Silicon Optronics, Inc.

Parent Company Only Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors’ Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Silicon Optronics, Inc.

Opinion

We have audited the accompanying parent company only financial statements of Silicon Optronics, Inc. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and the parent company only financial performance and the parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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 parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Company's parent company only financial statements for the year ended December 31, 2023 are described as follows:

Sales Revenue

The Company's sales revenue derived from its key customers accounted for a high proportion of the overall sales revenue. Since the sales amount from the transactions with these customers is significant to the overall sales revenue, we believe that there is a risk in the validity of the Company's sales transactions; therefore, we identified the validity of sales revenue from the key customers as a key audit matter for the year ended December 31, 2023. For the accounting policies on the revenue recognition, refer to Note 4 (k) to the parent company only financial statements.

Our main audit procedures performed with respect to the above-mentioned key audit matter are as follows:

1. We obtained an understanding of the design and implementation of internal controls on revenue recognition and tested the effectiveness of these controls.

2. We confirmed the occurrence of sales revenue as follows: we selected samples and inspected the relevant supporting documents and accounting records, and we verified the accuracy of the amounts and revenue recognized.

Inventory Valuation

As of December 31, 2023, the Company's inventory balance was $1,524,493 thousand, accounting for 49% of the combined total assets. For the related accounting policies, please refer to Note 4 (e) to the parent company only financial statements. Since the amount of the inventory is significant and the assessment of net realizable value involves significant management judgments, we considered the inventory valuation as a key audit matter.

Our main audit procedures performed with respect to the above-mentioned key audit matter are as follows:

1. Based on our understanding of the industry and nature of the products of the Company, we verified the appropriateness of the method of inventory aging management, and we also selected samples of and tested the appropriateness of the aging classification.

2. We performed recalculations and determined that the assessment of the net realizable value was reasonable, and we verified that the inventories were measured at the lower of cost and net realizable value based on the most recent raw material quotes or sales data. We also assessed the reasonableness of the assessment of changes in the provision for inventory write-downs.

3. We obtained and verified the details of inventory valuation and obsolescence losses and aging data, and we analyzed the reasons for the differences in the provision for loss in 2023 compared to 2022. We also assessed that the provision for inventory valuation and obsolescence losses was appropriate.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Ming-Hui Chen and Tung-Hui Yeh.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.

SILICON OPTRONICS, INC.

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 992,813	32	$ 721,827	20
Accounts receivable - net (Notes 4 and 8)	46,151	1	34,869	1
Inventories (Notes 4, 5 and 9)	1,524,493	49	2,410,944	65
Prepayments and other current assets (Notes 4, 14 and 25)	129,044	4	134,228	4
Total current assets	2,692,501	86	3,301,868	90
NON-CURRENT ASSETS				
Financial assets at amortized cost - noncurrent (Notes 4, 7, 25 and 27)	3,549	-	3,528	-
Investment accounted for using the equity method (Notes 4 and 10)	296,179	10	290,911	8
Property, plant and equipment (Notes 4, 11 and 27)	30,251	1	45,088	1
Right-of-use assets (Notes 4 and 12)	4,849	-	9,005	-
Intangible assets (Notes 4 and 13)	140	-	2,809	-
Deferred tax assets (Notes 4 and 21)	96,592	3	31,490	1
Other non-current assets (Notes 4, 14 and 17)	2,484	-	3,041	-
Total non-current assets	434,044	14	385,872	10
TOTAL	$ 3,126,545	100	$ 3,687,740	100

