy may have to lower its products' average sale price. If Silergy is unable to increase sales volume, reduce manufacturing cost, or quickly develop more innovative and higher value-added products to compensate for the reduction in average sales price, it may affect the Company's gross earnings and financial results.

Silergy will continue to monitor customer demands, research and develop products that are more innovative and with more added value to create new markets. It will also continue to use flexible and low-cost business models to raise profitability, in the aim to reduce the risks of falling average selling prices of consumer electronics.

(6) Risks for violating intellectual property laws and patent rights

As commonly seen in semiconductor industry, Silergy or its customers may encounter intellectual property charges from time to time, or may discover that patent rights or IP rights owned by others contain technologies, products or services of Silergy or its end customers. It is a characteristic of the semiconductor industry that many companies own a large number of patents and other IPs, and actively seek, protect and exercise these IP rights.

Silergy is an IC design house, and its core assets are its research and development personnel, and the intangible intellectual properties developed by them. If the Company's intellectual properties are infringed by third parties, besides affecting the Company's products and revenue, significant time and cost may be incurred in legal proceedings to protect the Company's interest, which may have adverse effect on the Company's operations.

Charges of IP infringement are not uncommon in the technology industry. Silergy may also face IP infringement charges in the future. Regardless of whether there is sufficient evidence, the accusation may affect the Company's reputation, finance, business and revenue, and may cause the Company to incur high litigation cost, resulting in adverse impact on the Company's operations.

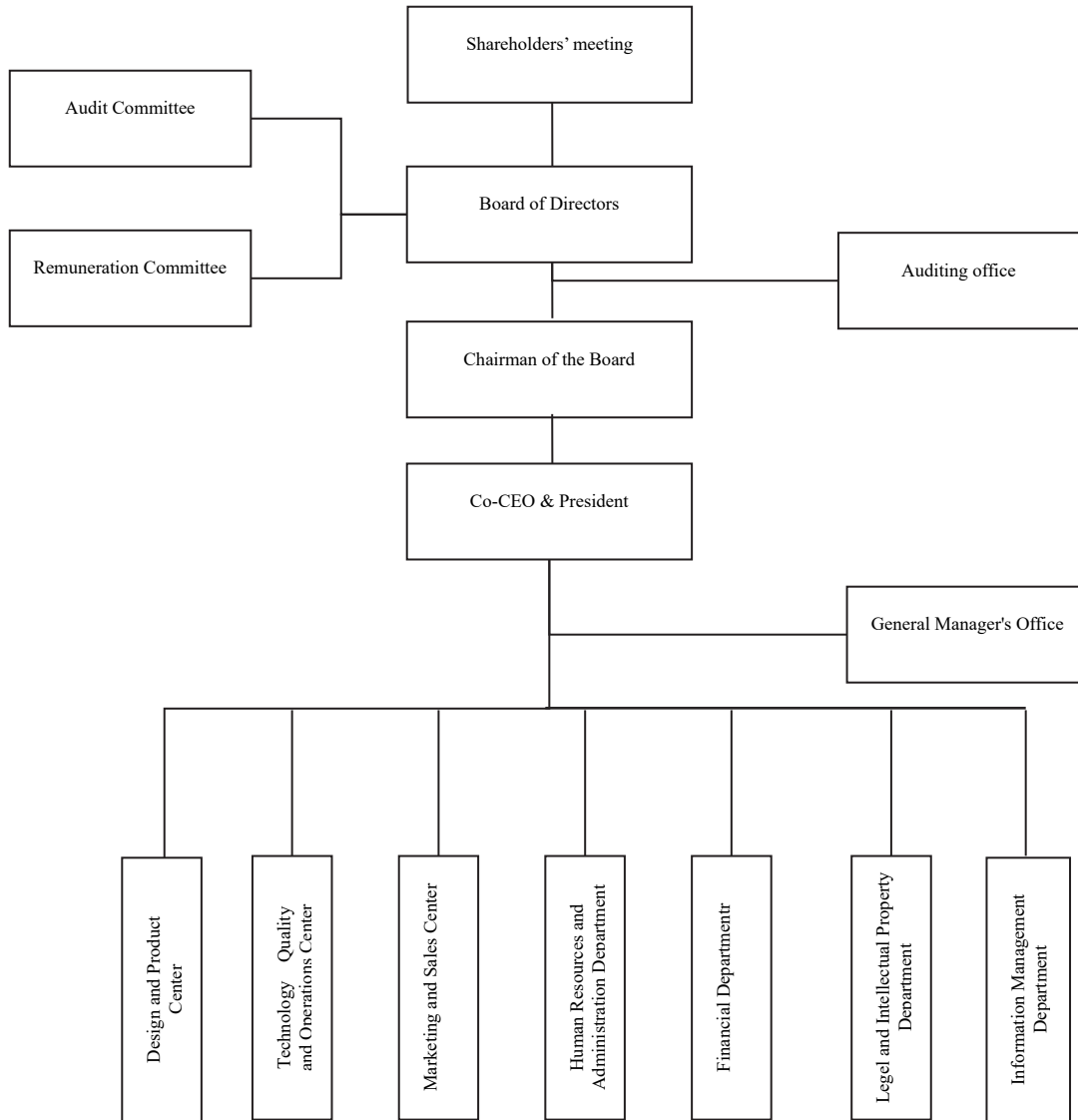
(7) Information security risk

Information security control is an unavoidable issue for companies in the era of industrial control and Internet of Things. In terms of network security planning, Silergy has established security control mechanism in its computer network system to prevent unauthorized system access, conducts periodic review and assessment on various software and hardware security and firewall settings, regularly conveys information security policies and regulations to the employees, conducts tests and network intrusion in a non-periodic manner, and conducts publication and drills for response procedures of possible impacts. The Company has established information security management regulations and obtained ISO27001 standard system certification, where information security and protection and emergency response procedures for information and communication security shall be handled accordingly.

# Chapter III Corporate Governance Report

## I. Organization

### (I) Organizational structure





(II) Responsibilities and functions of major departments

Department	Duties and responsibilities
Audit Committee	<ol style="list-style-type: none"> <li>1. Establish or revise an internal control system.</li> <li>2. Evaluate the effectiveness of the internal control system.</li> <li>3. Establish or amend the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.</li> <li>4. Resolve issues related to the personal interest of a director.</li> <li>5. Approve material asset or derivatives transaction.</li> <li>6. Review and approve material monetary loan, endorsement, or provision of guarantee.</li> <li>7. Offering, issuance, or private placement of equity-type securities.</li> <li>8. Appoint, discharge, or set remuneration for certified public accountants.</li> <li>9. Appoint or discharge financial, accounting, or internal audit supervisors.</li> <li>10. Audit annual and semi-annual financial reports.</li> <li>11. Any other material matter so required by the Company or the competent authority.</li> </ol>
Remuneration Committee	<ol style="list-style-type: none"> <li>1. Formulate and regularly review the policy, system, standards, and structure of the performance assessment and remuneration of directors and managerial officers.</li> <li>2. Regularly review and set remuneration of directors and managerial officers.</li> </ol>
Auditing Office	<ol style="list-style-type: none"> <li>1. Establish, amend, evaluate, and approve the ICS of the company.</li> <li>2. Implement auditing and independent assessment of the activities of central or branch units.</li> <li>3. Research, improve, and recommend matters related to legal regulations and auditing techniques.</li> </ol>
Chairman	Decides on the major businesses and administrative activities of the Company.
Co-CEO & President	Jointly implements the resolution of the shareholders' meeting and the board of directors, manage all Company's matters and outline the directions and objectives of the Company's business and operations.
General Manager's Office	Responsible for internal and external coordination for overall operations, and comprises investor relation and stock affairs personnel.
Design and Product Center	<ol style="list-style-type: none"> <li>1. R&amp;D and design of new product technologies, circuit layout and verification of products.</li> <li>2. Review, implement, and evaluate research proposals.</li> <li>3. Define, research and develop, and verify product architecture and application systems.</li> <li>4. Evaluate customer requirements and support customer service activities for field application departments.</li> </ol>
Technology Quality and Operations Center	<ol style="list-style-type: none"> <li>1. Manage Company's production and outsourced processes, achieve the annual goals of production plans and cost control.</li> <li>2. Responsible for product testing, verification, maintenance, and quality improvement.</li> <li>3. Responsible for product quality and reliability planning, implementation, and evaluation, establishing quality assurance framework and system, and quality-related training.</li> </ol>
Marketing and Sales Center	<ol style="list-style-type: none"> <li>1. Responsible for product sales, customer service, and sales market expansion.</li> <li>2. Collect overseas and domestic market information, analyze industrial trends, and investigate competitors' information.</li> </ol>

Department	Duties and responsibilities
Human Resources and Administration Department	Responsible for human resources management, talent development ,administration and general affairs, environmental protection public security, and occupational safety and health activities.
Financial Department	Provide accurate and effective financial accounting information, and make use investment or financing activities to generate value for the Company.
Legal and Intellectual Property Department	<ol style="list-style-type: none"> <li>1. Responsible for the company's legal risk management, contract management, rules and regulations and compliance review.</li> <li>2. Responsible for product IP writing, application and maintenance.</li> </ol>
Information Management Department	Responsible for computer and information product purchase, maintenance, and security.

## II. Information on the directors and main managerial officers

(I) Directors information (Silergy has not appointed any supervisors):

March 31, 2024, Unit: 1000 shares; %

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment)	Length of term	Date of first election	Shares held when elected		Shares currently held		Shares held by directors in the name of other persons		Main experience and academic background	Positions currently assumed in Silergy and other companies
							Shares	%	Shares	%	Shares	%		
Chairman	US	Wei Chen	Male 50~55	2022/5/27	3 years	2008/2/07	28,672	7.93	27,925	7.25	202	0.05	PhD, Department of Electrical Engineering, Virginia Polytechnic Institute and State University, USA Technical Manager, Linear Technology Deputy Chief System and Applications Technology Officer, Monolithic Power Systems, Inc.	For information on positions in the Company's affiliates, please refer to "Directors, supervisors, and general managers of affiliated companies" under "VIII. Special Items to be Included" (Page 108 - 110) of the Annual Report.
Director	US	Budong You	Male 50~55	2022/5/27	3 years	2008/2/22	14,748	4.08	14,978	3.89	-	-	PhD, Department of Electrical Engineering, Virginia Polytechnic Institute and State University, USA Deputy Technology Manager, Volterra Semiconductor	For information on positions in the Company's affiliates, please refer to "Directors, supervisors, and general managers of affiliated companies" under "VIII. Special Items to be Included" (Page 108 - 110) of the Annual Report.
Director	ROC	Jiun-huei Shih	Male 45~50	2022/5/27	3 years	2016/6/2	-	-	-	-	-	-	JD, Stanford University Law school BS, United States Military Academy Managing Director and Partner at JP Morgan/One Equity Partners Industry banker at both Merrill Lynch and Deutsche	Founding Partner, Hudson Highland Partners Advisory Partner, eJnnn Phecda Partners

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment)	Length of term	Date of first election	Shares held when elected		Shares currently held		Shares held by directors in the name of other persons		Main experience and academic background	Positions currently assumed in Silergy and other companies
							Shares	%	Shares	%	Shares	%		
Director	ROC	Sophia Tong	Female 60~70	2022/5/27	3 years	2022/5/27	-	-	-	-	-	-	Languages/National Taiwan University President, Test Rite International Co., Ltd. GM of IBM Taiwan; Department of Foreign	CEO, HonTai Group Chairman, ZHAN TENG Ltd. Independent Director, Acer Cyber Security Inc. Director, Dotmore Media
Director	ROC	Bing Xie	Male 55~60	2023/5/26	3 years	2023/5/26	-	-	-	-	-	-	Master of Business Administration at Clemson University in South Carolina Bachelor of Science in Electronics Engineering at Xidian University in Xi'an, Shaanxi, China. Senior Vice President/Executive Officer; Vice President; President/General Manager; TI Greater China; and Sales Manager, TI Greater China, Texas Instrument	Director, Huami Corporation (NYSE: ZEPP)
Independent director	ROC	Yong-Song Tsai	Male 65~70	2022/5/27	3 years	2014/6/24	-	-	-	-	-	-	Masters, International Business, National Taiwan University (NTU) Partner, APP Capital Limited Deputy General Manager, Walden International Taiwan Co., Ltd.	Independent director, WAFER WORKS Corporation

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment)	Length of term	Date of first election	Shares held when elected		Shares currently held		Shares held by directors in the name of other persons		Main experience and academic background	Positions currently assumed in Silergy and other companies
							Shares	%	Shares	%	Shares	%		
Independent director	ROC	Henry King	Male 55~60	2022/5/27	3 years	2019/6/13	-	-	-	-	-	-	Chairman, Kashman Investment Co., Ltd Director, GOLDEN BRIDGE ELECTECH INC. Independent Director, CHIP HOPE CO., LTD Independent Director, PANRAM INTERNATIONAL CORP.	EMBA Enterprise Class, National Cheng-Chi University, TAIWAN MBA in Finance, Loyola University of Chicago, USA BS in Electrical Engineering (minor in BA), National Central University, TAIWAN Managing Director, Co-head of Asia Technology team, Head of Taiwan research, Goldman Sachs Asia Senior analyst, Credit Suisse
Independent director	ROC	Jet Tsai	Male 55~60	2022/5/27	3 years	2022/5/27	-	-	-	-	-	-	CPA, Jianda Lianhe Accounting Firm President & Director, GLOBAL VIEW CO., LTD., Chairman, JIE DENG CO., LTD. Chairman, DA SHU ENERGY CO.,LTD Independent Director,NISHOKU TECHNOLOGY INC. Independent Director,Success Prime Corporation	MBA, National Taipei University Electrophysics / Chiao Tung University CPA, Jianda Lianhe Accounting Firm

Silergy shares held by spouse or minor children: None.  
Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship: None.  
Where the Chairperson and the general manager or person of an equivalent post (the highest level manager) of the Company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increase number of independent directors, and more than half of the directors do not concurrently hold position as an employee or managerial officer): none

Professional qualifications and independence of the directors:

The Company has specified in the Regulations Governing the Election of Directors and Independent Directors that the composition of the Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. The board of directors shall possess the following abilities: 1. Ability to make operational judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to conduct management administration. 4. Ability to conduct crisis management. 5. Knowledge of the industry. 6. An international market perspective. 7. Ability to lead. 8. Ability to make policy decisions.

The current members of the Board of Directors includes three independent directors, where the independent directors accounted for 37.5% of the Board. Members of the Board have an age distribution of 45-70 years old. And there is one female director, and the proportion of female directors reaches 12.5%, both of which have reached the set goals.

The company's current board of directors only has two members who also serve as the company's management team. The circumstances described in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act do not exist among the directors. Please refer to the table above for the nationality and industrial experience of each director and refer to the table below for their professional ability and independence:

March 31, 2024

Name	Condition	Does the individual have more than five years of professional experience and the following qualifications?			Compliant to the requirements of independence (Note)												Currently serving as an independent director of other public companies
		Currently serving as an instructor or higher post in a private or public college or university in the field of business, law, finance, accounting, or the business sector of the company	Currently serving as a judge, prosecutor, lawyer, accountant, or other professional practice or technician that must undergo national examinations and specialized license.	Work experience necessary for business administration, legal affairs, finance, accounting, or business sector of the Company.	1	2	3	4	5	6	7	8	9	10	11	12	
Wei Chen	-	-	V	-	-	-	-	-	-	-	V	V	V	V	V	0	
Budong You	-	-	V	-	-	-	-	-	-	-	V	V	V	V	V	0	
Jiun-huei Shih	-	-	V	V	V	V	V	V	V	V	V	V	V	V	V	0	
Sophia Tong	-	-	V	V	V	V	V	V	V	V	V	V	V	V	V	1	
Bing Xie	-	-	V	V	V	V	V	V	V	V	V	V	V	V	V	0	
Yong-Song Tsai	-	-	V	V	V	V	V	V	V	V	V	V	V	V	V	1	
Henry King	-	-	V	V	V	V	V	V	V	V	V	V	V	V	V	2	
Jet Tsai	-	V	V	V	V	V	V	V	V	V	V	V	V	V	V	2	

Note: For any director or supervisor who fulfills the relevant condition(s) for two fiscal years before being elected to the office or during the term of office, put a "V" sign in the box for the corresponding conditions. ✓

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. (do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).
- (3) Not a natural person shareholder who holds more than 1% of issued shares or is ranked top ten in terms of the total quantity of shares held, including the shares held in the name of the person's spouse, minor children, or in the name of others.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph (1) or any of the persons in subparagraphs (2) and (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to

- serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act. (do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).
- (6) Majority of the Company's director seats or voting shares and those of any other company are not controlled by the same person: a director, supervisor, or employee of that other company. (do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).
  - (7) The Company's chairperson, general manager, or person holding an equivalent position of the Company, and a person in any of those positions at another company or institution are not the same person and are not spouses: a director (or governor), supervisor, or employee of that other company or institution. (do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).
  - (8) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (do not apply to specified company or institution holds 20% or more and no more than 50% of the total number of issued shares of the Company, and to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).
  - (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof. However, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
  - (10) Not a spouse or a relative within the second degree of kinship with any director.
  - (11) Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.
  - (12) Where the person is not elected in the capacity of the government, a juristic person, or a representative thereof as provided in Article 27 of the Company Act.

(II) Information of main managerial officers:

March 31, 2024, Unit: Thousand shares; %

Title	Nationality	Name	Gender	Date of appointment	Shares held		Shares held by managerial officers in the name of other persons		Main experience and academic background	Positions currently assumed in other affiliated companies
					Shares	%	Shares	%		
Chairman	US	Wei Chen	Male	2008/02/07	27,925	7.25	202	0.05	PhD, Department of Electrical Engineering, Virginia Polytechnic Institute and State University, USA; Technical Manager, Linear Technology; Deputy Chief System and Applications Technology Officer, Monolithic Power Systems, Inc.	For information on positions in the Company's affiliates, please refer to "Directors, supervisors, and general managers of affiliated companies" under "VIII. Special Items to be Included" (Page 108 - 110) of the Annual Report.
Co-CEO & President	US	Budong You	Male	2008/02/22	14,978	3.89	-	-	PhD, Department of Electrical Engineering, Virginia Polytechnic Institute and State University, USA; Deputy Technology Manager, Volterra Semiconductor	

Title	Nationality	Name	Gender	Date of appointment	Shares held		Shares held by managerial officers in the name of other persons		Main experience and academic background	Positions currently assumed in other companies affiliated companies
					Shares	%	Shares	%		
Co-CEO & President	US	Michael Grimm	Male	2008/05/19	7,328	1.90	-	-	Masters, Electrical Engineering, University of California, Berkeley General Manager, Notebook Computers Business Unit, Maxim Integrated	
VP of Asia Sales	ROC	Chih-chung Lu	Male	2016/11/14	100	0.03	-	-	Deputy Marketing Manager, Magnachip Semiconductor Corp; General Manager of Taiwan Region, ON Semiconductor Marketing Manager of Taiwan Region, Fairchild Semiconductor	
Fellow	US	Jaime Tseng	Male	2008/05/28	5,140	1.34	-	-	Electrical Engineering, University of California, Berkeley; Design Manager, Linear Technology	
Chief Financial Officer	ROC	Shao-wei Chen	Male	2020/04/28	-	-	-	-	Department of Accounting, Chung Yuan Christian University; Financial manager, BenQ Materials Corp.	

Silergy shares held by spouse or minor children: None.

Managerial officer has, during the above period, held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: none.

Any managerial officer who is a spouse or relative within the second degree of kinship: none.

Where the Chairperson and the general manager or person of an equivalent post (the highest level manager) of the Company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increase number of independent directors, and more than half of the directors do not concurrently hold position as an employee or managerial officer): none



### III. Remuneration paid out to directors, general manager, and vice presidents in the most recent fiscal year

#### (I) Director's remuneration:

Unit: NT\$ thousand; thousand shares; %

Title	Name	Director's remuneration				Employee remuneration for other activities				Proportion of sum of A, B, C, D, E, F and G, to NIAT		Whether the person receives remuneration from non-subsiary investments					
		Remuneration (A)		Retirement pension (B)		Director's remuneration (C)		Business execution fees (D)		Salaries, bonuses and special expenses (E) (Note1)			Retirement pension (F)				
		The Company financial report	All companies in the financial report	The Company financial report	All companies in the financial report	The Company financial report	All companies in the financial report	The Company financial report	All companies in the financial report	The Company financial report	All companies in the financial report		The Company financial report	Dividend Sum	The Company financial report	All companies in the financial report	
	Wei Chen	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,337/ 0.31	None
	Budong You	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,010/ 0.40	None
Director	Jiun-huei Shih	-	-	-	-	2,310	-	47	-	-	-	-	-	-	-	2,357/ 0.32	None
	Sophia Tong	-	-	-	-	2,310	-	16	-	-	-	-	-	-	-	2,326/ 0.31	None
	Bing Xie (Note 2)	-	-	-	-	1,386	-	16	-	-	-	-	-	-	-	1,402/ 0.19	None
	Yong-Song Tsai	-	-	-	-	2,760	-	78	-	-	-	-	-	-	-	2,838/ 0.38	None
Independent director	Henry King	-	-	-	-	2,760	-	78	-	-	-	-	-	-	-	2,838/ 0.38	None
	Jet Tsai	-	-	-	-	2,760	-	78	-	-	-	-	-	-	-	2,838/ 0.38	None

Independent directors' remuneration policies, system, standard and structure, and the relation to the individual's responsibilities, risk, time spent by the individual, etc.: Independent directors' remuneration shall be assessed in accordance with the Company's "Regulations for Board Performance Evaluation". The Company's remuneration committee and board of directors, shall in accordance with the Company's Articles of Association, take into account the individual's responsibilities, risk, the time spent by the individual, etc., as well as the reasonable remuneration standard in the industry, both locally and overseas.  
Remuneration provided to a director for providing services (such as serving as a non-employed consultant) to any company in the financial report in the most recent fiscal year: None.  
Lai-Juh Chen resigned his commission on August 4, 2021.

Note 1 : Salary expenses recognized under IFRS 2 Share-based Payment, such as employee share subscription warrants, new restricted employee shares, and participation in subscription of stocks in cash capital increase, shall be included in the remuneration.

Note 2 : Mr. Bing Xie took office after being elected at the annual shareholders' meeting on May 26, 2023.

(II) Remuneration for general manager and vice presidents:

Unit: NT\$ thousand; thousand shares; %

Title	Name	Salary (A)		Retirement pension (B)		Bonuses and special expenses (C) (Note) and special expenses (C) (Note)		Employee's remuneration (D)			Proportion of sum of A, B, C, and D, to NIAT (%)		Whether the person receives remuneration from non-subsidary investments	
		The Company	All companies listed in this Financial Report	The Company	All companies in this Financial Report	The Company	All companies in this Financial Report	The Company	All companies listed in this Financial Report	Cash	Dividend	The Company		All companies in this Financial Report
Chairman	Wei Chen													
Co-CEO & President	Budong You													
Co-CEO & President	Michael Grimm	-	26,452	-	717	-	1,009	-	-	-	-	28,178	3.69	None
VP of Asia Sales	Chih-chung Lu													

Note: Salary expenses recognized under IFRS 2 Share-based Payment, such as employee share subscription warrants, new restricted employee shares, and participation in subscription of stocks in cash capital increase, shall be included in the remuneration.

Table of remuneration range

Remuneration range for general manager and vice presidents	Name of the general manager and vice presidents	
	The Company	All companies in the financial report (A + B + C + D)
Less than NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) to 2,000,000 (not inclusive)	-	-
NT\$2,000,000 (inclusive) to 3,500,000 (not inclusive)	-	-
NT\$3,500,000 (inclusive) to 5,000,000 (not inclusive)	-	-
NT\$5,000,000 (inclusive) to 10,000,000 (not inclusive)	-	Wei Chen, Budong You, Michael Grimm, Chih-chung Lu
NT\$10,000,000 (inclusive) to 15,000,000 (not inclusive)	-	-
NT\$15,000,000 (inclusive) to 30,000,000 (not inclusive)	-	-
NT\$30,000,000 (inclusive) to 50,000,000 (not inclusive)	-	-
NT\$50,000,000 (inclusive) to 100,000,000 (not inclusive)	-	-
More than NT\$100,000,000	-	-
Total	-	4 people

(III) Names of managerial officers provided with employee's compensation and state of distribution:

Unit: NT\$ thousand; %

	Title	Name	Dividend	Cash	Total	Ratio to NIAT
Managerial officer	Co-CEO & President	Budong You	-	-	-	-
	Co-CEO & President	Michael Grimm				
	Fellow	Jaime Tseng				
	VP of Asia Sales	Chih-chung Lu				
	Chief Financial Officer	Shao-wei Chen				

(IV) Analysis of total remuneration paid to directors, supervisors, general managers, and vice presidents over the past two years by Silergy and all companies listed in the consolidated financial statement as a percentage of NIAT, and descriptions of the policies, standards and packages, procedures for determining remuneration, and relation to operational performance and future risk exposure:

1. Analysis of the total remuneration paid to the Company's directors, supervisors, general managers, and vice presidents by the Company and all companies listed in the consolidated financial statement as a percentage of NIAT:

Unit: NT\$ thousand; %

Item	2022		2023	
	Amount	As a proportion of NIAT	Amount	As a proportion of NIAT
NIAT	6,038,731	100.00	746,004	100.00
Total remuneration paid to the Company's directors, supervisors, general managers, and vice presidents by the Company and all companies listed in the consolidated financial statement	48,878	0.81	42,777	5.73

2. Policies, standards and packages, procedures for determining remuneration, and relation to operational performance and future risk exposure:

- (1) In accordance with Article 129 of the Articles of Association, no more than 2% of the profit before tax shall be set aside as directors' remuneration if there is profit before tax for the year. Directors' remuneration shall be assessed in accordance with the Company's "Regulations for Board Performance Evaluation". The Company's remuneration committee and board of directors, besides referencing the Company's overall operational performance, future risk exposure and development trend in accordance with the Company's Articles of Association, shall also take into account the individual's performance achievement rate and contribution to the Company's performance, as well as the reasonable remuneration standard in the industry, both domestic and overseas. The Company's remuneration committee and board of directors shall review the remuneration system in a timely manner, based on the actual operating conditions and relevant laws and regulations, so as to balance the Company's sustainability and risk control.
- (2) Remunerations paid to a general manager and vice presidents are determined by the Company's remuneration committee and the board of directors in accordance with the Company's Personnel Charter, based on their position held, contributions to the Company, and their performance.
- (3) Silergy offers competitive remuneration to attract talents. Performance evaluation indicators for managerial officers include contributions to the Company according the position held. Future business risks and long-term business outcomes are also taken into consideration.

## IV. State of implementation of corporate governance

### (I) State of operations of the board of directors

The Company's board of directors has held 5 board meetings in 2023, and the directors' attendance rates are as follows:

Title	Name	Actual attendance	Proxy attendance	Actual attendance rate (%)	Notes
Director	Wei Chen	5	0	100	
Director	Budong You	5	0	100	
Director	Jiun-huei Shih	5	0	100	
Director	Sophia Tong	5	0	100	
Director	Bing Xie	3	0	100	Elected on May 26, 2023
Independent director	Yong-Song Tsai	5	0	100	
Independent director	Henry King	5	0	100	
Independent director	Jet Tsai	5	0	100	

- Where the proceedings of the board meeting include one of the following circumstances, the date of board meeting, session, topic discussed, opinions of every independent director, and their handling by Silergy, shall be stated:
  - Matters included in Article 14-3 of the Securities and Exchange Act: Regulations from Article 14-3 is not applicable since the Company has already established an audit committee. For explanations on matters stipulated in Article 14-5 of the Securities and Exchange Act, please refer to Operations of the Audit Committee (Page 24).
  - In addition to the aforementioned motions, other board meeting motions where an independent director expressed a dissenting or qualified opinion that have been recorded or stated in writing: none.
- For recusal of directors due to conflict of interests, the name of the directors, the content of the proposals, reasons for recusal, and participation in voting shall be stated:
  - At the Board meeting held on March 9, 2023, the Company discussed the remuneration of the Directors for 2022. As the amount of Director remuneration involves the amount paid to individual directors, the Chairman consulted the attending directors and agreed to divide them into "Directors" and "Independent Directors" so that they are able to avoid during discussion and voting. The remuneration of "Directors" is approved by the attending "Independent Directors", while the remuneration of "Independent Directors" is approved by the attending "Directors". Other resolutions are approved after the Chairperson consulted all attending directors.
  - In the same meeting, the performance evaluation and bonus for managers in 2022 and the Salary Adjustment in 2023 were discussed. In accordance with Article 13 of the Rules of Procedure of the Board of Directors' Meeting, Directors Wei Chen and Budong You recused themselves from the discussion and resolution of this proposal because they work concurrently as the managers of the Company. The remaining directors elected independent director, Yung-Sung Tsai, to act as proxy of the chairperson. This proposal was approved as presented after consulting the rest of the directors at present by the chairperson.
- Board of directors' self-evaluation (or peer evaluation) cycles and periods, scope, method and content; and how the board performance evaluation has been conducted:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation methods	Evaluation content
Executed every year.	Evaluate the performance of the board of directors for the period from January 1, 2023 to December 31, 2023.	The Company's board evaluation scope covers the evaluation of the board as a whole, individual directors and functional committees.	Methods of evaluations include the internal evaluation of the board, self-evaluation by individual board members, and self-evaluation by functional committee members.	(1) Participation in the operation of the company; improvement of the quality of the board of directors' decision making; composition and structure of the board of directors; election and continuing education of the directors; and internal control. (2) Self-evaluation by individual board members: Alignment of the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationship and communication; the

				director's professionalism and continuing education; and internal control. (3) Evaluation of functional committee: Participation in the operation of the company; awareness of the duties of the functional committee; improvement of quality of decisions made by the functional committee; makeup of the functional committee and election of its members; and internal control.
<p>4. Goals for enhancing the functions of the board of directors for the current and most recent fiscal period as well as assessments of the actions implemented:  Silergy has established an Audit Committee and a Salary and Remuneration Committee. Refer to Pages 24 and 32 for the activities of the committees.</p>				

(II) State of operations of audit committee

The Company has set up an audit committee, which is composed of the entire number of independent directors, to assist the board of directors in fulfilling its duties in supervising the Company in accounting, audit, and financial report review, and evaluate the effectiveness of the internal control. The Company's audit committee held 5 meetings in 2023, and the following describes the independence directors' attendance, main job scope and state of operations

Title	Name	Actual attendance	Proxy attendance	Actual attendance rate (%)	Notes
Convener	Jet Tsai	5	0	100	
Independent director	Yong-Song Tsai	5	0	100	
Independent director	Henry King	5	0	100	
<p>1、Key tasks for Silergy's Audit Committee for the year: (1) review financial report, (2) assess the effectiveness of internal control, (3) appoint certified public account, (4) CPA provides independent assessment on audit and non-audit services, (5) amend handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, extension of monetary loans to others, or endorsements or guarantees for others, (6) review material asset, monetary loan, endorsement, or provision of guarantee transactions.</p> <p>2、Where the proceedings of the audit committee meeting include one of the following circumstances, the date of meeting, session, and motion of the board meeting, resolutions of the audit committee, and Silergy's handling of the comments shall be stated:</p> <p>(1) Items listed in Article 14-5 of the Securities and Exchange Act: Items listed in Article 14-5 of the Securities and Exchange Act shall be subject to the consent of one-half or more of all audit committee members and be submitted to the board of directors for a resolution. The details are in the Annual Report's III. Corporate Governance Report, Material Resolutions of Shareholders Meeting and Board of Directors Meeting (Pages 46 - 48).</p> <p>(2) In addition to the aforementioned motions, other motions not passed by the audit committee but passed by at least two-thirds of the votes of the entirety of the board of directors: none.</p> <p>3、For the implementation and state of the independent director's recusal on conflict of interest, describe the director's name, contents of the motion, reasons for the required recusal, and participation in the voting process: none.</p> <p>4、Communication between the independent director and the internal audit manager or certified public accountant (shall include material matters, methods, and results of communication on the finances and state of business of Silergy):</p> <p>(1) Silergy convenes regular audit committee meetings every quarter. Where necessary, the certified public accountant, audit manager, and relevant managers are invited to the meeting.</p> <p>(2) The internal audit manager regularly submits audit reports to each independent director for review. During the quarterly audit committee meeting, report on the implementation of internal audits and operations of the internal control system (ICS) for the quarter is presented. The manager may also convene a meeting where there is a major non-conformity.</p> <p>(3) Silergy convenes regular audit committee meetings to communicate and discuss with the certified public accountants, the review and assessment results of the quarterly financial statements, and compliance of the laws and regulations.</p>					

(III) The state of the Company's implementation of corporate governance, any departure of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such departure.

Item	State of implementation			Departure of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such departure
	Yes	No	Summary	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles" based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company established "Corporate Governance Practices Guidelines" on December 20, 2023, after the discussion and approval of the Board of Directors. In accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, the Company adheres to important principles such as safeguarding shareholder rights, strengthening the functions of the Board of Directors, leveraging the role of Independent Directors, respecting the rights of stakeholders, and enhancing information transparency. Relevant corporate governance regulations have been established, including Rules and Procedures for Board of Directors' Meetings, Remuneration Committee Charter, Procedures for Handling Material Inside Information and the Prevention of Insider Trading, Rules Governing the Scope of Powers of Independent Directors, and the Procedures for Ethical Management and Guidelines for Conduct, and significant information, as well as periodic financial information, is disclosed in accordance with relevant laws and regulations. The Board of Directors also fulfills the responsibilities entrusted by shareholders by guiding the Company's business strategies and supervising management across the business.	No major gaps.
II. Equity structure and shareholders' rights of the company				
(I) Did the company establish an internal procedure for handling shareholder proposals, inquiries, disputes, and litigations? Are such matters handled according to the internal procedure?	V		(I) Silergy has established a spokesperson system and has appointed a spokesperson and a deputy spokesperson to handle shareholder recommendations, doubts, disputes, and litigations to safeguard the shareholders' rights.	No major gaps.
(II) Did the company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?	V		(II) Silergy constantly monitors shareholding conditions of its directors, managerial officers, and major shareholders holding more than 10% of the shares.	No major gaps.
(III) Did the company establish and enforce risk control and firewall systems with its	V		(III) Silergy has established relevant control measures in its internal control system (ICS) and Regulations for Financial	No major gaps.

Item	State of implementation			Departure of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such departure
	Yes	No	Summary	
affiliates?			Transactions with Related Parties,	
(IV) Did the company stipulate internal rules that prohibit company insiders from trading securities using information not disclosed to the market?	V		(IV) Silergy has stipulated Regulations for Handling Major Internal Information and Prevention of Insider Trading, prohibiting company insiders from trading securities using information not disclosed to the market.	No major gaps.
III. Composition and responsibilities of the board of directors: (I) Has a policy of diversity been established and implemented for the composition of the board of directors?	V		<p>(I) The Company stated in the Regulations for Election of Directors and Independent Directors", that composition of Board members shall be diversified. Corresponding diversity policies shall be formulated in accordance with its own operations, type of business, and development requirements, including but not limited to the following two standards:</p> <p>1. Basic requirements and values: Gender, age, nationality, and culture.</p> <p>2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.</p> <p>All members of the board shall have the necessary knowledge, skills, and experience to perform their duties, and the Board of Directors shall possess the following abilities:</p> <p>(1) The ability to make operational judgments.</p> <p>(2) Accounting and financial analysis ability.</p> <p>(3) Management administration ability.</p> <p>(4) Crisis management ability.</p> <p>(5) Knowledge of the industry.</p> <p>(6) An international market perspective.</p> <p>(7) Leadership ability.</p> <p>(8) Decision-making ability.</p> <p>The Board of Directors of the Company shall consider adjusting its composition based on the results of performance evaluation.</p> <p>The Board members currently comprise 8 directors, including three independent Directors, aged between 45 and 70. The nationality, industry experience, and profession of the individual directors are set out on page 14-16 of the Annual Report.</p>	No major gaps.

Item	State of implementation			Departure of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such departure
	Yes	No	Summary	
(II) In addition to salary and remuneration committee and audit committee established according to law, has the company voluntarily established other functional committees?		V	(II) Silergy has established a remuneration committee and audit committee in accordance with the relevant laws, and will form other functional committees according to actual requirements and legal regulations.	No major gaps.
(III) Did the company stipulate regulations for performance evaluation of the board, and its evaluation method, and conduct performance evaluation on a yearly basis; and submit the results of performance assessments to the board of directors and use them as reference in determining compensation for individual directors, their nomination and additional office term?	V		(III) Silergy has established "Regulations for Board Performance Evaluation" which was passed on November 14, 2016. Since 2016, self-evaluation questionnaire on performance are given to all directors at the end of every year. In addition to evaluating the overall operations of the board of directors, every director is also required to review their own performance. Evaluations for the entire Board of Directors include the following five dimensions: 1.Participation in the operation of the Company. 2.Improving Board of Directors' decision-making. 3.Composition and structure of the Board of Directors. 4.Elections and continuous training of the directors. 5.Internal control. Self-evaluation of director performance shall comprise at least the six following dimensions: 1.Knowledge of corporate objectives and mission. 2.Knowledge of the director's responsibilities. 3.Level of participation in corporate operations. 4.Internal relationships and communications. 5.Director's professionalism and continuous training. 6.Internal control. Evaluations for functional committee include the following five dimensions: 1.Participation in the operation of the Company. 2.Awareness of the duties of the functional committee. 3.Improvement of quality of decisions made by the functional committee. 4.Makeup of the functional committee and election of its members. 5.Internal control. After the questionnaires have been returned, the Company's board meeting unit conducts analysis in accordance with the above methods, submits the results to the board of directors, and	No major gaps.



Item	State of implementation			Departure of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such departure
	Yes	No	Summary	
(IV) Did the company regularly implement assessments on the independence of the certified public accountants?	V		<p>proposes recommendations for improvements. The results of performance evaluation can serve as the basis of reference for the election or nomination of directors, and the results of performance evaluation of individual directors can serve as the basis of reference for determining their individual salary and remuneration. The preceding rules and evaluation results are disclosed on the Company's website.</p> <p>The results of 2023 Board of Directors' performance evaluation are as follow and reported the results on March 12, 2024 Board of Director:</p> <ol style="list-style-type: none"> <li>1. Board performance scored 99 points (maximum 100 points).</li> <li>2. Self-evaluation by individual board members scored 4.84 (maximum 5.00 points).</li> <li>3. Self-evaluation by the Audit Committee scored 4.96 (maximum 5.00 points).</li> <li>4. Self-evaluation by the Remuneration Committee scored 4.78 (maximum 5.00 points).</li> </ol> <p>(IV) The financial department of Silergy implements an evaluation of the independent auditors's independence by the standard of AQIs once every year. Evaluation results in 2023 were reported to the audit committee and board of directors on March 12, 2024 for review, and were approved. Silergy's finance department evaluated CPA Ming-Yen Chien and CPA Chun-Hung Chen of Deloitte Taiwan, and both conform to the standards of independence established by Silergy and are capable of serving as CPA of Silergy.</p>	No major gaps.
IV. Does the TWSE/TPEX listed company have an adequate number of corporate governance personnel with appropriate qualifications, and appoint a chief corporate governance officer to be in charge of corporate governance affairs (include but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings)	V		<p>The Board of Directors resolved on May 11, 2023 to establish the position of Head of Corporate Governance, which is concurrently held by the Company's President. The Head of Corporate Governance possesses the qualification of having held a supervisory position of corporate governance related affairs in a public company for at least three years.</p> <p>The following matters are jointly handled by the Corporate Governance Department and the Investor Relations Department:</p> <ol style="list-style-type: none"> <li>1. Handling matters relating to board meetings and shareholders meetings according to laws</li> <li>2. Producing minutes of board meetings and shareholders meetings</li> </ol>	No major gaps.

Item	State of implementation			Departure of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such departure
	Yes	No	Summary	
according to laws, producing minutes of board meetings and shareholders meetings, etc.)?			3. Assisting in onboarding and continuous development of directors 4. Furnishing information required for business execution by directors 5. Assisting directors with legal compliance 6. Reporting the results of whether the qualifications of independent directors comply with relevant laws and regulations when nomination, election and during their term of office to the board of directors. 7. Conducting matters related to changes of directors. 8. Other matters set out in the articles or corporation or contracts	
V. Has the company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers)? Has a stakeholders' area been established in the company's website? Are major corporate social responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the company?	V		Silergy has appointed responsible personnel exclusively to handle matters related to stakeholders, including financial institutions and other creditors, employees, customers, suppliers, and related parties of corporate interest, and to maintain open communication channels. Silergy has also appointed a spokesperson and a deputy spokesperson as a contact window for communicating with external parties and provide appropriate responses to relevant matters.	No major gaps.
VI. Has the company delegated a professional shareholder services agent to handle matters of shareholders' meeting?	V		Silergy has delegated the responsibility of handling matters related to shareholders' meetings to the shareholders affairs department of Yuanta Securities.	No major gaps.
VII. Information disclosure (I) Did the company establish a website to disclose information on financial operations and corporate governance?	V		(I) Silergy has complied with relevant laws to disclose finance related matters and material information on the Market Observation Post System (MOPS). Silergy has also established a special area for shareholders' interaction on its official Chinese and English website ( <a href="http://www.silergy.com">http://www.silergy.com</a> ) to promptly disclose corporate information.	No major gaps.
(II) Did the company adopt other means of information disclosure (such as establishing an English language website, delegating a professional to collect and disclose company information, implement a spokesperson system, and disclosing the process of investor conferences on the company website)?	V		(II) Silergy has appointed personnel in charge of collecting corporate information and disclosure of material events (email: IR@silergy.com). It has also appointed a spokesperson and deputy spokesperson system according to law; while holding investors' conference, information related to the conference is uploaded to the corporate website and the Market Observation Post System (MOPS); the relevant material information is readily available on MOPS.	No major gaps.
(III) Did the Company publish and report its annual financial		V	(III) Though the Company has not published and reported its annual	No major gaps.

Item	State of implementation			Departure of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such departure
	Yes	No	Summary	
report within two months after the end of the accounting year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?			financial report within two months after the end of the accounting year, it has published and reported its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.	
VIII.Has the company provided important information to enable better understanding of the state of corporate governance (including but not limited to employees' rights, employee care, investor relations, supplier relations, stakeholders' rights, progress of training of directors and supervisors, risk management policy and state of implementing risk impact standards, state of implementing customer policies, and the company's purchase of liability insurance for its directors and supervisors)?	V		<p>(I) Employees' rights: To safeguard the employees' rights, Silergy has established an employees' manual and corporate welfare policy, clearly stating the employees' rights, obligations, and welfare.</p> <p>(II) Employee care: Silergy provides social insurance according to relevant laws of the local government to safeguard employees' interests. Silergy also holds meal gatherings, tours, and other activities every now and then to improve employees' physical and mental well-being.</p> <p>(III) Investor relations, supplier relations, and stakeholder relations: Silergy maintains an open communication channel with its investors, suppliers, and stakeholders to safeguard their legal rights and interests.</p> <p>(IV) Supplier relations: Silergy has maintained a positive relationship with its suppliers.</p> <p>(V) Stakeholder relations: Stakeholders can communicate and make recommendations to Silergy to safeguard their legal rights.</p> <p>(VI) Director's training: Directors of Silergy participate in various professional training courses (Note 1).</p> <p>(VII) Director recusal on conflict of interest: For restrictions and recusals of directors in conflict of interest, Silergy has stipulated clear rules and incorporated the rules in the Board Meeting Rules.</p> <p>(VIII) Risk management policy and risk assessment standards, and implementation thereof: Silergy has established internal control systems (ICS) and internal management rules according to relevant laws, and implemented various risk management and assessment according to relevant systems and rules to reduce and prevent any possible risks.</p> <p>(IX) State of implementation of customer policies: There is a dedicated</p>	No major gaps.

Item	State of implementation			Departure of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such departure
	Yes	No	Summary	
			department to address customer queries and provide channel for complaint. (X) Liability insurance for the directors: Silergy has purchased liability insurance for every director. The status of payment for liability insurance premium for the directors has been reported at the board meeting held on December 20, 2023	

Note 2: Director training in Silergy during 2023:

Name	Training date	Organizer	Course title	Training hours
Wei Chen	2023.05.26	Taiwan Corporate Governance Association	Risk management and crisis management	3
			Risks are everywhere, how to manage them effectively	3
Budong You	2023.05.26	Taiwan Corporate Governance Association	Risk management and crisis management	3
			Risks are everywhere, how to manage them effectively	3
Jiun-huei Shih	2023.05.26	Taiwan Corporate Governance Association	Risk management and crisis management	3
			Risks are everywhere, how to manage them effectively	3
Sophia Tong	2023.05.26	Taiwan Corporate Governance Association	Risk management and crisis management	3
			Risks are everywhere, how to manage them effectively	3
Bing Xie	2023.08.23	Accounting Research and development Foundation	Corporate governance literacy and financial reporting risk assessment practice	6
	2023.08.24	Securities & Futures Institute	Trends of Corporate governance and sustainable development of companies	3
	2023.11.15		2030/2050 green industrial revolution	3
Yong-Song Tsai	2023.05.26	Taiwan Corporate Governance Association	Risk management and crisis management	3
			Risks are everywhere, how to manage them effectively	3
	2023.06.06	Securities & Futures Institute	Understanding and Application of Credit Rating	3
Henry King	2023.05.26	Taiwan Corporate Governance Association	Risk management and crisis management	3
			Risks are everywhere, how to manage them effectively	3
Jet Tsai	2023.05.26	Taiwan Corporate Governance Association	Risk management and crisis management	3
			Risks are everywhere, how to manage them effectively	3

IX. Describe improvements made according to the corporate governance assessment made in the latest fiscal year by the Corporate Governance Center of the Taiwan Stock Exchange Corporation (TWSE), and provide priority improvements and measures to be taken for improvements that have yet to be carried out. (not required as the Company is not an assessed company)  
None.

(IV) Composition, duties, and operations of the remuneration committee:

To enhance corporate governance and to establish a comprehensive remuneration system for the directors and managerial officers, Silergy has established a remuneration committee on March 29, 2013, and appointed three independent directors to serve as the members of the first committee, with the duration of a service term similar to that of a director on the board of directors.

1. Information on members of the current remuneration committee

March 31, 2024

Identity		Condition	professional qualifications and experience	Compliant to the requirements of independence	Number of salary and remuneration committee memberships concurrently held in other public companies End of this section
Name					
Chairperson Independent Director	Yong-Song Tsai	Refer to Directors information (pages 14 – 16) of the Annual Report.			1
Independent Director	Henry King				2
Independent Director	Jet Tsai				1

2. State of operations of the remuneration committee

- (1) Silergy has a remuneration committee composed of three members.
- (2) Term of current committee members: From May 27, 2022 to May 26, 2025, the remuneration committee has convened two meetings in 2023. The following outlines the qualifications of the committee members and their attendance:

Title	Name	Actual attendance	Proxy presence	Actual attendance rate (%)	Notes
Convener	Yong-Song Tsai	2	0	100	
Committee member	Henry King	2	0	100	
Committee member	Jet Tsai	2	0	100	

Other items that shall be recorded:

1. The duty of the Company's remuneration committee is to professionally and objectively evaluate the remuneration policy and system for the Company's directors and managerial officers, and make recommendations to the board of directors, to be used as reference for their decision making. The scope of duties include regular review of the Company's Remuneration Committee Charter and propose amendment recommendations, establish and conduct review on performance evaluation standards of the Company's directors, supervisors and managerial officers, set annual and long-term performance targets, establish remuneration policies, system, standard and structure, regularly evaluate the performance target achievement of the Company's directors, supervisors and managerial, and set the individual's remuneration content and quantity based on the results from the performance evaluation standards.
2. The 2nd meeting of the 4rd Remuneration Committee was held on March 9, 2023 to discuss employee and director remuneration, managerial officers' performance evaluation and remuneration, managerial officers annual remuneration, and employee equity incentive plan. The 3rd meeting of the 4rd Remuneration Committee was held on December 20, 2023 to report the remuneration for Directors, general manager and vice presidents. All resolutions in the abovementioned meetings were approved by the attending committee members and submitted to the Board of Directors for discussion and approval.
3. If the board of directors chooses not to adopt or revise the recommendations proposed by the remuneration committee, the date of the board meeting, session, contents discussed, results of board resolutions, and how the Company handle the opinions of the remuneration committee shall be described in detail: none.
4. Where resolutions of the remuneration committee include dissenting or qualified opinion which is on record or stated in a written statement, the date of remuneration committee meeting, session, contents discussed, opinions from every member, and how the members' opinions are handled, shall be described in detail: none.

(V) Implementation Status of Promoting Sustainable Development and Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Promotion Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons										
	Yes	No	Abstract Explanation											
i. Does the company established a governance structure to promote sustainable development and establish an exclusively (or concurrently) dedicated unit to promote sustainable development, which is authorized by the board of directors to be handled by senior management, and reports to the board of directors for its development?		V	The Company has established a dedicated unit for promoting sustainable development and formed an ESG management team to carry out the preparation and publication of the annual ESG report. The Company's sustainable development governance framework is composed of the President and several senior executives from different fields, who work together to review the Company's core operational capabilities, and formulate and promote the implementation of medium to long-term sustainable development plans.	None.										
ii. Does the company assess environmental, social and governance (ESG) risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? (Note 2)		V	<p>The Company adheres to a proactive risk management policy and formulates targeted prevention, emergency, and recovery strategies based on risk identification and assessment. In terms of risk identification, the Company comprehensively identifies potential risks in systems and standards of various categories, such as strategic planning, operation management, financial operations, and climate change, and monitors the legality and compliance of the entire business operation process on a daily basis. The Company analyzes the likelihood and impact of identified risks, compares analysis results with the Company's risk management standards, identifies risks at low, medium, and high levels, and formulates corresponding countermeasures. To effectively manage risks that may impact operational continuity, the Company has established a business continuity management system.</p> <table border="1"> <thead> <tr> <th></th> <th>Risk Issues</th> <th>Policy or Strateg</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Strategic Positioning Risks</td> <td>1. Technological Innovation and Industry Trends</td> <td>The management periodically monitors market changes and technological trends, evaluating their risks and their impact on the company's product positioning, in order to mitigate all risk factors.</td> </tr> <tr> <td>2. Changes in Market Demand</td> <td>Gradually increase annual R&amp;D expenses to support future new product development and enhancements for existing products, thus enhancing market competitiveness.</td> </tr> <tr> <td>3. Changes in Policies or Laws</td> <td>Stay attuned to market demand, maintain close contact and collaboration with end-brand anufacturers to seize market</td> </tr> </tbody> </table>		Risk Issues	Policy or Strateg	Strategic Positioning Risks	1. Technological Innovation and Industry Trends	The management periodically monitors market changes and technological trends, evaluating their risks and their impact on the company's product positioning, in order to mitigate all risk factors.	2. Changes in Market Demand	Gradually increase annual R&D expenses to support future new product development and enhancements for existing products, thus enhancing market competitiveness.	3. Changes in Policies or Laws	Stay attuned to market demand, maintain close contact and collaboration with end-brand anufacturers to seize market	None.
	Risk Issues	Policy or Strateg												
Strategic Positioning Risks	1. Technological Innovation and Industry Trends	The management periodically monitors market changes and technological trends, evaluating their risks and their impact on the company's product positioning, in order to mitigate all risk factors.												
	2. Changes in Market Demand	Gradually increase annual R&D expenses to support future new product development and enhancements for existing products, thus enhancing market competitiveness.												
	3. Changes in Policies or Laws	Stay attuned to market demand, maintain close contact and collaboration with end-brand anufacturers to seize market												

Promotion Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>opportunities, develop more innovative and advanced products, and preemptively introduce new products aligned with consumer tastes and preferences</p> <p>4.Global Political and Economic Developments Stay vigilant about trends in international policy development and regulatory changes, collect relevant information to provide decision-making references for the management, and adopt appropriate strategies.</p> <p>Operational Management Risks</p> <p>1.Talent Recruitment and Development Management Provide comprehensive education and training to cultivate a diverse R&amp;D talent pool. Maintain ongoing employee benefits and a dividend-based stock incentive policy to attract exceptional design talents.</p> <p>2.Information Security Risk When planning network security, establish secure control mechanisms for computer network systems to prevent unauthorized access. Regularly review and assess the security of software and hardware, configure firewall systems, and periodically educate employees about information security policies and regulations. Conduct periodic testing.</p> <p>3.Corporate Image Uphold the values of integrity and steady diligence, committed to enhancing quality and efficiency while strengthening internal management to uphold the corporate image.</p> <p>4.Intellectual Property and Patents Align with the overall development plan, scientifically formulate and implement an intellectual property scheme, define short-term intellectual property goals, and develop feasible intellectual property work plans</p> <p>5.Public Opinion Emergencies Develop and activate emergency response plans based on unforeseen events, strictly control external information flow, engage in</p>	

Promotion Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>proactive media relations activities, and minimize negative impacts on the company’s reputation. Simultaneously, rigorously enforce accountability and continuously enhance daily media relations activities, establishing channels for media crisis management. Non-compliance with regulations by individuals or units will result in accountability actions by the company</p>	
			<p>Financial Operations Risks</p> <p>1.Changes in Interest Rates, Exchange Rates, Inflation, etc</p> <p>2.High-Risk, High-Leverage Investments</p>	<p>Continuously gather exchange rate data and enhance connections with financial institutions through real-time exchange rate information on the internet or other means. Analyze exchange rate trends and strive for a balance between foreign currency assets and liabilities in our strategies to achieve a natural hedge effect and minimize the impact of exchange rate fluctuations.</p> <p>Monitor fluctuations in market prices and maintain good interactive relationships with suppliers and customers. The company’s operational strategy has always been based on conservative and focused principles, avoiding involvement in high-risk industries. Additionally, the financial policy is primarily conservative and cautious, refraining from engaging in high-leverage investments.</p>
			<p>Climate Change Risks</p> <p>1.Green Products</p> <p>2.Transition Risks Caused by Climate Change Factors</p> <p>3.Increased Supply Chain Costs Due to Climate Factors</p>	<p>Continuously research and develop products with lower carbon footprint.</p> <p>Continuously promote water-saving, energy-saving, and carbon reduction initiatives to enhance resource utilization efficiency.</p> <p>Actively engage in sustainable supplier management practices</p>



Promotion Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
iii. Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		(1) The Company is committed to improving the efficiency of resource utilization and using reclaimed materials with low impact on the environment, so that the earth's resources can be used sustainably. For environmental management, the Company adopts the principles of “prevention first”, “combination of prevention and control”, and “comprehensive governance”; and it is committed to implementing environmental-friendly, energy-saving, and carbon-reducing actions; and it implements the principles of “pollutant discharge under certain standard” and “total amount control of pollutant”. In addition, the Company has established internal management system in accordance with ISO 14001 Environment Management Structure. Such system includes the following items: 1. Collect and evaluate adequate and timely information on the impact of business activities on the natural environment. 2. Establish measurable environmental sustainability goals and regularly review the sustainability and relevance of their development. 3. Establish specific plans, action plans, or other implementation measures, and regularly review the operational performances.	None.
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		(2) The Company implements environmental management in accordance with the international standard ISO 14001 environmental management system, and adopts the following related measures: 1. The Company implements green design for products and processes to enable the compliance of both products and service outsourcers with environmental-friendly requirements. 2. The Company complies with government requirements to recycle or treat the “three wastes” generated in production and life. 3. The Company recycles water resources and regularly checks for water leaks in the headquarters building. 4. The Company inspects the sewage and septic tanks of the headquarters building quarterly and cleans them no less than twice a year; and in addition, we conduct oil-water separation through separation tank, discharge to the sewage pipe, and then ensure that the standards are met before discharging into the municipal pipe. 5. For test laboratories, the Company sets up	None.

Promotion Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons									
	Yes	No	Abstract Explanation										
			<p>waste gas treatment equipment to prevent volatile gases from polluting the environment or producing odors and to avoid environmental pollution or odor nuisance incidents.</p> <p>6. The Company sets up noise reduction, sound insulation, anti-vibration measures to resolve issue of the headquarters building prone to noise and vibration.</p> <p>7. The Company sets up exhaust vent for the warehouse, garage, personnel intensive places, and the exhaust gas is discharged through the shaft and out from the roof covering.</p>										
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		(3) Being well aware of the impact of global climate change, the Company continues to optimize its internal energy management, compile statistics on greenhouse gas emissions, and formulate measures to save energy, and reduce carbon, and greenhouse gas emissions, and promote them accordingly in order to reduce the impact of its business activities on climate change. The company has developed a carbon neutral action path from its own operations. For Scope 1 and 2, the company will achieve carbon peak by 2028 and be carbon neutrality by 2040.	None.									
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	V		<p>(4) The Company's most recent statistical data and scope of information for the following items:</p> <p>1. Greenhouse gas: The Company's main energy use in its business activities is electricity, with total greenhouse gas emissions of 4,062.97 metric tons of CO<sub>2</sub>e in 2023 from the Hangzhou headquarter.</p> <p>2. Water consumption: The actual annual water consumption of Hangzhou headquarters in 2022 is 17,608 m<sup>3</sup>, and 2023 is 20,159 m<sup>3</sup>.</p> <p>3. Waste: Our solid waste centralized recycling rate reached 100% in 2022 and 2023. Statistics of waste disposal method(Hangzhou headquarter):</p> <table border="1"> <thead> <tr> <th>Year</th> <th>hazardous waste</th> <th>non-hazardous waste</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>1.249</td> <td>469.2</td> </tr> <tr> <td>2023</td> <td>3.590</td> <td>483.5</td> </tr> </tbody> </table> <p>Greenhouse gas reduction, water reduction or other waste management policies.</p> <p>1. The Company's main energy use in its business activities is electricity. Its energy management measures:</p> <p>(1) The curtain wall is made of heat-insulating metal materials; the glass is made of LOW-E insulated glass; and the exterior wall and roof are equipped with heat insulation measures.</p> <p>(2) Adopt solar flat plate collectors for hot</p>	Year	hazardous waste	non-hazardous waste	2022	1.249	469.2	2023	3.590	483.5	None.
Year	hazardous waste	non-hazardous waste											
2022	1.249	469.2											
2023	3.590	483.5											

Promotion Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>water.</p> <p>(3) Adopt LED light bulbs.</p> <p>(4) Use segmented dimmer.</p> <p>(5) Adopt air-conditioning energy consumption control.</p> <p>(6) Regularly analyze the company’s energy-saving potential and implement energy-saving transformation.</p> <p>2. The Company focuses on conservation and protection to enhance water resource utilization efficiency, strengthens the management of water demand and use process, and improves water utilization efficiency by improving the system, implementing responsibilities, strictly controlling the total amount of water use, and ensuring the security of water supply. Meanwhile, we post the water saving slogans at public water supply points and manage daily water consumption reduction to enhance water-saving rate.</p> <p>3. The Company’s waste can be divided into three categories: non-recyclable solid waste, recyclable solid waste, and hazardous solid waste. Hazardous wastes are regularly treated by a qualified waste disposal and treatment company.</p> <p>All floors of the building are equipped with sorting bins, which are collected and handled by the property. The logistics department supervises and inspects the collection, sorting, storage and handling of solid waste every month.</p> <p>(1) Non-recyclable solid waste includes food waste and household waste.</p> <p>(2) Recyclable solid waste includes metal parts, waste cardboard boxes, waste wooden boxes, waste plastics, waste paper, etc.</p> <p>(3) Hazardous waste includes used fluorescent tubes, used ink cartridges, toner cartridges, and electronic waste.</p>	
<p>iv.Social issues</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	V		<p>(1) The Company has established appropriate management policy and procedures to fulfill its responsibility of protecting human rights, which includes the following.</p> <p>1. Present a corporate human rights policy or statement. Formulate a code of conduct to protect the rights and human rights of employees</p> <p>2. Evaluate the impact of the Company's operational activities and internal management on human rights, and establish procedures to deal with them accordingly.</p> <p>3. Periodically review the effectiveness of</p>	None.

Promotion Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			<p>corporate human rights policies or statements.</p> <p>4. The procedures for dealing with the interested parties are disclosed when human rights violations are involved.</p>	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		<p>(2) The Company has established management rules such as "Regulations Governing Performance Appraisal", "Regulations Governing Employee Rewards and Punishments", "Training Management Regulations", "Attendance Management Regulations", "Regulations Governing Employee Compensation", "Regulations Governing Employee Benefits and Services" and "Employee Handbook" to appropriately reflect the performance or results of operations in the compensation of employees. The Company shall set aside a maximum of 20% and a minimum of 8% of the Company's pre-tax profit as employee compensation (including the Company's employees and/or employees of affiliated companies) if the Company has pre-tax profit for the year as specified in the Articles of Incorporation.</p>	None.
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		<p>(3) The Company values workplace safety and aims to minimize employee and contractor injuries, creating a safe and healthy working environment.</p> <ol style="list-style-type: none"> <li>1. Identify risks, conduct occupational safety and health testings for each position, and provide necessary safety equipment.</li> <li>2. Provide essential health and emergency facilities with the aim of reducing factors that pose risks to employee safety and health, preventing occupational accidents.</li> <li>3. Provide regular safety and health education and training, as well as annual health checkups, to all employees.</li> <li>4. Conduct regular safety drills at each position.</li> <li>5. Prepare sufficient fire-fighting equipment and conduct regular fire drills.</li> </ol> <p>There were no occupational accidents or fire disasters in the Company in 2023.</p>	None.
(4) Does the company provide its employees with effective career development and training sessions?	V		<p>(4) The Company has arranged suitable development plans for different types of employees to improve the ability and experience of our employees, and maintain our long-term competitive advantage. 100% of our employees have received corresponding education and training as follows:</p> <ol style="list-style-type: none"> <li>1. For new graduates/new employees (including part-time and contracted employees), the Company provides on-the-job training and basic work skills training</li> <li>2. For current employees, the Company provides both technical and managerial paths with reference to their career planning and development direction, and further design vocational training according to their stage, which is based on the framework of "basic</li> </ol>	None.

Promotion Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			general knowledge", "core competencies" and "professional competencies" to provide suitable training courses.	
(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	V		(5) The Company regularly commissions professional third-party companies to conduct information security audits and health checks to ensure that information systems and network environments comply with security implementation standards, and strictly enforces information security policies and customer privacy protection measures to protect the Company's trade secrets and customer information from leakage. As for the health and safety of customers, marketing and labeling of products and services, the Company follows the relevant laws and regulations and international standards, and a special department is responsible for customer inquiries and complaint channels.	None.
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		(6) The Company has established a supplier management policy that requires suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor rights, and evaluate whether their suppliers have a record of environmental and social impacts before engaging in business transactions to avoid transactions with those in conflict with the CSR policy.	None.
v. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?	V		V. The Company has established an ESG management team and publishes an ESG report annually. The report is prepared in accordance with relevant requirements of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, referencing GRI Standards 2021 published by the Global Reporting Initiative and SASB Standards published by the Sustainability Accounting Standards Board. In the future, the Company's sustainability report will seek confirmation from third-party verification agencies.	None.
vi.If the company has its own code of conduct for sustainable development in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe the deviations of its implementation from the Best Practice Principles: The Company has not yet established Sustainable Development Best Practice Principles, but has formed an ESG management team and completed a preliminary ESG report to disclose non-financial information about the Company. However, in order to fulfill our social responsibility, the Company has done its part from time to time in environmental protection, social contribution, social service, social welfare, consumer rights, human rights, safety and health, and other social responsibility activities.				
vii.Other important information to facilitate a better understanding of the status of sustainable development practices: None.				

1. Climate-related information and implementation status

Item	Execution situation
<p>1. Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.</p> <p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</p> <p>3. Describe the financial impact of extreme weather events and transformative actions.</p> <p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p> <p>5. 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.</p> <p>6. 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.</p> <p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p> <p>8. If climate-related targets have been set, the activities covered, scope of greenhouse gas emissions, planning horizon, and 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.</p>	<p>The Company has dedicated personnel responsible for identifying and managing climate-related risks, as well as reporting to the Board of Directors on a quarterly basis. Currently, in response to climate risks, the Company has made a commitment to achieve carbon peaking for Scope 1 and Scope 2 emissions by 2028, and carbon neutrality for Scope 1 and Scope 2 emissions by 2040. The Company has established a carbon inventory system and conducts third-party carbon audits on a yearly basis within the group. Based on results of the carbon audits, the Company will integrate its development with international trends, formulating and adjusting the course for reducing carbon emission.</p>
<p>9. Greenhouse gas inventory and assurance status (fill out in 1-1).</p>	<p>As the Company has a paid-in capital of less than NT\$5 billion, individual greenhouse gas inventory will be completed in stages by 2026 and verified by 2028, while greenhouse gas inventory for the Company and consolidated entities will be completed by 2027 and verified by 2029.</p> <p>The implementation progress is currently monitored quarterly by the Board of Directors.</p>

(VI) Fulfillment of Ethical Corporate Management and Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles
	Yes	No	Abstract Explanation	
i. Establishment of ethical corporate management policies and programs	V		(1) The Company has established “Procedures for Ethical Management and Guidelines for Conduct”, which is approved by the Board of Directors. It is clearly stated in these Procedures that the Company's directors, officers, employees or persons with substantial control over the Company are prohibited from offering, promising, requesting or accepting, directly or indirectly, any improper benefits or committing other dishonest acts such as breach of good faith, wrongfulness or breach of fiduciary duty, in the course of engaging in business conduct with the intent to obtain or maintain benefits.	None.
(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	V		(2) The Company has established “Procedures for Ethical Management and Guidelines for Conduct”, which regulates business activities with a higher risk of dishonest behavior in the scope of our business to strengthen the prohibition of bribery and bribery acceptance, illegal political contributions, improper charitable donations or sponsorships, unreasonable gifts, hospitality or other improper benefits, and other illegal activities.	None.
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	V		(3) The Company has established “Procedures for Ethical Management and Guidelines for Conduct”, to standardize the company's operating procedures, behavior guidelines, reporting and disciplinary system, and promote the importance of integrity behavior from time to time to internal employees.	None.
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	V			
ii. Fulfill operations integrity policy	V		(1) Our staff will avoid engaging in business transactions with dishonest suppliers, customers or other business partners. We will immediately stop dealing with them if found, and they will be listed as a rejected partner in order to implement the company's integrity regulations.	None.
(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	V		(2) The Company has not yet established a dedicated unit under the Board of Directors	None.
(2) Does the company have a unit responsible for ethical corporate		V		

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles"
	Yes	No	Abstract Explanation	
<p>management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?</p> <p>(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?</p> <p>(5) Does the company regularly hold internal and external educational trainings on operational integrity?</p>	V		<p>to promote ethical corporate management. In the future, the Company will establish such unit, which reports to the Board of Directors on a regular basis (at least once a year) for establishing and supervising the implementation of the ethical corporate management policies and prevention programs.</p> <p>(3) If a conflict of interest situation is identified by the Company's personnel in the course of conducting the Company's business, the Company shall report the relevant situation to the immediate supervisor, who shall provide appropriate guidance.</p>	None.
	V		<p>(4) The Company's management has established an effective accounting system and internal control system, and the internal audit unit follows an annual audit plan to ensure compliance with the system.</p>	None.
		V	<p>(5) The Company promotes the Ethical Corporate Management Best Practice Principles in various meetings from time to time. In the future, the Company will hold education and training related to ethical management on a regular basis depending on the actual needs.</p>	None.
<p>iii. Operation of the integrity channel</p> <p>(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?</p>	V		<p>(1) The Company has established personnel management rules and regulations, including the "Procedures for Ethical Management and Guidelines for Conduct", "Guidelines for the Adoption of Codes of Ethical Conduct", "Regulations Governing Performance Appraisal", "Regulations Governing Employee Reward and Punishment" and "Rules for Handling Whistleblower Cases", and has set up employee complaint mechanisms and channels, and assigned appropriate staff to accept complaints.</p>	None.
	V		<p>(2) The Company will do its utmost to protect the privacy and confidentiality of the whistleblower in accordance with the relevant regulations to encourage employees to report violations of the law.</p>	None.



Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles
	Yes	No	Abstract Explanation	
(3) Does the company provide proper whistleblower protection?	V		(3) The Company will fulfill its duty of confidentiality and protection to the whistleblower and will not be subject to improper disposal measures due to the complaint.	None.
iv.Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V		The Company has established “Procedures for Ethical Management and Guidelines for Conduct”, and disclosed the content of Ethical Corporate Management Best Practice Principles and its promotion outcome in the Company’s website and MOPS.	None.
v.If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, please state the deviations of its implementation from the Best Practice Principles: The Company has established “Ethical Corporate Management Best Practice Principles” and fulfills its social responsibility and establishes a good management system and risk control mechanism based on the concept of sustainable management and development. In conducting business activities, the Company's personnel shall uphold the principles of fairness, honesty, trustworthiness and transparency, implement honest management, and actively prevent dishonest behavior.				
vi.Other important information to facilitate a better understanding of the company’s ethical corporate management policies: None.				

(VII) Means for reviewing corporate governance best practice principles and relevant regulations:

The Company established "Corporate Governance Practices Guidelines" on December 20, 2023, after the discussion and approval of the Board of Directors. The Company's website features an investor relations section where investors can access information related to corporate governance, including that of the Board of Directors, functional committees, and important company documents.

(VIII) Other important information to better understand the state of implementation of corporate governance: None.

(IX) Implementation of internal control system

1. Statement of Internal Control System

**Silergy Corp.**  
Statement of Internal Control System

Date: March 12, 2024

Silergy makes the following statement based on the self-evaluation of its internal control system in 2023:

- I. Silergy fully understands that the establishment, implementation, and maintenance of internal control system (ICS) are the responsibilities of Silergy's board of directors and managerial officers, and have established the said system accordingly. The objectives of ICS include achieving various objectives in business benefits and efficiency (including profitability, performance, and protection of assets and safety), ensuring reliability, timeliness, transparency, and regulatory compliance of reporting, and providing reasonable assurance.
- II. All ICS are bound by natural limitations and regardless of the robustness of designs, effective ICS can only provide reasonable assurance for the three objectives listed above. Efficacy of the ICS will also change with the changing environment or context. However, Silergy's ICS has self-monitoring systems, allowing Silergy to promptly initiate corrective actions for any defects detected.
- III. Silergy will refer to the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "ICS Regulations") to identify assessment items for determining the effectiveness of ICS as well as the performance of design and implementation of the system. The ICS is divided into five key components according to the process of management control to generate ICS assessment items used by the ICS Regulations, namely:
  1. control environment,
  2. risk assessment,
  3. control activities,
  4. information and communication, and
  5. monitoring activities.Each key component also includes a number of sub-items. For the aforementioned items, please refer to the provisions in the ICS Regulations.
- IV. Silergy has adopted the aforementioned ICS assessment items to evaluate the effectiveness of ICS design and implementation.
- V. Based on the above assessment results, it is determined that the Company's internal control system (include monitoring and management of subsidiaries) as at December 31, 2023, is effectively designed and implemented, and can reasonably ensure that: it understand the degree of achievement of operational effectiveness and efficiency objectives; the reporting is reliable, timely, transparent, and complies with applicable rules; and the applicable laws, regulations, and bylaws have been complied with.
- VI. This Statement shall be a major content of Silergy's annual report and prospectus, and shall be publicly disclosed. Where any of the disclosed content contains any illegal acts such as misrepresentation or nondisclosures, Silergy shall be subject to legal responsibilities provided in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. We hereby declare that this Statement has been approved by the board of directors on March 12, 2024. Amongst the eight directors present at the meeting, none had dissenting views, and all have all agreed with the content of this Statement.

Silergy Corp.

Chairman: Wei Chen

General Manager: Budong You

(X) The disciplines towards the internal personal of the Company in compliance with rules and the internal personal in violation of internal rules, the related major deficiency and the improvement of the most recent fiscal year up to the publication date of this report: None.

(XI) Major resolutions of shareholders meeting and meeting of the board of directors of the most recent fiscal year up to the publication date of this report:

Major resolutions of shareholders meeting:

\*To elect one director of the fourth term of the Board of Directors.

Results of the election: The list of the newly elected director with indication of votes received was as listed below. The new Director will assume office after being elected in the Annual General Shareholders' with the term from May 26, 2023 to May 26, 2025:

Title	Name	Votes Received
Director	Bing Xie	232,407,132

\* 2022 Business Report and Consolidated Financial Statements

Resolution and state of implementation: Approved.

\* Proposal for 2022 Earnings Distribution

Resolution and state of implementation: Approved.

\* To approve the Adoption of the Amended and Restated Memorandum and Articles of Association of the Company (the Restated M&A)

Resolution and state of implementation: Approved, and the revision will be effected on May 26, 2023.

\* To approve the amendments to the Rules and Procedures for Shareholders' Meetings

Resolution and state of implementation: Approved, and the revision will be effected on May 26, 2023.

\* Issuance of New Restricted Employee Shares

Resolution and state of implementation: Approved and effective on July 31, 2023, in accordance with the Financial Supervisory Commission Official Letter Jin-Guan-Zheng-Fa-Zi No. 11203498041. The shares may be distributed in one installment or in several within a period of one year starting from the date of receipt of the notice informing formal activation of the declaration.

\* To lift non-competition restrictions on board members and their representatives

Resolution and state of implementation: Approved.

\* Major board meeting resolutions

Meeting Date	Major resolution
March 12, 2024	2023 "Statement of Internal Control System"(Note) Audit of 2023 accountants' independence and performance evaluation(Note) Amendments to the company's "Internal Control System - Other Management Cycles" and "Internal Audit Implementation Rules - Other Management Cycles"(Note) CPA audit fee for 2024(Note) Issuance of new shares in conjunction with the Company's employee stock warrants 2023 Employees' and directors' compensation

Meeting Date	Major resolution
	2023 Consolidated financial statement(Note) 2023 Business report 2023 Distribution of earnings The new bank loan credit of the subsidiary- Nanjing Silergy Micro Technology Co., Ltd. Silergy Semiconductor Technology (Hangzhou) Co., LTD. makes Endorsements/Guarantees for Nanjing Silergy Micro Technology Co., Ltd. (Note) The amendments to the Procedures for Endorsements & Guarantees(Note) Amendments to the Share Repurchase and Employee Incentive Plan and stipulate the Procedure for Repurchasing Treasury Stocks Issuance of employee stock warrants(Note) Issuance of new restricted employee shares(Note) Establishment of relevant matters for 2024 Ordinary Shareholders' Meeting Amendments to the Rules of Procedure for Board of Directors Meetings and Audit Committee Charter 2023 Performance evaluation and bonus, and 2024 salary adjustment List of employees allotted to the employee stock warrants in 2023
February 7, 2024	Issuance of employee stock warrants(Note)
December 20, 2023	2024 Operating budget(Note) The new bank loan credit of the subsidiary- Nanjing Silergy Micro Technology Co., Ltd. and Hangzhou Silergy Test Technology Co., Ltd Capital Increase of Silergy Semiconductor (Hong Kong) Limited Stipulate the Corporate Governance Best Practice Principles List of employees allotted to the 3rd issuance of employee stock warrants in 2023 Repurchase the Company's shares(Note)
November 14, 2023	Amendments to the company's "Internal Control System - Financing Cycle " and "Internal Audit Implementation Rules - Financing Cycle "(Note) Establishment of 2024 audit plan(Note) Issuance of new shares in conjunction with the Company's employee stock warrants Consolidated financial statement Q3 2023(Note) Silergy Semiconductor Technology (Hangzhou) Co., LTD. invests in Hangzhou Haibang Shurui Equity Investment Partnership Enterprise(Limited Partnership) Guangdong Silergy Micro Technology Co., Ltd sets up a new subsidiary - MACAU SILERGY MICROELECTRONICS TECHNOLOGY CO.,LTD. Silergy Semiconductor Technology (Hangzhou) Co., LTD.makes Endorsements/Guarantees for Hangzhou Silergy Test Technology Co., Ltd. (Note) List of employees allotted to the 2nd issuance of employee stock warrants in 2023
August 24, 2023	Issuance of new shares in conjunction with the Company's employee stock warrants Consolidated financial statement Q2 2023(Note) Nanjing Silergy Micro Technology Co., Ltd sets up a new subsidiary -

Meeting Date	Major resolution
	Guangdong Silergy Micro Technology Co., Ltd Amendment to "Regulations for the Issuance of Employee Stock Warrants in 2023" List of employees allotted to the 1st issuance of employee stock warrants in 2023
May 11, 2023	Issuance of new shares in conjunction with the Company's employee stock warrants Consolidated financial statement Q1 2023(Note) Hefei Silergy Semiconductor Technology Co., Ltd., for the construction of a building by leased land Nanjing Silergy Micro Technology Co., Ltd., for the construction of a building by leased land Capital Increase of Hefei Silergy Semiconductor Technology Co., Ltd. Silergy Semiconductor Technology (Hangzhou) Co., LTD. sets up a new subsidiary - Xiamen Silergy Semiconductor Technology Co., Ltd. The appointment of Corporate Governance Officer List of employees allotted to the 5th issuance of new restricted employee shares in 2022 List of employees allotted to the 5th issuance of employee stock warrant in 2022
March 9, 2023	2022 "Statement of Internal Control System"(Note) Audit of 2022 accountants' independence and performance evaluation CPA audit fee for 2023(Note) Issuance of new shares in conjunction with the Company's employee stock warrants 2022 Employees' and directors' compensation 2022 Consolidated financial statement(Note) 2022 Business report 2022 Distribution of earnings Issuance of employee stock warrants(Note) Issuance of new restricted employee shares(Note) Amendment to "Articles of Incorporation" Adding seats to the board of directors of the Company Release the prohibition of directors working concurrently in competing companies Establishment of relevant matters for 2023 Ordinary Shareholders' Meeting Capital increase of subsidiary, Nanjing Xilijie Semi-Conductor Technology Co., Ltd. Investment in the construction of the testing center for subsidiary, Hangzhou Silicon Wafer Testing Microelectronics Co., Ltd.(Note) 2022 Performance evaluation and bonus, and 2023 salary adjustment List of employees allotted to the 4th issuance of new restricted employee shares in 2022 List of employees allotted to the 4th issuance of employee stock warrants in 2022

Note: Company Matters as specified in Article 14-5 of the Securities and Exchange Act

(XII) Major content of any dissenting opinions on entry or stated in a written statement made by directors or supervisors regarding key resolutions of board meetings during the past fiscal year up to the publication date of this report: None.

(XIII) Any resignation or dismissal of company personnel related to the financial report in the most recent fiscal year up to the publication date of this report:

31 March, 2024

Title	Name	Date of Appointment	Date of resignation	The reason of resignation or dismissal
Co-CEO & President	Michael Grimm	2018/08/14	2024/3/31	Retirement

## V. Audit fee information

(I) Fee information

Unit: NT\$ thousand

Name of accounting firm	Name of CPA	Auditing period	Audit fee	Non-audit charge	Subtotal	Notes
Deloitte Taiwan	Ming-Yen Chien	2023.01.01~ 2023.12.31	10,150	1,107	11,257	-
	Chun-Hung Chen					

1. Non-audit fees are primarily fees paid to the financial consulting department..
2. 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 before and after the change and the reasons shall be disclosed: not applicable.

(II) The professional fees for auditing services referred to in the preceding item means the professional fees paid by the company to a certified public accountant for auditing and review of financial reports and tax certification.

## VI. Replacement of certified public accountants:

(I) Information on the previous independent auditor

Date of replacement	March 10, 2022		
Cause and details of the replacement	Internal change of the accounting firm. CPA Ming-Yen Chien and CPA Cheng-Chun Chiu were replaced by CPA Ming-Yen Chien and CPA Chun-Hung Chen.		
Any details for the termination or rejection of the commissioner or CPA	Situation	Party	Commissioner
	Active termination of the commission		
	Rejection of (continuing) commission	V	
Opinion and reasons for audit report issued during the two past fiscal years containing an observation other than unqualified ones	Not applicable		

Any disagreement with the issuer	Yes		Generally accepted accounting principles (GAAP) or activities
			Disclosure of financial reports
			Scope or procedure of audits
			Other
	None	<input checked="" type="checkbox"/>	
Description			
Other items to be disclosed (items that shall be disclosed as prescribed by Article 10 Subparagraph 6 Item 1-4 to 1-7 of these standards)	Not applicable		

(II) About the successor independent auditor

Name of the accounting firm	Deloitte & Touche
Name of the independent auditor	CPA Ming-Yen Chien and CPA Chun-Hung Chen
Date of commissioning	March 10, 2022
Accounting treatment or accounting principle for specific transactions as well as consultation items and results on audit assessment on the financial report prior to formal engagement	Not applicable
Written views on disagreements between the successor and former independent auditors	Not applicable

(III) Response of the former independent auditors regarding Article 10, Subparagraph 6, Items 1 and 2-3 of these standards: Not applicable.

**VII. Company's chairman, general manager, or any managerial officer in charge of finance or accounting matters who has, during the past year, held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.**

**VIII. Equity transfer or changes to equity pledge of a director, managerial officer, or shareholder with a stake of more than 10% during the most recent fiscal year and up to the date of publication of the annual report**

(I) Changes to the equity of directors, supervisors, managerial officers, and major shareholders

Unit: Thousand shares

Title	Name	2023		2024 till March 31	
		Number of shares held Addition (reduction)	shares pledged Addition (reduction)	Number of shares held Addition (reduction)	shares pledged Addition (reduction)
Chairman	Wei Chen	-	(550)	-	-
Director and Co-CEO & President	Budong You	-	-	-	-
Director	Jiun-huei Shih	-	-	-	-
Director	Sophia Tong	-	-	-	-
Director	Bing Xie	-	-	-	-
Independent director	Yong-Song Tsai	-	-	-	-
Independent director	Henry King	-	-	-	-
Independent director	Jet Tsai	-	-	-	-
Co-CEO & President	Michael Grimm	18	-	-	-
VP of Asia Sales	Chih-chung Lu	60	-	(8)	-
Fellow	Jaime Tseng	-	420	-	-
Chief Financial Officer	Shao-wei Chen	-	-	(1)	-

(II) Where the counterparty of equity transfer is a related party: None.

(III) Where the counterparty of equity pledge is a related party: None.



**IX. Relationship information, if among the 10 largest shareholders any one is a related party of another**

March 31, 2024, Unit: thousand shares; %

Name	Shares held by the person Shares held		Shares held by spouse or minor children		Shares held in the name of other persons		Title or name and relationships of the 10 largest shareholders where they are related parties, spouses, or relatives within the second degree of kinship		Notes
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relations	
Wei Chen	27,925	7.25	-	-	202	0.05	-	-	-
Budong You	14,978	3.89	-	-	-	-	-	-	-
Fidelity Funds	14,929	3.88							
Michael Grimm	7,328	1.90	-	-	-	-	-	-	-
SILERGY CORP. MAINLAND CHINA AREA EMPLOYEES COLLECTIVE	6,867	1.78	-	-	-	-	-	-	-
JPMorgan Chase Bank, N.A., Taipei Branch in Custody for Stichting Depository APG Emerging Markets Equity Pool	6,568	1.71	-	-	-	-	-	-	-
T. Rowe Price Funds SICAV - Emerging Markets Discovery Equity Fund	6,266	1.63	-	-	-	-	-	-	-
NatWest Trustee and Depository Services Limited as Trustee of St. James Place Emerging Markets Equity Unit Trust - Wasatch Advisors Inc. as external fund manager	6,220	1.62	-	-	-	-	-	-	-
FUBON LIFE INSURANCE CO.LIMITED.-TWOTC-FFI	5,822	1.51	-	-	-	-	-	-	-
Investment account of J.P. Morgan Funds managed by Chase Bank	5,576	1.45	-	-	-	-	-	-	-

**X. The total number of shares held in any single enterprise by the Company, its directors and managerial officers, and any companies controlled either directly or indirectly by the Company**

December 31, 2023, Unit: thousand shares; %

Other companies in which Silergy has invested (Note)	Investments by Silergy		Investments by the directors, supervisors, managerial officers, and companies directly or indirectly controlled by the Company		Total investments	
	Shares	%	Shares	%	Shares	%
WINSHENG MATERIAL TECHNOLOGY CO., LTD.	14,454	44.46	50	0.2	14,504	44.62
HF SMAT Microtech	-	38.29	-	-	-	38.29
Zhuhai Hengqin Accu-Rate Technology Co., Ltd.	-	26.92	-	-	-	26.92
JT Microelectronics (Shenzhen) Co., Ltd	-	6.85	-	-	-	6.85
Wuxin(Shanghai) Semiconductor Technology Co., Ltd.	-	35.00	-	-	-	35.00

Note: Long-term investments made by Silergy using the equity method.

## Chapter IV Capital raising activities

### I. Capital and shares

#### (I) Source of shares

Units: Thousand shares; NT\$

Year and month	Issued price (NT\$)	Authorized stock		Paid-in capital		Notes		
		Shares	Amount	Shares	Value in US\$	Source of shares	Equity contributions made in the form of assets other than cash	Par value per share (US\$)
2008.02	US\$1	25,000	5,000	0.1	0.02	Capital stock at establishment	-	US\$0.0002
2008.06	US\$0.0003	25,000	5,000	7,722	1,544.40	Cash capital increase	-	US\$0.0002
2008.12	US\$0.0003	25,000	5,000	7,924	1,584.80	Cash capital increase	-	US\$0.0002
2009.04	US\$0.0003	25,000	5,000	8,109	1,621.80	Cash capital increase	-	US\$0.0002
2009.11	US\$0.0003	25,000	5,000	8,149	1,629.80	Cash capital increase	-	US\$0.0002
2010.03	US\$0.0500	25,000	5,000	8,357	1,671.47	Exercising of employee stock options	-	US\$0.0002
2011.02	US\$0.0500	50,000	10,000	8,421	1,684.30	Exercising of employee stock options	-	US\$0.0002
2011.03	US\$0.0003	50,000	10,000	8,428	1,685.63	Exercising of employee stock options	-	US\$0.0002
2011.03	US\$0.0003	50,000	10,000	10,360	2,072.00	Cash capital increase	-	US\$0.0002
2011.12	US\$0.4000	50,000	10,000	10,380	2,076.00	Exercising of employee stock options	-	US\$0.0002
2012.03	US\$0.0000	50,000	10,000	13,763	2,752.60	Exercising of employee stock options	-	US\$0.0002
2012.03	US\$0.2300	50,000	10,000	13,770	2,754.10	Exercising of employee stock options	-	US\$0.0002
2012.07	US\$0.4000	50,000	10,000	13,830	2,766.10	Exercising of employee stock options	-	US\$0.0002
2012.10	US\$2.2000	50,000	10,000	14,785	2,957.00	Cash capital increase	-	US\$0.0002
Restricted stock								
2008.06	US\$0.0003	25,000	5,000	300	60	Cash capital increase	-	US\$0.0002
Class A convertible preferred stock								
2008.05	US\$0.5000	15,000	45,000	9,900	29,700.00	Issuance of Class A convertible preferred stock	-	US\$0.0030
Class B convertible preferred stock								
2010.03	US\$1.5000	30,000	90,000	3,864	11,591.00	Issuance of Class B convertible preferred stock	-	US\$0.0030
Class C convertible preferred stock								
2011.12	US\$2.2000	30,000	90,000	6,818	20,454.55	Issuance of Class C convertible preferred stock	-	US\$0.0030

Convert par value to NT\$10								
Year and month	Par value per share (US\$)	Authorized stock		Paid-in capital		Notes		
		Shares	Amount	Shares	Amount	Source of shares	Equity contributions made in the form of assets other than cash	Par value per share (US\$)
2012.12	NT\$10	100,000	1,000,000,000	54,000	540,000,000	-	-	NT\$10
2013.03	NT\$10	100,000	1,000,000,000	54,363	543,633,600	Cash capital increase	-	NT\$10
2013.04	NT\$10	100,000	1,000,000,000	54,901	549,007,970	Cash capital increase	-	NT\$10
2013.05	NT\$10	100,000	1,000,000,000	55,007	550,067,770	Exercising of employee stock options	-	NT\$10
2013.05	NT\$10	100,000	1,000,000,000	55,060	550,597,670	Exercising of employee stock options	-	NT\$10
2013.10	NT\$10	100,000	1,000,000,000	55,599	555,992,570	Exercising of employee stock options	-	NT\$10
2013.12	NT\$10	100,000	1,000,000,000	63,040	630,402,570	Listed underwriting of cash capital increase	-	NT\$10
2014.07	NT\$10	200,000	2,000,000,000	63,563	635,634,440	Exercising of employee stock options	-	NT\$10
2014.07	NT\$10	200,000	2,000,000,000	76,171	761,714,950	Recapitalization of retained earnings	-	NT\$10
2014.11	NT\$10	200,000	2,000,000,000	76,763	767,629,950	Issuance of new restricted employee shares	-	NT\$10
2014.12	NT\$10	200,000	2,000,000,000	77,271	772,714,950	Issuance of new restricted employee shares	-	NT\$10
2014.12	NT\$10	200,000	2,000,000,000	77,395	773,950,370	Exercising of employee stock options	-	NT\$10
2015.03	NT\$10	200,000	2,000,000,000	77,622	776,217,620	Exercising of employee stock options	-	NT\$10
2015.04	NT\$10	200,000	2,000,000,000	77,828	778,284,880	Exercising of employee stock options	-	NT\$10
2015.07	NT\$10	200,000	2,000,000,000	77,987	779,870,580	Exercising of employee stock options	-	NT\$10
2015.08	NT\$10	200,000	2,000,000,000	78,130	781,302,080	Issuance of new restricted employee shares	-	NT\$10
2015.11	NT\$10	200,000	2,000,000,000	78,175	781,752,080	Issuance of new restricted employee shares	-	NT\$10
2015.12	NT\$10	200,000	2,000,000,000	78,221	782,205,670	Exercising of employee stock options	-	NT\$10
2016.03	NT\$10	200,000	2,000,000,000	78,301	783,013,060	Exercising of employee stock options	-	NT\$10
2016.04	NT\$10	200,000	2,000,000,000	78,363	783,631,560	Issuance of new restricted employee shares	-	NT\$10
2016.06	NT\$10	200,000	2,000,000,000	78,399	783,994,420	Exercising of employee stock options	-	NT\$10
2016.08	NT\$10	200,000	2,000,000,000	78,569	785,693,920	Issuance of new restricted employee shares	-	NT\$10
2016.09	NT\$10	200,000	2,000,000,000	78,897	788,967,020	Exercising of employee stock options	-	NT\$10
2016.09	NT\$10	200,000	2,000,000,000	81,256	812,557,610	ECB conversion	-	NT\$10
2016.12	NT\$10	200,000	2,000,000,000	83,897	838,972,860	ECB conversion	-	NT\$10
2016.12	NT\$10	200,000	2,000,000,000	83,941	839,413,570	Exercising of employee stock options	-	NT\$10