	2023		2022	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term loan (Notes 4 and 15)	$ 200,000	6	$ 150,000	4
Contract liabilities - current (Note 19)	38,995	1	69,012	2
Accounts payable (Note 4)	84,354	3	265,258	7
Accrued expenses and other current liabilities (Notes 4 and 16)	28,219	1	53,135	2
Other payables to related parties (Notes 4 and 26)	8,282	-	6,744	-
Current tax liabilities (Notes 4 and 21)	1,081	-	51,763	1
Lease liabilities - current (Notes 4 and 12)	4,197	-	4,136	-
Current portion of long - term borrowing (Note 15)	100,000	3	100,000	3
Refund liabilities - current (Note 16)	79,266	3	53,941	2
Total current liabilities	544,394	17	753,989	21
NON-CURRENT LIABILITIES				
Long-term loan (Notes 4 and 15)	200,000	7	300,000	8
Deferred income tax liabilities (Notes 4 and 21)	-	-	1,509	-
Lease liabilities -non-current (Notes 4 and 12)	705	-	4,902	-
Total non-current liabilities	200,705	7	306,411	8
Total liabilities	745,099	24	1,060,400	29
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Notes 4, 18 and 23)				
Ordinary shares	784,559	25	784,559	21
Capital surplus	1,209,326	39	1,167,789	32
Retained earnings				
Legal reserve	180,425	6	168,164	5
Special reserve	-	-	5,759	-
Unappropriated earnings	304,822	9	598,041	16
Other equity				
Exchange differences on translating the financial statements of foreign operations	(691)	-	23	-
Treasury shares	(96,995)	(3)	(96,995)	(3)
Total equity	2,381,446	76	2,627,340	71
TOTAL	$ 3,126,545	100	$ 3,687,740	100

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

SILICON OPTRONICS, INC.

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

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 19)	$ 1,663,499	100	$ 2,029,090	100
OPERATING COSTS (Notes 9 and 26)	1,707,026	103	1,534,568	76
GROSS PROFIT	(43,527)	(3)	494,522	24
OPERATING EXPENSES (Notes 20 and 26)				
Selling and marketing expenses	15,237	1	15,546	1
General and administrative expenses	44,011	3	52,961	3
Research and development expenses	276,135	16	295,891	14
Total operating expenses	335,383	20	364,398	18
OPERATING INCOME	(378,910)	(23)	130,124	6
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 20)	35,866	2	10,369	1
Other income (Note 20)	104	-	137	-
Other gains and losses (Note 20)	(1,226)	-	9,195	-
Financial costs (Note 20)	(11,080)	(1)	(4,869)	-
Share of income of subsidiaries (Notes 4 and 10)	5,982	1	7,210	-
Total non-operating income and expenses	29,646	2	22,042	1
PROFIT BEFORE INCOME TAX	(349,264)	(21)	152,166	7
INCOME TAX EXPENSE (Notes 4 and 21)	62,548	4	(29,608)	(1)
NET PROFIT FOR THE YEAR	(286,716)	(17)	122,558	6
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 17)	(1)	-	56	-
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations (Notes 4 and 18)	(714)	-	5,782	-
Total other comprehensive (loss) income	(715)	-	5,838	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ (287,431)	(17)	$ 128,396	6
EARNINGS PER SHARE (Note 22)				
Basic	$ (3.70)		$ 1.59	
Diluted	$ (3.70)		$ 1.58	

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

SILICON OPTRONICS, INC.

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

	Ordinary Share Capital			Retained Earnings			Other Equity		
	Number of Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Treasury Shares	Total Equity
BALANCE, JANUARY 1, 2022	78,153	$ 781,529	$ 1,132,749	$ 94,057	$ 4,250	$ 821,078	$ (5,759)	$ (96,995)	$ 2,730,909
Appropriation of 2021 earnings									
Legal reserve	-	-	-	74,107	-	(74,107)	-	-	-
Special reserve	-	-	-	-	1,509	(1,509)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(270,035)	-	-	(270,035)
Net profit for the year ended December 31, 2022	-	-	-	-	-	122,558	-	-	122,558
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	56	5,782	-	5,838
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	122,614	5,782	-	128,396
Issuance of ordinary shares under employee share options	303	3,030	3,091	-	-	-	-	-	6,121
Share-based payment	-	-	31,949	-	-	-	-	-	31,949
BALANCE, DECEMBER 31, 2022	78,456	784,559	1,167,789	168,164	5,759	598,041	23	(96,995)	2,627,340
Appropriation of 2022 earnings									
Legal reserve	-	-	-	12,261	-	(12,261)	-	-	-
Special reserve	-	-	-	-	(5,759)	5,759	-	-	-
Dividends not received by shareholders beyond the deadline	-	-	1	-	-	-	-	-	1
Net profit for the year ended December 31, 2023	-	-	-	-	-	(286,716)	-	-	(286,716)
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	(1)	(714)	-	(715)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	(286,717)	(714)	-	(287,431)
Issuance of ordinary shares under employee share options	-	-	41,536	-	-	-	-	-	41,536
BALANCE, DECEMBER 31, 2023	78,456	$ 784,559	$ 1,209,326	$ 180,425	$ -	$ 304,822	$ (691)	$ (96,995)	$ 2,381,446