Convert par value to NT\$10								
Year and month	Par value per share (US\$)	Authorized stock		Paid-in capital		Notes		
		Shares	Amount	Shares	Amount	Source of shares	Equity contributions made in the form of assets other than cash	Par value per share (US\$)
2016.12	NT\$10	200,000	2,000,000,000	84,023	840,231,570	Issuance of new restricted employee shares	-	NT\$10
2017.01	NT\$10	200,000	2,000,000,000	84,161	841,605,160	Exercising of employee stock options	-	NT\$10
2017.03	NT\$10	200,000	2,000,000,000	85,985	859,851,600	ECB conversion	-	NT\$10
2017.06	NT\$10	200,000	2,000,000,000	86,023	860,233,320	ECB conversion	-	NT\$10
2017.06	NT\$10	200,000	2,000,000,000	86,092	860,919,060	Exercising of employee stock options	-	NT\$10
2017.04	NT\$10	200,000	2,000,000,000	86,124	861,237,060	Issuance of new restricted employee shares	-	NT\$10
2017.06	NT\$10	200,000	2,000,000,000	86,140	861,401,560	Issuance of new restricted employee shares	-	NT\$10
2017.08	NT\$10	200,000	2,000,000,000	86,378	863,776,860	Issuance of new restricted employee shares	-	NT\$10
2017.09	NT\$10	200,000	2,000,000,000	86,559	865,585,860	Exercising of employee stock options	-	NT\$10
2017.09	NT\$10	200,000	2,000,000,000	87,391	873,905,210	ECB conversion	-	NT\$10
2017.11.	NT\$10	200,000	2,000,000,000	87,408	874,075,210	Issuance of new restricted employee shares	-	NT\$10
2017.12	NT\$10	200,000	2,000,000,000	87,423	874,229,270	ECB conversion	-	NT\$10
2017.12	NT\$10	200,000	2,000,000,000	87,733	877,326,120	Exercising of employee stock options	-	NT\$10
2018.02	NT\$10	200,000	2,000,000,000	87,735	877,354,120	Issuance of new restricted employee shares	-	NT\$10
2018.03	NT\$10	200,000	2,000,000,000	88,032	880,315,850	Exercising of employee stock options	-	NT\$10
2018.05	NT\$10	200,000	2,000,000,000	88,074	880,742,550	Issuance of new restricted employee shares	-	NT\$10
2018.06	NT\$10	200,000	2,000,000,000	88,259	882,591,290	ECB conversion	-	NT\$10
2018.06	NT\$10	200,000	2,000,000,000	88,693	886,931,640	Exercising of employee stock options	-	NT\$10
2018.09	NT\$10	200,000	2,000,000,000	88,769	887,686,360	Exercising of employee stock options	-	NT\$10
2018.09	NT\$10	200,000	2,000,000,000	89,362	893,617,750	ECB conversion	-	NT\$10
2018.09	NT\$10	200,000	2,000,000,000	89,423	894,233,250	Issuance of new restricted employee shares	-	NT\$10
2018.10	NT\$10	200,000	2,000,000,000	89,431	894,313,250	Exercising of employee stock options	-	NT\$10
2018.10	NT\$10	200,000	2,000,000,000	90,086	900,860,880	ECB conversion	-	NT\$10
2018.11	NT\$10	200,000	2,000,000,000	90,083	900,830,880	Return and cancellation of new restricted employee shares	-	NT\$10
2018.11	NT\$10	200,000	2,000,000,000	90,196	901,960,680	Issuance of new restricted employee shares	-	NT\$10
2018.12	NT\$10	200,000	2,000,000,000	90,257	902,565,680	Exercising of employee stock options	-	NT\$10
2019.03	NT\$10	200,000	2,000,000,000	90,332	903,315,680	Issuance of new restricted employee shares	-	NT\$10

Convert par value to NT\$10								
Year and month	Par value per share (US\$)	Authorized stock		Paid-in capital		Notes		
		Shares	Amount	Shares	Amount	Source of shares	Equity contributions made in the form of assets other than cash	Par value per share (US\$)
2019.03	NT\$10	200,000	2,000,000,000	90,381	903,805,450	Exercising of employee stock options	-	NT\$10
2019.05	NT\$10	200,000	2,000,000,000	90,431	904,310,150	Issuance of new restricted employee shares	-	NT\$10
2019.06	NT\$10	200,000	2,000,000,000	90,688	906,880,430	Exercising of employee stock options	-	NT\$10
2019.08	NT\$10	200,000	2,000,000,000	90,785	907,852,730	Issuance of new restricted employee shares	-	NT\$10
2019.09	NT\$10	200,000	2,000,000,000	91,051	910,510,730	Exercising of employee stock options	-	NT\$10
2019.11	NT\$10	200,000	2,000,000,000	91,050	910,500,730	Return and cancellation of new restricted employee shares	-	NT\$10
2019.11	NT\$10	200,000	2,000,000,000	91,086	910,858,930	Issuance of new restricted employee shares	-	NT\$10
2019.12	NT\$10	200,000	2,000,000,000	91,133	911,332,240	Issuance of new restricted employee shares	-	NT\$10
2019.12	NT\$10	200,000	2,000,000,000	91,480	914,801,740	Exercising of employee stock options	-	NT\$10
2020.03	NT\$10	200,000	2,000,000,000	91,585	915,847,930	Issuance of new restricted employee shares	-	NT\$10
2020.03	NT\$10	200,000	2,000,000,000	91,823	918,225,450	Exercising of employee stock options	-	NT\$10
2020.04	NT\$10	200,000	2,000,000,000	91,824	918,237,450	Exercising of employee stock options	-	NT\$10
2020.04	NT\$10	200,000	2,000,000,000	91,829	918,288,450	Issuance of new restricted employee shares	-	NT\$10
2020.05	NT\$10	200,000	2,000,000,000	91,888	918,875,450	Issuance of new restricted employee shares	-	NT\$10
2020.06	NT\$10	200,000	2,000,000,000	92,183	921,828,950	Exercising of employee stock options	-	NT\$10
2020.08	NT\$10	200,000	2,000,000,000	92,252	922,520,950	Issuance of new restricted employee shares	-	NT\$10
2020.09	NT\$10	200,000	2,000,000,000	92,544	925,443,650	Exercising of employee stock options	-	NT\$10
2020.11	NT\$10	200,000	2,000,000,000	92,548	925,475,650	Issuance of new restricted employee shares	-	NT\$10
2020.12	NT\$10	200,000	2,000,000,000	92,552	925,521,650	Issuance of new restricted employee shares	-	NT\$10
2020.12	NT\$10	200,000	2,000,000,000	92,901	929,014,450	Exercising of employee stock options	-	NT\$10
2021.03	NT\$10	200,000	2,000,000,000	93,023	930,230,350	Issuance of new restricted employee sha	-	NT\$10

Convert par value to NT\$10								
Year and month	Par value per share (US\$)	Authorized stock		Paid-in capital		Notes		
		Shares	Amount	Shares	Amount	Source of shares	Equity contributions made in the form of assets other than cash	Par value per share (US\$)
2021.03	NT\$10	200,000	2,000,000,000	93,294	932,935,590	Exercising of employee stock options	-	NT\$10
2021.05	NT\$10	200,000	2,000,000,000	93,326	933,262,590	Issuance of new restricted employee share	-	NT\$10
2021.06	NT\$10	200,000	2,000,000,000	93,346	933,464,590	Issuance of new restricted employee share	-	NT\$10
2021.06	NT\$10	200,000	2,000,000,000	93,584	935,839,050	Exercising of employee stock options	-	NT\$10
2021.08	NT\$10	200,000	2,000,000,000	93,600	936,000,550	Issuance of new restricted employee share	-	NT\$10
2021.09	NT\$10	200,000	2,000,000,000	93,866	938,655,750	Exercising of employee stock options	-	NT\$10
2021.12	NT\$10	200,000	2,000,000,000	93,868	938,678,750	Issuance of new restricted employee share	-	NT\$10
2021.12	NT\$10	200,000	2,000,000,000	94,357	943,566,880	Exercising of employee stock options	-	NT\$10
2022.03	NT\$10	200,000	2,000,000,000	94,734	947,335,480	Exercising of employee stock options	-	NT\$10
2022.03	NT\$10	200,000	2,000,000,000	94,734	947,335,480	Exercising of employee stock options	-	NT\$10
2022.05	NT\$10	200,000	2,000,000,000	94,865	948,650,980	Issuance of new restricted employee share	-	NT\$10
2022.06	NT\$10	200,000	2,000,000,000	95,023	950,227,050	Exercising of employee stock options	-	NT\$10
The par value is changed into NT\$2.50 per share.								
2022.7.12	NT\$2.5	800,000	2,000,000,000	380,091	950,227,050		-	NT\$2.5
2022.09	NT\$2.5	800,000	2,000,000,000	380,177	950,443,432.5	Issuance of new restricted employee share	-	NT\$2.5
2022.09	NT\$2.5	800,000	2,000,000,000	380,820	952,050,222.5	Exercising of employee stock options	-	NT\$2.5
2022.10	NT\$2.5	800,000	2,000,000,000	380,925	952,312,972.5	Exercising of employee stock options	-	NT\$2.5
2022.11	NT\$2.5	800,000	2,000,000,000	380,980	952,450,802.5	Issuance of new restricted employee share	-	NT\$2.5
2022.11	NT\$2.5	800,000	2,000,000,000	381,136	952,840,382.5	Exercising of employee stock options	-	NT\$2.5
2022.12	NT\$2.5	800,000	2,000,000,000	381,131	952,827,382.5	Issuance of new restricted employee share	-	NT\$2.5
2022.12	NT\$2.5	800,000	2,000,000,000	381,434	953,584,157.5	Issuance of new restricted employee share	-	NT\$2.5
2022.12	NT\$2.5	800,000	2,000,000,000	381,560	953,899,757.5	Exercising of employee stock options	-	NT\$2.5

Convert par value to NT\$10								
Year and month	Par value per share (US\$)	Authorized stock		Paid-in capital		Notes		
		Shares	Amount	Shares	Amount	Source of shares	Equity contributions made in the form of assets other than cash	Par value per share (US\$)
2023.01	NT\$2.5	800,000	2,000,000,000	381,632	954,080,757.5	Exercising of employee stock options	-	NT\$2.5
2023.02	NT\$2.5	800,000	2,000,000,000	381,819	954,546,437.5	Exercising of employee stock options	-	NT\$2.5
2023.03	NT\$2.5	800,000	2,000,000,000	382,019	955,046,297.5	Exercising of employee stock options	-	NT\$2.5
2023.06	NT\$2.5	800,000	2,000,000,000	382,174	955,435,310	Issuance of new restricted employee share	-	NT\$2.5
2023.06	NT\$2.5	800,000	2,000,000,000	383,131	957,827,810	Exercising of employee stock options	-	NT\$2.5
2023.09	NT\$2.5	800,000	2,000,000,000	383,501	958,753,810	Exercising of employee stock options	-	NT\$2.5
2023.12	NT\$2.5	800,000	2,000,000,000	384,199	960,497,930	Exercising of employee stock options	-	NT\$2.5
2024.03	NT\$2.5	800,000	2,000,000,000	384,963	962,408,230	Exercising of employee stock options	-	NT\$2.5

Note 1: Silergy has 9,900,000 Class A preferred shares; 3,863,666 Class B preferred shares; and 6,818,182 Class C preferred shares. All of these preferred shares have been converted to common shares on August 1, 2012. One preferred share is converted to one common share

Note 2: The shareholders' meeting of Silergy, held on December 30, 2012, resolved to convert the par-value share of US\$0.0002 to NT\$10, repossessing a total of 35,666,872 shares that were already issued, while issuing another 54,000,000 shares at a price of NT\$10. The shareholding proportion of the existing shareholders remains the same even after this change.

March 31, 2024, Unit: Shares

Type of Shares	Authorized stock			Notes
	Outstanding shares	Unissued shares	Total	
Registered common shares	384,963,292	415,036,708	800,000,000	-

Information on the shelf registration system: Not applicable.

## (II) Shareholder structure

April 1, 2024, Unit: Shares; %

Shareholder structure	Government agencies	Financial institutions	Other juristic person	Personal	Overseas institutions and foreigners	China investment	Total
Persons	5	37	37	15,090	949	2	16,120
Number of shares held	1,502,000	13,360,525	927,156	30,020,707	327,599,829	11,553,075	384,963,292
Shareholding percentage	0.39	3.47	0.24	7.80	85.10	3.00	100

## (III) Dispersion of equity ownership

April 1, 2024, Unit: Shares; %

Shareholding range	Number of shareholders	Number of shares held	Shareholding percentage
1 to 999	8,315	1,188,122	0.31
1,000 to 5,000	6,147	11,207,500	2.91
5,001 to 10,000	556	4,232,197	1.10
10,001 to 15,000	213	2,695,775	0.70
15,001 to 20,000	120	2,153,359	0.56
20,001 to 30,000	113	2,803,635	0.73
30,001 to 40,000	75	2,683,721	0.70
40,001 to 50,000	51	2,298,623	0.60
50,001 to 100,000	142	10,004,345	2.60
100,001 to 200,000	115	16,724,155	4.34
200,001 to 400,000	110	30,307,997	7.87
400,001 to 600,000	49	24,427,469	6.35
600,001 to 800,000	23	16,043,401	4.17
800,001 to 1,000,000	16	14,211,739	3.69
1,000,001 or more	75	243,981,254	63.37

Note: The Company has not issued preferred shares

## (IV) List of major shareholders

April 1, 2024, Unit: thousand shares; %

Name of major shareholder	Shares	Number of shares held	Shareholding percentage
Wei Chen		27,925	7.25
Budong You		14,978	3.89
Fidelity Funds		14,929	3.88
Michael Grimm		7,328	1.90
SILERGY CORP. MAINLAND CHINA AREA EMPLOYEES COLLECTIVE		6,867	1.78
JPMorgan Chase Bank, N.A., Taipei Branch in Custody for Stichting Depository APG Emerging Markets Equity Pool		6,568	1.71
T. Rowe Price Funds SICAV - Emerging Markets Discovery Equity Fund		6,266	1.63
NatWest Trustee and Depository Services Limited as Trustee of St. James's Place Emerging Markets Equity Unit Trust - Wasatch Advisors Inc. as external fund manager		6,220	1.62
FUBON LIFE INSURANCE CO.LIMITED.-TWOTC-FFI		5,822	1.51
Investment account of J.P. Morgan Funds managed by Chase Bank		5,576	1.45



(V) Prices, net-asset value per share (NAVPS), earnings per share (EPS), and dividend per share (DPS), and related information over the past two years.

Unit: NT\$; Thousand shares

Item		Year	2022	2023	2024 Up to March 31
		Market rate per share	Highest		5,235.00
Lowest			352.00	243.00	323.00
Average (Note 1)			1,007.26	399.73	403.40
Net value per share	Before allotment		82.53	80.50	(Note 7)
	After allotment		78.03	78.54	-
Earnings per share (EPS)	Weighted average		378,547	381,467	(Note 7)
	Earnings per share (EPS)	Before retrospective application	15.95	1.96	(Note 7)
		After retrospective application	15.95	1.96	-
Dividend per share (DPS)	Cash dividend		4.5	1.96(Note2)	-
	Free allotment	Surplus allotment	-	-	-
		Capital reserve allotment	-	-	-
	Cumulative unpaid dividends		-	-	-
Return on investment (ROI) analysis	Price-to-earnings (P/E) (Note 4)		63.15	203.94	(Note 7)
	Price-to-dividend ratio (P/D) (Note 5)		223.84	203.94	-
	Cash dividend yield (Note 6)		0.45	0.49	-

Note 1: On May 27, 2022, the annual shareholders' meeting of the Company resolved to change the par value of shares from NT\$10 to NT\$2.5, setting the record date for the conversion at July 12, 2022. The effect of the change in par value has been adjusted retroactively for the purpose of calculating earnings per share.

Note 2: The Company's board meeting convened on March 12, 2024, passed a resolution to declare a cash dividend of NT\$1.96 per share to shareholders.

Note 3: Price-to-earnings (P/E) = Average market price per share/Earnings per share (before retrospective application) for the year

Note 4: Price-to-dividend (P/D) = Average market price per share/Cash dividend per share for the year.

Note 5: Cash dividend yield = Cash dividend per share/Average market price per share for the year.

Note 6: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

Note 7: Up to the publication date of the annual report, no information has been attested or reviewed by a certified public accountant.

## (VI) Dividend policy and its implementation

### 1. Dividend distribution policy stipulated in Article 129 of the Articles of Incorporation

Silergy is currently in growth phase. The Company has requirements for capital expenditure, expansion of business operations, establish robust financial planning systems, and seek sustainable development. The dividend distribution policy of Silergy will be arrived at based on future capital expenditure, budget, and its own requirements; share dividend will be distributed to the stockholders of Silergy in the form of cash and/or shares in place of cash dividend.

In addition to laws governing listed companies, if Silergy had earned net income before tax for the year, it will have to set aside from the net income before tax: (1) a maximum of twenty percent (20%) and a minimum of eight percent (8%) as the compensation to employees (including employees of Silergy and/or affiliated businesses) (hereinafter referred to as “employees’ compensation”); and (2) a maximum of two percent (2%) as the directors’ remuneration (hereinafter referred to as “directors’ remuneration”). Regardless of the aforementioned provisions, if Silergy has any accumulated losses from previous years, it must set aside an equivalent amount to make up for the said losses before allocation to employees and the directors. In addition to the laws of the British Cayman Islands, laws governing listed companies, and provisions of Article 139, employees’ compensation and directors’ remuneration may be distributed in cash and/or shares after a motion thereof is approved by more than half of directors at a board meeting attended by at least half of the attending directors. For the board meeting resolution on the employees’ compensation and the directors’ remuneration, said resolution shall, after being voted for in the board meeting. After the approval at the board meeting, it has to be reported to the shareholders during the shareholders’ meeting.

For shares of Silergy already registered as an emerging stock or during listing on the Taipei Exchange (TPEX) or Taiwan Stock Exchange (TWSE), in addition to provisions of the Company Act and laws governing listed companies, the board of directors shall, when Silergy has a surplus in the final annual settlement, distribute it using the following method and sequence to propose a profit distribution proposal, and submit the proposal to the shareholders’ meeting for approval:

1. Set aside a sum to make payments as required by law;
2. Make provision for accumulated losses from previous years (if losses exist);
3. Set aside 10% in accordance with laws governing listed companies as legal reserve. However, if the legal reserve has reached the paid-in capital of the Company, this restriction shall not apply;
4. Set aside a special reserve in accordance with laws governing listed companies or requirements of a competent authority; and
5. Add the balance of surplus of the year after deducting amounts for items (a) to (d) to the balance from the undistributed earnings from the previous fiscal period to obtain the surplus available for distribution. The Board of Directors may propose a motion for a dividend payout plan using the surplus available for distribution, and submit the motion at the shareholders' meeting for approval according to laws governing listed companies. The dividend shall be paid once the shareholders vote for the motion. The dividend payout may be in the form of cash dividends and/or share dividend. The sum of the dividend payout shall, without violating the statutory regulations of the British Cayman Islands, be at least ten percent (10%) of the balance of the annual surplus less the amounts in items (a) to (d), and the cash dividend may not be less than ten percent (10%) of the total dividend of the shareholders.

2. Dividend distribution proposed (or resolved) for this year

The Board meeting convened on March 12, 2024, passed a motion for the 2023 earnings distribution, allocating cash dividends of NT\$ 751,315,818 (NT\$ 1.96011904 per share) to the shareholders, the record date is April 5, 2024, and the payment date is April 25, 2024.

3. Major changes expected in the dividend policy: None

(VII) The impact on the company's business performance and earnings per share (EPS) for allotment of free shares proposed at the shareholder's meeting: None.

(VIII) Compensation for employees, directors, and supervisors

1. Quantity or scope of compensation for employees, directors, and supervisors as prescribed under the articles of association

Please refer to the dividend distribution policy stipulated by Article 129 of the Articles of Incorporation. Silergy has not appointed a supervisor.

2. Accounting treatment for the basis of estimating the amount of the employees' compensation and director's remuneration for this fiscal period, the basis of calculating the number of shares to be distributed as employees' compensation, and for any discrepancy between the actual amount distributed and the estimated figures.

The employers' and directors' remuneration for Silergy is calculated as per the figures stipulated by the Articles of Incorporation of Silergy, and is estimated every year as per this principle. If there are any changes in the amounts after approval of the annual consolidated financial report, they will be treated accordingly and recorded in the accounts of the next fiscal year.

3. Status of compensation distribution as approved by the board of directors

(1) On March 12, 2024, the board of directors resolved to issue 2023 employees' compensation of NT\$ 66,112,123 and director's remuneration of NT\$ 14,286,000. The above mentions compensations are to be paid in cash.

(2) Sum of employees' compensation provided in distributed shares and its proportion of the net income after tax (NIAT) provided in the individual or financial report and of the total sum of employees' compensation of this fiscal period: Not applicable.

4. Actual distribution of compensation to employees, directors, and supervisors (including the number, sum, and price of shares distributed), and where there were discrepancies with the approved compensation for employees, directors, and supervisors, describe the sum, the cause, and treatment of the discrepancy:

Meeting of the board of director on March 9, 2023 resolved to distribute NT\$12,000,000 as directors' remuneration and NT\$552,617,784 as employees' cash bonus. Employee compensation for 2022 is still partially unallocated.

(IX) Repurchase by Silergy of its own shares:

The number of times of repurchase	First time
Purpose of the share repurchase	To transfer shares to employees
Period for the repurchase	2023/12/21~2024/2/20 °
Repurchase price range(NTD)	282.45~602.70/share
No. of shares currently repurchased (shares)	595,000 Common shares
Total monetary amount of shares currently repurchased (NTD)	239,746,279
The ratio of the quantity actually repurchased to the quantity scheduled to be repurchased (%)	19.83%
Number of shares canceled and be transferred	0 share
Cumulative no. of the company's own shares held (shares)	595,000 Common shares
Cumulative no. of the company's own shares as a percentage of the total no. of the company's issued shares (%)	0.15%

**II. Corporate bonds: None.**

**III. Preferred shares: None.**

**IV. Overseas depository receipts: None.**

## V. Employee share subscription warrants:

### (I) Status of employee share subscription warrants of Silergy that have yet to mature

March 31, 2024, Unit: Shares

Categories of employee share subscription warrants	Date of effective registration	Date of issuance (placement)	Subscribable shares issued	Ratio of subscribable shares issued as part of the total issued and outstanding shares	Exercise period	Method for exercising the warrant	Restrictions on the warrant exercise period and exercise ratio (%)	Number of shares already obtained through exercise of warrant rights (Note 2)	Total value of shares obtained by exercising warrant rights	Number of unsubscribed shares (Note 3)	Subscription price per share of the unsubscribed shares	Proportion of the quantity of unsubscribed shares to total issued and outstanding shares	Impact on shareholders' equity
2015 Rules for issuance of employee stock warrants	2015/5/11	2015/8/24			10 years			9,232,000	NT\$23,080,000	898,000	NT\$65.0	0.23%	No material impact
		2015/11/12	12,000,000	3.85%				0	-	0.00%			
		2016/4/6						352,600	NT\$102.9	0.09%			
2016 Rules for issuance of employee stock warrants	2016/7/12	2016/12/13					Period granted & Proportion of exercisable warrant: After 2 years (from the 3rd year) 40% After 3 years (from the 4th year) 60% After 4 years (from the 5th year) 80% After 5 years (from the 6th year) 100% (Total)	606,400	NT\$1,516,000	145,600	NT\$111.2	0.04%	No material impact
		2017/4/17	4,000,000	1.16%				886,136	NT\$127.2	0.23%			
		2017/6/15						406,796	NT\$135.9	0.11%			
		2017/8/11						522,000	NT\$146.5	0.14%			
2017 Rules for issuance of employee stock warrants	2017/6/19	2017/11/23				Issuance of new shares		1,983,892	NT\$4,959,730	1,164,108	NT\$150.8	0.30%	No material impact
		2018/2/7	6,000,000	1.17%				865,900	NT\$147.8	0.22%			
		2018/5/11						200,000	NT\$152.7	0.05%			
		2018/9/28						353,500	NT\$136.4	0.09%			
2018 Rules for issuance of employee stock warrants	2018/6/22	2018/11/22					Type A: Period granted & Proportion of exercisable warrant: After 2 years (from the 3rd year) 40% After 3 years (from the 4th year) 60% After 4 years (from the 5th year) 80% After 5 years (from the 6th year) 100% (Total)	1,737,340	NT\$4,343,350	1,083,660	NT\$97.7	0.28%	No material impact
		2019/3/27	5,400,000	1.50%				174,200	NT\$110.1	0.05%			
		2019/5/20						971,886	NT\$110.0	0.25%			
		2019/8/12						355,600	NT\$158.9	0.09%			
2019 Rules for issuance of employee stock warrants	2019/6/27	2019/11/29					Type B: May exercise 100% after 3 years of allotment	108,000	NT\$270,000	262,000	NT\$220.2	0.07%	No material impact
		2019/12/20	10,000,000	2.73%				87,000	NT\$231.1	0.02%			
		2020/3/18						8,488,700	NT\$176.5	2.31%			
		2020/4/30					6,000	NT\$15,000	112,000	NT\$296.3	0.03%		

Categories of employee share subscription warrants	Date of effective registration	Date of issuance (placement)	Subscribable shares issued	Ratio of subscribable shares issued as part of the total issued and outstanding shares	Exercise period	Method for exercising the warrant	Restrictions on the warrant exercise period and exercise ratio (%)	Number of shares already obtained through exercise of warrant rights (Note 2)	Total value of shares obtained by exercising warrant rights	Number of unsubscribed shares (Note 3)	Subscription price per share of the unsubscribed shares	Proportion of the quantity of unsubscribed shares to total issued and outstanding shares	Impact on shareholders' equity
2020 Rules for issuance of employee stock warrants	2020/6/24	2020/8/19			10 years	Issuance of new shares	Type A: May exercise 100% after 3 years of allotment Type B: Period granted & Proportion of exercisable warrant: After 3 years (from the 4th year) 33% After 4 years (from the 5th year) 66% After 5 years (from the 6th year) 100% (Total)	0	NT\$0	910,000	NT\$404.1	0.24%	No material impact
		2020/11/11						0	NT\$0	258,000	NT\$528.1	0.07%	
		2020/12/28		1.44%				0	NT\$0	166,400	NT\$577.7	0.04%	
		2020/3/23	6,158,800					0	NT\$0	4,668,400	NT\$547.9	1.23%	
		2021/5/12						0	NT\$0	70,000	NT\$658.3	0.02%	
		2021/6/17						0	NT\$0	86,000	NT\$835.5	0.02%	
2021 Rules for issuance of employee stock warrants	2021/7/6	2021/8/31			10 years	Issuance of new shares	Type A: May exercise 100% after 3 years of allotment Type B: Period granted & Proportion of exercisable warrant: After 3 years (from the 4th year) 33% After 4 years (from the 5th year) 66% After 5 years (from the 6th year) 100% (Total)	0	NT\$0	113,200	NT\$989.5	0.03%	No material impact
		2021/12/14		1.43%				0	NT\$0	138,800	NT\$1,060.4	0.04%	
		2022/5/13	5,400,000					0	NT\$0	5,148,000	NT\$618.8	1.35%	
		2022/9/29						0	NT\$0	178,800	NT\$414.0	0.05%	
		2022/11/10						0	NT\$0	110,000	NT\$432.0	0.03%	
		2022/12/22	4,253,318	1.01%				0	NT\$0	2,597,018	NT\$439.0	0.68%	
2022 Rules for issuance of employee stock warrants	2022/7/21	2023/3/14			10 years	Issuance of new shares	From the date when two full years have elapsed after the Grant Date and the achievement of the job performance objectives, the Optionee may exercise his/her Options in accordance with the schedule and percentage respectively: Vesting and Exercisable Date 2/3/4/5 years Vesting Percentage 25%/25%/25%/25%	0	NT\$0	314,700	NT\$354.5	0.28%	No material impact
		2023/6/16						0	NT\$0	1,745,341	NT\$439.0	0.46%	
		2022/12/22	2,965,341	0.77%				0	NT\$0	1,120,000	NT\$482.0	0.29%	
		2023/3/14						0	NT\$0	100,000	NT\$439.5	0.03%	
		2023/6/16						0	NT\$0	803,800	NT\$258.0	0.21%	
		2023/11/14	3,801,088	0.99%				0	NT\$0	1,676,000	NT\$354.5	0.44%	
2023 Rules for issuance of employee stock warrants	2023/7/31	2023/8/24			10 years	Issuance of new shares	Type A: May exercise 100% after 3 years of allotment Type B: Period granted & Proportion of exercisable warrant: After 3 years (from the 4th year) 33% After 4 years (from the 5th year) 66% After 5 years (from the 6th year) 100% (Total)	0	NT\$0	89,000	NT\$431.5	0.02%	No material impact
		2023/12/20						0	NT\$0	1,232,288	NT\$328.0	0.32%	
		2024/3/29						0	NT\$0				
								0	NT\$0				

Names, acquisition, and subscription of managerial officers who have obtained employee share subscription warrants as well as employees who rank among the top ten in terms of the number of shares obtained via employee stock warrants

March 31, 2024, Unit: Shares; NT\$, %

	Title	Name	Stock subscriptions obtained (Note 2)	Proportion of subscribed shares acquired to the total issued and outstanding shares	Exercised (Note 2)			Not exercised (Note 2)						
					Subscription quantity	Subscription price	Subscription amount	Subscription quantity	Subscription price	Subscription amount	Number of subscribed shares and proportion thereof as part of issued shares	Subscription amount	Number of subscribed shares and proportion thereof as part of issued shares	
Managerial officer	General Manager	Wei Chen												
	Co-CEO & President	Budong You												
	Co-CEO & President	Michael Grimm	378,000	0.10		NT\$64	NT\$ 150,000							
	Fellow	Jaime Tseng												
	VP of Asia Sales	Chih-chung Lu												
	Chief Financial Officer	Shao-wei Chen												
Employee (Note )		Yuan Xiaolong												
		Zhao Chen												
		Huang Qiukai												
		Xu Xiaoru												
		Sun Liangwei	9,130,200	2.37		NT\$64 NT\$102 NT\$126 NT\$175 NT\$543	NT\$ 7,800,000							
		Fan Hongfeng												
		Xiaoming Duan												
		Ji Weigui												
		Liao Jiawei												
		Han Jae Og												

Note : Refers to non-managerial employees in the top 10 list in terms of the quantity of stock warrants subscribed.

## VI. New restricted employee shares:

### (I) Implementation state of new restricted employee shares

Categories of new restricted employee shares	2020 Issuance of New Restricted Employee Shares		2021 Issuance of New Restricted Employee Shares		2022 Issuance of New Restricted Employee Shares				
	Date of effective registration	2020/6/24 600,000	2021/8/31	2021/12/14	2021/7/22 600,000	2022/5/13	2022/9/29	2022/11/10	2022/7/21 600,000
Date of issuance	2021/3/23	2021/6/17	2021/8/31	2021/12/14	2021/7/22 600,000	2022/5/13	2022/9/29	2022/11/10	2022/7/21 600,000
Number of new restricted employee shares issued	325,160	80,800	64,600	9,200	206,200	320,000	86,553	55,132	302,710
Issued price	Issued at NT\$0		Issued at NT\$0		Issued at NT\$0				
Proportion of new restricted employee shares issued as part of total equities that have been issued at the time of issuance (%)	0.09%	0.02%	0.02%	0.00%	0.05%	0.09%	0.02%	0.01%	0.08%
Prerequisites for receiving new restricted employee shares	<p>1. Type A. Employees who have been employed for one year since grant date, and is still employed by the Company on the vesting date after allotment of new restricted employee shares, and the Company has met its operational goals, will be given 100% of the new restricted employee shares.</p> <p>2. Type B. Employees who have been employed for three years since grant date, and is still employed by the Company on the vesting date after allotment of new restricted employee shares, and the Company has met its operational goals, will be given 100% new restricted employee shares.</p> <p>The Company's operational goals refer to the Company's gross margin and operating margin for the year before the vesting date, not lower than the average standard of companies in the same industry, namely MediaTek Inc., Novatek Microelectronics Corp. and Realtek Semiconductor Corp., in the same year.</p>								
Restrictions and privileges for receiving new restricted employee shares	<p>1. Prior to reaching the vesting conditions, an employee may not sell, pledge, transfer, gift, create, or dispose of the new restricted employee shares in any way.</p> <p>2. New restricted employee shares that are yet to meet the vesting conditions may be eligible for share allotment in Silergy, but may not be eligible for dividend payout or cash capital increase, nor has voting power in Silergy.</p> <p>3. After issuing new restricted employee shares allotted to the employee, it should be submitted to a trustee or custodian in accordance with the contractual terms; prior to fulfilling the vesting conditions, the employee may not, for any reason or using any method, seek their return.</p>								
Safekeeping of new restricted employee shares	<p>After issuance of the new restricted employee shares, the employee shall submit them to a trustee or custodian in as per the contractual terms; prior to fulfilling the vesting conditions, the employee may not, for any reason or using any method, seek their return.</p>								
Action for handling allotments or subscription to new shares by employees who are yet to meet the prerequisite conditions	<p>1. When an employee has voluntarily resigned, been dismissed, or severed, or applied for leave without pay, Silergy shall recover, at no cost to it, any shares issued to him/her that are yet to meet the vesting conditions.</p> <p>2. New restricted employee shares that are yet to meet the vesting conditions may be eligible for share allotment in Silergy, but may not be eligible for dividend payout or cash capital increase, nor has voting power in Silergy.</p> <p>3. If an employee violates, prior to meeting the vesting conditions, Paragraph (8) of this Article on the expiration or termination of proxy authorization of Silergy, the company will repossess the shares without any compensation.</p> <p>4. Silergy will repossess and terminate without any compensation any new restricted employee shares that are yet to meet the vesting conditions pursuant to the conditions in the regulations of issuance.</p> <p>5. Shares free from restrictions will not have voting power or privileges related to distribution of shares or dividend despite an employee satisfying vesting conditions 15 business days prior to the temporary share transfer suspension in accordance with law, book closure date for issuance of bonus shares, book closure date for distribution of cash dividend, or book closure date for cash capital increase to one business day prior to the record date for issuance of equities, and during a period of capital reduction to one day prior to the first trading day of the shares from the date of capital reduction.</p>								

March 31, 2024, Unit: Shares; NT\$, %



Categories of new restricted employee shares	2020 Issuance of New Restricted Employee Shares		2021 Issuance of New Restricted Employee Shares					2022 Issuance of New Restricted Employee Shares							
	325,160	80,800	1,200	-	2,000	-	-	-	-	-	-	-	-	-	-
Quantity of new restricted employee shares that have been recovered or repurchased	0	0	63,400	9,200	204,200	0	0	86,553	55,132	115,100	0	0	0	21,876	1,339
Quantum of new restricted shares extinguished	0	0	0	0	0	320,000	0	0	0	187,610	0	0	0	0	0
Proportion of new restricted shares remaining restricted as part of total equities issued	-	-	-	-	-	0.08%	-	-	-	0.05%	-	-	-	-	-
Impact on shareholders' equity	(Calculated according to the stipulated vesting periods of circulating shares of Silergy at the time of issuance. The impact of dilution on the earnings per share (EPS) of Silergy is limited, and has limited effect on the shareholders' rights.														

(II) Name of managerial staff and top 10 employees who have acquired new restricted employee shares, and the state of acquisition

March 31, 2024, Unit: Shares; NT\$; %

	Title	Name	New restricted employee shares acquired	Proportion of new restricted employee shares issued as part of total equities issued	Restrictions lifted			Restrictions not lifted					
					Quantum of shares no longer restricted	Issue price	Issue amount	Proportion of shares no longer restricted as part of total equities issued	Quantum of shares still restricted	Issue price	Issue amount	Proportion of shares remaining restricted as part of total equities issued	
Managerial officer	VP of Asia Sales	Chih-chung Lu											
	Chief Financial Officer	Shao-wei Chen											
Employee (Note)		Liao Jiawei											
		Xu Xiaoru											
		Zhao Chen											
		Sihua Wen											
		Jon Imperato		660,800	0.17	477,600	NA	-	0.12	108,000	NA	-	0.03
		Cai Jun											
		Ravi											
		Ambatipudi											
		Han Jae Og											
		Yuan Xiaolong											
	Liao Jiawei												

Note: Refers to non-managerial employees in the top 10 list in terms of new restricted employee shares issued.

**VII. Status of mergers and acquisitions or issuance of new shares for the purpose of acquiring the shares of another company: None.**

**VIII. Implementation of capital allocation plans: Up to the quarter preceding the date of printing of the annual report, Silergy has no uncompleted public issue or private placement of securities or where the benefits of the plan have yet to be realized.**

## Chapter V Business operations

### I. Business description

#### (I) Business scope

##### 1. Major details of business operations

The Company is primarily engaged in research, development, design, and sales of analog and mixed-digital IC. Its products have a wide range of applications, mainly applicable in the 3C industry, cloud server, industrial field, automobile, 5G communication, including LED lighting, tablet computers, notebook computers, solid-state drives, video surveillance systems, servers, digital set-top boxes, smart speakers, smartphones, multi-media televisions, LED backlight modules, routers, mobile power sources, automobile electronics, communication station, and smart meters. The Company has also been increasing its terminal application, such as TV panels, mobile phone rapid charger, the medical field, etc.

##### 2. Business proportion of major products

End-user application of products from the Company can be divided into five main categories: consumer products, industrial products, computer products, communication products and Automotive product.

Unit: NT\$ thousand; %

Major products	2019		2020		2021		2022		2023	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Consumer product	4,634,446	43	5,273,049	38	8,473,275	40	9,083,593	39	5,840,728	38
Industrial product	4,095,557	38	4,717,991	34	7,131,173	33	7,753,103	33	5,223,067	34
Computer product	1,508,889	14	2,358,996	17	3,660,874	17	3,112,222	13	2,054,758	13
Communication product	538,889	5	1,526,409	11	1,998,215	9	2,614,391	11	1,117,845	7
Automotive product	-	-	-	-	242,529	1	947,776	4	1,190,938	8
Total	10,777,781	100	13,876,445	100	21,506,066	100	23,511,086	100	15,427,335	100

##### 3. Current products (services) offered by the Company

Analog IC is the main product currently offered by the Company. The product is widely used in consumer electronics, industrial, computer, and 5G communication products. Silergy provides different kinds of chips for the design needs of end-user products. For example, Silergy provides battery charge management chips, DC to DC conversion chips, over-current protection chips, electrostatic protection equipment, LED backlight driver chips, and PMUs for tablets. Silergy provides LED lighting driver chip for LED lighting. For set-top box, Silergy provides AC to DC conversion chip, DC to DC converter chip, over-current protection chip, EMI protection equipment, etc. For smart meters, Silergy provides System on Chip (SOC) and high precision current detection solutions with Energy measurement IC.

##### 4. Development projects for new products (services)

Silergy will continue to invest in developing new generation of products and technologies, including new generation of semiconductor manufacturing processes, new generation of digital control solutions, mobile phone rapid charging solutions, wireless

charging, related applications of the Internet of Things, automotive supplies, related applications of major home appliances and signal chain application productions. Silergy will update process technologies of its existing products and develop new patents to create integrated IC products with higher efficiency, smaller size, more diversified, and fewer peripherals. These new products can then be used in applications with higher performance requirements while attaining competitive advantage over other businesses within the same industry.

## (II) State of the industry

### 1. Current state and development of the industry

#### (1) Summary of the current state of semiconductor market and IC design industry

The semiconductor industry is a key sector for industrial equipment, computers, network communications, and consumer electronics, and is currently a basic industry that supports developments in other related fields. In response to active developments in computer, communication and consumer (3C) products as well as demands for smart, low-power industrial solutions, shorter product life cycles, and faster performances, the Company has diversified its operations and increased product development to expand the product portfolio. Release of new products, replacement of older models, and market growth will increase the requirements for the semiconductor industry and contribute to the growth of the market.

The semiconductor supply chain in Taiwan is maturing rapidly with specialization in up, mid and downstream operations of the industry that provide an excellent environment for developing the IC design sector and allow IC design houses to focus on design of IC fabrication to be subcontracted to wafer foundries to create IC wafers. After front-end testing, the tested wafers can be transferred to a packaging company for singulation and packaging. The packaged IC then undergoes back-end testing at a professional testing plant to complete the final product.

IC components can be divided into two major categories: digital logic IC and analog IC. A digital IC uses a non-continuous method for signal transmission (0 and 1) and is often used for processing digital information such as computation, control, and storage. Digital IC has advantages in dimension, speed, and power consumption (and thus is process-driven). An analog IC, on the other hand, is often in charge of processing continuous analog signals collected from the natural environment, including light, heat, electricity, speed, and pressure. It serves as a bridge between various sets of physical information and a digital electronic system, and requires collaboration in process, circuit design, and physical specifications of the semiconductor component. Equilibrium must be attained between chip performance and cost, and the resulting balance will determine the final quality that can be achieved by the digital product. Therefore, component characteristics will be considered more important for analog IC (and thus is design-driven). Key properties include reliability, stability, power consumption, power conversion performance, and voltage, and current control abilities.

### (3) Power-management IC

Due to growing concern for environmental protection and energy saving, interest has spurred in energy-saving technologies currently making it a major area of development for the Company. Analog IC is indispensable and has a critical role in power-management ICs (PMIC) used during system operations to control current and voltage supply to ensure that both are within ideal ranges. Power-supply device quality will directly affect the service life of an electronic product. Recent development in power-supply devices has focused on smaller size, power efficiency, and durability. To ensure that a product is capable of meeting these objectives, the key would be to provide highly efficient (high performance) power-supply devices with stable and high voltages, and low noise interference. Any IC that includes these control functions is called a power control/management analog IC. The market maintains steady growth every year, consumer electronics, 5G internet and communication, mobile communication field, cloud server, industrial application are currently the major markets. In the future, we will focus on the development of artificial intelligence, electric cars and internet of vehicles.

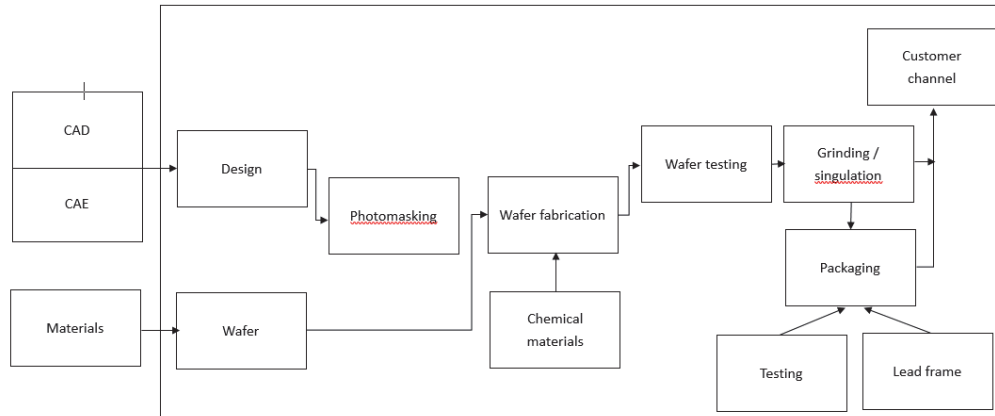
The power-management unit (PMU) is a highly integrated power-management solution designed for portable and mobile applications. Multiple power-management devices that are traditionally separate from each other can be integrated within a single package to enhance power-conversion performance, reduce power consumption, and the number of components in a single product to adapt to smaller board spaces. PMU integrates as many power channels as possible within a limited volume. Based on the requirements of each subunit, it provides highly efficient power supply, clean power with low noise, or power-on sequence control required for the system, making it the preferred choice for system power supply.

Over the past 10 years, smart handheld devices have developed rapidly in the market. Overall, the end market will continue to grow rapidly. The market demand of PMU has a chance to achieve a high developing trend than what the market previously expected.

Development trends in smart terminals and products include larger screens, thinner sizes and light weights, as well as smaller battery sizes. There is also a demand for longer battery life while maintaining current battery capacities. To meet these demands, smart power management will become indispensable in addition to improvements to IC power consumption. The PMU market is therefore expected to have excellent developments in the future.

### 3. Correlation with up, mid, and downstream industries

The Company is a fabless IC design house and is positioned at the very upstream section of the IC industry as well as the industrial value chain. To obtain the final product, additional IC production processes such as masking, fabrication, packaging, and testing as well as final product assembly are necessary. Major overseas companies are often integrated device manufacturers (IDM) that integrate up and downstream processes of design, fabrication,



packaging, testing, and assembly of product systems. The Company has a size comparable to the average IC design house in Taiwan, where the industrial supply chain is segmented into up and downstream processes, with individual companies specializing in each of the processes to derive benefit from the division of labor. The tested final product is then sold to a product system assembly company to create the desired product system. Unlike other IC design houses that are completely reliant on the technologies of the wafer foundry or packaging company and therefore limited to the production techniques of other companies, the Company has developed its own semiconductor fabrication, packaging, and independent testing technologies that are then outsourced to other companies. The Company therefore has a virtual IDM business model. Its proprietary processes offer both long-term technical and cost advantages, and help delay infringement by competitors to protect the profitability of its new products.

### 4. Trends in the development of various products

Power management IC (PMIC) is the most fundamental and critical analog IC product. Power management has always been one of the most popular markets in the semiconductor industry. A PMIC is considered a key component for every electronic product and relates to the technical field of high power analog circuits. PMIC is primarily used to provide an electronic product with stable and suitable voltage and current and directly affects the usage life of the electronic product. The continuous increase in the function of consumer electronic products, as well as the demand for automatic automobile and industrial automation, resulted in the gradual development of lower power consumption, lightweight, smaller sizes, integration of multiple functions, and a higher requirement for product lifecycle and reliability of terminal devices. To meet these demands, key issues that must be addressed by a PMIC include the capability for improving power-system efficiency, power-saving function, and reduction in IC component packaging size to minimize the area occupied on the printed circuit board (PCB). As CPU performance continues to improve, power stability and voltage precision become increasingly important. Additionally, higher levels of integration not only reduce the number of components, but also provide other benefits that include reduced system-level power consumption,

improved system reliability and quality, enhanced production yield, and lower production cycle time that translates into reduced cost.

Due to growing concerns for environmental protection and energy conservation issues, energy-saving technologies have currently become an important area of development. PMIC therefore plays a critical and indispensable role in this field. In addition to demand for low power consumption and ultra-low passive power consumption, energy-efficient and lead-free packaging processes became key requirements for environmental protection, low energy, and other green concepts. PMIC manufacturers must therefore consider restrictions imposed by statutory regulations for environmental protection. Compliance with environmental protection laws and green energy requirements will therefore be a major direction of development in PMIC designs.

## 5. Competition

The Company focuses on PMIC design and development. The following is an analysis of competing product series offered by PMIC design companies in other countries and Taiwan that are similar to those offered by it:

Product project	Major competitors	
	Overseas	Taiwan
PMIC	TI、Maxim、ON semi、ADI	Global Mixed-mode Technology Inc., and Leadtrend Technology

In comparison with fellow competitors in the same industry from Taiwan tend to offer analog products to computer markets dominated by European and American suppliers, Silergy has been offering proprietary products featuring high efficiency, high levels of integration, and small sizes designed for emerging consumer products and industrial products instead since established. Examples include low-energy consumption set-top boxes and notebook computers that require long battery life and smaller, thinner dimensions, as well as LED lighting markets that demand high performance and long service life. After gaining the customer's confidence in product quality and service for these 10 years since established, the Company then expanded research and development efforts to its products and technical fields. Clear product positioning policy and its rapid and effective decision-making processes allow the Company to increase its product portfolio. No competitor from Taiwan in the same field of analog IC is able to match the scope of the product portfolio offered by the Company. In terms of product performance, most analog IC design houses are subject to process and technical restrictions as they outsource wafer fabrication and IC packaging to other companies. As a result, such companies offer product features with low levels of differentiation. Silergy has its own wafer process, packaging process, as well as testing and development technologies. The patents that we currently own involve processes, electronic components, packaging, control strategies, current configuration, system framework, etc., and have successfully moved into mass production. Exclusive patents and technologies owned by the Company relate to a. the ability to reduce the IC chip area and the number of external components, and helping to improve the precision for voltage/current control and enhance the reliability and stability of circuit performance; b. reduce the switching resistance to help lower power loss, alleviate heat dissipating requirement, improve conversion ratio, and extend battery life; c. increase switching frequency to help reduce the circuit volume and mass, and accelerate response speed, allowing a product to achieve lower circuit costs, faster design processes, and enhanced performance; d. a diversified

product line that provides comprehensive solutions. Products of the Company are therefore more competitive.

The main business team of Silgery comes from the Silicon Valley in the United States, and has many years of experience working with global leaders in the same field, providing a strong foundation in technical innovation. Silgery has established business centers in China, Korea, and Taiwan, and therefore enjoys cultural and ethnic advantage when pursuing business expansion in the Asia-Pacific region, and is also able to offer local technical support and product development projects. As Silgery expands, new business units will be established in the US, Europe, Japan, and India. The Company has adopted a fabless IC design house business model. As it has developed a large number of key technologies independently, it is able to shorten new product development cycle times. Continuous production process improvements also effectively reduced costs enabling it to earn higher profit margins.

### (III) Technologies and recent R&D efforts

#### 1. R&D investments made in the most recent fiscal year up to the publication of this report

Unit: NT\$ thousand; %

Item \ Year	2019	2020	2021	2022	2023
R&D expenses	1,609,810	2,161,121	3,202,832	4,460,370	4,894,418
Consolidated net revenue	10,777,781	13,876,445	21,506,066	23,511,086	15,427,335
As a proportion of consolidated net revenue	14.94	15.57	14.89	18.97	31.79

#### 2. Successfully developed technologies or products

Year	R&D results	Description
2009	1. First in the industry to realize 6V/2A high-performance and high-power-density synchronous step-down modulator in an SOT23 package.	The product is provided with an SOT23 package, making it the smallest 2A DC/DC product in the industry. It is often used in set-top boxes, notebook computers, LCD television, switchboards, and other electronic products.
	2. First in the industry to realize 6V/3.5A high-performance high-power-density synchronous step-down modulator in a DFN 3x3 package	The product is provided with a DFN 3x3 package, making it the smallest 3.5A DC/DC product in the industry. It is used in notebook computers, switchboards, smart TV, and other electronic products.
2010	1. First in the industry to realize 16V/2A high-performance high-power-density synchronous step-down modulator in an SSOT23 package.	The product is a 16V/2A high-performance high-power-density synchronous step-down conversion in an ultra-small SSOT23 package, and is used in set-top boxes, notebook computers, LCD television, switchboards, and other electronic products.
	2. Smallest dual-channel 6A smart current-limit switch package (DFN 2x2) in the industry	The product is the smallest dual-channel 6A smart current-limit switch (DFN 2x2) in the industry, and is used in servers, notebook computers, and other electronic products.
	3. First in the industry to realize 30V/1.2A high-performance high-power-density synchronous step-down modulator in an SOT23 package.	The product achieves 30V/1.2A high-performance high-power-density synchronous step-down conversion in an ultra-small SOT23 package, and can be used in set-top boxes, switchboards, mobile televisions, and other electronic products.
	4. Smallest 6V/6A high-performance high-power-density synchronous step-down modulator package (DFN 3x3) in the industry.	The product is the smallest 6V/6A high-performance high-power-density synchronous step-down modulator package (DFN 3X3) and is used in smart LCD TV, notebook computers, and other electronic products.
	5. First in the industry to realize a 30V/2A buck-boost MR16-LED	The product is the first 30V/2A buck-boost MR16-LED driver in an SOT23 package, and is used for display-case LED lighting and



Year	R&D results	Description
	driver in an SOT23 package	in other similar settings.
2011	1. First in the industry to provide a high performance isolated single-stage PFC primary quasi-resonant control LED driver.	The product is the first high-performance isolated single-stage PFC primary quasi-resonant control LED driver released in the industry, and is used in various types of LED lighting like LED light bulbs and T-type lighting.
	2. First in the industry to provide a non-isolated PFC quasi-resonant control buck-boost LED driver	The product is a high-performance non-isolated PFC quasi-resonant buck-boost LED controller and can be used in various types of LED lighting like LED light bulbs and T-type lighting.
	3. Smallest 6V/6A high-performance high-power density synchronous step-down modulator package (DFN 2x2) in the industry	The product is the smallest 6V/6A high-performance high-power-density synchronous step-down modulator package (DFN 2X2) and is used in high-definition set-top boxes, LCD TV, notebook computers, switchboards, and other electronic products.
	4. High-performance non-isolated PFC quasi-resonant control step-down LED driver	The product is a high-product non-isolated PFC quasi-resonant step-down LED driver and is used in various types of LED lighting like LED light bulbs and T-type lighting.
	5. First in the industry to realize 18V/2A synchronous step-down modulator in an SOT23-6 package	The product is an 18V/2A high-performance high-power-density synchronous step-down modulator in an ultra-small package (SOT23-6), and is used in LCD TV, switchboards, and other electronic products.
	6. First in the industry to realize 30V/6A synchronous step-down modulator in a DFN 4x3 package	The product is a 30V/6A high-performance high-power-density synchronous step-down modulator in an ultra-small package (DFN 4x3), and is used in LCD TV, smart displays, and other electronic products.
	7. First in the industry to provide a single-stage isolated PFC primary quasi-resonant control LED driver in an SOT23 package	The product is the first single-stage isolated PFC primary quasi-resonant LED driver realized in the ultra-small SOT23 package released in the industry, and is used in various types of LED lighting like light bulbs and T-shaped lighting.
2012	1. First in the industry to realize a non-isolated PFC quasi-resonant control step-down LED driver in an SOT23 package	The product is the first high-performance non-isolated PFC quasi-resonant step-down LED controller realized in the ultra-small SOT23 package and is used in various types of LED lighting like LED light bulbs and T-type lighting.
	2. Ultra-high-performance synchronous step-up modulator in an SC70 package	The product is an ultra-high-performance high-power-density synchronous step-up modulator realized in an SC70 package and can be used in a battery power supply system for applications like portable healthcare systems.
	3. Smallest 6V/3A synchronous step-down modulator package (DFN 2x2) in the industry	The product is the smallest 6V/3A high-performance high-power-density synchronous step-down modulator package (DFN 2X2) that can be used in notebook computers, switchboards, and other electronic products.
	4. First in the industry to realize a non-isolated PFC quasi-resonant control buck-boost LED driver in an SOT23 package	The product is the first high-performance non-isolated PFC quasi-resonant buck-boost LED controller realized in the ultra-small SOT23 package that can be used in various types of LED lighting, including LED light bulbs and T-type lighting.
	5. First in the industry to provide a high-performance primary quasi-resonant operation flyback constant voltage output controller	The product is the first high-performance primary control quasi-resonant operation flyback constant voltage output controller released in the industry, and can be used in an AC/DC adapter power source, battery charger power source, and other products.
	6. High-performance smart synchronous rectification driver	The product is a high-performance smart synchronous rectification driver that can be used in AC/DC adapter power source, etc.
	7. Smallest 5-channel 12C control synchronous step-down modulator module package in the industry	The product is the smallest 5-channel 12C control high-performance high-power-density power management IC (PMIC) in QFN 4x4 package, and can be used in a solid-state drive and other electronic products.

Year	R&D results	Description
2013	1. Smallest high- performance 6A input/6V output synchronous step-up IC package (DFN 2x2) in the industry	The product is provided in the DFN 2x2 package, the smallest package in the industry, and offers an efficiency of at least 95%. It can be used in large-capacity mobile power supply, tablet computers, etc.
	2. First synchronous step-up smart-charging IC in the industry	The product is the first synchronous step-up charging IC released in the industry, offering a maximum output current of 6A. It can be used to charge a 2-cell Li-ion battery and has an area that can be packaged within DFN 3x3. Can be used for high-end DSC and mobile power supply.
	3. First in the industry to realize a high-voltage MOS LED driver IC in an SOT23 package	The product is the smallest built-in high-voltage MOS LED driver IC in the industry, and can be used in low-power LED light bulbs.
2014	1. Industry's first silicon-controlled light-modulating MR16 driver IC in the industry	The product is the first compatible silicon-controlled light-modulating MR16 LED driver IC (in QFN 4x4 package) released in the industry.
	2. Released industry's first 30V, 15A synchronous step-up IC in DFN 4x4 package	The product is the first completely integrated large current synchronous step-up IC in the industry, and allows a maximum input current of 15A and a maximum output voltage of 30V. It can be used in high-capacity mobile power supplies and high-end portable consumer electronic products.
2015	1. Released industry's first motor driver IC in an SOT23 package	The product is the smallest motor driver IC in the industry, and can be used to drive small motors in Internet of Things (IoT) applications.
	2. Released industry's first-high performance MOS built-in 6.78 MHz wireless charging emitter IC in the industry.	The product is the first high-performance MOS built-in 6.78 MHz wireless charging emitter IC of the industry.
2016	1. Released industry's smallest SOT23 package embedded with 500V MOS, equipped with PFC dimmable LED driver IC.	The product is the smallest Triac light-modulating LED driver IC in the industry, and is provided with high performance and high PF. Applicable for various LED light bulbs compatible with a Triac light modulator.
	2. Released industry's first dual-output DCDC IC in SOT23 package.	The product is the smallest dual-channel DC/DC IC package in the industry, and can be used in electronic products requiring a small size, such as SSD and USB Dongles.
2017	1. Released industry's first non-inductive, high-efficiency Triac dimmable driver IC.	This product is the first non-inductive high-efficiency Triac dimmable driver chip in the industry. It is applied to LED lighting products.
	2. Released industry's smallest 28V/10A four-switch fully integrated buck converter IC in QFN4x4 package.	Industry's smallest 28V/10A four-switch fully integrated buck converter chip in an QFN4x4 package in the industry. It is applied to high end USB PD products.
	3. Industry's smallest 3.2x3.2 high-efficiency SSD PMIC.	This product is the smallest packaged and high efficiency product and mainly applied to SSD in the industry.
	4. Industry's smallest QFN4x4 20W power bank PMIC.	This product is the smallest 20W fully integrated PMIC in the industry. It is used in power bank for cellphone and has chips with fast charging.
	5. Industry's smallest 5A switch IC with reverse insertion, over-voltage and over-current protection in QFN2x2 package.	The product is industry's smallest switch protection component, which can prevent reverse insertion and equipped with over-voltage and over-current protection. The product can be used in a wide range of applications such as computers, SSD, etc.
2018	1. Released industry's smallest single IC, single-inductor, 5-output smart dimmable LED driver IC in QFN5X5 package.	Released industry's smallest single IC, single-inductor, 5-output smart dimmable LED driver IC in QFN5X5 package.
	2. Industry's first non-inductive, non-MLCC, high-efficiency Triac dimmable driver IC.	Industry's first non-inductive, non-MLCC, high-efficiency Triac dimmable driver IC.
	3. IOT buck DCDC IC with ultra-low static power dissipation, 0.5A current	IOT buck DCDC IC with ultra-low static power dissipation, 0.5A current in DFN2x2 package.

Year	R&D results	Description
	in DFN2x2 package.	
	4. Industry's first single IC 60W PD buck-boost DCDC IC in QFN5X5 package	Industry's first single IC 60W PD buck-boost DCDC IC in QFN5X5 package.
2019	1. Industry first high efficiency 30W isolated charge pump fast charger IC.	The world's first 30W isolated charge pump IC uses Silergy's isolated charge pump circuit and Gen3 technology platform, providing smartphones with reliable, highly efficient, and fast charging.
	2. Industry leading miniLED driver IC for high quality display applications.	Industry-leading Mini-LED driver IC uses Silergy's proprietary Gen3 technology platform to integrate 8x72 mini-LED driver circuit, obtaining high precision driving current and providing high-quality visual displays for notebook, tablet PC, and VR applications.
2020	1. Industry leading power management IC for high performance UHD TV panel with the highest integration of functionalities	The signal chain products developed by Silergy, which have high requirements for precision and reliability, are targeted for high-end applications. The first IC is also used for high precision current detection.
	2. Industry's smallest 100W USB PD power switch IC in tiny QFN3x4 package	Industry's buck control IC in the smallest package that supports USB PD 100W output, which provides the best solution for smaller end products.
	3. Industry leading high sensitivity ambient light sensor IC with light spectrum similar to human eyes.	In the field of medical application, in addition to power supply products, the Company also provides light-sensing components to provide comprehensive solutions in heart rate and blood oxygen detection.
2021	1. First QR Flyback controller	As the market for smartphone fast charging is becoming more and more robust, Silergy's high power fast charging synchronous rectification solution is the first to break through the 200W charging power level, which makes it stand ahead of the current charger industry.
	2. AFE for 9-18 series cell Battery	The battery protection chip is the core power management solution for the energy storage market. Silergy's BMS solution provides the best monitoring and protection function for new energy sources with the largest number of strings.
2022	1. First 10MHz/20A Sync Buck in QFN3x4 First 18V/45A Sync Buck in QFN4x5	The Device adopts compact QFN package, with a switching frequency of up to 10MHz to realize a smaller PCB area which is only 1/4 of the ordinary frequency solutions. It reduces the BOM cost and greatly improves the overall power density of the solution, providing a faster response to load jumps for the CPU.
	2. First 18V/45A Sync Buck in QFN4x5	The maximum output current of the IC is increased to 45A in the same package type, which greatly improves the overall power density of the solution and provides a more compact power management solution for 5G telecommunications.
2023	First 40V/15A fully integrated Automotive H bridge motor driver.	The Company established "Corporate Governance Practices Guidelines" on December 20, 2023, after the discussion and approval of the Board of Directors. The Company's website features an investor relations section where investors can access information related to corporate governance, including that of the Board of Directors, functional committees, and important company documents.

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

##### 1. Short-term development strategy and plan

###### (1) R&D strategies and plans

- A. Improve voltage and current capacities and continue to revise design processes; monitor market trends and customer requirements to further expand market share of product applications.
- B. Leverage power management related technologies and knowledge acquired and continue to develop PMIC related products; upgrade products to improve market position.
- C. Continue to nurture new technology talents, increase the application ratio of products not related to power, and provide customers with comprehensive solutions.
- D. Continue to improve product stability, reliability, and lifecycle, increase the proportion of R&D in products required in high-end applications, such as automotive electronics, industrial applications, 5G communications, and server products.

###### (2) Marketing strategies

- A. Continue to expand markets in China, Taiwan, and Korea, and continue to develop markets in Japan, India, Europe, and the US.
- B. Combine R&D technologies of the Company and customer requirements to provide comprehensive technical support; make use of distributor marketing network to improve the market share of the products.

###### (3) Production strategies

- A. Leverage the unique specializations of the semiconductor sector in China and Taiwan and provide flexible and customizable processes to meet special customer requirements and improve customer satisfaction.
- B. Continue to pursue healthy relationship with wafer fabs and packaging and testing companies to maintain proper understanding of outsourcing arrangements, ensure access to production capacities, and monitor product delivery to meet customer requirements and offer related services.

###### (4) Operations and financial strategies

- A. Enhance employee training, inspire competence and potential, and improve management performance.
- B. Prioritize employee welfare policy, and implement bonus sharing and performance bonus schemes to raise employee morale and strengthen corporate identity.

## 2. Long-term development strategy and plan

### (1) R&D strategies and plans

- A. Include market applications and requirements to provide a comprehensive product portfolio; use IC design experience, integration technologies and capabilities to expand the scope and depth of various product series; develop other high-end products to diversify products and satisfy the customer's need for total solutions.
- B. Continue to develop key technologies and patents, and develop next generation products that correspond to industrial trends and developments to secure leading position for the products.
- C. Actively develop other analog products and production technologies to provide customers with more one-stop services.

### (2) Marketing strategies

- A. Actively engage in new product platform R&D, expand overseas locations, and improve local services. Seek strategic partnership and opportunities with system companies to expand into different fields to improve sales.
- B. Pursue continuous product upgrades to elevate the products as leading solutions in the PMIC market and build a brand image of a global technology leader.

### (3) Production strategies

- A. Form long-term partnerships with upstream wafer fabs and packaging and testing companies to acquire strategic partners, jointly develop production processes with specialized functions, reduce production costs, and develop quality, multi-functional, and competitive products.
- B. Continue to enhance planning and control over production sites, production capacities, and quality with key customers to improve customer services.

### (4) Operations and financial strategies

- A. Promote globalization concepts and build global business management competencies; actively train and develop global business professionals to become a multi-national corporation.
- B. Strengthen risk control and management, and enforce a stable, highly effective, and flexible business policy.

## II. Market, production, and sales

### (I) Market analysis

#### 1. Areas of sales (provision) of primary products (services)

Unit: NT\$ thousand; %

Year \ Area of sales	2019		2020		2021		2022		2023	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Domestic sales	-	-	-	-	-	-	-	-	-	-
Export (Asia)	10,777,781	100	13,876,445	100	21,506,066	100	23,511,086	100	15,427,335	100
Total	10,777,781	100	13,876,445	100	21,506,066	100	23,511,086	100	15,427,335	100

#### 2. Market share

The Company is primarily focused on the design, R&D, testing, and sales of analog IC for various types of electronic products. It is also one of the few IC design houses in the world that is able to provide high-voltage, large-current analog IC in small packaging, and other relevant applications. Its products find application in power-supply products for consumer electronics, information, communication, automobile electrics, medical, server, and industrial applications for devices that include: tablet computers, LED TV, LED lighting, set-top boxes, notebook computers, solid-state drives, smartphones, smart TV, smart speakers, video surveillance systems, smart meters, and other analog products for various fields. It has R&D teams for IC design technology and systems technology as well as design capabilities for wafer fabrication and packaging technology that are well ahead of competitors in the same industry. It is able to customize customer specifications to resolve compatibility issues, providing products that offer three advantages - low power consumption, excellent heat dissipation, and small size.

#### 3. State and growth of market supply and demand

##### (1) LED lighting

LED products have advantages that include reduced power consumption, lower heat dissipation, small size, long service life, and fast reaction rate. When compared to traditional lighting, LED lighting products provide significant advantages in terms of efficiency and generate significant energy saving benefits.

As traditional lighting companies accelerate their expansion into the LED lighting segment, leading multinational companies are able to secure cost and product advantages via OEM and ODM while leveraging their own advantages in channels and branding. The market structure of LED light bulbs/light tubes is likely to assume a centralized position in the future. Since the Company has acquired the LED lighting business of NXP in 2016, it was able to improve LED lighting technologies, provide a more comprehensive LED product range, and accelerate integration of LED lighting technologies, its customers, and the relevant sales channels.

##### (2) SSD

Traditional hard-disk drives (HDD) have a long history of development. In terms of storage space, transmission speed, and cost considerations, most corporations often prioritize HDD as their option for information storage. The working principle of traditional HDD is to induce magnetic changes to a disc platter electro-magnetically to store information digitally on the latter. However, traditional

HDD are mechanical structures and its operations are often subject to metal fatigue, collision, wear, and other similar issues, and are thus more prone to damage and are difficult to repair. HDD also tends to be larger and heavier as well. Solid-state drives (SSD), on the other hand, are able to address most of the issues faced by HDD. The structure of an SSD is similar to that of memory cards and flash drives, and is internally provided with NAND Flash and control chips for operations. The simple structure and absence of mechanical components or operating principles meant SSD often achieves better speed and power consumption compared to a traditional HDD. Storage devices developed using NAND Flash components tend to be thinner, smaller, vibration resistant, and easy to carry about, and are thus able to replace HDD as the latter is difficult to miniaturize. As prices of primary components fall, and as the number of companies investing in the R&D of SSD main controller IC continues to grow, SSD controller performance is expected to increase, thereby helping to improve SSD's market penetration.

The global NAND Flash market benefits from the increasing number of product applications and demands for higher storage volumes. This allows the NAND Flash market to attain better growth compared to the entire memory market. Since its use in DSC, smartphones, and tablets, the market for SSD in notebooks (NB) has increased providing great potential for the global NAND Flash market. Storage devices that use NAND Flash components are able to satisfy 3C product requirements that include small size, vibration resistance, and portability. Production processes are becoming increasingly streamlined, helping to reduce NAND Flash costs, allowing such devices to enter the PC SSD market that offers great potential as well as high levels of price sensitivity. The biggest beneficiaries of this trend are global firms capable of controlling the sources of NAND Flash, the critical component of SSD.

In addition to increased demand for SSD from Ultrabooks, the demand from cloud computing is also increasing significantly, especially since it offers faster speeds and lower power consumption compared to traditional HDD.

### (3) Tablet computers

Tablet computers feature touch control, rapid power-on, and extended usage times, and offer other advantages by providing a reading mode that is similar to traditional reading. Since it was released, tablet computers proved to be extremely popular amongst consumers. More and more consumers are thus expected to use tablet computers to meet their gaming, internet browsing, and social networking needs.

### (4) Smart TV

Smart TV integrates computer functions into a TV set, allowing it to connect to the Internet and combine a family TV set with the worldwide web. A user can easily acquire Internet content from the TV or browse for Internet entertainment channels or a wide variety of Internet media resources. Upon release, smart TVs have proved to be extremely popular amongst consumers. Next generation tablet computers use higher resolution TFT screens, more powerful CPUs, and additional communication functions, all of which have increased the demand for large current and multifunctional power-source ICs.

#### (5) Smart meters

The Company has acquired the smart watch and power efficiency and monitoring business unit of Maxim in 2016. The product portfolio offered mainly involves power performance and management applications for smart meters and Internet of Things (IoT). Smart meters play a key role in smart power grids and provide important functions in energy conservation. Such devices are widely used in North America and China, and substantial opportunities for growth are offered in Europe, India, and South American markets. Power performance monitoring IC also offers a great potential for development in performance management in a future IoT network. This acquisition of smart meters and power-monitoring ICs from Maxim included 70 patents and licenses of pioneering technologies in the industry and all of the technologies and licenses related to smart meters. The large number of customers from North America, Europe, and Asia will provide opportunities for growth of business revenue, enhance scale of corporate operations, and improve technological performance and product revenue for F-Silergy. These developments will help diversify the product catalog, sources of revenue, market spread, and customer base for the Company.

The Company will integrate the leading technologies of the product portfolio, products, and customer relationships with advantages it has in the field of PMIC market as well as provide highly effective solutions in the smart meters and power monitoring IC market. These efforts will continue to provide excellent solutions for the smart meter products market, pursue various types of market developments in various regions, and enhance the overall efficiency of the power-management supply chain in the regional market.

#### 4. Competitive niche

##### (1) Strong R&D team and excellent R&D and creative capacities

Analog IC receives and sends continuous wave forms and thus is prone to noise interference. Continuous wave signals can be easily distorted by noise introduced by the external or internal circuits, negatively affecting the integrity of the output signal. Designs and technologies that preserve signal integrity must utilize circuit design techniques, special processing steps, and have full understanding and leveraging of the nature of transistors. However, to cultivate an analog IC design engineer, it requires technological experience accumulated over time, which could take more than 10 years. The level of professionalism is extremely high.

The core team of the Company comes from the Silicon Valley in U.S., and members have up to 15 years of work experience with leading multinational companies in the industry. Since the establishment of the Company in February 2008, the key technologies used in our products are developed by our research and development team. To date, we have acquired 1,227 patents and 357 are currently under review. Our design capabilities have gained recognition in the industry, and we also research and develop new technologies, integrate various product functionalities, and optimize our products, so as to gain competitive advantages in the market.

##### (2) Integrated IC design capabilities

The Company is a professional IC design house and thus must own key technologies to achieve product ownership and secure market competitive



advantages. It has developed its own technologies in semiconductor fabrication and components, package designs and manufacturing, and independent testing, which can then be transferred to a partner for production. Standard IC design houses, on the other hand, are completely reliant on the technologies of wafer fabs and packaging companies and are therefore subject to technical restrictions in production. The Company is therefore able to develop ICs capable of dealing with higher voltages and currents compared to its competitors while reducing IC package size and preventing duplication of its products.

Products of the Company feature high technical barriers, high added-value, high levels of integration, high efficiency, small size, ease of use, and energy conservation. When compared to solutions offered by leading global firms, the products offer equal performance and technologies and can help reduce a user's overall cost, making it difficult to other competitors in the Greater China Region to surpass the Company. Due to these advantages, the Company was able to rapidly expand its market share, secure contracts with leading companies within a few years after its founding, provide substantial support to Silergy business expansion, and provide substantial competitive advantages and secure market position in the industry.

(3) Sufficient product catalog range and depth

The Company has R&D teams in IC design and systems technology, wafer fabrication and packaging technology design capabilities that are way ahead of competitors in the same industry, and is thus able to modify customer specifications to resolve compatibility issues, providing products that offer three advantages: low power consumption, excellent heat dissipation, and small size. It is able to provide different IC chips that match the power framework of various terminal products, including battery charging management IC, DC/DC-converter IC, overcurrent protection IC, LED backlight driver IC, and power management unit (PMU) for tablet computers; LED-lighting driver IC for LED lighting; and AC/DC-converter IC, DC/DC-converter IC, and overcurrent protection IC for set-top boxes. The Company also offers AC/DC-converter IC for cellphone chargers. Its products feature reliable quality and excellent performance. It also provides a comprehensive product catalog and a niche advantage of providing a customer with total solutions, allowing it to successfully enter the market for tablet computers, LED lighting, solid-state drive (SSD), LED TV, notebook computers, security and surveillance equipment, smart phones, and smart meters for the supply chain of branded companies or ODM/OEM subcontractors, laying a foundation for a broad market.

(4) Customer-oriented market strategy and building of healthy partnerships with the customer

Most electronic companies are clustered in areas around Taipei (Taiwan), Seoul (Korea), the Pearl River Delta and Yangtze River Delta. The Company has deployed field application engineer (FAE) teams at these locations and in areas where other key customers operate to provide comprehensive product development services. The Company also owns proprietary production process and system architecture IC design capabilities facilitating ease of use, reducing design cycle time for the user, lowering developmental costs, and providing prompt service and support. The Company is also capable of meeting customer requirements in product quality, delivery (with effective inventory and sales management), yield, and post-sales

service. It also independently provides validation services for specific customers regarding laboratory instruments and equipment used by it to improve the timeliness of validation processes. It is thus capable of maintaining beneficial partnerships with its customers to benefit future business developments pursued by it.

## 5. Positive and negative factors affecting long-term development

### (1) Positive factors

China is the world's largest market for semiconductors, and the market for this region exhibits a growth rate higher than that of the global average. Most semiconductors in China are imported. Given the drive for local production, local IC design houses in China have plenty of room for development. Silergy is one of the largest suppliers of analog ICs in China. As the leading of analog IC in China, Silergy has been establishing sales and R&D center in major cities each year through long term work. Silergy has also been expanding to overseas. Silergy has years of foundation in Taiwan and Korea and has been expanding its operating locations in U.S., India, and Japan. Therefore, the Company's growth in China, Asia and international markets can be expected. After years of technical innovation, Silergy has released a number of product series that feature pioneering technologies in the industry, and has established a positive brand image within the industry, specifically in the fields of LED lighting, solid-state drives (SSD), laptop, and other emerging applications.

### (2) Negative factors and response measures

#### A. Lack of professionals in analog IC design and sensitivity to HR changes

Analog IC designers need thorough knowledge in physics, and skills in production processes, and circuit design of semiconductor components. This field therefore poses a significant technical barrier of entry. Despite rapid improvements in computer-aided design and electronic design automation (EDA) that allow digital IC circuits to be simulated and designed using software programs, EDA is only of limited use in analog IC designing. Analog IC design therefore requires additional experience and designers must undergo longer periods of training compared to those involved in digital IC technologies. Currently, digital IC design industries provide substantially better resources and remuneration, and thus many skilled professionals are more likely to seek employment in it. The number of analog IC design professionals trained at various colleges, universities, and research institutions is limited. When coupled with increasingly rapid changes in market products, professional training is unable to keep pace with the demands of the industry.

#### Response measures:

In addition to providing an excellent work environment and channels of promotion, the Company also offers comprehensive training for a diverse selection of R&D professionals. It has continued to provide for employee welfare, share profits, and stock subscription schemes to attract first-rate designers. It also endeavors to build on employer–employee relationships and establish excellent communication channels to strengthen the identity and cohesion among employees and to reduce the turnover rate. The Company relies on its experienced leadership to create an effective training and management

system, allowing inexperienced newly hired employees to quickly achieve personal growth and imbibe professionalism.

B. Over-reliance on wafer fabs and exclusion effects

The defining feature of IC design house is subcontracting of product fabrication and manufacturing to other companies. When the semiconductor industry does poorly, subcontracted fabs and manufacturers are often able to meet the needs of IC design houses, but it is not so when it is doing well, and they may not be able to cater to every demand. Securing enough production capacity of downstream subcontractors is therefore a key factor for achieving growth in corporate revenue and profitability for IC design houses.

Response measures:

Since its founding, the Company has established a close relationship with downstream subcontractors to secure production capacities and product delivery. The Company has yet to experience supply shortage or insufficient production capacity from a subcontractor. In addition to building long-term partnerships with various subcontractors, the Company also maintains constant and close monitoring of product fabrication and manufacturing status. As business scale expands and as the number of wafers per fabrication order increases, the Company is able to consolidate partnerships with subcontractors and overcome risk of production constraints. The Company also actively seeks partnerships with other subcontractors to meet expanded production needs and reduce the risk of over reliance on a few.

C. Infringement of intellectual property and potential legal litigations or indemnity risks

As the Company continues to grow, the number of competitors in the market will also increase, leading to an increased risk of infringement. Currently, patents and other intellectual property (IP) held by the Company are key factors to secure a leading position in the market. Any litigation will potentially have adverse effects on the reputation, sales, financial position, and business performance of the Company. Furthermore, the Company may have to spend extremely high amounts as litigation costs, or divert resources to respond to relevant litigations.

Response measures:

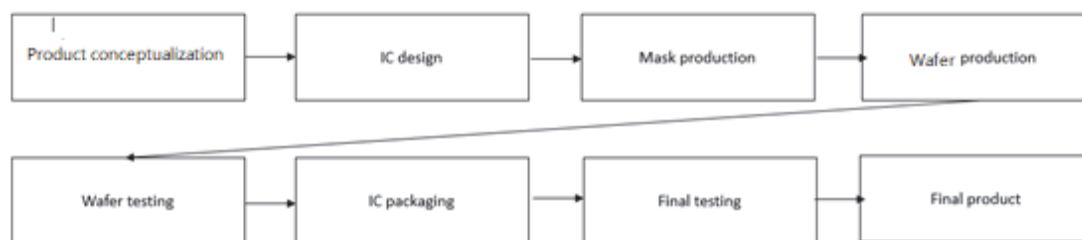
- \* Continue to invest substantial resources in product R&D and brand positioning and construct a comprehensive IP protection network system, and improve user awareness of the brand reputation related to products, services, and IP of the Company.
- \* Continue to comply with relevant statutory regulations such as copyright, patent, and copyright laws to reduce the possibility of relevant litigation or accusations.
- \* Use technical licensing and other methods to legally utilize the IP of partnering firms.
- \* Comply with the restrictions imposed by non-disclosure agreements.

(II) Major uses and production process of the primary products

1. Key applications of the primary products

Power management IC (PMIC) is the primary product offered by the Company. The main function and purpose of PMIC is to convert an electrical signal from an input power source to an electrical signal required by terminal equipment and supply the equipment with power. The Company seeks to provide products with higher performance and smaller volumes.

2. Production processes of the primary products



(III) Supply of primary raw materials

Primary raw materials	Main suppliers	State of supply
Wafer	Companies R, S, and U	Excellent

(IV) A list of any suppliers accounting for 10% or more of the company's total procurement in either of the two most recent fiscal years, the percentage of total procurement, and an explanation of the reason for change in these figures:

Unit: NT\$ thousand, %

Item	2022				2023			
	Name	Amount	Proportion of total net procurement value for the entire year	Relationship with issuer	Name	Amount	Proportion of total net procurement value for the entire year	Relationship with issuer
1	Company R	5,092,634	55.98	None	Company R	2,072,169	55.28	None
2	Company T	1,831,533	20.13	None	Company T	531,753	14.18	None
3	Company L	916,847	10.08	None	Others	1,144,813	30.54	None
4	Others	1,256,830	13.81	None				
		9,097,844	100.00			3,748,735	100.00	

Note: The Company has signed a non-disclosure agreement with the suppliers.

The Company directly procures wafers from a wafer fab. As wafer fabrication is a capital-intensive industry, there are only a limited number of companies offering relevant services. The Company therefore maintains a long-term partnership with its suppliers, and has not changed its primary suppliers.

- (V) A list of any customers accounting for 10% or more of the company's total sales in either of the two most recent fiscal years, the percentage of total sales, and an explanation of the reasons for changes in these figures:

Unit: NT\$ thousand; %

Item	2022				2023			
	Name	Amount	Proportion of total net sales value for the entire year	Relationship with issuer	Name	Amount	Proportion of total net sales value for the entire year	Relationship with issuer
1	Company J	3,788,580	16.11	None	Company K	1,632,892	10.73	None
2	Others	19,722,506	83.89	None	Others	13,794,443	89.27	None

Note 1: The Company has signed a non-disclosure agreement with the customers.

Note 2: Financial information is prepared in accordance with the International Financial Reporting Standards (IFRS).

To develop and support more customers, the Company has adopted a channel distributor sales model for its main business strategy. However, it may also adopt direct sales model according to the business needs of the customer. In the two most recent fiscal years, changes to the sales to the aforementioned customers are primarily due to the customer's business expansion capacities and changes to the sales of the customer's downstream clients.

- (VI) Production volume over the past two fiscal years

Unit: NT\$ thousand; thousand

Year	2022			2023		
	Production volume			Production volume		
Primary products	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
PMIC	—	5,133,849	11,979,398	—	3,776,279	7,931,620

Note: The Company is a professional IC design house. Wafer fabrication, packaging, and testing processes are outsourced to other companies. Production capacities will not be relevant for the Company.

- (VII) Sales volume over the past two years

Unit: NT\$ thousand; thousand

Year	2022				2023			
	Domestic sales		Export		Domestic sales		Export	
Primary products	Volume	Value	Volume	Value	Volume	Value	Volume	Value
PMIC	-	-	4,928,294	23,511,086	-	-	3,928,583	15,427,335

Note: Export refers to sales to areas outside Taiwan.

Due to rising demands for PMIC, the Company has continued to release new products while providing customers with comprehensive product development services. The Company is also able to meet customer requirements in product quality, delivery (with effective inventory and sales management), yield, and post-sales services, achieving gradual growth for product sales volumes and production volumes.

### III. Employees Information

Number, average tenure, average age, and the academic background of employees for the past two recent years up to the date of the publication of this report

Unit: Persons; %

Year		2022	2023	2024 till March 31
Number of employees	Management	6	6	6
	General employees	355	364	369
	R&D personnel	1,132	1,350	1,315
	Total	1,493	1,720	1,690
Average age		33	33	33
Average work tenure		4.07	4.15	4.41
Academic qualification distribution Distribution	PhDs	2.71	2.5	2.42
	Master's	43.51	47.33	46.62
	Bachelor's	45.11	43.26	44.20
	College and below (include)	8.65	6.92	6.76

### IV. Disbursements for environmental protection

- (I) Total losses (including damage awards) and losses (including fines) for environmental pollution during the most recent fiscal year up to the date of printing of the annual report, and an explanation of the measures (including corrective measures) and possible disbursements to be made in the future (including an estimate of losses, fines, and compensation resulting from any failure to adopt responsive measures, or if it is not possible to provide such an estimate, an explanation of the reason why it is not possible):

The Company is an IC design company and generates no specific pollution as wafer fabrication, packaging, and testing processes are subcontracted to other companies. The Company requires no facilities, equipment, or emission permits. In January, 2022, Silergy passed the environment system review of iso 14001 : 2015.

### V. Labor relations

- (I) List various employee benefit plans, continuing education, training, retirement systems, and the state of implementation as well as various employee–employer agreements and measures for protecting employee rights and also the interests of the company:

1. Employee benefit plans

To fulfill the vision of the Company in achieving creative technologies, total quality control, customer-oriented services, and sharing of profits, it has extended customer-related concepts to its employees, treating them as internal customers of the Company. This principle is used to plan the following welfare measures. Details are provided in the following:

- (1) End-of-year bonus and employee profit-sharing schemes to share corporate profit.

- (2) Quarterly events for employee recreation and to enrich their lifestyle and to strengthen inter-personnel relationships.
- (3) Regular employee health examinations and provision of group insurance to the employees.
- (4) Organize end-of-year events for the employees (annual dinner) to express gratitude for their hard work.
- (5) Organize various cultural and athletic activities at the organization level to build a corporate culture.
- (6) Organize anniversary tours of the Company to enhance corporate image amongst the employees.
- (7) Employees who have reached five years of service are given an additional 15 days of special leaves.
- (8) For employees with newborns, female employees are entitled maternity leave while male employees are given paternity leave. Every employee is entitled to family leave based on the number of children.
- (9) Employees or their immediate family members who encounter major illness or injury, the Company will according to the actual circumstance, provide financial assistance or leave.
- (10) The Company will give gift vouchers to employees for festivals or public holidays.
- (11) The facilities of the Company's new building are complete, which comprises a staff canteen, fitness center, shower room, nursery room, refreshment, and lunch break bed for every employee, so as to create a better working environment.

## 2. Status of employee training and education

The Company has organized various training programs to enhance professional competence and work performance of its employees.

- (1) Internal training: The Company organizes courses enrolling both internal and external instructors. On-site training and demonstration may also be arranged by supervisors.
- (2) External training: External training may be provided according to departmental or individual requirements of the employees. After external training, similar training will be imparted, according to actual requirements, to other employees in the Company.
- (3) Encourage on-the-job training, and provide course fee subsidies based on the subject of study and degree of relevance to the job.

## 3. Retirement system and state of implementation

The Company has set up sales offices or subsidiaries in China, US, Taiwan, Korea, Japan, India, etc. In accordance with the Labor Pension Act and relevant regulations, Taiwan subsidiary contributes 6% to every employee's retirement account every month; the employee may also voluntarily set aside an additional amount of not more than 6% of their salary to their retirement account every month. The rest of the companies shall abide by their respective local labor laws.

## 4. Employee–employer agreements and measures taken to safeguard the employee interests

The Company lays great emphasis on employer–employee relationships. In addition to enhancing communication between supervisors and subordinates in various departments, the

Company also often holds internal meetings to improve corporate image. No serious employee–employer dispute has arisen due to the harmonious relationship that exists in the Company.

- (II) Any loss suffered due to employee–employer disputes, and estimated loss and response measures for current or future incidents that may occur in the most recent fiscal year up to the date of printing of the annual report; where an estimate could not be provided, explain the reasons why a reasonable estimate could not be made: The Company has no employee–employer dispute in the most recent fiscal year up to the date of printing of the annual report.

## VI. Information security management :

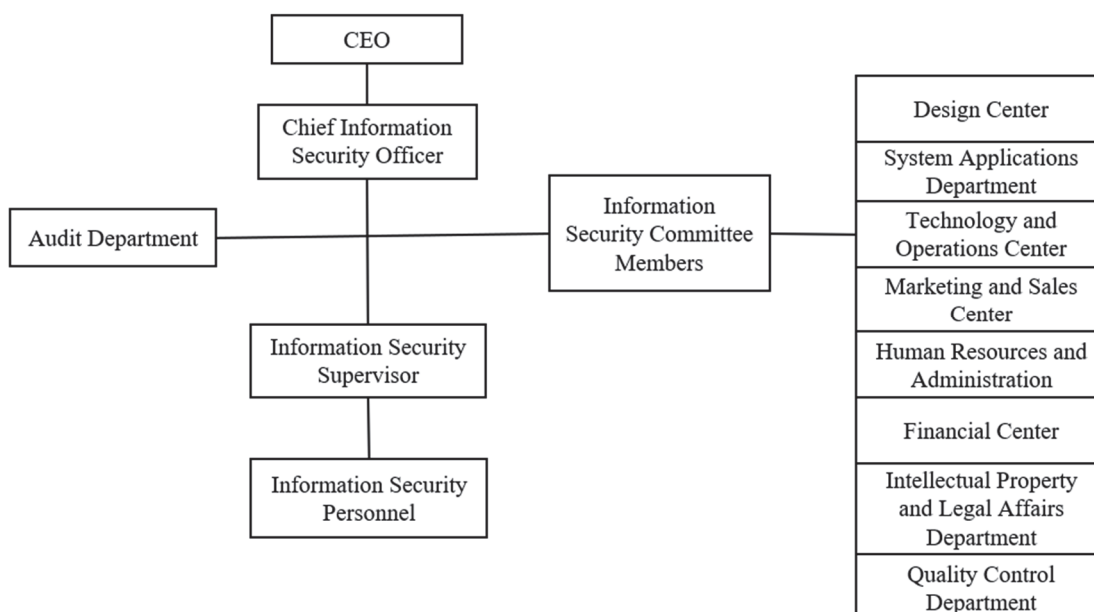
- (I) Information security risk management framework, information security policies, specific management plans and resources devoted to information security management:

### 1、Information security risk management framework:

At the end of 2022, the Company established the Corporate Information Security Group, which is managed by the CEO. The Information Security Task Force is under the Group, and its members include the Chief Information Security Officer, Information Security Supervisor, and Information Security Officers, to coordinate information security and protection-related policy development, implementation, risk management, and compliance with internal regulations, and to report to the board of directors on the effectiveness of information security management, information security-related issues, and information security planning in accordance with the legal and regulatory requirements of listed companies.

The auditing unit supervises the operation and auditing of the Corporate Information Security Group in accordance with the relevant operation system and regulations of the enterprise to ensure the effective operation of the Corporate Information Security Group and the effective control of information security. In order to ensure the effective control of information security risks and the effective handling of information security risk events, the head of each department of the enterprise shall serve concurrently as members of the information security committee.

Quarterly meetings are held to review and resolve the information security policy, the effectiveness of information security management measures, and the handling, closure and prevention of information security incidents.





## 2 · Information security policies:

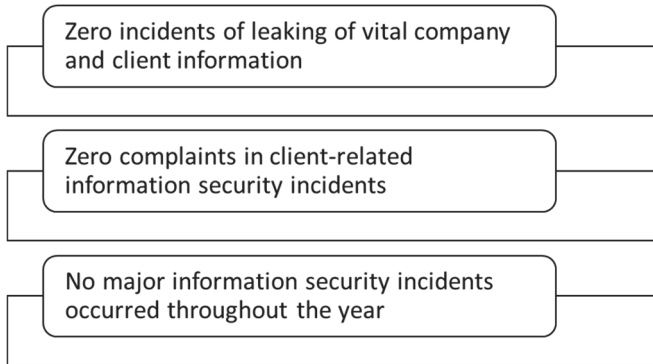
Silergy establishes and implements an information security management policy to be followed by the Company's employees in order to maintain the confidentiality, integrity and availability of Silergy. The Information Security Department is the highest authority for information security, responsible for the planning and implementation of the information security system, and ensuring the effectiveness of handling information security incidents. In accordance with ISO27001 standard, the Company has introduced and developed a standard information security management system and manage information security based on the requirements of the system.

To prevent causing losses for the enterprises and clients losses due to information system disruption, data loss, and sensitive information leaking, Silergy has established information security management measures, objectives, and strategies in accordance with the requirements of ISO27001 standard.

### ● Information security management measures:

Tiered protection	<ul style="list-style-type: none"> <li>The security protection level of each type of information is decided based on the importance of each business system and the level of risk faced, and the protection is graded for reasonable investment.</li> </ul>
Synchronous planning, construction, and operation	<ul style="list-style-type: none"> <li>Security construction should be synchronized with the business system planning, construction, and operation; negligence in any one of the steps may bring harm to the business system.</li> </ul>
30% of technology and 70% of management	<ul style="list-style-type: none"> <li>Network and information security are not simply technical issues, but requires the adoption of security technology and products, while putting emphasis on security management, constantly improving various security management rules and regulations and operating procedures, and improving security management levels across the board.</li> </ul>
Emphasis on both internal and external operations	<ul style="list-style-type: none"> <li>Security operations need to be done both internally and externally, and while preventing external threats, monitoring of internal personnel behaviors and audit mechanisms shall be strengthened.</li> </ul>
General planning and step-by-step implementation	<ul style="list-style-type: none"> <li>The general planning and step-by-step implementation of the Company's information security construction are required, and a perfect information security system shall be gradually established.</li> </ul>
Risk management	<ul style="list-style-type: none"> <li>Conduct security risk management to identify security risks which may affect the information system and reduce them to an acceptable level at a lower cost.</li> </ul>
Appropriate security	<ul style="list-style-type: none"> <li>There is no absolute security, as security and usability are contradictory. The balance between security and usability must be found to achieve appropriate security.</li> </ul>
Continuous improvement	<ul style="list-style-type: none"> <li>Risk control is a prerequisite, and risk itself is a dynamic process. Silergy must review the current situation, tailor itself to the local condition, gradually amend the existing system and constantly improve its management standard.</li> </ul>

- Information security management objectives:



- Information security strategies:

Information resource confidentiality strategy	Network access strategy	Access control strategy	Physical access strategy	Supplier access strategy
Employee access strategy	Equipment and cabling safety principle	Changing management security principle	Virus Prevention strategy	Removable code prevention strategy
Information backup security principle	Technology vulnerability management strategy	Information exchange strategy	Physical media security in transportation principle	Electronic information strategy
Information security monitoring strategy	Privileged access management strategy	Password control strategy	Clean desktop and clear screen strategy	Internet usage strategy
Portable computer security principle	Incident management strategy	Personal information usage strategy	Business information system usage strategy	Remote work strategy

In accordance with the information security management standards, the Company has established 25 information security management strategies.