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

SILICON OPTRONICS, INC.

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ (349,264)	$ 152,166
Adjustments for:		
Depreciation expenses	46,676	66,687
Amortization expenses	420	1,544
Finance costs	11,080	4,869
Interest income	(35,866)	(10,369)
Share-based payment	41,536	31,949
Share of profit of subsidiaries	(5,982)	(7,210)
Gain on disposal of property, plant and equipment	-	(4,408)
Net loss (gain) on foreign currency exchange	15,882	(7,155)
Gain from lease modification	-	(49)
Changes in operating assets and liabilities		
Accounts receivable	(12,523)	(20,101)
Inventories	886,451	(893,883)
Prepayments and other current assets	10,213	(90,186)
Contract liabilities	(28,887)	33,031
Accounts payable	(184,273)	(79,677)
Other payables to related parties	1,538	(4,768)
Accrued expenses and other current liabilities	(19,112)	(124,242)
Refund liabilities	25,325	36,823
Net defined benefit liabilities	(44)	(33)
Cash generated from (used in) operations	403,170	(915,012)
Income tax paid	(54,745)	(143,075)
Net cash generated from (used in) operating activities	348,425	(1,058,087)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(21)	(16)
Proceeds from financial assets at amortized cost	-	539,508
Payments for property, plant and equipment	(33,641)	(35,921)
Proceeds from disposal of property, plant and equipment	-	417,891
Decrease in refundable deposits	600	81,547
Payments for intangible assets	-	(3,373)
Interest received	33,045	8,359
Net cash generated from investing activities	(17)	1,007,995
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	780,000	150,000
Repayments of short-term loans	(730,000)	-
Proceeds from long-term loans	-	400,000
Repayments of long-term loans	(100,000)	(350,000)
Repayments of guarantee deposits received	-	(6,977)
Repayment of the principal portion of lease liabilities	(4,136)	(4,145)

(Continued)

SILICON OPTRONICS, INC.

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

	2023	2022
Dividends paid	$ -	$ (270,035)
Exercise of employee share options	-	6,121
Interest paid	(11,084)	(4,869)
Overdue failure to receive dividends converted into capital surplus	1	-
Net cash used in financing activities	(65,219)	(79,905)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(12,203)	(5,692)
NET INCREASE (DECREASE) IN CASH	270,986	(135,689)
CASH AT THE BEGINNING OF THE YEAR	721,827	857,516
CASH AT THE END OF THE YEAR	$ 992,813	$ 721,827

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

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Silicon Optronics, Inc. (the "Company") was incorporated in the Republic of China ("ROC") on May 24, 2004 and commenced business on May 27, 2004. The Company's main business activities include the design, development and sales of complementary metal-oxide semiconductors.

The Company's shares have been listed on the Taiwan Stock Exchange (TWSE) since July 2018.

The parent company only financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors and authorized for issue 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 any material impact on the Company's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by International Accounting Standards Board
Amendments to IFRS 16 "Leases 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)

NNote 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.

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

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

New IFRS Accounting Standards	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
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.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

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

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

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the parent company only financial statements, the Company accounted for subsidiaries and associates using the equity method. In order for the amount of net income, other comprehensive income and equity in the parent company only financial statements to agree with the amount attributable to shareholders of the parent company in the consolidated financial statements, the differences in the accounting treatments between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using the equity method, share of profits of subsidiaries and share of other comprehensive income of subsidiaries in the parent company only financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

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

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

At the time of the preparation of the parent company only financial statements, the assets and liabilities of the Company and its foreign operations (including subsidiaries operating in other countries or those using currencies which are different from the Company’s functional currency) are converted into NT dollars at each balance sheet date. Income and expense items are translated at the average exchange rates for the period and the resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. 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 weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary refers to an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost, and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. In addition, changes to the Company's share of other equity in the subsidiary are recognized based on its shareholding ratio.