In accordance with the ISO27001 standard for information security management, Silergy follows the PDCA (Plan-Do-Check-Action) management loop mechanism to review the effectiveness of information security policies, guidelines, objectives and strategies, and to continuously improve related specific measures.

"The Plan Stage": The Company implements ISO27001 certification to reduce enterprise information security risks in terms of system, technology and procedures, and establish a high standard of confidential information protection services which meet client demands.

"The Do Stage": The Company continues to introduce new information security technologies and applies information security in its daily operation and maintenance services to ensure the confidentiality, integrity and availability of its critical assets.

"The Check Stage": Through regular meetings, the Company checks the effectiveness of information security implementation, information security incidents and information security

risk management. It continuously implements and improves the implementation effectiveness and security of the relevant information security system to reduce the information security risks.

"The Action Stage": The Company implements supervision and auditing to ensure that the information security system continues to be effective, and when employees violate relevant regulations and procedures, they will be punished in accordance with the relevant information security rules and procedures. Silergy regularly reviews and implements information security measures, education training and awareness campaigns to ensure that important information of the Company is not leaked.

### 3、Specific management plans and resources devoted to information security management:

- Establishment of an information security incident response plan to grade, classify, report and handle information security incidents.
- Establishment of an information business continuity plan to analyze and classify risks; establishment of countermeasures to reduce general risks.
- Completion of the ISO27001 standard system certification to establish and manage information security in accordance with the system requirements.
- Establishment of an information security task force with one Chief Information Security Officer, one Information Security Supervisor, and two Information Security Officers.
- Related specific management measures:

Network security	<ul style="list-style-type: none"> <li>• Introduction of professional hardware firewall to protect enterprise portal security</li> <li>• Introduction of hacking prevention and monitoring system to prevent hacker attacks</li> <li>• Separate R&amp;D network and office network to ensure no leaking of R&amp;D data</li> </ul>
Device security	<ul style="list-style-type: none"> <li>• Establishment of a complete anti-virus control system</li> <li>• Restricting and recording the use of USB ports on computers</li> <li>• Operating system patching update</li> </ul>
Physical security	<ul style="list-style-type: none"> <li>• Establishing access control and public area monitoring mechanism</li> <li>• Access control and authorization management for important rooms</li> <li>• Mobile device camera coverage for external personnel in the R&amp;D area, etc.</li> </ul>
Data security	<ul style="list-style-type: none"> <li>• Regular data backup and remote backup</li> <li>• Data classification permission control</li> <li>• Data access review and approval system</li> </ul>
Account and permission management	<ul style="list-style-type: none"> <li>• Account application for new employees</li> <li>• Disabling accounts for former employees</li> <li>• Review and approval process for change of permission</li> </ul>
Remote offices	<ul style="list-style-type: none"> <li>• Remote access review and approval system</li> <li>• Jump server</li> </ul>
Application security	<ul style="list-style-type: none"> <li>• Account usage and auditing</li> <li>• Access authorization</li> </ul>
Education training and awareness campaigns	<ul style="list-style-type: none"> <li>• Onboard training for new employees</li> <li>• Ad hoc awareness campaigns via e-mails</li> <li>• Annual information security training and examination for all employees</li> </ul>

- In 2023, Silergy conducted information security training for all employees and implemented an online information security examination. The results are: a participation rate of 87.8%, a pass rate of 99.5%, a full score of 80, and an average score of 76.58.
- New Silergy employees hired in the year of 2023 all received relevant education training; the coverage rate was 100%.

- Three drill tests was conducted in 2023:
  - ✓ Data backup recovery test: 100% of success rate.
  - ✓ Internet multi-link switching exercise: Passed.
  - ✓ Data center server room power outage drill: Passed.
- In order to effectively utilize the network security information and strengthen the information security system, Silergy applied and passed the review to join the "Taiwan CERT/CSIRT Alliance" in 2021.

## **VII. Important contracts :**

The Company enters into long-term raw material supply contracts with several suppliers and pays related performance bonds, and the contracts also provide for minimum annual purchase amounts.

## Chapter VI Financial summary

### I. Condensed balance sheet and statement of comprehensive income over the past five fiscal years

(I) Condensed balance sheet and statement of comprehensive income over the past five fiscal years

#### Condensed balance sheet

Unit: NT\$ thousand

Year		2019	2020	2021	2022	2023
Item						
Current assets		9,606,901	13,035,606	18,066,449	24,538,896	22,852,988
Property, plant, and equipment (PP&E)		1,122,619	1,190,616	1,471,287	1,862,613	2,350,218
Intangible assets		3,160,926	2,657,559	2,107,615	2,169,441	1,947,524
Other assets		2,781,362	2,983,505	4,997,790	6,703,222	7,271,282
Total assets		16,671,808	19,867,286	26,643,141	35,274,172	34,422,012
Current liability	Before allotment	1,333,775	1,421,566	2,342,784	2,415,083	1,949,999
	After allotment	2,019,876	2,397,031	4,041,204	4,125,824	2,701,315
Non-current liability		133,248	95,116	122,405	1,367,035	931,494
Total liabilities	Before allotment	1,467,023	1,516,682	2,465,189	3,782,118	2,881,493
	After allotment	2,153,124	2,492,147	4,163,609	5,492,859	3,632,809
Equity attributable to the owner of the parent company		14,848,089	18,030,985	23,733,374	30,763,284	30,927,814
Capital stock		914,802	929,014	943,567	953,900	960,498
Capital reserve		6,752,006	7,799,136	9,256,486	10,946,900	12,407,582
Retained earnings	Before allotment	8,020,951	10,612,521	15,310,491	19,561,608	18,596,027
	After allotment	7,334,850	9,637,056	13,612,071	17,850,867	17,844,711
Other equity		(839,670)	(1,309,686)	(1,777,170)	(699,124)	(1,036,293)
Treasury stock		-	-	-	-	-
Non-controlling interest		356,696	319,619	444,578	728,770	612,705
Total equity	Before allotment	15,204,785	18,350,604	24,177,952	31,492,054	31,540,519
	After allotment	14,518,684	17,375,139	22,479,532	29,781,313	30,789,203

Note: The Company's board meeting convened on March 12, 2024, passed a resolution to declare a cash dividend of NT\$1.96 per share to shareholders.

Condensed statement of comprehensive income

Unit: NT\$ thousand

Item \ Year	2019	2020	2021	2022	2023
Operating revenue	10,777,781	13,876,445	21,506,066	23,511,086	15,427,335
Gross profit	5,115,295	6,672,122	11,455,846	12,358,940	6,579,439
Operating profit (loss)	2,333,169	3,108,914	6,636,052	5,945,460	(486,392)
Non-operating revenue (expenses)	78,448	215,881	(223,292)	728,569	1,108,622
Earnings before tax (EBT)	2,411,617	3,324,795	6,412,760	6,674,029	622,230
Net income of continuing operations during this period	2,325,882	3,241,795	5,797,330	6,144,912	637,050
Loss of discontinued operations	-	-	-	-	-
Net profit (loss) in this period	2,325,882	3,241,795	5,797,330	6,144,912	637,050
Other comprehensive income (loss) in this period (net value after tax)	(466,433)	(425,621)	(338,448)	1,254,435	(392,169)
Total comprehensive income (loss) during this period	1,859,449	2,816,174	5,458,882	7,399,347	244,881
Net income attributable to owners of the parent company	2,325,882	3,278,478	5,733,776	6,038,731	746,004
Net income attributable to non-controlling interest	-	(36,683)	63,554	106,181	(108,954)
Comprehensive income (loss) attributable to the owner of the parent company	1,859,449	2,851,708	5,401,171	7,285,778	361,495
Total comprehensive income (loss) attributable to non-controlling interest	-	(35,534)	57,711	113,569	(116,614)
Earnings per share (EPS)(Note)	6.46	8.93	15.38	15.95	1.96

Note: On May 27, 2022, the annual shareholders' meeting of the Company resolved to change the par value of shares from NT\$10 to NT\$2.50 per share, and the effect of the change in par value has been adjusted retroactively for the purpose of calculating earnings per share. The record date of the share conversion is July 12, 2022.

(II) Names of certified public accountants and audit opinions over the past five years

Year	Certified public accountant	Company name	Audit opinion
2019	CPA Tzu-Jung Kuo CPA Cheng-Chun Chiu	Deloitte Taiwan	Unqualified opinion
2020	CPA Tzu-Jung Kuo CPA Cheng-Chun Chiu	Deloitte Taiwan	Unqualified opinion
2021	CPA Ming-Yen Chien CPA Cheng-Chun Chiu	Deloitte Taiwan	Unqualified opinion
2022	CPA Ming-Yen Chien CPA Chun-Hung Chen	Deloitte Taiwan	Unqualified opinion
2023	CPA Ming-Yen Chien CPA Chun-Hung Chen	Deloitte Taiwan	Unqualified opinion

## II. Financial analysis over the past five fiscal years

(I) Financial analysis of the consolidated financial report for the most recent five years

Unit: NT\$ thousand

Fiscal Year		2019	2020	2021	2022	2023
Items for analysis						
Financial structure (%)	Debt to asset ratio (%)	8.80	7.63	9.25	10.72	8.37
	Proportion of long-term capital to property, plant and equipment (%)	1,366.27	1,549.26	1,651.6	1,764.1	1,355.6
Solvency (%)	Current ratio	720.28	916.99	771.15	1,016.07	1,171.95
	Quick ratio	566.15	743.45	633.26	789.78	1,063.49
	Interest coverage ratio (multiples)	2,952.80	3,390.19	5,852.06	5,060.92	245.97
Operating ability	Receivables turnover rate (times)	14.16	14.18	14.62	13.26	9.05
	Average collection days	26	26	25	28	40
	Inventory turnover rate (times)	3.13	3.40	3.26	2.39	1.88
	Payables turnover rate (times)	9.73	11.04	14.78	16.55	16.12
	Average days for sale	117	107	112	153	194
	Property, plant and equipment turnover rate (times)	9.38	12.00	16.16	14.10	7.32
	Total asset turnover rate (times)	0.71	0.76	0.92	0.76	0.44
Profitability	Return on assets (%)	15.23	17.75	24.93	19.85	1.83
	Return on equity (%)	16.74	19.94	26.96	22.16	2.42
	Ratio of income before tax to paid-in capital (%)	263.62	357.88	679.63	699.66	64.78
	Profit margin before tax (%)	21.58	23.36	26.96	26.14	4.13
	Earnings per share (NT\$) (Note)	6.46	8.93	15.38	15.95	1.96
Cash flow	Cash flow ratio (%)	210.17	280.26	274.49	289.83	198.63
	Cash flow adequacy ratio (%)	85.40	92.43	114.79	121.68	129.52
	Cash re-investment ratio (%)	14.27	17.59	19.06	15.69	6.39
Leveraging Degree	Operating leverage	1.12	1.11	1.07	1.09	(0.42)
	Financial leverage	1.00	1.00	1.00	1.00	0.99

Description of causes for changes to various financial ratios during the past two fiscal years:

1. Financial structure: No significant change from the previous year.
2. Solvency: Interest coverage ratio decreased, mainly due to decline in revenue and profitability.
3. Financial performance: Collection of accounts receivable and average selling days increased while asset turnover decreased, primarily due to declining revenue and profitability.
4. Profitability: Mainly due to declining profits.
5. Cash Flow: Cash flow ratio decreased, primarily due to declining profitability.
6. Operational leverage: Mainly due to declining profits.

Note: On May 27, 2022, the annual shareholders' meeting of the Company resolved to change the par value of shares from NT\$10 to NT\$2.50 per share, and the effect of the change in par value has been adjusted retroactively for the purpose of calculating earnings per share. The record date of the share conversion is July 12, 2022. The calculation of financial ratios prior to 2021 retains the information before the change in the par value of the shares.

The following lists the calculation formulas used:

1. Financial structure
  - (1) Debt to asset ratio = Total liabilities/Total assets.
  - (2) Long-term capital as a proportion of PP&E = (Total equities + Non-current liabilities)/  
Net value of PP&E.
2. Solvency
  - (1) Current ratio = Current assets/Current liabilities
  - (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
  - (3) Interest coverage ratio = income before income tax and interest expenses / current interest expenses
3. Operating ability
  - (1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover rate = net sales / average receivables (including accounts receivable and notes receivable arising from business operations) for each period.
  - (2) Average collection days = 365/Receivables turnover rate.
  - (3) Inventory turnover rate = cost of sales / average inventory
  - (4) Payables (including accounts payable and notes payable arising from business operations) turnover rate = cost of sale / average payables (including accounts payable and notes payable arising from business operations) for each period
  - (5) Average sales days = 365/Inventory turnover ratio.
  - (6) PP&E turnover rate = Net sale/Average PP&E value.
  - (7) Total asset turnover rate = Net sales/Average total assets.
4. Profitability
  - (1) Return on assets = [net income (loss) after tax + interest expenses x (1- tax rate)] /  
average total assets
  - (2) Return on shareholders' equity = Net gain (loss) after tax / average shareholder's equity
  - (3) Profit margin before tax = Net gain (loss) after tax/Net sales.
  - (4) Earnings per share (EPS) = (Gain (loss) attributable to the owners of the parent company – dividends on preferred shares) / weighted average number of issued shares (Note 4)
5. Cash flow
  - (1) Cash flow ratio = Net cash from operating activities /Current liabilities.
  - (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend)
  - (3) Cash flow reinvestment ratio = (Net cash flow from operating activities – cash dividend) /  
gross property, plant and equipment value + long-term investment + other non-current assets + working capital)
6. Leveraging:
  - (1) Operating leverage = (net operating revenue – variable operating costs and expenses) /  
operating income
  - (2) Financial leverage = operating income / (operating income - interest expenses)

(II) Financial analysis of the individual financial report of the past five fiscal years: Not Applicable



### **III. Audit Report of the Audit Committee**

#### **Audit Committee's Review Report**

The Board of Directors has prepared the Company's Business Report, Consolidated Financial Statements, and Earnings Distribution Proposal for the year of 2023. Ming-Yen Chien and Chun-Hung Chen, Certified Public Accountants of Deloitte & Touche, have audited the Financial Statements. The 2023 Business Report, Consolidated Financial Statements, and Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee of Silergy Corp. We hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Silergy Corp.

Chair of the Audit Committee: Jet Tsai

March 12, 2024

**IV. Latest annual consolidated financial statement and auditor's report: please refer to Appendix (Pages 120 - 203).**

**V. The Company's individual financial report audited and attested by a CPA from the most recent fiscal year: Not applicable.**

**VI. Any financial difficulties experienced by Silergy and its affiliates as well as the impact of the said difficulties on the financial condition of Silergy: Silergy and its affiliates have not experienced any financial difficulty.**

## Chapter VII Review, analysis, and risks of financial position and performance

### I. Financial Status

Unit: NT\$ thousand

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	24,538,896	22,852,988	(1,685,908)	(6.87)
Fixed assets	1,862,613	2,350,218	487,605	26.18
Intangible assets	2,169,441	1,947,524	(221,917)	(10.23)
Other assets	6,703,222	7,271,282	568,060	8.47
Total assets	35,274,172	34,422,012	(852,160)	(2.42)
Current liabilities	2,415,083	1,949,999	(465,084)	(19.26)
Other liabilities	1,367,035	931,494	(435,541)	(31.86)
Total liabilities	3,782,118	2,881,493	(900,625)	(23.81)
Capital stock	953,900	960,498	6,598	0.69
Capital reserve	10,946,900	12,407,582	1,460,682	13.34
Retained earnings	19,561,608	18,596,027	(965,581)	(4.94)
Owners of the Company	30,763,284	30,927,814	164,530	0.53
Total shareholder equity	31,492,054	31,540,519	48,465	0.15
Description of items with material changes: (where the difference from the previous fiscal period is 20% or more, and where the amount of change exceeds NT\$10 million)				
1. Fixed assets: Mainly due to the constant increase in capital expenditures as a result of the expansion of the scale of operations.				
2. Other liabilities and total liabilities: primarily due to a decrease in deposit of guarantee money.				

## II. Financial performance

### (I) Analysis of changes to business outcomes over the past two fiscal years

Unit: NT\$ thousand; %

Item \ Year	2022	2023	Changes	
			Amount	Proportion of change
Total operating revenue	23,511,086	15,427,335	(8,083,751)	(34.38)
Net operating revenue	23,511,086	15,427,335	(8,083,751)	(34.38)
Operating cost	11,152,146	8,847,896	(2,304,250)	(20.66)
Gross profit	12,358,940	6,579,439	(5,779,501)	(46.76)
Operating expense	6,430,196	7,098,765	668,569	10.40
Net operating profit	5,945,460	(486,392)	(6,431,852)	(108.18)
Non-operating income and benefits	980,859	1,410,695	429,836	43.82
Non-operating expenses and losses	252,290	302,073	49,783	19.73
Net income before tax	6,674,029	622,230	(6,051,799)	(90.68)
Net income after tax	6,144,912	637,050	(5,507,862)	(89.63)
Owners of the Company	6,038,731	746,004	(5,292,727)	(87.65)
Description of items with material changes: (where the difference from the previous fiscal period is 20% or more, and where the amount of change exceeds NT\$10 million)				
1. Revenue, operating costs, gross profit, operating income, net income before tax, net income after tax, and net income attributable to owners of the parent company: Mainly due to changes in the demand cycle for semiconductors, which has witnessed a persistent decline since the second half of 2022.				
2. Non-operating income and gains: The increase in interest income is primarily due to rising interest rates.				

(II) Sales forecast for the future year and basis thereof: Silergy will take the forecasts of customers' considerations into account for planning production capacity and past business performance to set annual delivery goals.

(III) Possible impact on the company's financial operations and response plans:

The business sector of Silergy is still in a growing phase. Meanwhile, Silergy shall also constantly monitor changes to market requirements, expand its market share, develop new customers, improve corporate profitability, and continue to have a stable and healthy financial condition.

### III. Cash flow

(I) Analysis of changes to cash flow over the past fiscal year

Unit: NT\$ thousand; %

Item	2022	2023	Increase (decrease) change	
			Amount	%
Business activities	6,999,681	3,873,311	(3,126,550)	(44.67)
Investment activities	(3,243,795)	(4,573,119)	(1,329,324)	40.98
Financing activities	(1,423,199)	(1,258,531)	164,668	(11.57)
Net cash inflow (outflow)	3,329,444	(2,249,268)	(5,578,712)	(167.56)

Analysis of the proportion of change:

1. Operating activities, net cash inflow: The decrease in revenue resulted in a reduction in profitability.
2. Investment Activities: Due to an increase in capital expenditures.

(II) Improvement plan for inadequate liquidity: Silergy expects to maintain profitability for 2024 as business activity will maintain net cash inflow and respond to required cash outflow from investment and financing activities. There should be no concern of inadequate liquidity.

(III) Cash liquidity analysis for the following year

Unit: NT\$ thousand

Initial cash balance (1)	Cash inflow resulting from business activities for the entire year (2)	Cash outflow for the entire year (3)	Cash surplus (inadequacy) (1)+(2)-(3)	Remedial measures for cash inadequacy	
				Investment plan	Financial plan
12,694,412	4,600,000	2,500,000	14,794,412	-	-

Analysis of cash flow for the future year:

1. Business activity: Net cash inflow of NT\$4,600,000 thousand, mainly attributed to operating profits.
2. Investment activities: Cash outflow of NT\$1,000,000 thousand, mainly attributed to the acquisition of property, plant, equipment and financial assets.
3. Financing activities: Cash outflow of NT\$1,500,000 thousand, mainly attributed to dividend payout and repurchase treasury stocks.

### IV. Material expenditure over the past year and its impact on the company's finances and operations: None.

**V. Policy on investment in other companies, main reasons for profit/losses resulting therefrom, improvement plan, and investment plans for the upcoming fiscal year**

(I) Policy on investment in other companies:

Silergy focuses on its primary business sector and its policy on investments in other companies is based on investment related to the businesses. The responsible department shall comply with the internal control system (ICS) Investment Cycle, Procedures for Handling Acquisition and Disposal of Assets and other relevant regulations to implement relevant policies; the relevant regulations and procedures have been discussed and approved by the board of directors or at a shareholders' meeting.

(II) Main causes for profits or losses

Unit: NT\$ thousand; %

Investee	Shareholding percentages	Realized investment gain (loss) in 2023	The main causes of profit or loss	Improvement plan
Silergy Technology	100	3,281	Business growth	Not applicable
Silergy Semiconductor Technology (Hangzhou) Co., Ltd	100	2,168,579	Business growth	Not applicable
Nanjing Silergy Micro Technology Co., Ltd	63.83	(198,780)	R&D investment	Continuous R&D expansion and new business development
Silergy Semiconductor (Samoa) Limited	100	15,607	Realized investment gain	Not applicable
Silergy Technology (Taiwan) Inc.	100	20,946	Business growth	Not applicable
Xian Silergy Semiconductor Technology	100	159,197	Business growth	Not applicable
Hefei Silergy Semiconductor Technology	100	14,453	Business growth	Not applicable
Silergy Semiconductor (Hong Kong) Limited	100	(35,473)	Realized investment loss	Continue to monitor and optimize the performance of the invested company
Shanghai Silergy Microelectronics Technology Co., Ltd.	63.83	(3,206)	R&D investment	Continuous R&D expansion and new business development
Silergy Technologies Private Limited	100	4,828	Business growth	Not applicable
Chengdu Silergy Semiconductor Technology	100	6,717	Business growth	Not applicable
Xiamen Silergy Semiconductor Technology Co., Ltd.	100	(20,747)	R&D investment	Continuous R&D expansion and new business development
Silergy Korea Limited	100	13,088	Business growth	Not applicable

Investee	Shareholding percentages	Realized investment gain (loss) in 2023	The main causes of profit or loss	Improvement plan
HF SMAT Microtech	38.29	(83,919)	R&D investment and pilot run	Continuous R&D expansion and new business development
Silergy Semiconductor (Macau) Limited	100	(610)	R&D investment	Continuous R&D expansion and new business development
Nanjing Silergy Micro (HK) Co., Ltd	63.83	138,029	Business growth	Not applicable
Guangdong Silergy Micro Technology Co., Ltd	63.83	(3,135)	R&D investment	Continuous R&D expansion and new business development
Shanghai Silergy Semiconductor Technology	49	3,541	Business growth	Not applicable
Hangzhou Silergy Test Technology Co., Ltd.	100	(2,753)	R&D investment	Continuous R&D expansion and new business development
Silicon Prospect Investment Limited	100	(49,140)	Realized investment loss	Continue to monitor and optimize the performance of the invested company
WINSHENG MATERIAL TECHNOLOGY CO., LTD.	44.46	(48,890)	R&D investment and pilot run	Continuous R&D expansion and new business development
Zhuhai Hengqin Accu-Rate Technology Co., Ltd	26.92	(16,440)	R&D investment	Continuous R&D expansion and new business development
JT Microelectronics (Shenzhen) Co., Ltd	6.85	(9,208)	R&D investment	Continuous R&D expansion and new business development
Wuxin(Shanghai) Semiconductor Technology Co., Ltd.	35.00	(4,566)	Not yet operational	Not applicable

(III) Improvement plan: Establish an effective business management constitution, coordinate group policy development, and strengthen measures for marketing and receiving orders.

(IV) Investment plan for the future year: Refer to corporate operations and market requirements to evaluate opportunities for continuing investments.

## **VI. Risks: Please refer to pages 5 to 10.**

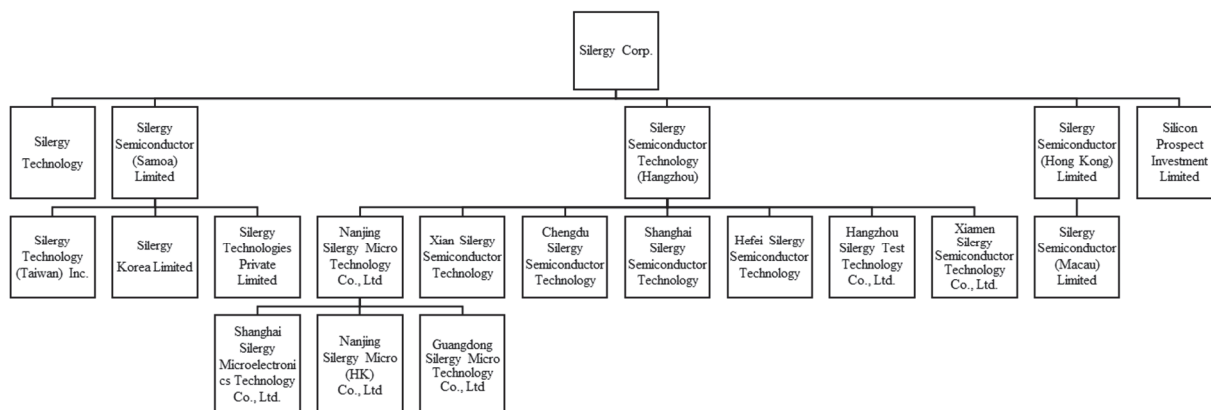
## **VII. Other important matters: None.**

## Chapter VIII Special Items to be Included

### I. Information of affiliates

#### (I) Organizational chart of the affiliates

December 31, 2023



Note : Silergy Corp. direct or indirect investment shares hold in Nanjing Silergy Micro Technology Co., Ltd is 63.83%.

Silergy Corp. direct or indirect investment shares hold in Shanghai Silergy Semiconductor Technology Co., Ltd is 49.00%.

#### (II) Industries covered by the business operated by the affiliates

The main business items of the Company's affiliates include: research and development, design, and sales of power management IC (PMIC), and provision of relevant technical services and professional investments.

#### (III) Basic information of affiliates

December 31, 2023, Unit: dollar

Company name	Date of incorporation	Address	Paid-in capital	Main business items
Silergy Semiconductor Technology (Hangzhou) Co., Ltd	2008/5	Mainland China	USD 58,520,270	R&D, design, and sales of electronic parts, and provision of related technical services.
Silergy Technology	2008/5	US	USD 3,122,140	Development and design services for power management integrated circuits technologies
Nanjing Silergy Micro Technology Co., Ltd	2012/8	Mainland China	RMB 49,296,575	R&D, design, and sales of electronic components
Silergy Semiconductor (Samoa) Limited	2012/12	Samoa	USD 24,300,000	Professional investment company
Silergy Technology (Taiwan) Inc.	2000/3	Taiwan	NTD 317,000,000	R&D, design, and sales of electronic parts
Xian Silergy Semiconductor Technology	2015/4	Mainland China	RMB 91,000,000	R&D, design, and sales of electronic components, integrated circuits, semiconductors and electronic products
Hefei Silergy Semiconductor Technology	2021/8	Mainland China	RMB 60,000,000	R&D, design, and sales of electronic parts



Company name	Date of incorporation	Address	Paid-in capital	Main business items
Silergy Semiconductor (Hong Kong) Limited	2015/10	Hong Kong	USD 11,800,000	Professional investment company
Shanghai Silergy Microelectronics Technology Co., Ltd.	2016/4	Mainland China	RMB 53,000,000	R&D, design, and sales of electronic components, integrated circuits, semiconductors and electronic products
Silergy Technologies Private Limited	2016/5	India	USD 1,700	R&D, design, and sales of electronic components
Chengdu Silergy Semiconductor Technology	2016/11	Mainland China	RMB 34,000,000	R&D and design of electronic components, integrated circuits, semiconductors and electronic products
Xiamen Silergy Semiconductor Technology Co., Ltd.	2023/5	Mainland China	RMB 10,000,000	R&D and design of electronic components, integrated circuits, semiconductors and electronic products
Silergy Korea Limited	2017/11	Korea	KRW 340,000,000	R&D, design, and sales of electronic components
Silergy Semiconductor (Macau) Limited	2022/6	Macao	MOP 900,000	R&D, design, and sales of electronic components
Nanjing Silergy Micro (HK) Co., Ltd	2019/12	Hong Kong	USD5,200,960	R&D, design, and sales of electronic components
Guangdong Silergy Micro Technology Co., Ltd	2023/8	Mainland China	RMB 5,000,000	R&D and design of electronic components, integrated circuits, semiconductors and electronic products
Shanghai Silergy Semiconductor Technology	2019/12	Mainland China	RMB 10,000,000	R&D, design, and sales of electronic components, integrated circuits, semiconductors and electronic products
Hangzhou Silergy Test Technology Co., Ltd.	2022/12	Mainland China	RMB 100,000,000	Test of electronic components, integrated circuits, semiconductors and electronic products
Silicon Prospect Investment Limited	2020/5	BVI	USD 13,000,000	Professional investment company

(IV) Information of shareholders in common, presumed to have a relationship of control and subordination: None

(V) Directors, supervisors, and general managers of affiliated companies

December 31, 2023, Unit: Shares; %

Company name	Title	Name or representative	Company owned	Number of shares held	Shares held
Silergy Semiconductor Technology (Hangzhou) Co., Ltd	Executive director	Wei Chen	Silergy Corp.	-	100%
	General Manager	Budong You			
	Supervisor	Snow Lee			

Company name	Title	Name or representative	Company owned	Number of shares held	Shares held
Silergy Technology	Director and General Manager General Manager	Silergy Corp. (Representative: Michael Grimm)	Silergy Corp.	-	100%
Silergy Semiconductor (Samoa) Limited	Director	Silergy Corp. (Representative: Wei Chen)	Silergy Corp.	-	100%
Silergy Semiconductor (Hong Kong) Limited	Director	Budong You	Silergy Corp.	-	100%
Hangzhou Silergy Test Technology Co., Ltd.	Executive director General Manager Supervisor	Wei Chen Budong You Snow Lee	Silergy Semiconductor Technology (Hangzhou) Co., Ltd	-	100%
Nanjing Silergy Micro Technology Co., Ltd	Executive director Director Director Manager General Supervisor	Ben Yu Tim Yu Budong You Xiaolong Yuan Snow Lee	Silergy Semiconductor Technology (Hangzhou) Co., Ltd	-	63.83%
Xian Silergy Semiconductor Technology	Executive director General Manager Supervisor	Wei Chen Budong You Snow Lee	Silergy Semiconductor Technology (Hangzhou) Co., Ltd	-	100%
Hefei Silergy Semiconductor Technology	Executive director General Manager Supervisor	Wei Chen Budong You Snow Lee	Silergy Semiconductor Technology (Hangzhou) Co., Ltd	-	100%
Shanghai Silergy Microelectronics Technology Co., Ltd.	Executive director General Manager Supervisor	Xiaolong Yuan Xiaolong Yuan Budong You	Nanjing Silergy Micro Technology Co., Ltd	-	63.83%
Chengdu Silergy Semiconductor Technology	Executive director General Manager Supervisor	Wei Chen Budong You Snow Lee	Silergy Semiconductor Technology (Hangzhou) Co., Ltd	-	100%
Xiamen Silergy Semiconductor Technology Co., Ltd.	Executive director General Manager Supervisor	Jac. Zhou Jac. Zhou Snow Lee	Silergy Semiconductor Technology (Hangzhou) Co., Ltd	-	100%

Company name	Title	Name or representative	Company owned	Number of shares held	Shares held
Silergy Technology (Taiwan) Inc.	Chairman	Silergy Semiconductor (Samoa) Limited (Representative: Wei Chen)	Silergy Semiconductor (Samoa) Limited	31,700,000	100%
Silergy Technologies Private Limited	Director	Michael Grimm / PAUL PAOLIN LIU / PRAMOD BHEEMARAO HUDDAR	Silergy Semiconductor (Samoa) Limited	-	100%
Silergy Korea Limited	Director	Silergy Semiconductor (Samoa) Limited (Representative: Wei Chen)	Silergy Semiconductor (Samoa) Limited	-	100%
Silergy Semiconductor (Macau) Limited	Director	Silergy Semiconductor (Hong Kong) Limited (Representative: Budong You)	Silergy Semiconductor (Hong Kong) Limited	-	100%
Nanjing Silergy Micro (HK) Co., Ltd	Director and General Manager General Manager	Wei Chen	Nanjing Silergy Micro Technology Co., Ltd	-	63.83%
Guangdong Silergy Micro Technology Co., Ltd	Executive director General Manager Supervisor	Xiaolong Yuan Ben Yu Snow Lee	Nanjing Silergy Micro Technology Co., Ltd	-	63.83%
Shanghai Silergy Semiconductor Technology	Executive director Supervisor	Snow Lee Jac. Zhou	Silergy Semiconductor Technology (Hangzhou) Co., Ltd	-	49.00%
Silicon Prospect Investment Limited	Director	Budong You	Silergy Corp.	-	100%

## (VI) Business operations of the affiliates

December 31, 2023; Unit: NT\$ thousand

Company name	Actual paid-in capital	Total assets Total Value	Total liabilities	Net value	Operating revenue	Operating profit (loss)	Current profit (loss)	Earnings per share (NT\$)
Silergy Semiconductor Technology (Hangzhou) Co., Ltd	1,796,865	21,536,961	892,520	20,644,441	9,517,435	1,444,113	2,154,068	NA
Silergy Technology	95,865	716,370	286,703	429,667	782,000	(31,680)	3,281	NA
Nanjing Silergy Micro Technology Co., Ltd	213,711	2,161,259	440,010	1,721,249	1,659,374	(513,537)	(311,421)	NA
Silergy Semiconductor (Samoa) Limited	746,132	673,783	149,312	524,471	0	(14,376)	15,607	NA
Silergy Technology (Taiwan) Inc.	317,000	334,946	81,343	253,603	473,166	27,168	20,946	NA
Xian Silergy Semiconductor Technology	394,504	1,581,512	80,827	1,500,685	1,085,481	114,926	159,197	NA
Hefei Silergy Semiconductor Technology	260,113	278,434	7,596	270,838	126,891	12,848	14,453	NA
Silergy Semiconductor (Hong Kong) Limited	362,319	169,342	0	169,342	0	(2,833)	(35,473)	NA
Shanghai Silergy Microelectronics Technology Co., Ltd.	229,766	40,487	53,748	(13,261)	139,814	(6,115)	(5,022)	NA
Silergy Technologies Private Limited	61	23,817	3,851	19,966	22,333	5,577	4,828	NA
Chengdu Silergy Semiconductor Technology	147,397	79,264	19,057	60,207	92,904	6,561	6,717	NA
Xiamen Silergy Semiconductor Technology Co., Ltd.	43,352	53,233	30,212	23,021	17,696	(20,717)	(20,747)	NA
Silergy Korea Limited	8,129	116,822	28,492	88,330	80,618	13,881	13,088	NA
Silergy Semiconductor (Macau) Limited	3,382	29,929	29,645	284	114,327	1,195	(610)	NA
Nanjing Silergy Micro (HK) Co., Ltd	159,695	384,399	162,042	222,357	452,849	164,466	138,029	NA

Company name	Actual paid-in capital	Total assets Total Value	Total liabilities	Net value	Operating revenue	Operating profit (loss)	Current profit (loss)	Earnings per share (NT\$)
Guangdong Silergy Micro Technology Co., Ltd	21,676	20,577	3,715	16,862	0	(4,926)	(4,912)	NA
Shanghai Silergy Semiconductor Technology	43,352	20,188	39,537	(19,349)	172,968	4,570	7,227	NA
Hangzhou Silergy Test Technology Co., Ltd.	433,521	539,928	109,150	430,778	0	(4,019)	(2,753)	NA
Silicon Prospect Investment Limited	399,165	223,307	0	223,307	0	(70)	(49,140)	NA

Note: Capital sum, total assets, total liabilities, and net worth are calculated using the exchange rates at the end of 2023. Operating revenue, operating profit (loss), profit (loss) for the current fiscal period, and earnings per share (EPS) are based on the average annual exchange rate of 2023.

(VII) Consolidated financial statement of affiliates: Similar to the consolidated financial reports of Silergy and its affiliates. Refer to pages 120 - 203.

(VIII) Affiliation Report: Not applicable.

**II. Private placement of securities in the past fiscal year up to the publication date of this report: None.**

**III. Holding or disposal of shares in the Company by the Company's subsidiaries in the past fiscal year up to the date of publication of the annual report: None.**

#### IV. Other supplementary information:

The following are the key differences between the Articles of Incorporation of Silergy and regulations of the Republic of China governing the shareholders' rights:

Key matters related to the protection of shareholders' rights Important matters	Provisions in the Articles of Incorporation and description thereof and description thereof	Laws of the Cayman Islands and description thereof	Differences
<p>Where the company buys its own shares and transfers them to an employee, the company may restrain the shares from being transferred or assigned to others within a specific period of time which shall be no longer than two (2) years. which shall be no longer than two (2) years.</p>	<p>According to Article 1 of the Articles of Incorporation, treasury shares shall refer to shares that have been issued in accordance with the Articles of Incorporation, laws of the Cayman Islands or laws governing listed companies but have been repurchased, redeemed, or acquired using other means but not terminated. Regulations governing this item are provided in Article 40C of the Articles of Incorporation.</p>	<p>The board of directors may decide the terms and conditions related to treasury shares. There are no laws in the Cayman Islands governing matters related to the employees' bonus plans.</p>	<p>Attorneys from the Cayman Islands advise that the restrictions agreed between the transferor and transferee is a contractual matter between themselves.</p>
<p>5. The essential contents of the following matters shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company, and such website shall be indicated in the above notice.</p> <ol style="list-style-type: none"> <li>(1) election or discharge of directors and supervisors,</li> <li>(2) amendment of Articles of Incorporation;</li> <li>(3) reduction of capital;</li> <li>(4) application for the approval of ceasing its status as a public company;</li> <li>(5) dissolution, merger, transfer of shares, and demerger;</li> <li>(6) enter into, amend or terminate any contract for lease of the company's business in whole, or for entrusted business, or for regular joint operation with others;</li> <li>(7) transfer the whole or any essential part of its business or assets;</li> <li>(8) accept the transfer of the entirety of a business or asset from another party, in which the transfer has a great bearing on the business</li> </ol>	<p>Cayman Islands Companies Law provides no special regulations governing extraordinary motions. Provisions from Paragraph 5 are therefore included in Article 50 of the Articles of Incorporation.</p>	<p>Cayman Islands Companies Law provides no special regulations governing extraordinary motions.</p>	<p>According to attorneys from Cayman Islands, for matters related to extraordinary motions, the shareholders' meeting must clearly state the content to be discussed at the meeting and provide relevant information to facilitate the shareholders' understanding. However, a shareholders' meeting notice often includes the item, "any other motions" which are usually for informal or unimportant items. The meeting chairperson may not place a key matter into this motion. Any key matter shall be discussed and resolved by convening another meeting in accordance with relevant procedures. However, for urgent matters that must be discussed at the shareholders' meeting, additional details will be raised during the next meeting for ratification. Hence, even though the Cayman Islands laws do not clearly prohibit extraordinary motions, attorneys from the Cayman Islands recommend that it will not be proper to raise extraordinary motions at the shareholders' meeting.</p>

Key matters related to the protection of shareholders' rights Important matters	Provisions in the Articles of Incorporation and description thereof	Laws of the Cayman Islands and description thereof	Differences
<p>operation of the company;</p> <p>(9) private issuance of securities with equity characteristics.</p> <p>(10) permission for directors in participating in restrictive competitive business;</p> <p>(11) distribute dividend and bonus, in whole or in part, by issuing new shares;</p> <p>(12) distribute legal reserve and the capital reserve from income derived from the issuance of new shares at a premium or from endowments received by the company, in whole or in part, by issuing new shares or by cash to its original shareholders.</p>			
<p>3. Where the company exercises voting rights by correspondence or electronic means, the method of exercising the rights shall be clearly stated in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means shall be regarded as having personally attended the meeting. However, the shareholder shall be regarded as having forfeited the voting rights for extraordinary motions or amendments to the original motion.</p>	<p>Cayman Islands Companies Law does not have any special regulations governing the matters stated in Paragraph 3. The regulations in the first section of Paragraph 3 are therefore provided in Article 68 of the Articles of Incorporation.</p>	<p>Cayman Islands Companies Law has no special regulations governing the matters stated in Paragraph 3.</p>	<p>As per legal opinion from the Cayman Islands, a shareholder voting by correspondence is regarded as having granted the chairman with the power of attorney on his/her behalf. Hence, the opinion of the Cayman Islands lawyer on the second section of the matters stated in Paragraph 3 is placed in the provisions of Article 68 of the Articles of Incorporation (in other words, a shareholder exercising voting rights by correspondence or electronic means shall be regarded as having granted the chairman of the shareholders' with the power of attorney to act, on the basis of the correspondence or electronic file, on the shareholder's behalf; however, the shareholder is regarded to have forfeited his/her voting rights for extraordinary motions or amendments to an original motion; however, the aforementioned granting of the power of attorney shall not be regarded as the granting of the power of attorney as specified by laws governing listed companies.)</p>
<p>4. If a shareholder who exercised voting rights by correspondence or by electronic means intends to personally attend the shareholders' meeting, he/she shall revoke the power of attorney, two days prior to the</p>	<p>Cayman Islands Companies Law does not provide special regulations governing the matters stated in Paragraph 5. The regulations of Paragraph 5 are therefore provided in Article 70 of the Articles of Incorporation.</p>	<p>Cayman Islands Companies Law provides no special regulations governing the matters stated in Paragraph 5.</p>	<p>As per the legal opinion from the Cayman Islands, under the Common Law system of the UK and the US, a person may revoke its proxy by attending the meeting in person. Hence, a shareholder exercising voting rights by correspondence or electronic means shall be</p>

Key matters related to the protection of shareholders' rights Important matters	Provisions in the Articles of Incorporation and description thereof and description thereof	Laws of the Cayman Islands and description thereof	Differences
<p>convening of the shareholders' meeting, and by using the same method for exercising the voting rights, his or her expressed intent to exercise voting rights by correspondence or electronic means. If the shareholder failed to revoke his or her expressed intent within the time limit, the shareholders' voting rights as exercised by correspondence or electronic means will prevail.</p>			<p>regarded as granting the power of attorney to the chairperson of the shareholders' meeting to act, on the basis of the instructions provided in the correspondence or electronic file, on the shareholder's behalf. Hence, the provisions of Paragraph 5 may be considered not enforceable.</p>
<p>5. After the power of attorney form is delivered to the company, if a shareholder intends to personally attend the shareholders' meeting or intends to exercise voting rights by correspondence or electronic means, the shareholder shall provide, two days prior to the convening of the shareholders' meeting, a written notice to the company to revoke the power of attorney. Where the shareholder fails to revoke the power of attorney after the specified period, the voting rights exercised by an attending proxy shall prevail.</p>	<p>Cayman Islands Companies Law provides no special regulations governing power of attorney forms or collection of power of attorney forms. Provisions from Paragraph 5 are therefore included in Article 62A of the Articles of Incorporation.</p>	<p>Cayman Islands Companies Law provides no special regulations governing power of attorney forms or collection of power of attorney forms.</p>	<p>Legal opinion from the Cayman Islands states that under Common Law, a person may revoke his/her proxy by attending the meeting in person. The provisions of Paragraph 5 may not be enforceable.</p>
<p>For the following motions that relate to key rights of the shareholders, the motion may be adopted by a majority vote at a shareholders' meeting, wherein the meeting is attended by shareholders representing two-thirds or more of the total number of its outstanding shares. In the event the total number of shares represented by the shareholders present at a shareholders' meeting of a company is less than the percentage of the total shareholdings required in the preceding Paragraph, the resolution may be adopted by at least two-third of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares of the company. 1. Enter into, amend or terminate any contract for</p>	<p>(1) Cayman Islands Companies Law has neither special requirements nor prohibitions regarding matters provided in Subparagraph 1, Subparagraph 4, part of Subparagraph 5 regarding demergers, and Subparagraph 6. Hence, matters provided in Subparagraph 1, Subparagraph 4, part of Subparagraph 5 regarding demergers, and Subparagraph 6 are respectively provided in Articles 32 (a), (b), (c), (d), (e), and (h). Such matters can only be approved through a supermajority resolution at a shareholders' meeting.</p>	<p>Cayman Islands Companies Law has no special requirements nor restrictions regarding items 1, 4, 5 (the part regarding demerger) and 6. According to items 2 and 3, Article 24 of the Cayman Islands Companies Law, any amendment to the Articles of Incorporation requires passing of special resolution. For item 5 (the part regarding demerger) Article 116 of the Cayman Islands Companies Law provides that a company can undergo voluntary dissolution only after a special resolution; additionally, if the company motions to undergo voluntary dissolution as a result</p>	<p>Article 24 of the Cayman Islands Companies Law specifies that any amendment of the Articles of Incorporation can only be adopted through a special resolution at a shareholders' meeting. The provisions of Paragraph 2 are thus provided in Article 157 of the Articles of Incorporation, stating that the company may adopt an amendment to the memorandum and/or Articles of Association through a special resolution. Matters regarding the number of attendants at the shareholders' meeting are specified in the provisions of Article 51 (stating that the motion may be adopted by a shareholders' meeting where the shareholders attending in person or by proxy represent a majority of the outstanding shares of the company). Hence, provisions of Subparagraph 3 are provided in Article 18 of the Articles of Incorporation, stating that for a</p>



Key matters related to the protection of shareholders' rights Important matters	Provisions in the Articles of Incorporation and description thereof	Laws of the Cayman Islands and description thereof	Differences
<p>lease of the company's business in whole, or for entrusted business, for regular joint operation with another party, transfer the whole or any essential part of its business or assets, and accept the transfer of the entirety of a business or asset from another party, in which the transfer has a great bearing on the business operation of the company.</p> <p>2. Amendment to the Articles of Incorporation</p> <p>3. Where amendments to the Articles of Incorporation will damage the rights of shareholders holding preferred shares, a resolution of the preferred shareholders' meeting must be convened</p> <p>4. Distribute the whole or part of dividend or bonus by issuing new shares</p> <p>5. Resolutions for dissolution, merger, or demerger</p> <p>6. Private placement of securities</p>		<p>of being unable to settle its debts, the motion must be passed through a shareholders' meeting. Attorneys from the Cayman Islands believe that the matter may only be implemented with an ordinary resolution or special resolution adopted in the aforementioned shareholders' meeting, or through a higher-level resolution specified in the Articles of Incorporation. Additionally, for a matter related to item 5 (the part regarding merger), they express that Article 233(6) of the Cayman Islands Companies Law provides that the matter can be approved only through a special resolution. Where the Articles of Incorporation have other regulations governing the resolution, it shall follow the relevant provisions of the Articles of Incorporation.</p>	<p>motion relating to an amendment of the Articles of Incorporation that damages the rights of a shareholder holding preferred shares, the motion can only be adopted by a special resolution in a general shareholders' meeting, and a special resolution in a preferred shareholders' meeting. Matters regarding the number of attendants at the shareholders' meeting are specified in the provisions of Article 51 (stating that the motion may be adopted by a shareholders' meeting where the shareholders attending in person or by proxy represent a majority of the outstanding shares of the company).</p> <p>For the part in Subparagraph 5 related to dissolution, Article 116 of the Cayman Islands Companies Law provides that a company can undergo voluntary dissolution only after a special resolution; additionally, if the company motions to undergo voluntary dissolution as a result of inability to settle its debts, the motion must be passed at a shareholders' meeting. Attorneys from the Cayman Islands believe that the matter may only be implemented with an ordinary resolution or special resolution adopted at the aforementioned shareholders' meeting, or through a higher-level resolution specified in the Articles of Incorporation. Hence, the part of Subparagraph 5 related to corporate dissolution is provided in Article 33 of the Articles of Incorporation, stating that if the company motions to undergo voluntary dissolution as a result of being unable to settle its debts, the motion shall be resolved through a supermajority resolution at a shareholders' meeting (Article 33(a)); if the company motions to undergo voluntary dissolution for other reasons, then the motion shall be resolved through a special resolution (Article 33(b)). Matters regarding the number of attendants at the shareholders' meeting are specified in the provisions of Article 51 (stating that the motion may be adopted by a shareholders' meeting where the shareholders attending in person or by proxy</p>

Key matters related to the protection of shareholders' rights Important matters	Provisions in the Articles of Incorporation and description thereof and description thereof	Laws of the Cayman Islands and description thereof	Differences
			<p>represent a majority of the outstanding shares of the company).</p> <p>Additionally, for a matter related to the part of Subparagraph 5 regarding mergers, legal opinion from the Cayman Islands is that Article 233(6) of the Cayman Islands Companies Law provides that the matter can only be approved through a special resolution. Where the Articles of Incorporation have other regulations governing the resolution, it shall follow the relevant provisions of the Articles of Incorporation. Hence, the part of Subparagraph 5 related to mergers is included Article 31(c) of the Articles of Incorporation. Matters regarding the number of attendants at the shareholders' meeting are specified in the provisions of Article 51 (stating that the motion may be adopted by a shareholders' meeting where the shareholders attending in person or by proxy represent a majority of the outstanding shares of the company).</p>
Regulations related to supervisors.	As the Company has not appointed a supervisor, there is no amendment to the Articles of Incorporation regarding this matter.	Cayman Islands Companies Law provides no special regulations governing supervisors.	As the Company has not appointed a supervisor, there is no amendment to the Articles of Incorporation regarding this matter.
5. After the power of attorney form is delivered to the company, if a shareholder intends to personally attend the shareholders' meeting or intends to exercise voting rights by correspondence or electronic means, the shareholder shall provide, two days prior to the convening of the shareholders' meeting, a written notice to the company to revoke the power of attorney. Where the shareholder fails to revoke the power of attorney after the specified period, the voting rights exercised by an attending proxy shall prevail.	Cayman Islands Companies Law provides no special regulations governing power of attorney forms or collection of power of attorney forms. Provisions from Paragraph 5 are therefore included in Article 62A of the Articles of Incorporation.	Cayman Islands Companies Law provides no special regulations governing power of attorney forms or collection of power of attorney forms.	Legal opinion from the Cayman Islands states that under Common Law, a person may revoke his/her proxy by attending the meeting in person. The provisions of Paragraph 5 may not be enforceable.
1. Shareholder(s) who has/have been continuously holding 1% or more of the total number of the outstanding shares of the Company over six months may request in writing the	The Articles of Incorporation of the Cayman Islands does not have any special request or prohibitions on this matter. Also, Silergy did not appoint any supervisor, but has established an audit	Cayman Islands Companies Law provides neither special requirements nor restrictions regarding this item. According to the Cayman Islands laws, a	Legal opinion from Cayman Islands states that although the Articles of Incorporation specify that the directors and company bear joint and several liabilities, the legal perspective is that a third party still cannot directly initiate a point of law against a

Key matters related to the protection of shareholders' rights Important matters	Provisions in the Articles of Incorporation and description thereof and description thereof	Laws of the Cayman Islands and description thereof	Differences
<p>supervisors of the Company to institute, for the Company, an action against a director of the Company, and Taiwan Taipei District Court may be the court of jurisdiction for the first instance.</p> <p>2. Where the supervisor does not initiate litigation when a period of 30 days has passed after the shareholder makes the request, the shareholder may initiate litigation against the Company. The court of first instance shall be Taiwan Taipei District Court.</p>	<p>committee. In accordance with Tai-Zheng-Shang No. 1011702189 of the Taiwan Stocks Exchange (TWSE) on July 27, 2012, a company shall replace a supervisor with an independent director serving in an audit committee. Hence, parts of Paragraphs 1 and 2 relating to supervisors are replaced with independent directors of the audit committee, and included in Article 123 of the Articles of Incorporation. A court with jurisdiction (including Taiwan Taipei District Court) shall be the competent court. Legal opinion from the Cayman Islands states that Article 123 of the Articles of Incorporation must fulfill the statutory regulations of the Cayman Islands. According to the laws of the Cayman Islands, a director is not obliged to initiate, when receiving a request from a shareholder holding 3% or more shares, a litigation against another director if the said director believes that the litigation does not benefit the company.</p>	<p>shareholder may initiate a litigation on behalf of the company with the following conditions: (A) where an act is a legal violation or trespasses an authorized scope of a company, and cannot be ratified by the shareholder; or (B) where an act is a fraud against a minority of shareholders (in other words, the target seeking legal redress through litigation will be a major shareholder, and the major shareholder is a plaintiff who will not allow the company to adopt non-interference with respect to the litigation seeking legal redress; where the litigation is initiated for this Subparagraph, then a proof of fraud and the violator implementing such act exerts a controlling right over the company must be provided</p> <p>A court of the Cayman Islands is inclined to not interfere with internal activities of a company where the act is within the authorized scope of the company, or has trespassed the authorized scope but can still be ratified by the shareholders and fulfills the intent of a majority of shareholders.</p>	<p>director.</p>
<p>1. A company director shall act diligently and take due care of the company as a good administrator in conducting the business operation of the company; if he/she has acted contrary to this provision, shall be liable for the damages sustained by the company there-from. If the said act is implemented by the director himself or herself, or another party, the board of shareholders may resolve and consider an earning received from the said act as an earning of the company.</p>	<p>Taking into consideration the legal opinions from the Cayman Islands (refer to the left column for details), the provisions of Paragraphs 1, 2, and 3 are included within Article 97A of the Articles of Association.</p>	<p>As per the Cayman Islands Companies Law, a director has fiduciary duties to the company. If the director violates the said fiduciary duties and where the said violation damages the company, the court may rule the director to bear liabilities for compensating the damage.</p>	<p>According to the Cayman Islands laws, where a director, in the course of performing business operations, damages a third party, the third party may request damage payments from the company. The company may, in response, request the director to compensate the loss incurred by the company. Although the Articles of Incorporation specify that the directors and company bear joint and several liabilities, the legal perspective of the Cayman Islands is that a third party still cannot directly initiate a point of law against a director.</p>

Key matters related to the protection of shareholders' rights Important matters	Provisions in the Articles of Incorporation and description thereof and description thereof	Laws of the Cayman Islands and description thereof	Differences
<p>2. Where a director has, in the course of conducting business operations, violated any provision of the applicable laws and thus caused damage to another party, he/she shall be liable for the damages to be sustained by the company there-from.</p> <p>3. A managerial officer and supervisor when acting within the scope of their duties, shall bear the same liabilities as a company director.</p>			

**Chapter IX Any event which has a material impact on the shareholders' equity or on prices of securities as specified in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act that have occurred in the past year up to the publication date of this report:**

None.

**Silergy Corp.**  
**(Incorporated in the Cayman Islands)**  
**and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2023 and 2022 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Silergy Corp.

### **Opinion**

We have audited the accompanying consolidated financial statements of Silergy Corp. and its subsidiaries (collectively referred to as the “Company”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

#### Occurrence of Sales Revenue for Specific Customers

The sales revenue amounted to NT\$15,427,335 thousand for the year ended December 31, 2023. The revenue growth trend of certain specific clients in the current year is contrary to that of the overall group, and the sales amount was significant; thus, the occurrence of sales revenue for specific agents was identified as the key audit matter.

The audit procedures developed for this key audit matter were as follows:

1. We obtained an understanding of and evaluated operating procedures and internal control related to revenue recognition. Test the design and implementation effectiveness of the control.
2. We sampled and tested sales transactions from specific agents by inspecting orders, delivery documents, receipts of payment and sending confirmation letters in order to validate the occurrence of sales revenue.
3. We confirmed whether there were any material sales returns, discounts and supporting documents for the year ended December 31, 2023 and subsequent periods.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including members of the audit committee, are responsible for overseeing the Company's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



The engagement partners on the audits resulting in this independent auditors' report are Ming-Yen Chien and Chun-Hung Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 12, 2024

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

**SILERGY CORP.**  
(Incorporated in the Cayman Islands)  
**AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 12,694,412	37	\$ 14,943,680	42
Financial assets at amortized cost - current (Notes 4 and 8)	5,728,588	17	2,425,193	7
Accounts receivable, net (Notes 4, 9 and 24)	1,784,939	5	1,617,688	5
Other receivables (Notes 4, 9 and 11)	530,092	1	87,226	-
Inventories (Notes 4, 5 and 10)	1,817,170	5	5,111,128	15
Prepayments (Note 18)	297,787	1	353,981	1
Total current assets	22,852,988	66	24,538,896	70
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4, 5, 7 and 30)	4,122,780	12	3,729,859	11
Investments accounted for using the equity method (Notes 4, 5 and 12)	941,175	3	941,434	3
Property, plant and equipment (Notes 4 and 13)	2,350,218	7	1,862,613	5
Right-of-use assets (Notes 4 and 14)	837,759	2	621,941	2
Investment properties (Notes 4 and 15)	537,704	2	603,982	2
Goodwill (Notes 4, 5 and 16)	1,406,832	4	1,504,441	4
Other intangible assets (Notes 4 and 17)	540,692	2	665,000	2
Deferred tax assets (Notes 4 and 26)	323,851	1	164,883	-
Refundable deposits (Notes 31 and 32)	325,853	1	425,895	1
Long-term accounts receivable, net (Notes 11)	164,738	-	167,559	-
Long-term prepayments (Note 18)	17,422	-	47,669	-
Total non-current assets	11,569,024	34	10,735,276	30
<b>TOTAL</b>	<b>\$ 34,422,012</b>	<b>100</b>	<b>\$ 35,274,172</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowing (Note 19)	\$ 160,403	1	\$ -	-
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	16,858	-
Accounts payable (Note 20)	487,961	1	601,448	2
Accounts payable - related parties (Note 31)	3,577	-	4,694	-
Other payables (Notes 21 and 31)	1,056,888	3	1,344,035	4
Current tax liabilities (Note 26)	113,651	-	360,825	1
Lease liabilities - current (Notes 4 and 14)	84,538	-	51,376	-
Other current liabilities (Notes 21, 24 and 31)	42,981	-	35,847	-
Total current liabilities	1,949,999	5	2,415,083	7
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 26)	68,352	-	19,709	-
Lease liabilities - non-current (Notes 4 and 14)	205,476	1	52,484	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	2,902	-	1,363	-
Guarantee deposits (Note 32)	654,754	2	1,293,469	4
Other non-current liabilities	10	-	10	-
Total non-current liabilities	931,494	3	1,367,035	4
Total liabilities	2,881,493	8	3,782,118	11
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 23 and 28)</b>				
Share capital				
Common shares	960,498	3	953,900	3
Capital surplus	12,407,582	36	10,946,900	31
Retained earnings				
Legal reserve	996,568	3	996,568	3
Special reserve	213,051	1	1,461,963	4
Unappropriated earnings	17,386,408	50	17,103,077	48
Total retained earnings	18,596,027	54	19,561,608	55
Other equity				
Exchange differences on translating foreign operations	(596,716)	(2)	(213,051)	(1)
Unearned employee benefits	(439,577)	(1)	(486,073)	(1)
Total other equity	(1,036,293)	(3)	(699,124)	(2)
Total equity attributable to owners of the Company	30,927,814	90	30,763,284	87
<b>NON-CONTROLLING INTERESTS (Note 11)</b>	<b>612,705</b>	<b>2</b>	<b>728,770</b>	<b>2</b>
Total equity	31,540,519	92	31,492,054	89
<b>TOTAL</b>	<b>\$ 34,422,012</b>	<b>100</b>	<b>\$ 35,274,172</b>	<b>100</b>

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

**SILERGY CORP.**  
(Incorporated in the Cayman Islands)  
**AND SUBSIDIARIES**

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE, NET (Note 24)	\$ 15,427,335	100	\$ 23,511,086	100
OPERATING COSTS (Notes 10, 25 and 31)	<u>8,847,896</u>	<u>57</u>	<u>11,152,146</u>	<u>48</u>
GROSS PROFIT	<u>6,579,439</u>	<u>43</u>	<u>12,358,940</u>	<u>52</u>
OPERATING EXPENSES (Notes 4, 9, 22, 25 and 31)				
Selling and marketing expenses	1,313,298	8	1,140,015	5
General and administrative expenses	895,301	6	828,334	3
Research and development expenses	4,894,418	32	4,460,370	19
Expected credit loss (gain on reversal) recognized on trade receivables	<u>(4,252)</u>	<u>-</u>	<u>1,477</u>	<u>-</u>
Total operating expenses	<u>7,098,765</u>	<u>46</u>	<u>6,430,196</u>	<u>27</u>
OTHER OPERATING INCOME AND EXPENSES, NET (Notes 12, 13 and 25)	<u>32,934</u>	<u>-</u>	<u>16,716</u>	<u>-</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(486,392)</u>	<u>(3)</u>	<u>5,945,460</u>	<u>25</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	638,552	4	333,030	1
Other income (Notes 25 and 31)	573,582	4	402,540	2
Foreign exchange gain, net (Notes 4 and 33)	76,280	-	245,289	1
Interest expenses (Note 25)	(2,540)	-	(1,319)	-
Miscellaneous expenses	(40,616)	-	(87,027)	-
Impairment loss (Note 16)	(95,894)	(1)	-	-
Gain (loss) on financial instruments at fair value through profit or loss (Notes 7 and 30)	122,281	1	(32,485)	-
Share of loss of associates (Note 12)	<u>(163,023)</u>	<u>(1)</u>	<u>(131,459)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>1,108,622</u>	<u>7</u>	<u>728,569</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	622,230	4	6,674,029	28
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 26)	<u>14,820</u>	<u>-</u>	<u>(529,117)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>637,050</u>	<u>4</u>	<u>6,144,912</u>	<u>26</u>

(Continued)

**SILERGY CORP.**  
(Incorporated in the Cayman Islands)  
**AND SUBSIDIARIES**

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

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE LOSS (Notes 4, 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences arising on translation to the presentation currency	\$ (65,839)	-	\$ 2,681,768	11
Remeasurement of defined benefit plans	(844)	-	(1,865)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(467,855)	(3)	(1,348,697)	(6)
Share of the other comprehensive loss of associates accounted for using the equity method	<u>142,369</u>	<u>1</u>	<u>(76,771)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(392,169)</u>	<u>(2)</u>	<u>1,254,435</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 244,881</u>	<u>2</u>	<u>\$ 7,399,347</u>	<u>31</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 746,004	5	\$ 6,038,731	26
Non-controlling interests	<u>(108,954)</u>	<u>(1)</u>	<u>106,181</u>	<u>-</u>
	<u>\$ 637,050</u>	<u>4</u>	<u>\$ 6,144,912</u>	<u>26</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 361,495	3	\$ 7,285,778	31
Non-controlling interests	<u>(116,614)</u>	<u>(1)</u>	<u>113,569</u>	<u>-</u>
	<u>\$ 244,881</u>	<u>2</u>	<u>\$ 7,399,347</u>	<u>31</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$1.96</u>		<u>\$15.95</u>	
Diluted	<u>\$1.89</u>		<u>\$15.21</u>	

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

(Concluded)

**SILERGY CORP.**  
(Incorporated in the Cayman Islands)  
**AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							Other Equity (Note 28)		Non-controlling Interests (Note 11)	Total Equity
	Common Share (Note 23)	Capital Surplus (Notes 23 and 28)	Legal Reserve	Special Reserve	Retained Earnings (Notes 12 and 23)	Unappropriated Earnings	Total Retained Earnings	Exchange Differences on Translating Foreign Operations	Unearned Employee Benefits		
BALANCE AT JANUARY 1, 2022	\$ 943,567	\$ 9,256,486	\$ 996,568	\$ 1,129,475	\$ 13,184,448	\$ 15,310,491	\$ (1,461,963)	\$ (315,207)	\$ (1,777,170)	\$ 23,753,374	\$ 24,177,952
Appropriation of the 2021 earnings special reserve	-	-	-	332,488	(332,488)	(1,698,420)	-	-	-	(1,698,420)	(1,698,420)
Cash dividends distributed by Silergy Corp.	-	-	-	-	(2,030,908)	(1,698,420)	-	-	-	(1,698,420)	(1,698,420)
Changes in percentage of ownership interests in subsidiaries	-	316,690	-	-	(17,255)	(17,255)	-	-	-	19,435	(19,435)
Changes in capital surplus from investments in associates accounted for using the equity method	-	19,127	-	-	(70,074)	(70,074)	-	-	-	(50,947)	(50,947)
Recognition compensation cost of employee share options by Silergy Corp.	-	767,175	-	-	-	-	-	-	-	767,175	767,175
Net profit for the year ended December 31, 2022	-	-	-	-	6,038,731	6,038,731	-	-	-	6,038,731	6,144,912
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	(1,865)	(1,865)	1,248,912	-	1,248,912	1,247,047	1,254,435
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	6,036,866	6,036,866	1,248,912	-	1,248,912	7,285,778	7,399,347
Issue of common shares under employee share options	7,920	355,826	-	-	-	-	-	-	-	363,746	363,746
Issue of restricted shares of stock and recognition of related compensation cost	2,426	515,699	-	-	-	-	-	(174,982)	(174,982)	343,143	343,143
Cancelation of restricted employee shares	(13)	(41,03)	-	-	-	-	-	-	4,116	-	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	190,058
BALANCE AT DECEMBER 31, 2022	953,900	10,946,800	996,568	1,461,963	17,103,077	19,561,608	(213,051)	(486,073)	(699,124)	30,763,284	31,492,054
Appropriation of the 2022 earnings special reserve	-	-	-	(1,248,912)	(1,248,912)	(1,710,741)	-	-	-	(1,710,741)	(1,710,741)
Cash dividends distributed by Silergy Corp.	-	-	-	-	(461,829)	(1,710,741)	-	-	-	(1,710,741)	(1,710,741)
Changes in percentage of ownership interests in subsidiaries	-	21,939	-	-	-	-	-	-	-	21,939	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	3,441	-	-	-	-	-	-	-	3,441	3,441
Recognition compensation cost of employee share options by Silergy Corp.	-	1,062,715	-	-	-	-	-	-	-	1,062,715	1,062,715
Net profit (loss) for the year ended December 31, 2023	-	-	-	-	746,004	746,004	-	-	-	746,004	637,080
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	-	-	(844)	(844)	(383,665)	-	(383,665)	(384,509)	(7,660)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	745,160	745,160	(383,665)	-	(383,665)	36,495	244,881
Issue of common shares under employee share options	6,209	315,025	-	-	-	-	-	-	-	321,234	321,234
Issue of restricted shares of stock and recognition of related compensation cost	-	-	-	-	-	-	-	-	-	-	104,447
Increase in non-controlling interests	-	-	-	-	-	-	-	46,496	-	-	22,488
BALANCE AT DECEMBER 31, 2023	960,498	12,407,582	996,568	213,051	17,386,408	18,596,027	(596,716)	(439,577)	(1,056,293)	30,927,814	31,540,519

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

**SILERGY CORP.**  
(Incorporated in the Cayman Islands)  
**AND SUBSIDIARIES**

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

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 622,230	\$ 6,674,029
Adjustments for:		
Expected credit loss (gain on reversal) recognized on trade receivables	(4,252)	1,477
Net (gain) loss on financial instruments at fair value through profit or loss	(122,281)	32,485
Depreciation expenses	511,144	389,031
Amortization expenses	212,758	204,321
Interest income	(638,552)	(333,030)
Dividend income	(360,702)	(111,141)
Interest expenses	2,540	1,319
Compensation cost of employee share options	1,062,715	767,175
Compensation cost of restricted employee shares	104,447	343,143
Share of loss of associates	163,023	131,459
(Gain) loss on disposal of property, plant and equipment	(15,840)	419
Gains on disposal of intangible assets	(17,094)	(17,135)
Write-down of inventories	998,991	317,886
Unrealized (gain) loss on foreign currency exchange	(424)	9,908
Impairment loss of goodwill	95,894	-
Gain on lease modification	-	(16)
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	(160,824)	290,763
(Increase) decrease in other receivables	(32,206)	27,188
Decrease (increase) in inventories	1,982,892	(2,676,391)
Decrease in prepayments	83,344	139,931
Increase in defined benefit assets - non-current	-	(79)
Decrease in refundable deposits	108,948	-
Decrease in accounts payable	(113,149)	(131,272)
Decrease in accounts payable - related parties	(1,117)	(3,090)
(Decrease) increase in other payables	(137,821)	200,794
Increase (decrease) in other current liabilities	7,134	(13,452)
Increase in defined benefit liabilities - non-current	484	-
(Decrease) increase in guarantee deposits	(664,556)	1,274,358
Cash generated from operations	3,687,726	7,520,080
Interest received	565,251	296,513
Interest paid	(2,540)	(1,319)
Income tax paid	(377,126)	(815,413)
Net cash generated from operating activities	<u>3,873,311</u>	<u>6,999,861</u>

(Continued)

**SILERGY CORP.**  
(Incorporated in the Cayman Islands)  
**AND SUBSIDIARIES**

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

	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	\$ (5,728,588)	\$ (2,425,193)
Proceeds from sale of financial assets at amortized cost	2,425,193	1,246,936
Purchase of financial assets at fair value through profit or loss	(336,749)	(692,775)
Purchase of investments accounted for using the equity method	(132,459)	(239,005)
Payments for property, plant and equipment	(1,120,818)	(551,781)
Proceeds from disposal of property, plant and equipment	155,693	337
Increase in refundable deposits	(8,906)	(94,227)
Payments for intangible assets	(85,673)	(61,627)
Payments for right-of-use assets	(65,983)	(499,335)
Increase in long-term prepayments	(35,531)	(38,266)
Cash dividends received	<u>360,702</u>	<u>111,141</u>
Net cash used in investing activities	<u>(4,573,119)</u>	<u>(3,243,795)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	160,403	-
Increase (decrease) in guarantee deposits	25,841	(34,184)
Repayment of the principal portion of lease liabilities	(66,816)	(60,562)
Cash dividends paid	(1,721,681)	(1,692,199)
Proceeds from exercise of employee share options	321,234	363,746
Partial disposal of interests in subsidiary without a loss of control	<u>22,488</u>	<u>-</u>
Net cash used in financing activities	<u>(1,258,531)</u>	<u>(1,423,199)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>(290,929)</u>	<u>996,577</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(2,249,268)	3,329,444
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>14,943,680</u>	<u>11,614,236</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 12,694,412</u>	<u>\$ 14,943,680</u>

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

(Concluded)

**SILERGY CORP.**  
**(Incorporated in the Cayman Islands)**  
**AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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**1. GENERAL INFORMATION**

Silergy Corp. (“Silergy”) was incorporated as a limited company under the Company Act of the Cayman Islands on February 7, 2008. Silergy Corp. and its subsidiaries (collectively, the “Company”) mainly design, develop, and sell various integrated circuit products and provide related technical services.

Silergy’s shares have been listed on the Taiwan Stock Exchange since December 2013.

The functional currency of Silergy is the U.S. dollar. However, for greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars, since Silergy’s shares are listed on the Taiwan Stock Exchange.

**2. APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the board of directors on March 12, 2024.

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

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

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

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



Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

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

- b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
  - 3) Level 3 inputs are unobservable inputs for an asset or liability.
- c. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. 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.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 11 and Tables 6 and 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gains on bargain purchases. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. The measurement period does not exceed 1 year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments is remeasured at fair value at the end of subsequent reporting period with any gain or loss recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

f. Foreign currencies

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

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

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of Silergy and its foreign operations (including subsidiaries, associates or branches in other countries) that are prepared using functional currencies that are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period, and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of Silergy and non-controlling interests as appropriate. The exchange differences accumulated in equity, which resulted from the translation of the assets and liabilities of the entities in the Company from functional currencies to the presentation currency, are not subsequently reclassified to profit or loss.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners are reclassified to profit or loss.

g. Inventories

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

h. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates attributable to the Group.

When the Group's share of losses from an associate equals its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Company.

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation.

Property, plant and equipment in the course of construction are measured at cost. The cost includes professional fees. Such assets are depreciated and classified into the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

j. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Investment properties acquired through leases are initially measured at cost. These investment properties are subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment and right-of-use assets to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount.

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

k. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

l. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

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

- m. Impairment of property, plant and equipment, right-of-use assets, investment properties, intangible assets other than goodwill and assets related to contract costs

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

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

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

- n. Financial instruments

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

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

- 1) Financial assets

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

- a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

- i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit-impaired on purchase or origination but has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and operating lease receivables.

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

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

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.



### c) Derecognition of financial assets

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

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

## 2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of Silergy's own equity instruments.

## 3) Financial liabilities

### a) Subsequent measurement

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

- Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are designated as at FVTPL.

A financial liability may upon initial recognition be designated as at FVTPL only in one of the following circumstances:

- i. Such designation eliminates or significantly reduces a measurement or recognition mismatch that would otherwise arise; or
- ii. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- iii. The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss.

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

b) Derecognition of financial liabilities

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

o. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of integrated circuit products. Sales of integrated circuit products are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

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

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the provision of services based on contracts. The Company recognizes revenue on the basis of percentage of completion for its contracts.

p. Leasing

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

1) The Group as lessor

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

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

2) The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets, except for those that meet the definition of investment properties. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to Note j for the accounting policies for investment properties.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

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

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

s. Share-based payment arrangements

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

When restricted shares for employees are issued, other equity - unearned employee benefits are recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options or capital surplus - restricted shares for employees.

t. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. A deferred tax liability is not recognized on taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

### 3) Current and deferred taxes

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

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### Material Accounting Judgements

- Significant influence over associates

The Group, the single largest shareholder with less than 50% of the voting rights on the investee, does not have control but has significant influence over the investee.

As stated in Note 12, the Group is the single largest shareholder with 44.46% of the voting rights in Winsheng Material Technology Co., Ltd. (WMT). Considering the size of the Group's holding of voting rights relative to the size and not widely dispersed holdings of the other shareholders, the Group cannot direct the relevant activities of and does not have control over WMT. Consequently, the Group considered and classified WMT as an associate by virtue of the Company's ability to exercise significant influence over WMT.

## Key Sources of Estimation Uncertainty

### a. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

### b. Write-down of inventory

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

### c. Fair value measurements and valuation processes

Where some of the Group's assets and liabilities measured at fair value have no quoted prices in active markets, the Group determines the appropriate valuation techniques for the fair value measurements and whether to engage third party qualified valuers.

Where Level 1 inputs are not available, the Group or engaged valuers determine the appropriate inputs by referring to the analyses of the financial position and the operation results of the investees, recent transaction prices, prices of the same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, and valuation multiples of comparable entities. If the actual changes of inputs in the future differ from expectation, the fair value might vary accordingly.

The Group updates inputs every quarter to confirm the appropriateness of the fair value measurement.

Information on the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Notes 7 and 30.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash on hand	\$ 234	\$ 743
Checking accounts and demand deposits	9,851,538	7,908,535
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>2,842,640</u>	<u>7,034,402</u>
	<u>\$ 12,694,412</u>	<u>\$ 14,943,680</u>

Interest rate ranges for bank deposits on the balance sheet date were as follows:

	<u>December 31</u>	
	2023	2022
Deposits	0.00%-5.40%	0.00%-4.55%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2023	2022
<u>Financial assets - non-current</u>		
Non-derivative financial assets		
Unlisted limited partnerships		
Shenzhen Anchuang Technology Equity Investment Partnership (Limited Partnership) (“Anchuang”)	\$ 26,011	\$ 26,457
Ningbo Meishan Bonded Port Area Anchuang Growth Equity Investment Partnership L.P. (“Ningbo Anchuang”)	75,866	77,165
Zhenjiang Puhe Equity Investment Fund Partnership (Limited Partnership) (“Puhe”)	43,352	44,094
Hefei Kangtong Equity Investment Partnership (Limited Partnership) (“Kangtong”) (a)	28,427	177,463
Alphatecture Venture Fund Limited Partnership (“Alphatecture”) (b)	238,898	218,080
Yiwu Huaxin Yuanjing Venture Investment Center L.P. (“Huaxin”)	130,056	132,283
Hangzhou Xinling Enterprise Management Partnership L.P. (“Xinling”) (c)	135,847	138,173
Hefei Walden II IC Industry Investment Partnership L.P. (“Walden”)	612,749	623,241
Shenzhen Juyuan Xinchuang Capital Fund, LLP (“Juyuan Xinchuang”) (d)	260,113	176,378
Guangzhou Huaxin Shengjing Venture Capital Center (Limited Partnership) (“Guangzhou Huaxin”) (e)	91,039	92,598
Xiamen Jianda Guili Equity Partners LLP (“Guili”) (f)	151,732	154,330
Hangzhou Xinruiwei Equity Investment Partnership (Limited Partnership) (“Xinruiwei”) (g)	-	-
Hangzhou Huaxin Yunkai Equity Investment Partnership (Limited Partnership) (“Yunkai”) (h)	130,056	66,142
Suzhou Juyuan Zhenxin Capital Fund, LLP. (“Juyuan Zhenxin”) (i)	303,465	176,378
Hangzhou Zhitong Enterprise Management Partnership L.P. (“Zhitong”) (j)	151,732	154,331
Hangzhou Haibang Shurui Equity Investment Partnership Enterprise (Limited Partnership) (“Haibang”) (k)	30,347	-
Wuxi Huaxin Semiconductor Partnership (L.P.) (“Wuxi Huaxin”)	-	-
		(Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Unlisted companies		
Hangzhou Hualan Microelectronic Co., Ltd. (“Hualan”)	\$ 45,981	\$ 61,804
Calterah Semiconductor Technology (Shanghai) Co., Ltd. (“Calterah”)	147,406	122,298
Powerland Technology Inc. (“Powerland”)	349,087	140,005
Shanghai Geometrical Perception and Learning Co., Ltd. (“Geometrical”)	80,038	83,998
Zhejiang Sentronic Semiconductor Co., Ltd. (“Sentronic”) (l)	192,197	271,501
Hangzhou Einno Semiconductor Co., Ltd. (“Einno”)	49,737	49,429
Chengdu Analog Circuit Technology Inc. (ACTT)	227,510	106,342
Fujian Baicheng New Energy Technology Co., Ltd. (“Baicheng”)	90,468	105,124
AIStorm, Inc. (“AIStorm”)	23,830	24,444
Enovate3D (Hangzhou) Technology Co., Ltd. (“Enovate3D”)	157,648	161,035
Zhejiang Hexin Semiconductor Co., Ltd. (“Hexin”)	208,734	191,370
Hangzhou Xight Semi-conductor Technology Co., Ltd. (“Xight”)	15,677	16,500
Sichuan ZILLNK Technology Co., Ltd (“ZILLNK”) (m)	125,337	138,896
Vango Technologies, Inc. (“Vango”) (n)	-	-
	<u>\$ 4,122,780</u>	<u>\$ 3,729,859</u>

Financial liabilities - current and non-current

Non-derivative financial liabilities

Contingent consideration (o)	\$ -	\$ <u>16,858</u> (Concluded)
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- a. In October 2019, Silergy Semiconductor Technology (Hangzhou) Co., Ltd (“Hangzhou Silergy”) signed an investment agreement with Kangtong to subscribe capital for RMB30,000 thousand. As of December 31, 2023, the subscribed capital contribution accounted for 20.00% of the paid-in capital. Kangtong’s partnership affairs are performed by the general partner, and Hangzhou Silergy is limited partner who only has the right to share profit and does not have ability to influence the relevant activities, so it does not have related significant influence over Kangtong.
- b. In January 2020, the Company signed an investment agreement with Alphatecture to subscribe capital for US\$10,000 thousand. The Company paid US\$5,074 thousand, US\$1,381 thousand, US\$646 thousand and US\$679 thousand in 2020, 2021, 2022 and 2023, respectively. As of December 31, 2023, the Company has paid US\$7,780 thousand, and the paid capital contribution accounted for 7.760% of the paid-in capital.
- c. In September 2020, Hangzhou Silergy signed an investment agreement with Xinling to subscribe capital for RMB35,020 thousand. Hangzhou Silergy paid RMB18,380 thousand and RMB12,956 thousand in 2020 and January 2021, respectively. As of December 31, 2023, Hangzhou Silergy has paid RMB31,336 thousand, and the paid capital contribution accounted for 36.857% of the paid-in capital. Xinling’s partnership affairs are performed by the general partner, and Hangzhou Silergy is limited partner, who only has the right to share profit and does not have the ability to influence the relevant activities, so it does not have significant influence over Xinling.



- d. In November 2021, Hangzhou Silergy signed an investment agreement with Juyuan Xinchuang to subscribe capital for RMB100,000 thousand. Hangzhou Silergy paid RMB40,000 thousand and RMB20,000 thousand in November 2021 and February 2023. As of December 31, 2023, Hangzhou Silergy has paid RMB60,000 thousand, and the paid capital contribution accounted for 1.429% of the paid-in capital.
- e. In November 2021, Hangzhou Silergy signed an investment agreement with Guangzhou Huaxin to subscribe capital for RMB30,000 thousand. Hangzhou Silergy paid RMB12,000 thousand and RMB9,000 thousand in November 2021 and March 2022, respectively. As of December 31, 2023, Hangzhou Silergy has paid RMB21,000 thousand, and the paid capital contribution accounted for 1.408% of the paid-in capital.
- f. In October 2021, Hangzhou Silergy signed an investment agreement with Guili to subscribe capital for RMB35,000 thousand. As of December 31, 2023, the paid capital contribution accounted for 58.236% of the paid-in capital. Guili's partnership affairs are performed by the general partner, and Hangzhou Silergy is limited partner, who only has the right to share profit and does not have the ability to influence the relevant activities, so it does not have significant influence over Guili.
- g. In January 2022, Hangzhou Silergy signed an investment agreement with Hangzhou Xinruiwei Equity Investment Partnership (Limited Partnership) ("Xinruiwei") to subscribe capital for RMB23,400 thousand. Hangzhou Silergy paid RMB1,000 thousand and RMB22,400 thousand in January and February 2022, respectively. As of December 31, 2023, the paid capital contribution accounted for 38.977% of the paid-in capital. Xinling 's partnership affairs are performed by the general partner, and Hangzhou Xinruiwei is limited partner, who only has the right to share profit and does not have the ability to influence the relevant activities, so it does not have significant influence over Xinling.
- h. In February 2022, Hangzhou Silergy signed an investment agreement with Hangzhou Huaxin Yunkai Equity Investment Partnership (Limited Partnership) ("Yunkai") to subscribe capital for RMB30,000 thousand. Hangzhou Silergy paid RMB15,000 thousand and RMB15,000 thousand in February 2022 and September 2023, respectively. As of December 31, 2023, Hangzhou Silergy has paid RMB30,000 thousand, and the paid capital contribution accounted for 2.587% of the paid-in capital.
- i. In June 2022, Hangzhou Silergy signed an investment agreement with Juyuan Zhenxin to subscribe capital for RMB100,000 thousand. Hangzhou Silergy paid RMB40,000 thousand and RMB30,000 thousand in June 2022 and June 2023, respectively. As of December 31, 2023, Hangzhou Silergy has paid RMB70,000 thousand, and the paid capital contribution accounted for 3.325% of the paid-in capital.
- j. In December 2022, Hangzhou Silergy signed an investment agreement with Zhitong to subscribe capital for RMB35,000 thousand. As of December 31, 2023, the paid capital contribution accounted for 34.996% of the paid-in capital. Zhitong 's partnership affairs are performed by the general partner, and Hangzhou Silergy is limited partner, who only has the right to share profit and does not have the ability to influence the relevant activities, so it does not have significant influence over Zhitong.
- k. In June 2023, Hangzhou Silergy signed an investment agreement with Hangzhou Haibang Shurui Equity Investment Partnership Enterprise (Limited Partnership) to subscribe capital for RMB10,000 thousand. Hangzhou Silergy paid RMB5,000 thousand and RMB2,000 thousand in June and November 2023, respectively. As of December 31, 2023, Hangzhou Silergy has paid RMB7,000 thousand, and the paid capital contribution accounted for 2.642% of the paid-in capital.

- l. In April 2020, Hangzhou Silergy signed an investment agreement with Sentronic to subscribe capital for RMB39,744 thousand. In November 2020, Hangzhou Silergy subscribe another capital for RMB31,350 thousand. As of December 31, 2023, Hangzhou Silergy has paid RMB71,094 thousand, and the paid capital contribution accounted for 23.169% of the paid-in capital. Pursuant to the articles of incorporation of Sentronic, the voting rights were determined on the basis of percentage of capital commitment. Hangzhou Silergy had a capital commitment of 18.611% in Sentronic, and thus Hangzhou Silergy does not have significant influence over Sentronic.
- m. In February 2022, Hangzhou Silergy signed an investment agreement with Sichuan ZILLNK Technology Co., Ltd. (“ZILLNK”) to subscribe capital for RMB30,000 thousand. As of December 31, 2023, the paid capital contribution accounted for 2.109% of the paid-in capital.
- n. The shareholders of Vango had resolved to liquidate Vango in April 2020. The Group received refunds from the liquidation in August 2020, June 2021, and November 2022. In November 2022, Vango has completed its liquidation procedures.
- o. In July 2019, the Group acquired a division of NewEdge Technologies, Inc. Pursuant to the contract, if the sales of certain products reach a certain amount during the contract period, the Group has to pay a certain amount of contingent consideration, which would be settled in two phases. The first phase settled an amount of US\$792 thousand, which was then transferred to other payables in first quarter of 2022. The second phase settled an amount of US\$511 thousand, which was then transferred to other payables in second quarter of 2023. For information about other payables, refer to Note 21. However, the counterparty disagreed with the definition of specific items and filed an arbitration with the Shanghai International Economic and Trade Arbitration Commission in October 2023, which was still in progress as of the financial statements authorized for issue. The Company assessed that the outcome of the arbitration would not have a material impact on the related amount.

## 8. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 5,728,588	\$ 2,425,193
Interest rate range	2.80%-5.52%	3.10%-3.20%

## 9. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 1,785,580	\$ 1,622,534
Less: Allowance for impairment loss	(641)	(4,846)
	<u>\$ 1,784,939</u>	<u>\$ 1,617,688</u>

(Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Other receivables</u>		
Discount receivables	\$ 337,526	\$ -
Interest receivables	110,945	37,644
Share receivables	19,509	19,842
Rent receivables	10,110	3,814
Tax refund receivables - income tax	2,699	2,867
Others	<u>49,303</u>	<u>23,059</u>
	<u>\$ 530,092</u>	<u>\$ 87,226</u>

(Concluded)

### Accounts Receivable

The average credit period of sales of goods is 30-90 days. Due to the short average credit period of sales of goods, no interest was charged on trade receivables.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated with reference to the past default records of the debtor and an analysis of the debtor's current financial position and general economic conditions of the industry in which the debtors operate. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The following table details the loss allowance of accounts receivable:

#### December 31, 2023

	<b>Not Past Due</b>	<b>1 to 60 Days Past Due</b>	<b>61 to 90 Days Past Due</b>	<b>91 to 180 Days Past Due</b>	<b>Over 180 Days Past Due</b>	<b>Total</b>
Gross carrying amount	\$ 1,635,038	\$ 145,997	\$ 4,545	\$ -	\$ -	\$ 1,785,580
Loss allowance (Lifetime ECLs)	<u>(480)</u>	<u>(149)</u>	<u>(12)</u>	<u>-</u>	<u>-</u>	<u>(641)</u>
Amortized cost	<u>\$ 1,634,558</u>	<u>\$ 145,848</u>	<u>\$ 4,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,784,939</u>

December 31, 2022

	Not Past Due	1 to 60 Days Past Due	61 to 90 Days Past Due	91 to 180 Days Past Due	Over 180 Days Past Due	Total
Gross carrying amount	\$ 1,488,137	\$ 134,119	\$ 256	\$ -	\$ 22	\$ 1,622,534
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(4,791)</u>	<u>(33)</u>	<u>-</u>	<u>(22)</u>	<u>(4,846)</u>
Amortized cost	<u>\$ 1,488,137</u>	<u>\$ 129,328</u>	<u>\$ 223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,617,688</u>

The movements of the loss allowance of accounts receivable were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 4,846	\$ 3,027
Impairment (reversed) loss recognized on receivables	(4,252)	1,477
Foreign exchange gains and losses	<u>47</u>	<u>342</u>
Balance at December 31	<u>\$ 641</u>	<u>\$ 4,846</u>

## 10. INVENTORIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Finished goods	\$ 764,065	\$ 1,680,341
Work in progress	810,880	1,216,030
Raw materials	<u>242,225</u>	<u>2,214,757</u>
	<u>\$ 1,817,170</u>	<u>\$ 5,111,128</u>

The cost of goods sold for the years ended December 31, 2023 and 2022 was \$8,847,896 thousand and \$11,152,146 thousand, respectively. The cost of goods sold included inventory write-downs of \$998,991 thousand and \$317,886 thousand for the years ended December 31, 2023 and 2022, respectively.

## 11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	<u>Proportion of Ownership</u>		Remark
			<u>2023</u>	<u>2022</u>	
Silergy Corp. ("Silergy")	Silergy Technology ("TECH")	Development, design and sales of power management ICs	100.00%	100.00%	1)
	Silergy Semiconductor Technology (Hangzhou) Co., Ltd ("Hangzhou Silergy")	Development, design and sales of electronic components, and related technical services	100.00%	100.00%	2)
	Silergy Semiconductor (Samoa) Limited ("Silergy Samoa")	Holding company	100.00%	100.00%	3)
	Silergy Semiconductor (Hong Kong) Limited ("HK Silergy")	Holding company	100.00%	100.00%	4)
	Silicon Prospect Investment Limited ("Silicon Prospect")	Holding company	100.00%	100.00%	5)

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership		Remark	
			2023	2022		
Hangzhou Silergy	Nanjing Silergy Micro Technology Co., Ltd. ("Nanjing Silergy Micro") (originally named Nanjing Silergy Semiconductor Technology Co., Ltd. ("Nanjing Silergy"))	Development, design and sales of electronic components	63.83%	63.83%	6)	
	Xian Silergy Semiconductor Technology Co., Ltd. ("Xian Silergy")	Development, design and sales of electronic components	100.00%	100.00%	7)	
	Chengdu Silergy Semiconductor Technology Co., Ltd. ("Chengdu Silergy")	Development and design of electronic components	100.00%	100.00%	8)	
	Shanghai Silergy Semiconductor Technology Co., Ltd. ("Shanghai Silergy")	Development and design of electronic components	49.00%	100.00%	9)	
	Hefei Silergy Semiconductor Technology Co., Ltd. ("Hefei Silergy")	Development, design and sales of electronic components	100.00%	100.00%	10)	
	Hangzhou Silergy Test Technology Co., Ltd. ("Hangzhou Silergy")	Testing of electronic components, integrated circuits, semiconductors and electronic products	100.00%	100.00%	11)	
	Xiamen Silergy Semiconductor Technology Co., Ltd. ("Xiamen Silergy")	Development, design and sales of electronic components	100.00%	-	12)	
	Silergy Samoa	Silergy Technology (Taiwan) Inc. (originally named Integrated Crystal Technology Inc. ("Crystal"))	Development, design and sales of electronic components	100.00%	100.00%	13)
		Silergy Technologies Private Limited	Development, design and sales of electronic components	100.00%	100.00%	14)
		Silergy Korea Limited	Development, design and sales of electronic components	100.00%	100.00%	15)
Hong Kong Silergy	Silergy Semiconductor (Macau) Limited ("Macau Silergy")	Development and design and sales of electronic components	100.00%	100.00%	16)	
Nanjing Silergy Micro	Shanghai Silergy Microelectronics Technology Co., Ltd. ("Shanghai Silergy Micro")	Development and design of electronic components	100.00%	100.00%	17)	
	Nanjing Silergy Micro (HK) Co., Limited ("Nanjing Silergy (HK)")	Development, design and sales of electronic components	100.00%	100.00%	18)	
	Guangdong Silergy Micro Technology Co., Ltd ("Guangdong Silergy Micro")	Development, design and sales of electronic components	100.00%	-	19)	

(Concluded)

#### Remarks:

- 1) In May 2008, Silergy set up TECH, which mainly develops and designs power management integrated circuits (ICs). As of December 31, 2023, the paid-in capital of TECH was US\$3,122 thousand.
- 2) In May 2008, Silergy set up Hangzhou Silergy, which develops, designs, and sells electronic components (e.g., ICs), integrated circuit, electronic products, communications products and computer software and provides related technical services. As of December 31, 2023, the capital of Hangzhou Silergy was US\$58,520 thousand.
- 3) In December 2012, Silergy set up Silergy Samoa, a holding company. As of December 31, 2023, the capital of Silergy Samoa was US\$24,300 thousand. Silergy Samoa set up a Japan branch in April 2016. As of December 31, 2023, a total capital of US\$4,819 thousand had been injected into the Japan branch.
- 4) In October 2015, Silergy set up HK Silergy, a holding company. Silergy injected capital into HK Silergy at US\$425 thousand in April 2021. As of December 31, 2023, the capital of HK Silergy was US\$11,800 thousand.
- 5) In May 2020, Silergy set up Silicon Prospect, a holding company. Silergy injected capital into Silicon Prospect at US\$8,000 thousand in June 2021. As of December 31, 2023, the capital of Silicon Prospect was US\$13,000 thousand.

- 6) In August 2012, Hangzhou Silergy set up Nanjing Silergy, which mainly develops, designs, and sells electronic components (e.g., ICs), integrated circuit, electronic products, communications products and computer software. In December 2019, due to consideration of the overall operation plan, the Group's board of directors decided to bring in external investors and implemented a capital increase by issuing common shares at a premium in the amount of RMB100,203 thousand, and RMB15,500 thousand of capital increase was fully subscribed by the external investors. After the capital increase, the paid-in capital of Nanjing Silergy was RMB46,500 thousand and Hangzhou Silergy's proportion of ownership decreased from 100% to 66.67%. In April 2020, Nanjing Silergy changed its registration name to Nanjing Silergy Micro Technology Co., Ltd. In October 2022, the Group's board of directors agreed to implement a capital increase by cash premium at the amount of RMB51,000 thousand, and capital increase of RMB2,797 thousand and the capital of Hangzhou Silergy was RMB49,297 thousand. Hangzhou Silergy subscribed to a capital of RMB466 thousand at the amount of RMB8,500 thousand, and the Company did not subscribe to the capital increase in shares in accordance with the original shareholding ratio. Thus, the shareholding ratio of Hangzhou Silergy decreased from 66.67% to 63.83%. As of December 31, 2023, the uncollected capital increase by cash premium, RMB42,500 thousand, was recorded as other receivables and long-term receivables.
- 7) In April 2015, Hangzhou Silergy set up Xian Silergy, which develops, designs, and sells electronic components (e.g., ICs), integrated circuit, semiconductors and other electronic products. As of December 31, 2023, the capital of Xian Silergy was RMB91,000 thousand.
- 8) In November 2016, Hangzhou Silergy set up Chengdu Silergy, which develops and designs electronic components (e.g., ICs), integrated circuit, semiconductors and other electronic products. As of December 31, 2023, the capital of Chengdu Silergy was RMB34,000 thousand.
- 9) In December 2019, Hangzhou Silergy set up Shanghai Silergy, which mainly develops and designs electronic components (e.g., ICs), semiconductors and other electronic products. On January 11, 2023, the Company disposed of 51% of the equity for RMB5,100 thousand. After the disposal, Hangzhou Silergy's proportion of ownership decreased from 100% to 49%. Pursuant to the articles of incorporation of Shanghai Silergy, the Group determined that it still has control over Shanghai Silergy and, consequently, classified Shanghai Silergy as a subsidiary. As of December 31, 2023, the capital of Shanghai Silergy was RMB10,000 thousand.
- 10) In August 2021, Hangzhou Silergy set up Hefei Silergy, which mainly develops, designs, and sells electronic components (e.g., ICs), semiconductors and other electronic products. In November 2021, July 2022 and May 2023, Hangzhou Silergy had remitted RMB35,000 thousand, RMB5,000 thousand and RMB20,000 thousand, respectively. As of December 31, 2023, the capital of Hefei Silergy was RMB60,000 thousand.
- 11) In December 2022, Hangzhou Silergy set up Hangzhou Silergy Test, which mainly tests electronic components (e.g., ICs), integrated circuit, semiconductors and other electronic products. In December 2022 and June 2023, Hangzhou Silergy had remitted RMB50,000 thousand and RMB50,000 thousand, respectively. As of December 31, 2023, the capital of Hangzhou Silergy Test was RMB100,000 thousand.
- 12) In May 2023, Hangzhou Silergy set up Xiamen Silergy, which mainly develops and designs electronic components. In May 2023, July 2023 and September 2023, Hangzhou Silergy had remitted RMB1,000 thousand, RMB4,000 thousand and RMB5,000 thousand, respectively. As of December 31, 2023, the capital of Xiamen Silergy was RMB10,000 thousand.

- 13) In September 2014, Silergy Samoa acquired a 42.59% equity interest in Crystal, consisting of 7,028 thousand common shares, at \$71,685 thousand. Crystal mainly develops, designs, and sells electronic components. In January 2015, Silergy Samoa bought 9,472 thousand common shares of Crystal at \$99,579 thousand and thus acquired a 100% equity interest in Crystal. Crystal changed its registration name to Silergy Technology (Taiwan) Inc. in March 2017. As of December 31, 2023, Crystal's capital was \$317,000 thousand.
- 14) In May 2016, Silergy Samoa set up Silergy Technologies Private Limited in India, which develops, designs and sells electronic components. As of December 31, 2023, the capital of Silergy Technologies Private Limited was US\$2 thousand.
- 15) In November 2017, Silergy Samoa set up Silergy Korea Limited in Korea, which develops, designs and sells electronic components. As of December 31, 2023, the capital of Silergy Korea Limited was US\$311 thousand.
- 16) In June 2022, Hong Kong Silergy set up Macau Silergy in Macau, which develops, designs and sells electronic components. In July 2022, Hong Kong Silergy had remitted MOP900 thousand. As of December 31, 2023, the capital of Macau Silergy was MOP900 thousand.
- 17) In April 2016, Hangzhou Silergy set up Shanghai Pengxi, which develops and designs electronic components (e.g., ICs), integrated circuit, semiconductors and other electronic products. In June 2019, in consideration of the overall operation plan, the Company's board of directors resolved to adjust the organizational structure, by transferring all of its shares owned of Shanghai Pengxi to Nanjing Silergy (In April 2020, Nanjing Silergy changed its registration name to Nanjing Silergy Micro Technology Co., Ltd.). In August 2021, Shanghai Pengxi changed its registration name to Shanghai Silergy Microelectronics Technology Co., Ltd. ("Shanghai Silergy Micro"). As of December 31, 2023, the paid-in capital of Shanghai Silergy Micro was RMB53,000 thousand.
- 18) In December 2019, Nanjing Silergy set up Nanjing Silergy Semiconductor (Hong Kong) Technology Co., Ltd. in Hong Kong, which mainly develops, designs, and sells electronic components (e.g., ICs), semiconductors and other electronic products. In June 2020, Nanjing Silergy Semiconductor (Hong Kong) Technology Co., Ltd. changed its registration name to Nanjing Silergy Micro (HK) Co., Limited ("Nanjing Silergy (HK)"). As of December 31, 2023, Nanjing Silergy Micro has injected capital of US\$5,201 thousand into Nanjing Silergy (HK).
- 19) In August 2023, Nanjing Silergy set up Guangdong Silergy Micro Technology Co., Ltd., which mainly develops, designs, and sells electronic components. As of December 31, 2023, Nanjing Silergy Micro has injected a capital of RMB5,000 thousand into Guangdong Silergy Micro.

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2023	2022
Nanjing Silergy Micro	36.17%	36.17%
Shanghai Silergy	51.00%	-

See Table 7 for information on the places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2023	2022	2023	2022
	Nanjing Silergy Micro	\$ (112,640)	\$ 106,181	\$ 622,573
Shanghai Silergy	<u>3,686</u>	<u>-</u>	<u>(9,868)</u>	<u>-</u>
	<u>\$ (108,954)</u>	<u>\$ 106,181</u>	<u>\$ 612,705</u>	<u>\$ 728,770</u>

The summarized financial information below represents amounts before intragroup eliminations.

Nanjing Silergy Micro and subsidiaries

	December 31	
	2023	2022
Current assets	\$ 1,014,001	\$ 1,377,801
Non-current assets	1,365,806	1,033,080
Current liabilities	(604,855)	(371,029)
Non-current liabilities	<u>(53,703)</u>	<u>(24,996)</u>
Equity	<u>\$ 1,721,249</u>	<u>\$ 2,014,856</u>
Equity attributable to:		
Owners of Nanjing Silergy Micro	\$ 1,098,676	\$ 1,286,086
Non-controlling interests of Nanjing Silergy Micro	<u>622,573</u>	<u>728,770</u>
	<u>\$ 1,721,249</u>	<u>\$ 2,014,856</u>
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue	<u>\$ 2,079,484</u>	<u>\$ 2,867,835</u>
Profit/total comprehensive income for the year	<u>\$ (311,420)</u>	<u>\$ 331,083</u>
Profit/total comprehensive income attributable to:		
Owners of Nanjing Silergy Micro	\$ (198,780)	\$ 224,902
Non-controlling interests of Nanjing Silergy Micro	<u>(112,640)</u>	<u>106,181</u>
	<u>\$ (311,420)</u>	<u>\$ 331,083</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 57,587	\$ 237,534
Investing activities	(373,225)	(415,535)
Financing activities	<u>156,565</u>	<u>22,808</u>
Net cash outflow	<u>\$ (159,073)</u>	<u>\$ (155,193)</u>



Shanghai Silergy (December 31, 2022: None)

	<b>December 31, 2023</b>
Current assets	\$ 9,869
Non-current assets	10,319
Current liabilities	(38,431)
Non-current liabilities	<u>(1,106)</u>
Equity	<u>\$ (19,349)</u>
Equity attributable to:	
Owners of Nanjing Silergy Micro	\$ (9,481)
Non-controlling interests of Nanjing Silergy Micro	<u>(9,868)</u>
	<u>\$ (19,349)</u>
	<b>For the Year Ended December 31, 2023</b>
Revenue	<u>\$ 172,968</u>
Profit/total comprehensive income for the year	<u>\$ 7,227</u>
Profit/total comprehensive income attributable to:	
Owners of Nanjing Silergy Micro	\$ 3,541
Non-controlling interests of Nanjing Silergy Micro	<u>3,686</u>
	<u>\$ 7,227</u>
Net cash inflow (outflow) from:	
Operating activities	\$ 11,958
Investing activities	(1,978)
Financing activities	<u>(6,711)</u>
Net cash inflow	<u>\$ 3,269</u>

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	2023	2022
<u>Investments in associates</u>		
Material associates		
Hefei SMAT Technology Co., Ltd. (“SMAT”)	\$ 407,298	\$ 480,877
Winsheng Material Technology Co., Ltd. (“WMT”)	215,044	260,479
Associates that are not individually material		
Wuxin (Shanghai) Semiconductor Technology Co., Ltd.	147,257	-
Zhuhai Hengqin Accu-Rate Technology Co., Ltd. (“Accu-Rate”)	129,158	147,756
JT Microelectronics (Shenzhen) Co., Ltd. (“JT”)	<u>42,418</u>	<u>52,322</u>
	<u>\$ 941,175</u>	<u>\$ 941,434</u>

a. Material associates

1) SMAT

In December 2015, SMAT was set up by Hangzhou Silergy, HK Silergy and unrelated third parties. The Group acquired, through Hangzhou Silergy, a 22.22% equity interest in SMAT using a patent worth RMB100,000 thousand and, through HK Silergy, a 16.42% equity interest for RMB73,876 thousand. The fair value of the patent was determined by an independent third party. Accordingly, a gain of RMB61,361 thousand resulting from the patent-related transaction with SMAT was recognized only to the extent of the interests in this associate that were not related to the Group. To the extent of the investment related to the Group, Hangzhou Silergy recognized an unrealized gain of RMB38,639 thousand, which would be amortized over the economic life of the patent. As of the end of 2023 and 2022, the total realized gain was \$17,094 thousand and \$17,135 thousand, respectively.

The board of directors of SMAT agreed to increase capital and complete the related procedures by the first half of 2018 and the fourth quarter of 2020. The Group did not subscribe to the capital increase in shares in accordance with the original shareholding ratio. Thus, the shareholding ratio of Hangzhou Silergy and HK Silergy dropped from 22.22% and 16.42% to 20.20% and 14.92%, respectively, in the first capital increase, and then dropped to 19.80% and 14.63% in the second capital increase.

On March 16, 2021, the board of directors of the Group resolved to dispose of 1.29% of the equity of SMAT for RMB6,500 thousand, and the transaction was completed in July 2021. The shareholding ratio of Hangzhou Silergy dropped to 18.51%.

On August 23, 2022, the board of directors of the Group resolved to acquire 5.15% of the equity of SMAT for RMB34,389 thousand in September 2022, and the shareholding ratio of Hangzhou Silergy increased to 23.66%.

2) WMT

In November 2020, Silicon Prospect acquired 2,750,000 ordinary shares of WMT for \$55,000 thousand, and its shareholding percentage was 19.84% after the acquisition. Since Silicon Prospect has a seat on the board of directors of WMT, Silicon Prospect is able to exercise significant influence over WMT. The goodwill amounting to US\$514 thousand generated from the acquisition of WMT is included within the carrying amount of the investment.

On May 12, 2021, the board of directors of the Group subscribed for 8,800,000 shares of WMT through share issuance for cash of \$220,000 thousand, and the subscription was completed in October 2021. After the subscription, the shareholding ratio of Silicon Prospect rose to 46.09%. However, management considers that it only does exercise significant influence over WMT; thus, the Group accounts for WMT as an associate.

The board of directors of Winsheng agreed to increase capital and completed the related procedures by the third quarter of 2022. Silicon Prospect did not subscribe to the capital increase in shares in accordance with its original shareholding ratio. Thus, the shareholding ratio of Silicon Prospect decreased from 46.09% to 45.08%. WMT issued employee share options in April 2021 and May 2022, which were then exercised in July 2023. Thus, the shareholding ratio of Silicon Prospect decreased from 45.08% to 44.46%.

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS Accounting Standards adjusted by the Group for equity accounting purposes.

SMAT

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current assets	\$ 354,365	\$ 382,921
Non-current assets	1,345,918	1,613,104
Current liabilities	(519,571)	(392,283)
Non-current liabilities	<u>(29,568)</u>	<u>(214,455)</u>
Equity	<u>\$ 1,151,144</u>	<u>\$ 1,389,287</u>
Proportion of the Group's ownership	<u>38.29%</u>	<u>38.29%</u>
Equity attributable to the Group	\$ 440,799	\$ 531,990
Unrealized gain on disposal of intangible assets	<u>(33,501)</u>	<u>(51,113)</u>
Carrying amount	<u>\$ 407,298</u>	<u>\$ 480,877</u>

**For the Year Ended December 31**

	<b>2023</b>	<b>2022</b>
	Operating revenue	<u>\$ 621,193</u>
Net loss for the year	<u>\$ (219,152)</u>	<u>\$ (213,002)</u>

WMT

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current assets	\$ 247,135	\$ 360,603
Non-current assets	213,958	184,916
Current liabilities	(26,572)	(12,651)
Non-current liabilities	<u>(2,476)</u>	<u>(8,638)</u>
Equity	<u>\$ 432,045</u>	<u>\$ 524,230</u>
Proportion of the Group's ownership	<u>44.46%</u>	<u>45.08%</u>
Equity attributable to the Group	\$ 192,101	\$ 236,339
Goodwill	15,786	15,788
Other intangible assets	<u>7,157</u>	<u>8,352</u>
Carrying amount	<u>\$ 215,044</u>	<u>\$ 260,479</u>

**For the Year Ended December 31**

	<b>2023</b>	<b>2022</b>
	Operating revenue	<u>\$ 21,195</u>
Net loss for the year	<u>\$ (106,602)</u>	<u>\$ (85,542)</u>

b. Associates that are not individually material

1) Accu-Rate

In July 2021, Hangzhou Silergy acquired 26.92% of the equity of Accu-Rate for RMB35,000 thousand. The goodwill generated from the acquisition of Accu-Rate is included within the carrying amount of the investment.

2) JT

In September 2021, Hangzhou Silergy subscribed for 8.33% of the equity of JT for RMB10,000 thousand. Hangzhou Silergy paid RMB6,000 and RMB4,000 in September and December 2021, respectively. Since Hangzhou Silergy is a director of JT, Hangzhou Silergy is able to exercise significant influence over JT. The goodwill generated from the acquisition of JT is included within the carrying amount of the investment.

The board of directors of JT agreed to increase capital and completed the related procedures by the fourth quarter of 2021. Hangzhou Silergy did not subscribe to the capital increase in shares in accordance with its original shareholding ratio. Thus, the shareholding ratio of Hangzhou Silergy decreased from 8.33% to 7.99%.

The board of directors of JT agreed to increase capital and completed the related procedures by the second quarter of 2022. Hangzhou Silergy did not subscribe to the capital increase in shares in accordance with its original shareholding ratio. Thus, the shareholding ratio of Hangzhou Silergy decreased from 7.99% to 7.13%.

The board of directors of JT agreed to increase capital and completed the related procedures by the fourth quarter of 2022. Hangzhou Silergy did not subscribe to the capital increase in shares in accordance with its original shareholding ratio. Thus, the shareholding ratio of Hangzhou Silergy decreased from 7.13% to 6.85%.

3) Wuxin (Shanghai)

In 2023, Hangzhou Silergy subscribed for 35% of the equity of Wuxin (Shanghai) using machinery and equipment worth RMB32,500 thousand and the cash for RMB2,500 thousand.

Refer to Tables 6 and 7 for the nature of activities, principal places of business and countries of incorporation of the associates.

Investments accounted for using the equity method and the share of profit or loss and other comprehensive income or loss of those investments were calculated based on the associates' audited financial statements for the same period as the Group.

### 13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and Equipment	Office Equipment	Leasehold Improvements	Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2023	\$ 1,141,017	\$ 1,294,805	\$ 217,956	\$ 35,109	\$ 19,053	\$ 2,707,940
Additions	15,817	243,194	56,782	17,301	631,513	964,607
Disposals	-	(177,653)	(1,642)	(230)	-	(179,525)
Reclassification	65,823	61,019	829	-	(15,531)	112,140
Effect of foreign currency exchange differences	(19,905)	(22,580)	(4,158)	(407)	(12,681)	(59,731)
Balance at December 31, 2023	<u>\$ 1,202,752</u>	<u>\$ 1,398,785</u>	<u>\$ 269,767</u>	<u>\$ 51,773</u>	<u>\$ 622,354</u>	<u>\$ 3,545,431</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ 112,725	\$ 577,294	\$ 132,555	\$ 22,753	\$ -	\$ 845,327
Depreciation expense	34,123	316,240	45,987	6,745	-	403,095
Disposals	-	(37,901)	(1,541)	(230)	-	(39,672)
Reclassification	5,723	-	-	-	-	5,723
Effect of foreign currency exchange differences	(2,628)	(14,082)	(2,359)	(191)	-	(19,260)
Balance at December 31, 2023	<u>\$ 149,943</u>	<u>\$ 841,551</u>	<u>\$ 174,642</u>	<u>\$ 29,077</u>	<u>\$ -</u>	<u>\$ 1,195,213</u>
Carrying amount at December 31, 2023	<u>\$ 1,052,809</u>	<u>\$ 557,234</u>	<u>\$ 95,125</u>	<u>\$ 22,696</u>	<u>\$ 622,354</u>	<u>\$ 2,350,218</u>
<u>Cost</u>						
Balance at January 1, 2022	\$ 1,028,060	\$ 770,142	\$ 165,677	\$ 29,347	\$ 2,836	\$ 1,996,062
Additions	69,544	504,488	50,362	4,839	19,162	648,395
Disposals	-	(2,035)	(2,647)	-	-	(4,682)
Reclassification	28,022	7,920	1,115	171	(2,897)	34,331
Effect of foreign currency exchange differences	15,391	14,290	3,449	752	(48)	33,834
Balance at December 31, 2022	<u>\$ 1,141,017</u>	<u>\$ 1,294,805</u>	<u>\$ 217,956</u>	<u>\$ 35,109</u>	<u>\$ 19,053</u>	<u>\$ 2,707,940</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ 78,978	\$ 337,014	\$ 92,067	\$ 16,716	\$ -	\$ 524,775
Depreciation expense	30,784	235,223	41,110	5,453	-	312,570
Disposals	-	(1,401)	(2,525)	-	-	(3,926)
Reclassification	1,944	-	-	-	-	1,944
Effect of foreign currency exchange differences	1,019	6,458	1,903	584	-	9,964
Balance at December 31, 2022	<u>\$ 112,725</u>	<u>\$ 577,294</u>	<u>\$ 132,555</u>	<u>\$ 22,753</u>	<u>\$ -</u>	<u>\$ 845,327</u>
Carrying amount at December 31, 2022	<u>\$ 1,028,292</u>	<u>\$ 717,511</u>	<u>\$ 85,401</u>	<u>\$ 12,356</u>	<u>\$ 19,053</u>	<u>\$ 1,862,613</u>

As of December 31, 2023, transfer of property rights of the buildings in Chengdu had not been completed due to local laws and regulations. The carrying amount of the buildings is RMB12,159 thousand. However, according to the agreement, relevant property rights of the Group are protected by law.

No impairment assessment was performed for the years ended December 31, 2023 and 2022 as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	35-50 years
Machinery and equipment	3-10 years
Office equipment	2-10 years
Leasehold improvements	2-5 years

## 14. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amount</u>		
Land	\$ 565,907	\$ 520,211
Buildings	271,852	100,775
Machinery and equipment	<u>-</u>	<u>955</u>
	<u>\$ 837,759</u>	<u>\$ 621,941</u>
	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Additions to right-of-use assets	<u>\$ 322,952</u>	<u>\$ 581,241</u>
Depreciation charge for right-of-use assets		
Land	\$ 11,509	\$ 1,250
Buildings	82,139	57,455
Machinery and equipment	<u>958</u>	<u>3,295</u>
	<u>\$ 94,606</u>	<u>\$ 62,000</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant impairment of right-of-use assets during the 12 months ended December 31, 2023 and 2022.

The Group built their headquarters on leasehold land located in Hangzhou and plans to sublease part of the office space under operating leases. The related land use rights are presented as investment properties as set out in Note 15. The amounts disclosed above related to the right-of-use assets do not include right-of-use assets that meet the definition of investment properties.

### b. Lease liabilities

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amount</u>		
Current	<u>\$ 84,538</u>	<u>\$ 51,376</u>
Non-current	<u>\$ 205,476</u>	<u>\$ 52,484</u>

Range of discount rates for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Buildings	1.81%-5.41%	1.81%-2.90%
Machinery and equipment	1.88%	1.88%

c. Material lease activities and terms

The Group also leases machinery and equipment for the use of research and development with lease terms of 1 years. The Group does not have purchase options for lease arrangements at the end of the lease terms.

The Group also leases land and buildings for the plants and offices with lease terms of 1 to 50 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

For the investment properties leased out under operating leases, refer to Note 15.

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	<u>\$ 55,685</u>	<u>\$ 29,849</u>
Total cash outflow for leases	<u>\$ (125,038)</u>	<u>\$ (91,730)</u>

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

## 15. INVESTMENT PROPERTIES

	<b>Buildings</b>	<b>Right-of-use Assets</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2023	\$ 633,720	\$ 17,563	\$ 651,283
Reclassification to property, plant and equipment	(48,444)	-	(48,444)
Reclassification to right-of-use assets	-	(1,198)	(1,198)
Effects of foreign currency exchange differences	<u>(9,696)</u>	<u>(272)</u>	<u>(9,968)</u>
Balance at December 31, 2023	<u>\$ 575,580</u>	<u>\$ 16,093</u>	<u>\$ 591,673</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ 45,964	\$ 1,337	\$ 47,301
Depreciation expense	13,074	369	13,443
Reclassification to property, plant and equipment	(5,723)	-	(5,723)
Reclassification to right-of-use assets	-	(103)	(103)
Effects of foreign currency exchange differences	<u>(921)</u>	<u>(28)</u>	<u>(949)</u>
Balance at December 31, 2023	<u>\$ 52,394</u>	<u>\$ 1,575</u>	<u>\$ 53,969</u>
Carrying amount at December 31, 2023	<u>\$ 523,186</u>	<u>\$ 14,518</u>	<u>\$ 537,704</u>

(Continued)

	<b>Buildings</b>	<b>Right-of-use Assets</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2022	\$ 648,550	\$ 18,467	\$ 667,017
Reclassification to property, plant and equipment	(25,125)	-	(25,125)
Reclassification to right-of-use assets	-	(1,201)	(1,201)
Effects of foreign currency exchange differences	<u>10,295</u>	<u>297</u>	<u>10,592</u>
Balance at December 31, 2022	<u>\$ 633,720</u>	<u>\$ 17,563</u>	<u>\$ 651,283</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ 33,387	\$ 1,005	\$ 34,392
Depreciation expense	14,066	395	14,461
Reclassification to property, plant and equipment	(1,944)	-	(1,944)
Reclassification to right-of-use assets	-	(76)	(76)
Effects of foreign currency exchange differences	<u>455</u>	<u>13</u>	<u>468</u>
Balance at December 31, 2022	<u>\$ 45,964</u>	<u>\$ 1,337</u>	<u>\$ 47,301</u>
Carrying amount at December 31, 2022	<u>\$ 587,756</u>	<u>\$ 16,226</u>	<u>\$ 603,982</u> (Concluded)

Right-of-use assets included in investment properties refer to land located in Hangzhou, which the Group leased to build their headquarters, and planned to sublease part of their office space to others under operating leases.

The maturity analysis of lease payments receivable of investment properties leased under operating leases as of December 31, 2023 and 2022 was as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Year 1	\$ 59,808	\$ 66,841
Year 2	54,158	70,715
Year 3	36,594	52,464
Year 4	34,377	27,737
Year 5	25,623	23,627
Over year 5	<u>58,209</u>	<u>79,448</u>
	<u>\$ 268,769</u>	<u>\$ 320,832</u>

Management was unable to reliably measure the fair value of investment properties located in Hangzhou and Xi'an, because the market for comparable properties in those areas is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair values of the investment properties are not reliably measurable.

Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings	35-46 years
Right-of-use assets	50 years



## 16. GOODWILL

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Cost</u>		
Balance at January 1	\$ 2,722,110	\$ 2,486,515
Effect of foreign currency exchange differences	<u>(6,481)</u>	<u>235,595</u>
Balance at December 31	<u>\$ 2,715,629</u>	<u>\$ 2,722,110</u>
<u>Accumulated impairment losses</u>		
Balance at January 1	\$ 1,217,669	\$ 1,116,255
Impairment losses recognized	95,894	-
Effect of foreign currency exchange differences	<u>(4,766)</u>	<u>101,414</u>
Balance at December 31	<u>\$ 1,308,797</u>	<u>\$ 1,217,669</u>
Carrying amount at December 31	<u>\$ 1,406,832</u>	<u>\$ 1,504,441</u>

For the year ended December 31, 2023, the Group evaluated the goodwill generated from the acquisition of the power management related businesses and net assets of NXP B.V. (NXP) and recognized impairment losses on goodwill of \$95,894 thousand. The recoverable amount of NXP was US\$5,349 thousand, which was determined on the basis of the value in use and the discount rate of 15.6%. The main reason for the impairment loss was the lower-than-expected profitability of the related products.

## 17. OTHER INTANGIBLE ASSETS

	<b>Computer Software</b>	<b>Technical Know-how</b>	<b>Customer Relationships</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2023	\$ 278,107	\$ 513,177	\$ 1,219,498	\$ 2,010,782
Additions	75,531	10,142	-	85,673
Disposals	(11,329)	-	-	(11,329)
Reclassification	2,082	-	-	2,082
Effect of foreign currency exchange differences	<u>(1,572)</u>	<u>(2,821)</u>	<u>(424)</u>	<u>(4,817)</u>
Balance at December 31, 2023	<u>\$ 342,819</u>	<u>\$ 520,498</u>	<u>\$ 1,219,074</u>	<u>\$ 2,082,391</u>

(Continued)

	<b>Computer Software</b>	<b>Technical Know-how</b>	<b>Customer Relationships</b>	<b>Total</b>
<u>Accumulated amortization</u>				
Balance at January 1, 2023	\$ 208,280	\$ 404,604	\$ 732,898	\$ 1,345,782
Amortization expenses	70,688	33,970	108,100	212,758
Disposals	(11,329)	-	-	(11,329)
Effect of foreign currency exchange differences	<u>(1,119)</u>	<u>(2,545)</u>	<u>(1,848)</u>	<u>(5,512)</u>
Balance at December 31, 2023	<u>\$ 266,520</u>	<u>\$ 436,029</u>	<u>\$ 839,150</u>	<u>\$ 1,541,699</u>
Carrying amount at December 31, 2023	<u>\$ 76,299</u>	<u>\$ 84,469</u>	<u>\$ 379,924</u>	<u>\$ 540,692</u>
<u>Cost</u>				
Balance at January 1, 2022	\$ 196,280	\$ 475,197	\$ 1,100,303	\$ 1,771,780
Additions	61,627	-	-	61,627
Disposals	(816)	-	-	(816)
Effect of foreign currency exchange differences	<u>21,016</u>	<u>37,980</u>	<u>119,195</u>	<u>178,191</u>
Balance at December 31, 2022	<u>\$ 278,107</u>	<u>\$ 513,177</u>	<u>\$ 1,219,498</u>	<u>\$ 2,010,782</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2022	\$ 131,507	\$ 337,681	\$ 565,237	\$ 1,034,425
Amortization expenses	62,277	38,575	103,469	204,321
Disposals	(816)	-	-	(816)
Effect of foreign currency exchange differences	<u>15,312</u>	<u>28,348</u>	<u>64,192</u>	<u>107,852</u>
Balance at December 31, 2022	<u>\$ 208,280</u>	<u>\$ 404,604</u>	<u>\$ 732,898</u>	<u>\$ 1,345,782</u>
Carrying amount at December 31, 2022	<u>\$ 69,827</u>	<u>\$ 108,573</u>	<u>\$ 486,600</u>	<u>\$ 665,000</u> (Concluded)

The above items of intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3-10 years
Technical know-how	6-10 years
Customer relationships	5-12 years

## 18. PREPAYMENTS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Prepayments to suppliers	\$ 124,836	\$ 166,244
Prepaid expenses	100,088	70,694
Offset against business tax payable	60,580	85,000
Other prepayments	<u>12,283</u>	<u>32,043</u>
	<u>\$ 297,787</u>	<u>\$ 353,981</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 17,422	\$ 42,529
Prepayments for building	<u>-</u>	<u>5,140</u>
	<u>\$ 17,422</u>	<u>\$ 47,669</u>

## 19. SHORT-TERM BORROWINGS (DECEMBER 31, 2022: NONE)

	<u>December 31,</u> <u>2023</u>
<u>Unsecured borrowings</u>	
Bank loans	<u>\$ 160,403</u>

The ranges of interest rate for short-term borrowings were 2.70% to 2.80% per annum as of December 31, 2023.

## 20. ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Accounts payable - operating	<u>\$ 487,961</u>	<u>\$ 601,448</u>

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

## 21. OTHER PAYABLES AND LIABILITIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 749,950	\$ 931,171
Payables for contingent consideration	40,017	24,329
Payables for remuneration of directors	14,286	12,000
Payables for property tax	8,737	7,849
Payables for equipment	7,051	163,273
Payables for dividends	3,593	14,533
Payables for mask fees	2,643	2,447
Payables for business tax	2,525	644
Others	<u>228,086</u>	<u>187,789</u>
	<u>\$ 1,056,888</u>	<u>\$ 1,344,035</u>
Other liabilities		
Contract liabilities	\$ 21,927	\$ 18,435
Others	<u>21,054</u>	<u>17,412</u>
	<u>\$ 42,981</u>	<u>\$ 35,847</u>

## 22. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

Silergy Technology (Taiwan) Inc. (originally named Integrated Crystal Technology Inc.) adopted a pension plan under the Labor Pension Act in Taiwan (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of Silergy's subsidiaries in China are members of retirement benefit plans operated by their respective governments. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

Silergy's subsidiaries, branches and offices in other areas are required to contribute to the retirement benefit plans according to the relevant policies in their respective areas.

b. Defined benefit plans

Silergy Technology (Taiwan) Inc. adopted a defined benefit plan under the Labor Standards Act of Taiwan (LSA), under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. Silergy Technology (Taiwan) Inc. (originally named Integrated Crystal Technology Inc.) contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds (the "Bureau") under Taiwan's Ministry of Labor; the Group has no right to influence the Bureau's investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 5,643	\$ 3,935
Fair value of plan assets	<u>(2,741)</u>	<u>(2,572)</u>
Net defined benefit liabilities	<u>\$ 2,902</u>	<u>\$ 1,363</u>

Movements in net defined benefit liabilities (assets) were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2023	<u>\$ 3,935</u>	<u>\$ (2,572)</u>	<u>\$ 1,363</u>
Service cost			
Current service cost	577	-	577
Net interest expense (income)	<u>66</u>	<u>(44)</u>	<u>22</u>
Recognized in profit or loss	<u>643</u>	<u>(44)</u>	<u>599</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(11)	(11)
Actuarial loss - experience adjustments	520	-	520
Actuarial gain - changes in financial assumptions	<u>545</u>	<u>-</u>	<u>545</u>
Recognized in other comprehensive income	<u>1,065</u>	<u>(11)</u>	<u>1,054</u>
Contributions from the employer	<u>-</u>	<u>(114)</u>	<u>(114)</u>
Balance at December 31, 2023	<u>\$ 5,643</u>	<u>\$ (2,741)</u>	<u>\$ 2,902</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2022	\$ 1,415	\$ (2,304)	\$ (889)
Net interest expense (income)	<u>8</u>	<u>(13)</u>	<u>(5)</u>
Recognized in profit or loss	<u>8</u>	<u>(13)</u>	<u>(5)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(181)	(181)
Actuarial loss - experience adjustments	2,880	-	2,880
Actuarial gain - changes in financial assumptions	<u>(368)</u>	<u>-</u>	<u>(368)</u>
Recognized in other comprehensive income	<u>2,512</u>	<u>(181)</u>	<u>2,331</u>
Contributions from the employer	<u>-</u>	<u>(74)</u>	<u>(74)</u>
Balance at December 31, 2022	<u>\$ 3,935</u>	<u>\$ (2,572)</u>	<u>\$ 1,363</u> (Concluded)

Through the defined benefit plans under the LSA in Taiwan, the Group is exposed to the following risks:

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

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate	1.26%	1.69%
Expected rate of salary increase	3.00%	3.00%

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate		
0.5% increase	<u>\$ (352)</u>	<u>\$ (265)</u>
0.5% decrease	<u>\$ 379</u>	<u>\$ 286</u>
Expected rate of salary increase		
0.5% increase	<u>\$ 367</u>	<u>\$ 278</u>
0.5% decrease	<u>\$ (345)</u>	<u>\$ (260)</u>

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Expected contributions to the plan for the next year	<u>\$ 118</u>	<u>\$ 77</u>
Average duration of the defined benefit obligation	13.14 years	14.24 years

## 23. EQUITY

### a. Common shares

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Number of shares authorized (in thousands)	<u>800,000</u>	<u>800,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>384,199</u>	<u>381,560</u>
Shares issued	<u>\$ 960,498</u>	<u>\$ 953,900</u>

In May 2022, the shareholders' regular meeting revised the Company's Articles, and the par value per share was changed from \$10 to \$2.5. It has been approved by the administration and the change registration has been completed. The stock exchange has been completed on July 13, 2022.

The changes in the Company's capital stock were due to the employees' exercise of their employee share options and the issuance of restricted shares to employees.

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 6,807,589	\$ 6,492,564
Employee share options	676,145	568,851
Employee restricted shares	1,544,838	1,292,777
<u>May be used to offset a deficit only</u>		
Share of changes in capital surplus of associates	31,310	27,869
Change in percentage of ownership interest in subsidiaries (2)	66,847	44,908
<u>May not be used for any purpose</u>		
Employee share options	2,699,046	1,743,625
Employee restricted shares	<u>581,807</u>	<u>776,306</u>
	<u>\$ 12,407,582</u>	<u>\$ 10,946,900</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from employee share options of subsidiaries.

c. Retained earnings and dividend policy

Under the Company's dividend policy in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. In the case of dividends to be paid in cash, the Company's board of directors shall report such distribution in the next annual shareholders' general meeting, after the Company's board of directors approves the distribution of dividends in cash. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors, refer to Note 25(g) on employee benefits expense.

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



The appropriations of earnings for 2022 and 2021 were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For the Year Ended December 31</u>		<u>For the Year Ended December 31</u>	
	2022	2021	2022	2021
(Reversal of) special reserve	\$ (1,248,912)	\$ 332,488	\$ -	\$ -
Cash dividends	1,710,741	1,698,420	4.5	18

The above appropriations for cash dividends were resolved by the Company's board of directors on March 9, 2023 and March 10, 2022, respectively, and authorized the chairman to distribute the amount, the Group adjusted distribution ratio with the weighted average number of actual outstanding shares by the base date of cash dividends; the other proposed appropriations were resolved by the shareholders in their meeting on May 26, 2023 and May 27, 2022, respectively.

In 2022, the actual cash dividends per share distributed was adjusted to NT\$4.49431016.

In 2021, the actual cash dividends per share distributed was adjusted to NT\$17.98027359.

The appropriations of earnings for 2023, which were proposed by the Company's board of directors on March 12, 2024, were as follows:

	<u>Appropriation of Earnings</u>	<u>Dividends Per Share (NT\$)</u>
Special reserve	\$ 383,665	\$ -
Cash dividends	751,316	1.96

The above appropriation for cash dividends was resolved by the Company's board of directors; the other proposed appropriation is expected to be resolved by the shareholders in their meeting on May 30, 2024.

d. Treasury shares

To transfer shares to employees, the Company's board resolved on December 20, 2023 to buy back up to 3,000 thousand ordinary shares with the buyback price ranging from NT\$282.45 to NT\$602.70 from December 21, 2023 to February 20, 2024 on the Taiwan Stock Exchange. During the buyback period, the Company bought back 595 thousand shares for a total of \$239,746 thousand.

## 24. REVENUE

	<u>For the Year Ended December 31</u>	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 15,223,954	\$ 23,510,417
Revenue from the rendering of services	<u>203,381</u>	<u>669</u>
	<u>\$ 15,427,335</u>	<u>\$ 23,511,086</u>

a. Contract information

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of integrated circuit products. Sales of integrated circuit products are recognized as the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the provision of services based on contracts. The Company recognizes revenue on the basis of percentage of completion for its contracts.

b. Contract balances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Accounts receivable (Note 9)	<u>\$ 1,784,939</u>	<u>\$ 1,617,688</u>	<u>\$ 1,919,874</u>
Contract liabilities			
Sale of goods	\$ 4,987	\$ 1,109	\$ 8,175
Operating leases	<u>16,940</u>	<u>17,326</u>	<u>25,678</u>
	<u>\$ 21,927</u>	<u>\$ 18,435</u>	<u>\$ 33,853</u>

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment.

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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
From contract liabilities at the beginning of the year		
Sale of goods	\$ 1,109	\$ 8,175
Operating leases	<u>17,326</u>	<u>25,678</u>
	<u>\$ 18,435</u>	<u>\$ 33,853</u>

For information regarding revenue details, refer to Note 35.

## 25. NET PROFIT

### a. Other operating income and expenses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Gain on disposal of intangible assets	\$ 17,094	\$ 17,135
Net gain (loss) on disposal of property, plant and equipment	<u>15,840</u>	<u>(419)</u>
	<u>\$ 32,934</u>	<u>\$ 16,716</u>

### b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Government grants	\$ 89,573	\$ 156,879
Dividend income	360,702	111,141
Rental income	106,853	110,043
Others	<u>16,454</u>	<u>24,477</u>
	<u>\$ 573,582</u>	<u>\$ 402,540</u>

### c. Interest expense

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on lease liabilities	\$ 2,537	\$ 1,319
Others	<u>3</u>	<u>-</u>
	<u>\$ 2,540</u>	<u>\$ 1,319</u>

### d. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Other intangible assets	\$ 212,758	\$ 204,321
Property, plant and equipment	403,095	312,570
Right-of-use assets	94,606	62,000
Investment properties	<u>13,443</u>	<u>14,461</u>
	<u>\$ 723,902</u>	<u>\$ 593,352</u>
An analysis of depreciation by function		
Operating cost	\$ 205,289	\$ 172,996
Operating expenses	292,412	201,574
Non-operating income and expenses	<u>13,443</u>	<u>14,461</u>
	<u>\$ 511,144</u>	<u>\$ 389,031</u>

(Continued)

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
An analysis of amortization by function		
General and administrative expenses	\$ 135,171	\$ 137,592
Research and development expenses	<u>77,587</u>	<u>66,729</u>
	<u>\$ 212,758</u>	<u>\$ 204,321</u> (Concluded)
e. Operating expenses directly related to investment properties		
	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Direct operating expenses from investment properties generating rental income	\$ 29,535	\$ 32,181
Direct operating expenses from investment properties not generating rental income	<u>3,092</u>	<u>2,731</u>
	<u>\$ 32,627</u>	<u>\$ 34,912</u>
f. Employee benefits expense		
	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Post-employment benefits (Note 22)		
Defined contribution plan	\$ 233,130	\$ 173,847
Defined benefit plans	<u>599</u>	<u>(5)</u>
	<u>233,729</u>	<u>173,842</u>
Share-based payments		
Equity-settled	<u>1,167,162</u>	<u>1,110,318</u>
Short-term employee benefits		
Salary	3,194,597	2,713,944
Labor and health insurance	182,506	148,027
Others	<u>278,067</u>	<u>205,286</u>
	<u>3,655,170</u>	<u>3,067,257</u>
Total employee benefits expense	<u>\$ 5,056,061</u>	<u>\$ 4,351,417</u>
An analysis of employee benefits expense by function		
Operating expenses	<u>\$ 5,056,061</u>	<u>\$ 4,351,417</u>

g. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at rates of 8% to 20% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022 which have been approved by the Company's board of directors on March 12, 2024 and March 9, 2023, respectively, were as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Employees' compensation	8.00%	8.06%
Remuneration of directors	1.73%	0.18%

Amount

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Employees' compensation	\$ 66,112	\$ 552,618
Remuneration of directors	14,286	12,000

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2021. Furthermore, there was no difference between the remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2022. Part of the employees' compensation for the year ended December 31, 2022 has yet to be distributed.

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

## 26. INCOME TAX/INCOME TAX RECONGNIZED IN PROFIT OR LOSS

a. Income tax recognized in profit or loss

Major components of income tax benefit (expense) are as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Current tax		
In respect of the current year	\$ (93,534)	\$ (631,940)
In respect of prior years	(4,713)	(3,777)
Deferred tax		
In respect of the current year	113,067	100,539
In respect of prior years	<u>-</u>	<u>6,061</u>
Income tax benefit (expense) recognized in profit or loss	<u>\$ 14,820</u>	<u>\$ (529,117)</u>

A reconciliation of accounting profit and income tax benefit (expense) was as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
Profit before tax	\$ <u>622,230</u>	\$ <u>6,674,029</u>
Income tax expense calculated at the statutory rate	\$ (317,118)	\$ (1,850,376)
Nondeductible expenses in determining taxable income	(175,128)	(136,395)
Tax-exempt income	429,226	1,029,850
Tax credit of research and development	395,515	256,563
Unrecognized loss carryforwards	(323,852)	(17,340)
Adjustments for prior year's current tax expense	(4,713)	(3,777)
Adjustments for prior year's deferred tax expense	-	6,061
Others	<u>10,890</u>	<u>186,297</u>
Income tax benefit (expense) recognized in profit or loss	<u>\$ 14,820</u>	<u>\$ (529,117)</u>

Silergy and Silergy Samoa are exempt from business income tax in accordance with local laws and regulations.

The applicable corporate tax rate for Silergy Technology (Taiwan) Inc. in the ROC was 20%.

The applicable tax rate used by Hangzhou Silergy, Nanjing Silergy Micro, Xian Silergy, Shanghai Silergy Micro, Chengdu Silergy, Shanghai Silergy, Hefei Silergy, Hangzhou Silergy Test, Xiamen Silergy and Guangdong Silergy in China is 25%. The applicable tax rate used by branch of Silergy in Hong Kong and Nanjing Silergy (HK) in Hong Kong is 16.5%. The tax rate applicable to Nanjing Silergy Micro decreased to 15% after approval was obtained from the local tax authorities, as tax credits are given to high-tech enterprises. Hangzhou Silergy and Xian Silergy obtained approval from the local tax authorities to have an additional tax deduction; the applicable tax rate decreased to 10% and 12.5%, respectively. Tax rates used by other entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plan	\$ <u>211</u>	\$ <u>466</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehen- sive Income</b>	<b>Exchange Difference</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>					
Temporary differences					
Write-downs of inventory	\$ 63,417	\$ 89,422	\$ -	\$ (2,797)	\$ 150,042
Property, plant and equipment	2,229	(805)	-	11	1,435
Allowance for uncollectible amounts	274	178	-	(7)	445
Unrealized gain on disposal of intangible assets	5,111	(1,709)	-	(52)	3,350
Defined benefit retirement plans	438	-	211	-	649
Research and development expenses	80,631	35,508	-	(526)	115,613
Lease liabilities	-	42,450	-	(643)	41,807
Others	<u>12,783</u>	<u>(2,191)</u>	<u>-</u>	<u>(82)</u>	<u>10,510</u>
	<u>\$ 164,883</u>	<u>\$ 162,853</u>	<u>\$ 211</u>	<u>\$ (4,096)</u>	<u>\$ 323,851</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Financial assets at FVTPL	\$ 17,000	\$ 12,173	\$ -	\$ (530)	\$ 28,643
Right-of-use assets	-	38,580	-	(587)	37,993
Others	<u>2,709</u>	<u>(967)</u>	<u>-</u>	<u>(26)</u>	<u>1,716</u>
	<u>\$ 19,709</u>	<u>\$ 49,786</u>	<u>\$ -</u>	<u>\$ (1,143)</u>	<u>\$ 68,352</u>

For the year ended December 31, 2022

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehen- sive Income</b>	<b>Exchange Difference</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>					
Temporary differences					
Write-downs of inventory	\$ 35,748	\$ 27,246	\$ -	\$ 423	\$ 63,417
Property, plant and equipment	6,427	(4,757)	-	559	2,229
Allowance for uncollectible amounts	231	37	-	6	274
Unrealized gain on disposal of intangible assets	6,710	(1,714)	-	115	5,111
Defined benefit retirement plans	-	-	438	-	438
Research and development expenses	-	78,255	-	2,376	80,631
Others	<u>5,034</u>	<u>7,546</u>	<u>-</u>	<u>203</u>	<u>12,783</u>
	<u>\$ 54,150</u>	<u>\$ 106,613</u>	<u>\$ 438</u>	<u>\$ 3,682</u>	<u>\$ 164,883</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Financial assets at FVTPL	\$ 19,392	\$ (2,711)	\$ -	\$ 319	\$ 17,000
Defined benefit retirement plans	28	-	(28)	-	-
Others	<u>-</u>	<u>2,724</u>	<u>-</u>	<u>(15)</u>	<u>2,709</u>
	<u>\$ 19,420</u>	<u>\$ 13</u>	<u>\$ (28)</u>	<u>\$ 304</u>	<u>\$ 19,709</u>

- d. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Loss carryforwards		
Expiry in 2025	\$ 76,625	\$ 77,937
Expiry in 2027	<u>84,124</u>	<u>-</u>
	<u>\$ 160,749</u>	<u>\$ 77,937</u>

- e. Income tax assessments

The tax returns of Silergy Technology (Taiwan) Inc. through 2021 have been assessed by the tax authorities.

## 27. EARNINGS PER SHARE

Unit: Dollars Per Share

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Basic earnings per share	<u>\$ 1.96</u>	<u>\$ 15.95</u>
Diluted earnings per share	<u>\$ 1.89</u>	<u>\$ 15.21</u>

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

### Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 746,004</u>	<u>\$ 6,038,731</u>

### Common Shares Outstanding

(In Thousands of Shares)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of common shares used in the computation of basic earnings per share	381,467	378,547
Effect of potentially dilutive common shares:		
Employee share options	11,683	16,199
Restricted shares for employees	858	873
Employees' compensation	<u>308</u>	<u>1,396</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>394,316</u>	<u>397,015</u>



The Group may settle compensation paid to employees in cash or shares, therefore, the Group assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 28. SHARE-BASED PAYMENT ARRANGEMENTS

### a. Employee share option plan of the Group

The outstanding options granted are valid for 10 years and exercisable at certain percentages after a certain period from the grant date. Except for options currently outstanding but granted before the IPO whose exercise price needs to be separately agreed on, other options were granted at an exercise price equal to the closing price of the Company's common shares listed on the Taiwan Stock Exchange on the grant dates.

The board of directors of Silergy agreed to issue 1,350,000 options on March 16, 2021. Upon completion of registration with the FSC, Silergy issued 28,300 options, 34,700 options and 1,287,000 options in August 2021, December 2021 and May 2022, respectively. Each option entitles the holder to subscribe to one common share of Silergy.

For any subsequent changes in Silergy's capital surplus, the exercise price or the number of shares corresponding to each option unit is adjusted in accordance with the rules for each plan. The exercise price is adjusted accordingly based on the agreed formula. If the exercise price after the adjustment is higher than before the adjustment, then it will not be adjusted. The Company passed the revision of its articles of incorporation regarding par value per share through its shareholders' meeting on May 27, 2022. According to the amendment, the par value per share changed from NT\$10 to NT\$2.5. The Company had completed the registration formalities and the reissuance of shares in July 2022. Consequently, the exercise price per share of outstanding employee share options has been adjusted to 25% of its original exercise price; and the number of each exercisable shares has been adjusted from 1 share to 4 shares.

The board of directors of Silergy agreed to issue 5,400,000 options on June 21, 2022. Each option entitles the holder to subscribe to one common share of Silergy. Upon completion of registration with the FSC, Silergy issued 178,800 options, 110,000 options, 2,597,018 options, 1,052,800 options and 314,700 options in September 2022, November 2022, December 2022, March 2023 and June 2023, respectively.

The board of directors of Silergy agreed to issue 3,000,000 options on November 10, 2022. Each option entitles the holder to subscribe to one common share of Silergy. Upon completion of registration with the FSC, Silergy issued 1,745,341 options, 1,120,000 options and 100,000 options in December 2022, March 2023 and June 2023, respectively.

The board of directors of Silergy agreed to issue 5,400,000 options on March 9, 2023. Each option entitles the holder to subscribe to one common share of Silergy. Upon completion of registration with the FSC, Silergy issued 803,800 options, 1,676,000 options and 89,000 options in August 2023, November 2023 and December 2023, respectively.

The board of directors of Silergy agreed to issue 3,000,000 options on March 12, 2024. Each option entitles the holder to subscribe to one common share of Silergy. Submission to the FSC is pending for approval to take effect.

Information about employee share options was as follows:

Employee Share Options	2023		2022	
	Units of Options	Weighted-average Exercise Price	Units of Options	Weighted-average Exercise Price
Balance at January 1	12,398,054	\$ 942	7,271,834	\$ 938
Options granted	5,156,300	395	5,918,159	881
Options exercised	<u>(620,916)</u>	521	<u>(791,939)</u>	457
Balance at December 31	<u>16,933,438</u>	790	<u>12,398,054</u>	942
Options exercisable, at December 31	<u>3,719,167</u>	625	<u>2,800,795</u>	523
Weighted-average fair value of options granted (\$)	\$ <u>157</u>		\$ <u>322</u>	

For the years ended December 31, 2023 and 2022, the weighted-average share prices at the date of exercise were NT\$400 and NT\$2,547, respectively.

Information about outstanding options as of December 31, 2023 and 2022 was as follows:

	December 31	
	2023	2022
Range of exercise price	\$258-\$4,265	\$262-\$4,265
Weighted-average remaining contractual life (years)	1.64-9.97	2.64-9.98

Options granted from 2022 to 2023 were priced using the binomial option pricing model and the inputs to the model were as follows:

Issue Date	Fair Value Per Option - Grant Date	Exercise Price	Expected Volatility	Expected Life	Expected Dividend Yield	Risk-free Interest
May 13, 2022	850-967	2,475	48.79%- 49.33%	6.5 years- 7.5 years	-	1.241%- 1.289%
September 29, 2022	170	414	50.20%- 50.64%	6.5 years- 7.5 years	-	1.596%- 1.620%
November 10, 2022	178	432	50.23%- 50.94%	6.5 years- 7.5 years	-	1.632%- 1.680%
December 22, 2022	161-184	439	51.15%- 52.97%	6 years- 7.5 years	-	1.159%- 1.203%
March 14, 2023	178-199	482	51.02%- 53.66%	6 years- 7.5 years	-	1.093%- 1.120%
June 16, 2023	132-147	355	51.15%- 53.94%	6 years- 7.5 years	-	1.123%- 1.143%
August 24, 2023	100-110	258	51.25%- 53.34%	6.5 years- 7.5 years	-	1.142%- 1.162%
November 14, 2023	135-145	354.5	51.72%- 55.48%	6 years- 7.5 years	-	1.250%- 1.265%
December 20, 2023	173-183	431.5	51.75%- 55.88%	6 years- 7.5 years	-	1.199%- 1.205%

The compensation cost recognized was \$1,062,715 thousand and \$767,175 thousand for the years ended December 31, 2023 and 2022, respectively.

b. Restricted shares for employees

The restrictions on the rights of the outstanding restricted shares in 2023 and 2022 that have not met the vesting conditions are as follows:

- 1) The employees should not sell, pledge, transfer, donate or in any other way dispose of these shares.
- 2) The employees holding these shares are entitled to receive stock dividends but not cash dividends, and they are not entitled to subscribe to new common shares issued for cash.
- 3) The employees holding these shares have no voting rights.

In the shareholders' meeting on July 8, 2021, the shareholders approved the issuance of 150,000 shares under a restricted share plan. Upon the completion of the registration of this issuance with the FSC, Silergy issued to employees 16,150 shares, 2,300 shares and 131,550 shares in August 2021, December 2021 and May 2022, respectively.

In the shareholders' meeting on May 27, 2022, the shareholders approved the issuance of 150,000 shares under a restricted share plan. Due to the fact that the par value of shares has been changed from NT\$10 to NT\$2.5, the issued shares was adjusted to 600,000 shares. Upon the completion of the registration of this issuance with the FSC, Silergy issued to employees 86,553 shares, 55,132 shares and 302,710 shares, 21,876 shares and 133,729 shares in September 2022, November 2022, December 2022, March 2023 and June 2023, respectively.

If an employee fails to meet the vesting conditions, Silergy will recall and cancel the restricted shares without any reimbursement. On December 22, 2022, the board of directors of the Company resolved to recall and cancel 5,200 shares under a restricted share plan without any reimbursement.

On March 12, 2024, the Company's board of directors has proposed the issuance of 500,000 shares under a restricted share plan, which will be resolved by the shareholders in their meeting to be held on May 30, 2024.

Information on the restricted shares for employees is as follows:

<b>Restricted Shares for Employees</b>	<b>2023</b>	<b>2022</b>
Balance at January 1	1,467,631	312,940
Shares issued	155,605	575,945
Shares cancelled	-	(5,200)
Shares vested	(556,061)	(380,524)
Adjustment of par value	<u>-</u>	<u>964,470</u>
Balance at December 31	<u>1,067,175</u>	<u>1,467,631</u>

As of December 31, 2023 and 2022, information on the outstanding restricted employee shares is as follows:

Grant Date	Fair Value Per Share - Grant Date	Shares Granted (In Thousands of Shares)	Vesting Period
May 13, 2022	2,475	132	1 year-3 years
September 29, 2022	414	87	1 year
November 10, 2022	432	55	1 year
December 22, 2022	439	303	1 year-3 years
March 14, 2023	482	22	1 year
June 16, 2023	355	134	1 year-3 years

The compensation cost recognized was \$104,447 thousand and \$343,143 thousand for the years ended December 31, 2023 and 2022, respectively.

## 29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Group's capital structure management strategy is based on (a) its scale of operations and expected growth and product development - an appropriate market share target is determined, and the capital expenditures required to meet this target are estimated; (b) industry developments - the Group calculates the required working capital under an overall plan for long-term asset development; and (c) the Group's competitiveness - estimates are made of marginal contribution, operating profit rate and cash flows of possible products, taking into consideration the risk factors of industrial cyclical fluctuations and product life cycles to determine the Group's appropriate capital structure.

Management regularly reviews the Group's capital structure and considers the costs and risks of different capital structures. In general, the Group has a prudent risk management strategy.

## 30. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are not measured at fair value

Management believed the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

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

- 1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Equity instruments	\$ -	\$ -	\$ 4,122,780	\$ 4,122,780

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Equity instruments	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>3,729,859</u>	\$ <u>3,729,859</u>
Financial liabilities at FVTPL				
Contingent consideration	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>16,858</u>	\$ <u>16,858</u>

## 2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

Financial Assets (Liabilities)	Financial Assets at FVTPL	Financial Liabilities at FVTPL	Total
	Equity Instruments	Contingent Consideration	
Balance at January 1, 2023	\$ 3,729,859	\$ (16,858)	\$ 3,713,001
Recognized in profit or loss	121,115	1,166	122,281
Reclassification	-	15,692	15,692
Current year additions	336,749	-	336,749
Translation adjustments	<u>(64,943)</u>	<u>          -</u>	<u>(64,943)</u>
Balance at December 31, 2023	<u>\$ 4,122,780</u>	<u>\$           -</u>	<u>\$ 4,122,780</u>

For the year ended December 31, 2022

Financial Assets (Liabilities)	Financial Assets at FVTPL	Financial Liabilities at FVTPL	Total
	Equity Instruments	Contingent Consideration	
Balance at January 1, 2022	\$ 3,004,196	\$ (38,528)	\$ 2,965,668
Recognized in profit or loss	(32,485)	-	(32,485)
Reclassification	-	21,929	21,929
Current year additions	692,775	-	692,775
Translation adjustments	<u>65,373</u>	<u>(259)</u>	<u>65,114</u>
Balance at December 31, 2022	<u>\$ 3,729,859</u>	<u>\$ (16,858)</u>	<u>\$ 3,713,001</u>

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

## a) Equity instrument investments

Equity instrument investments are unlisted company stock with no active market. Fair values are estimated mainly using the asset-based approach and market approach, which is estimated with reference to the net asset value and Company's recent financing activities, valuation of similar companies, market conditions and other economic indicators, etc.

b) Contingent consideration

Contingent consideration is calculated based on the expected revenue of NewEdge with agreed formula.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
Financial assets at FVTPL		
Equity instruments	\$ 4,122,780	\$ 3,729,859
Assets measured at amortized cost (1)	21,225,923	19,496,815
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Contingent consideration	-	16,858
Measured at amortized cost (2)	2,363,583	3,243,646

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets measured at amortized cost, accounts receivable, other receivables (excluding tax receivable), refundable deposits and long-term accounts receivable.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, accounts payable, accounts payable - related parties, other payables and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, accounts receivable, other receivables, refundable deposits, long-term accounts receivable, accounts payable, other payables, lease liabilities and guarantee deposits. The Group's corporate treasury function provides services to the business departments, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other prices (see (c) below).

a) Foreign currency risk

The Group had foreign currency-denominated sales and purchases, which exposed the Group to foreign currency risk. The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 33.

### Sensitivity analysis

The Group was mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency-denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the U.S. dollar strengthening 5% against the relevant currency. For a 5% weakening of the U.S. dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	<b>U.S. Dollar Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit or loss and equity*	\$ 52,506	\$ 62,619

\* This was mainly attributable to the exposure on outstanding U.S. dollar-denominated deposits, receivables and payables, which were not hedged at the end of the reporting period.

#### b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value interest rate risk		
Financial assets	\$ 8,571,228	\$ 9,459,595
Financial liabilities	450,417	103,860
Cash flow interest rate risk		
Financial assets	9,736,703	7,730,442

### Sensitivity analysis

The sensitivity analysis below was determined based on the Group's floating-rate financial assets and financial liabilities at the end of the reporting period.

Had interest rates been 50 basis points higher and all other variables held constant, the Group's pretax profit for the years ended December 31, 2023 and 2022 would have increased by \$48,684 thousand and \$38,652 thousand, respectively, which was mainly attributable to the Group's exposure to interest rate changes on its variable-rate bank deposits.

#### c) Other price risk

The Group's price risk of equity instrument investments in 2023 and 2022 are primarily from the investments of financial assets at FVTPL.

If the price of the equity instrument increased (decreased) by 5% at the end of the reporting period, the Group's profit before tax will increase (decrease) by \$206,139 thousand and \$186,493 thousand in 2023 and 2022, respectively.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation approximates the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses publicly or non-publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The accounts receivable balances of individual customers that each accounted for more than 10% of the total balance as of December 31, 2023 and 2022, were as follows:

	<b>December 31, 2023</b>
Customer A	\$ 201,969
Customer G	541,785
Customer F	<u>358,905</u>
	<u>\$ 1,102,659</u>
	<b>December 31, 2022</b>
Customer A	\$ 378,589
Customer G	332,507
Customer F	<u>217,683</u>
	<u>\$ 928,779</u>

## 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group's working capital was sufficient and there was no liquidity risk due to lack of funds needed to meet contractual obligations.

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
Lines of credit secured bank loans		
Unused amount	<u>\$ 2,601,136</u>	<u>\$ 2,645,665</u>
Lines of credit unsecured bank loans		
Used amount	<u>\$ 160,403</u>	<u>\$ -</u>



### 31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between Silergy and its subsidiaries, which are related parties of Silergy, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and its related parties are disclosed below:

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
SMAT	Associate
WMT	Associate

b. Purchases of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Associates	<u>\$ 42,130</u>	<u>\$ 53,191</u>

Terms and conditions for purchases of goods from related parties are the same as that of general transactions.

c. Payables to related parties

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>December 31</u>	
		<u>2023</u>	<u>2022</u>
Accounts payable - related parties	Associates	<u>\$ 3,577</u>	<u>\$ 4,694</u>
Other payables	Associates	<u>\$ -</u>	<u>\$ 387</u>

d. Others

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2023</u>	<u>2022</u>
Research and development expense	Associates	<u>\$ 4,072</u>	<u>\$ 2,678</u>
Other income	Associates	<u>\$ 3,046</u>	<u>\$ 333</u>

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>December 31</u>	
		<u>2023</u>	<u>2022</u>
Refundable deposits	Associates	<u>\$ 6,503</u>	<u>\$ -</u>
Contract liabilities	Associates	<u>\$ 60</u>	<u>\$ -</u>

e. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Salaries	\$ 56,976	\$ 57,213
Post-employment benefits	714	811
Share-based payments	<u>5,229</u>	<u>5,654</u>
	<u>\$ 62,919</u>	<u>\$ 63,678</u>

### 32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group on December 31, 2023 were as follows:

#### Significant Unrecognized Commitment

The Group signed long-term raw material purchase contracts with several suppliers and paid a certain amount of money as deposit. The contracts also stipulated the minimum purchase amount per year. The Group was unable to reach the minimum purchase amount in 2023, the Group estimated the penalty \$108,292 thousand according to contracts.

The Group signed supply of products contracts with several customers to reserve specific production capacity and received a certain amount of money as deposit.

### 33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group and the exchange rates between the foreign currencies and the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

#### (Foreign Currencies and Carrying Amounts in Thousands)

December 31, 2023

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 868	30.705 (USD:NTD)	\$ 26,640
USD	34,269	7.0827 (USD:RMB)	1,052,241
USD	587	1,284.19 (USD:KRW)	18,032
USD	553	8.1706 (USD:MOP)	16,972
GBP	54	1.2750 (GBP:USD)	2,120
HKD	841	0.1296 (HKD:USD)	<u>3,346</u>
			<u>\$ 1,119,351</u>
			(Continued)

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 361	30.705 (USD:NTD)	\$ 11,098
USD	1,715	7.0827 (USD:RMB)	52,661
NTD	15,593	0.0326 (NTD:USD)	<u>15,593</u>
			<u>\$ 79,352</u>
			(Concluded)

December 31, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,442	30.71 (USD:NTD)	\$ 74,979
USD	40,503	6.9646 (USD:RMB)	1,243,844
USD	366	1248.89 (USD:KRW)	11,228
USD	154	8.1556 (USD:MOP)	<u>4,721</u>
			<u>\$ 1,334,772</u>

Financial liabilities

Monetary items			
USD	271	30.71 (USD:NTD)	\$ 8,335
USD	2,411	6.9646 (USD:RMB)	74,053
NTD	26,533	0.0326 (NTD:USD)	<u>26,533</u>
			<u>\$ 108,921</u>

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains (losses) were \$76,280 thousand and \$245,289 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

### 34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (Table 1)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)

- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
  - 9) Trading in derivative instruments (None)
  - 10) Intercompany relationships and significant intercompany transactions (Table 5)
- b. Information on investees (Table 6)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: (Table 7)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Note 31 and Table 5)
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Tables 3 and 5)
    - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. (Table 1)
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (None)
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services. (None)
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

### 35. SEGMENT INFORMATION

a. Segment information

Information reported to the chief operating decision maker is for the purposes of resource allocation and assessment of segment performance. Under IFRS 8 “Operating Segments,” if the operating revenue of an operating segment accounts for up to 90% of the Group’s total revenue, the Group is considered as having only one reportable segment.

b. Revenue from major products and services

The Group mainly develops, designs, and sells the integrated circuit products and the electronic products, which is the major source of revenue.

c. Geographical information

The Group’s revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
China (including Hong Kong)	\$ 8,737,307	\$ 11,568,266	\$ 5,838,688	\$ 5,691,460
Others	<u>6,690,028</u>	<u>11,942,820</u>	<u>342,530</u>	<u>207,640</u>
	<u>\$ 15,427,335</u>	<u>\$ 23,511,086</u>	<u>\$ 6,181,218</u>	<u>\$ 5,899,100</u>

Non-current assets included property, plant and equipment, right-of-use assets, investment properties, goodwill, other intangible assets, refundable deposits, long-term receivables and long-term prepayments.

d. Information about major customers

Customers that individually contributed 10% or more to the Group’s revenue were as follows:

	<b>For the Year Ended December 31, 2023</b>	
	<b>Amount</b>	<b>Percentage of Revenue (%)</b>
Customer C	<u>\$ 1,632,892</u>	<u>10.72</u>
	<b>For the Year Ended December 31, 2022</b>	
	<b>Amount</b>	<b>Percentage of Revenue (%)</b>
Customer A	<u>\$ 3,788,580</u>	<u>16.11</u>

**SILERGY CORP.**  
(Incorporated in the Cayman Islands)  
**AND SUBSIDIARIES**

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guaranteee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
0	Silergy Corp.	Silergy Semiconductor Technology (Hangzhou) Co., Ltd. Xian Silergy Semiconductor Technology Co., Ltd.	2	\$ 6,185,563	\$ 3,070,500	\$ 3,070,500	\$ 1,596,660	\$ -	9.93	\$ 15,463,907	Y	N	Y	
1	Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	Hangzhou Silergy Test Technology Co., Ltd.	4	4,122,858	4,335,211	4,335,211	-	-	21.03	10,307,145	N	N	Y	Note 4

Note 1: No. 0 represents the parent company; other numbers represent subsidiaries.

Note 2: The nature of the relationship between the endorser/guarantor and the endorsee/guaranteee are represented by the following numerals:

No. 1 - companies with business transactions.

No. 2 - a subsidiary directly holding over 50% of the common shares.

No. 3 - a parent and subsidiary collectively holding over 50% of the common shares of the investee company.

No. 4 - a parent company holding 50% of the common shares directly or through a subsidiary indirectly.

No. 5 - companies (based on the contractual project requirements of the same industry) with contractual mutual guarantees.

No. 6 - companies guaranteed by their respective common shareholdings in accordance with mutual investment relations.

No. 7 - companies engaged in performance guarantees of contracts related to the pre-sale of real estate in accordance with the Consumer Protection Law.

Note 3: The total amount of guarantees shall not exceed 50% of Silergy Corp.'s net value. The total amount of the guarantee provided by Silergy Corp. to any individual entity shall not exceed 20% of Silergy Corp.'s net value.

Note 4: Intercompany endorsements between subsidiaries, directly and indirectly, are 100% held by Silergy Corp. and are not subject to the foregoing limitations.

TABLE 2

**SILERGY CORP.**  
(Incorporated in the Cayman Islands)  
**AND SUBSIDIARIES**

MARKETABLE SECURITIES HELD  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	
Silergy Corp.	Shares Alphatecture Venture Fund Limited Partnership	-	Financial assets at FVTPL - non-current	-	\$ (US\$ 238,898 7,780,437)	7.760	\$ (US\$ 238,898 7,780,437)
Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	Wuxi Huaxin Semiconductor Partnership (L.P.) Hangzhou Hualan Microelectronic Co., Ltd.	-	Financial assets at FVTPL - non-current Financial assets at FVTPL - non-current	1,166,700	- (RMB 45,981 10,606,385)	3.442 0.778	- (RMB 45,981 10,606,385)
	Calterah Semiconductor Technology (Shanghai) Co., Ltd.	-	Financial assets at FVTPL - non-current	-	(RMB 147,406)	9.228	(RMB 147,406)
	Shenzhen Anchuang Technology Equity Investment Partnership (Limited Partnership) Powerland Technology Inc.	-	Financial assets at FVTPL - non-current	-	(RMB 26,011 6,000,000)	6.780	(RMB 26,011 6,000,000)
	Ningbo Meishan Bonded Port Area Anchuang Growth Equity Investment Partnership L.P. Shanghai Geometrical Perception and Learning Co., Ltd.	-	Financial assets at FVTPL - non-current	-	(RMB 349,087 80,523,721)	5.545	(RMB 349,087 80,523,721)
	Hebei Kangtong Equity Investment Partnership (Limited Partnership)	-	Financial assets at FVTPL - non-current	-	(RMB 75,866)	1.186	(RMB 75,866)
	Yiwu Huaxin Yuanjing Venture Investment Center L.P.	-	Financial assets at FVTPL - non-current	-	(RMB 17,500,000)	2.429	(RMB 17,500,000)
	Zhejiang Sentronic Semiconductor Co., Ltd.	-	Financial assets at FVTPL - non-current	-	(RMB 80,038 18,462,309)	2.429	(RMB 80,038 18,462,309)
	Hangzhou Eimo Semiconductor Co., Ltd.	-	Financial assets at FVTPL - non-current	-	(RMB 28,427 6,557,247)	20.000	(RMB 28,427 6,557,247)
	Hangzhou Xinling Enterprise Management Partnership L.P.	-	Financial assets at FVTPL - non-current	-	(RMB 130,056 135,847)	2.147	(RMB 130,056 135,847)
	Chengdu Analog Circuit Technology Inc.	-	Financial assets at FVTPL - non-current	631,333	(RMB 31,335,789)	23.169	(RMB 31,335,789)
	Hebei Walden II IC Industry Investment Partnership L.P.	-	Financial assets at FVTPL - non-current	-	(RMB 227,510 52,479,540)	1.126	(RMB 227,510 52,479,540)
	Fujian Batcheng New Energy Technology Co., Ltd.	-	Financial assets at FVTPL - non-current	-	(RMB 612,749 141,342,300)	11.066	(RMB 612,749 141,342,300)
	Enovate3D (Hangzhou) Technology Co., Ltd.	-	Financial assets at FVTPL - non-current	-	(RMB 90,468 20,868,196)	5.776	(RMB 90,468 20,868,196)
	Zhejiang Hexin Semiconductor Co., Ltd.	-	Financial assets at FVTPL - non-current	-	(RMB 157,648)	13.119	(RMB 157,648)
	Shenzhen Juyuan Xinchuang Capital Fund, LLP.	-	Financial assets at FVTPL - non-current	-	(RMB 208,174 48,019,312)	3.665	(RMB 208,174 48,019,312)
	Guangzhou Huaxin Shengjing Venture Capital Center (Limited Partnership) Xiamen Jianda Guiji Equity Partners LLP.	-	Financial assets at FVTPL - non-current	-	(RMB 260,113 60,000,000)	1.429	(RMB 260,113 60,000,000)
	Hangzhou Xight Semi-conductor Technology Co., Ltd.	-	Financial assets at FVTPL - non-current	-	(RMB 91,039)	1.408	(RMB 91,039)
	Hangzhou Xinruiwei Equity Investment Partnership (Limited Partnership) Hangzhou Huaxin Yunkai Equity Investment Partnership (Limited Partnership)	-	Financial assets at FVTPL - non-current Financial assets at FVTPL - non-current	-	(RMB 151,732 35,000,000)	58.236	(RMB 151,732 35,000,000)
		-	Financial assets at FVTPL - non-current	-	(RMB 15,677)	6.328	(RMB 15,677)
		-	Financial assets at FVTPL - non-current	-	-	38.997	-
		-	Financial assets at FVTPL - non-current	-	(RMB 130,056 30,000,000)	2.587	(RMB 130,056 30,000,000)

(Continued)

Holding Company Name	Type and Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Sichuan ZILLNK Technology Co., Ltd.	-	Financial assets at FVTPL - non-current	-	\$ 125,337	2.109	\$ 125,337	
	Suzhou Juyuan Zhenxin Capital Fund, LLP.	-	Financial assets at FVTPL - non-current	-	(RMB 28,911,352)	3.325	(RMB 28,911,352)	
	Hangzhou Zhitong Enterprise Management Partnership L.P.	-	Financial assets at FVTPL - non-current	-	(RMB 70,000,000)	34.996	(RMB 70,000,000)	
	Hangzhou Haihang Shunui Equity Investment Partnership Enterprise (Limited Partnership)	-	Financial assets at FVTPL - non-current	-	(RMB 35,000,000)	2.642	(RMB 35,000,000)	
	Zhenjiang Puhe Equity Investment Fund Partnership (Limited Partnership)	-	Financial assets at FVTPL - non-current	-	(RMB 30,347)	4.975	(RMB 30,347)	
Nanjing Silergy Micro Technology Co., Ltd.					(RMB 43,352)		(RMB 43,352)	
Silergy Technology	AlStorm, Inc.	-	Financial assets at FVTPL - non-current	178,784	(US\$ 23,830)	0.667	(US\$ 23,830)	
					(US\$ 776,083)		(US\$ 776,083)	

Note: Refer to Tables 6 and 7 for information about subsidiaries and associates.

(Concluded)



**SILERGY CORP.**  
(Incorporated in the Cayman Islands)  
**AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note		
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% of Total	
Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	Silergy Corp.	Parent company	Sale	\$ (1,061,248)	(11.54)	Net 30 days from the end of the month when the invoice is issued	-	\$	-	28,729	5.28	Note 2
Nanjing Silergy Micro Technology Co., Ltd.	Silergy Corp.	Parent company	Sale	(457,882)	(27.72)	Net 30 days from the end of the month when the invoice is issued	-	-	-	4,298	3.45	Note 2
Xian Silergy Semiconductor Technology Co., Ltd.	Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	The same ultimate parent company	Sale	(268,027)	(24.69)	Net 30 days from the end of the month when the invoice is issued	-	-	-	9,283	19.36	Note 2
Silergy Technology (Taiwan) Inc.	Nanjing Silergy Micro (HK) Co., Limited	The same ultimate parent company	Sale	(115,075)	(100.00)	Net 30 days from the end of the month when the invoice is issued	-	-	-	113,615	75.40	Note 2

Note 1: Transaction terms and prices between the Company and its subsidiaries are similar to regular transactions.

Note 2: Intercompany balances and transactions were eliminated upon consolidation.

Note 3: Paid-in capital referred to herein is the parent company's paid-in capital. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20% of paid-in capital shall be replaced by 10% of the equity attributable to owners of the parent in the calculation.

**SILERGY CORP.**

(Incorporated in the Cayman Islands)

**AND SUBSIDIARIES****TOTAL RECEIVABLES TO RELATED PARTIES AMOUNTING TO AT LEAST NTS\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Related Party	Company Name	Relationship	Ending Balance (Note 2)	Turnover Rate (%)	Overdue		Amounts Received in Subsequent Period (Notes 1 and 2)	Allowance for Impairment Loss
					Amount (Note 2)	Actions Taken		
Silergy Technology (Taiwan) Inc.	Nanjing Silergy Micro (HK) Co., Limited	The same ultimate parent company	\$ 113,615 (US\$ 3,700,222)	2.11	\$ 95,126 (US\$ 3,098,070)	-	\$ 22,150 (US\$ 721,387)	\$ -

Note 1: Amounts received in subsequent periods are amounts received as of March 5, 2024.

Note 2: The translation was based on the exchange rate as of December 31, 2023.

Note 3: Intercompany balances and transactions were eliminated upon consolidation.

Note 4: Paid-in capital referred to herein is the parent company's paid-in capital. In the case that shares were issued with no par value or a par value other than NTS\$10 per share, the 20% of paid-in capital shall be replaced by 10% of the equity attributable to owners of the parent in the calculation.

**SILERGY CORP.**  
 (Incorporated in the Cayman Islands)  
**AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2023**  
 (In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Flow of Transactions (Note 2)	Transaction Details			Percentage to Consolidated Total Gross Sales or Total Assets (Note 3)
				Financial Statement Account	Amount (Note 4)	Terms (Note 5)	
0	Silergy Corp.	Silergy Semiconductor Technology (Hangzhou) Co., Ltd. Silergy Semiconductor Technology (Hangzhou) Co., Ltd. Silergy Semiconductor Technology (Hangzhou) Co., Ltd. Silergy Semiconductor Technology (Hangzhou) Co., Ltd. Nanjing Silergy Micro Technology Co., Ltd. Nanjing Silergy Micro Technology Co., Ltd. Silergy Technology Silergy Technology Silergy Semiconductor (Samoa) Limited Silergy Technology (Taiwan) Inc. Silergy Technology (Taiwan) Inc. Silergy Korea Limited Silergy Korea Limited Silergy Technology Private Limited Silergy Technology Private Limited Silergy Semiconductor (Macau) Limited Silergy Semiconductor (Macau) Limited	1 1	Accounts receivable - related parties Accounts payable - related parties Other payable - related parties Sales Operating expenses Accounts payable - related parties Sales Other payable - related parties Sales Operating expenses Other payable - related parties Operating expenses Other payable - related parties Operating expenses Other payable - related parties Operating expenses Other payable - related parties Operating expenses	\$ 398 28,729 29,703 658 72,907 4,298 3,818 57,817 30,538 668,957 20,497 40,360 347,970 93,105 79,833 15,113 22,467 3,234 114,028	- -	- 0.08 0.09 - 0.47 0.01 0.02 0.17 0.20 4.34 0.06 0.12 2.26 0.27 0.52 0.04 0.15 0.01 0.74
1	Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	Silergy Corp. Xian Silergy Semiconductor Technology Co., Ltd. Xian Silergy Semiconductor Technology Co., Ltd. Nanjing Silergy Micro Technology Co., Ltd. Chengdu Silergy Semiconductor Technology Co., Ltd. Shanghai Silergy Semiconductor Technology Co., Ltd. Silergy Technology Hefei Silergy Semiconductor Technology Co., Ltd Xiamen Silergy Semiconductor Technology Co., Ltd.	2 3 3 3 3 3 3 3 3	Sales Accounts payable - related parties Sales Sales Operating expenses Operating expenses Sales Sales Operating expenses	1,061,248 9,283 2,176 5,632 92,904 172,968 33,965 4,370 17,696	- - - - - - - - -	6.88 0.03 0.01 0.04 0.60 1.12 0.22 0.03 0.11
2	Xian Silergy Semiconductor Technology Co., Ltd.	Silergy Corp. Silergy Semiconductor Technology (Hangzhou) Co., Ltd. Silergy Technology	2 3 3	Sales Sales Sales	5,314 268,027 9,460	- - -	0.03 1.74 0.06

(Continued)

No. (Note 1)	Company Name	Counterparty	Flow of Transactions (Note 2)	Transaction Details			Percentage to Consolidated Total Gross Sales or Total Assets (Note 3)
				Financial Statement Account	Amount (Note 4)	Terms (Note 5)	
3	Nanjing Silergy Micro Technology Co., Ltd.	Silergy Corp. Silergy Technology Silergy Technology (Taiwan) Inc. Silergy Technology (Taiwan) Inc. Nanjing Silergy Micro (HK) Co., Limited Nanjing Silergy Micro (HK) Co., Limited Shanghai Silergy Microelectronics Technology Co., Ltd. Hefei Silergy Semiconductor Technology Co., Ltd.	2	Sales	\$ 457,882	-	2.97
			3	Sales	3,540	-	0.02
			3	Accounts receivable - related parties	407	-	-
			3	Sales	1,719	-	0.01
			3	Other payable - related parties	957	-	-
			3	Operating expenses	32,738	-	0.21
4	Nanjing Silergy Micro (HK) Co., Limited	Silergy Corp. Silergy Technology (Taiwan) Inc. Silergy Technology (Taiwan) Inc. Silergy Technology (Taiwan) Inc. Silergy Technology	3	Operating expenses	139,814	-	-
			3	Sales	2,095	-	0.01
			2	Sales	16,124	-	0.10
			3	Accounts payable - related parties	113,615	-	0.33
			3	Other payable - related parties	10,084	-	0.03
			3	Operating expenses	9,745	-	0.06
5	Silergy Technology	Silergy Corp.	3	Sales	264	-	-
			2	Sales	239	-	-
6	Silergy Technology (Taiwan) Inc.	Nanjing Silergy Micro (HK) Co., Limited	3	Sales	115,075	-	0.75
			3	Sales			
7	Hefei Silergy Semiconductor Technology Co., Ltd.	Silergy Corp. Silergy Semiconductor Technology (Hangzhou) Co., Ltd Silergy Technology	2	Sales	3,540	-	0.02
			3	Sales	49	-	-
			3	Sales	4,893	-	0.03

Note 1: No. 0 represents the parent company; other numbers represent subsidiaries.

Note 2: The directional flow of the transactions are represented by the following numerals:

- No. 1 - from parent company to subsidiary.
- No. 2 - from subsidiary to parent company.
- No. 3 - between subsidiaries.

Note 3: The accounts in the consolidated balance sheets and those in the consolidated statements of comprehensive income were based on the Company's consolidated total assets and total gross sales, respectively.

Note 4: Intercompany balances and transactions were eliminated upon consolidation.

Note 5: The selling prices and payment terms for intercompany sales and purchases were not significantly different from those for unrelated parties. For other intercompany transactions, prices and terms were based on mutual agreements.

(Concluded)

**SILERGY CORP.**  
(Incorporated in the Cayman Islands)  
**AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2023 Percentage of Ownership (%)	Carrying Amount (Notes 1 and 2)	Net Income (Loss) of the Investee (Notes 3 and 4)	Share of Profit (Loss) (Notes 1, 3 and 4)	Note
				December 31, 2023	December 31, 2022					
Silergy Corp.	Silergy Technology	Suite 100, 1307 S. Mary Ave. Sunnyvale City, Santa Clara County, California State, U.S.A.	Development, design and sales of power management IC	US\$ 7,378,454	US\$ 7,378,454	100.00	\$ 429,667	\$ 3,281 (US\$ 105,310)	3,281 (US\$ 105,310)	Subsidiary
	Silergy Semiconductor (Samoa) Limited	Portcullis TrustNet chambers, P.O. Box 1225, Apia, Samoa	Holding company	US\$ 24,300,000	US\$ 24,300,000	100.00	524,470	15,607 (US\$ 500,944)	15,607 (US\$ 500,944)	Subsidiary
	Silergy Semiconductor (Hong Kong) Limited	15/F., BOC Group Life Assurance Tower, 136 Des Voeux Road Central, Hong Kong	Holding company	US\$ 11,800,000	US\$ 11,800,000	100.00	169,342	(35,473) (US\$ -1,138,610)	(35,473) (US\$ -1,138,610)	Subsidiary
	Silicon Prospect Investment Limited	Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Island	Holding company	US\$ 13,000,000	US\$ 13,000,000	100.00	223,307	(49,140) (US\$ -1,577,288)	(49,140) (US\$ -1,577,288)	Subsidiary
Silergy Semiconductor (Samoa) Limited	Silergy Technology (Taiwan) Inc.	7F-8, No. 38, Taiyuan St., Zhubei City, Hsinchu County 302, Taiwan	Development, design and sales of electronic components	314,831	314,831	100.00	253,603	20,946	20,946	Subsidiary
	Silergy Technologies Private Limited	Unit #501, 5th Floor, Prestige Towers, Residency Road, Bangalore-560025, Karnataka, India	Development, design and sales of electronic components	US\$ 38,200	US\$ 38,200	100.00	19,966	4,828 (US\$ 154,961)	4,828 (US\$ 154,961)	Subsidiary
Silergy Semiconductor (Hong Kong) Limited	Silergy Korea Limited	#1202, #1203, 120 Heungdeokjungang-ro, Gihung-gu, Yongsin-si, Gyeonggi-do, Korea (UTOWER)	Development, design and sales of electronic components	US\$ 600,000 (KRW 655,800,000)	US\$ 600,000 (KRW 655,800,000)	100.00	88,330	13,088 (US\$ 420,105)	13,088 (US\$ 420,105)	Subsidiary
	Silergy Semiconductor (Macau) Limited	15/C, King Ou Edif, 367-371 Avenida da Praia Grande, Macau	Development and design of electronic components	US\$ 111,372 (MOP 900,000)	US\$ 111,372 (MOP 900,000)	100.00	284	(610) (MOP -160,055)	(610) (MOP -160,055)	Subsidiary
Nanjing Silergy Micro Technology Co., Ltd.	Nanjing Silergy Micro (HK) Co., Limited	Unit 701, 7/F Chincorp CTR, 18 Whitfield Rd, Causeway Bay, Hong Kong	Development, design and sales of electronic components	US\$ 5,200,960	US\$ 5,200,960	100.00	222,357	138,029 (US\$ 4,430,394)	138,029 (US\$ 4,430,394)	Subsidiary
Silicon Prospect Investment Limited	Winsheng Material Technology Co., Ltd.	No. 191, Jiesuyukeng Rd., Rueifang Dist., New Taipei City	Manufacturing and selling of electronic components	362,109	362,109	44.46	215,044	(106,602)	(48,890)	Related company

Note 1: Except for Winsheng Material Technology Co., Ltd., the carrying amount of the investments and the share of profit or loss were eliminated upon consolidation.

Note 2: Translation was based on the exchange rate on December 31, 2023.

Note 3: Translation was based on the average exchange rate for the year ended December 31, 2023.

Note 4: Information was based on the investee's current year's audited financial statements.

Note 5: Refer to Table 7 for information on investments in mainland China.

**SILERGY CORP.**  
(Incorporated in the Cayman Islands)  
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INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Net Income (Loss) of the Investee (Note 2)	Percentage of Ownership (%)	Investment Income (Loss) Recognized (Notes 2, 3 and 4)	Carrying Amount as of December 31, 2023 (Notes 1 and 4)	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward					
Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	Development, design and sale of electronic components and related technical services	US\$ 58,520,270 (RMB 38,168,7917)	Through Silergy Corp.	\$ -	\$ -	\$ 2,168,579 (RMB 490,187,196)	100.00	\$ 2,168,579 (RMB 490,187,196)	\$ 20,613,431	\$ -	
Hangzhou Silergy Test Technology Co., Ltd.	Testing of electronic components, integrated circuits, semiconductors and electronic products	RMB 100,000,000	Through Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	-	-	(2,753) (RMB -622,376)	100.00	(2,753) (RMB -622,376)	430,779	-	
Nanjing Silergy Micro Technology Co., Ltd.	Development, design and sale of electronic components	RMB 49,296,575	Through Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	-	-	(311,421) (RMB -70,393,789)	63.83	(311,421) (RMB -70,393,789)	1,098,676	-	
Xin Silergy Semiconductor Technology Co., Ltd.	Development, design, and sale of electronic components, integrated circuits, semiconductors and electronic products	RMB 91,000,000	Through Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	-	-	159,197 (RMB 35,985,041)	100.00	159,197 (RMB 35,985,041)	1,500,866	-	
Changshu Silergy Semiconductor Technology Co., Ltd.	Development and design of electronic components, integrated circuits, semiconductors and electronic products	RMB 34,000,000	Through Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	-	-	6,717 (RMB 1,518,241)	100.00	6,717 (RMB 1,518,241)	60,207	-	
Shanghai Silergy Semiconductor Technology Co., Ltd.	Development and design of electronic components, integrated circuits, semiconductors and electronic products	RMB 10,000,000	Through Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	-	-	7,227 (RMB 1,633,653)	49.00	7,227 (RMB 1,633,653)	(9,481)	-	
Hefei Silergy Semiconductor Technology Co., Ltd.	Development and design of electronic components	RMB 60,000,000	Through Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	-	-	14,453 (RMB 3,266,598)	100.00	14,453 (RMB 3,266,598)	270,838	-	
Xiamen Silergy Semiconductor Technology Co., Ltd.	Development and design of electronic components, integrated circuits, semiconductors and electronic products	RMB 10,000,000	Through Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	-	-	(20,747) (RMB -4,689,714)	100.00	(20,747) (RMB -4,689,714)	23,021	-	
Shanghai Silergy Microelectronics Technology Co., Ltd.	Development and design of electronic components, integrated circuits, semiconductors and electronic products	RMB 53,000,000	Through Nanjing Silergy Micro Technology Co., Ltd.	-	-	(5,022) (RMB -1,135,153)	63.83	(5,022) (RMB -1,135,153)	(8,465)	-	
Guangdong Silergy Micro Technology Co., Ltd.	Development and design of electronic components, integrated circuits, semiconductors and electronic products	RMB 5,000,000	Through Nanjing Silergy Micro Technology Co., Ltd.	-	-	(4,912) (RMB -1,110,326)	63.83	(4,912) (RMB -1,110,326)	10,764	-	
Hefei SMAT Technology Co., Ltd.	Development and manufacturing of vehicles and IOT	RMB 505,000,000	Through Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	-	-	(219,152) (RMB -49,537,374)	23.66	(219,152) (RMB -49,537,374)	238,898 (Note 6)	-	
Zhuhai Hengxin Accu-Rate Technology Co., Ltd.	Development and manufacturing of vehicles and IOT	RMB 505,000,000	Through Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	-	-	(219,152) (US\$ -7,034,261)	14.63	(219,152) (US\$ -7,034,261)	168,400	-	
JT Microelectronics (Shenzhen) Co., Ltd.	Development and manufacturing of integrated circuits	RMB 1,428,600	Through Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	-	-	(49,405) (RMB -11,167,563)	26.92	(49,405) (RMB -11,167,563)	129,158	-	
JT Microelectronics (Shenzhen) Co., Ltd.	Development and design of integrated circuits and semiconductors	RMB 1,327,956	Through Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	-	-	(9,428) (RMB -20,666,412)	6.85	(9,428) (RMB -20,666,412)	42,418	-	
Wuxin (Shanghai) Semiconductor Technology Co., Ltd.	Development and sale of integrated circuits	RMB 77,530,200	Through Silergy Semiconductor Technology (Hangzhou) Co., Ltd.	-	-	(13,048) (RMB -2,949,425)	35.00	(13,048) (RMB -2,949,425)	147,257	-	

Accumulated Outward Remittance for Investments from Taiwan in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$ - (Note 5)	\$ - (Note 5)	\$ - (Note 5)

(Continued)

Note 1: Translation was based on the exchange rate at December 31, 2023.

Note 2: Translation was based on the average exchange rate for the year ended December 31, 2023.

Note 3: Information was based on the investee's audited financial statements for the current year.

Note 4: Except for Helei SMAT Technology Co., Ltd., Accu-Rate, JT Microelectronics (Shenzhen) Co., Ltd., and Wuxin (Shanghai) Semiconductor Co., Ltd., the carrying amount of the investments and the share of profit or loss were eliminated upon consolidation.

Note 5: Foreign security issuers are not subject to the investment limitation set out in the "Guidelines on Investment and Technical Cooperation in Mainland China" issued by the Ministry of Economic Affairs on August 29, 2008, whereby the limit is 60% of an investment entity's most recent net value.

Note 6: Refers to the net amount after deducting the unrealized gain on disposal of intangible assets.

(Continued)

**SILERGY CORP.**  
**(Incorporated in the Cayman Islands)**  
**AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Chen Wei	27,924,560	7.26

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System website of the TWSE.