When the Company's change in the ownership interest in the subsidiary does not result in loss of control, it is treated as an equity transaction. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is directly recognized as equity.

When the Company's share of loss in the subsidiary is equal to or exceeds its interest in the subsidiary (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 Company's net investment in the subsidiary), the Company continues recognizing its share of further loss according to the shareholding ratio.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary 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 Company'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.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

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

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in 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.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful 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. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) 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.

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

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, for any indication of 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 a corporate asset, the asset is tested for impairment in the context of the cash-generating unit to which the asset belongs.

Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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

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

j. Financial instruments

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

Financial assets and financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at 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 category

Financial assets are classified as financial assets at amortized cost.

i. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables, other receivables time deposits with original maturities of more than 3 months 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 a financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and

ii) Financial assets that are not credit-impaired on purchase or origination but have 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

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

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

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

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

c) Derecognition of financial assets

The Company 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.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

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.

k. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from the sale of image sensing products. Revenue and receivables from the sale of goods are recognized when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risk of obsolescence. The transaction price received in advance is recognized as a contract liability until the goods has been delivered to the customer.

The Company 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 providing entrusted design services in accordance with customer contract specifications and are recognized when performance obligations are fulfilled.

l. Leases

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

The Company as lessee

Except for short-term leases and low-value asset leases that are recognized as expenses on a straight-line basis over the lease terms, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease.

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. Subsequently, the right-of-use assets are 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 parent company only balance sheet.

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 comprises fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If implicit rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the parent company only balance sheets.

m. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Employee benefits

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 (including current 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 Company'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.

o. Share-based payment arrangements

Employee share options granted

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company'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. It is recognized as an expense in full at the grant date if vested immediately.

At the end of each reporting period, the Company revises its estimate of the number of employee share options 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.

p. Taxation

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

1) Current tax

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

According to the Income Tax Act 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.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the 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 and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is 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.

Key Sources of Estimation Uncertainty

a. Write-down of inventories

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	**2022**
Cash on hand	$ 154	$ 85
Bank deposits	532,084	383,932
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits in banks	460,575	337,810
	$ 992,813	$ 721,827

The market interest rate intervals of the time deposits held in banks at the end of the reporting period were as follows:

	December 31	
	2023	**2022**
Time deposits	5.17%-5.80%	4.72%-5.20%

7. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	**2022**
<u>Non-current</u>		
Pledged time deposits (b)	$ 3,549	$ 3,528

a. Refer to Note 25 for information relating to their credit risk management and impairment of financial assets at amortized cost.

b. Refer to Note 27 for information relating to investments in financial assets at amortized cost pledged as security.

8. ACCOUNTS RECEIVABLE

	December 31	
	2023	2022
Accounts receivable-unrelated parties		
At amortized cost		
Gross carrying amount	$ 46,151	$ 34,869
Less: Allowance for impairment loss	-	-
	$ 46,151	$ 34,869

At amortized cost

The average credit period for sales of goods is 30 days. No interest was charged on trade receivables.

In order to minimize credit risk, the management of the Company 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 Company 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 Company's credit risk was significantly reduced.

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

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

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

December 31, 2023

Item	Not Past Due	Past Due Up to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Past Due 121 to 150 Days	Past Due 151 to 180 Days	Past Due Over 181 Days	Total
Gross carrying amount	$ 46,151	$ -	$ -	$ -	$ -	$ -	$ -	$ 46,151
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	-	-
Amortized cost	$ 46,151	$ -	$ -	$ -	$ -	$ -	$ -	$ 46,151

December 31, 2022

Item	Not Past Due	Past Due Up to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Past Due 121 to 150 Days	Past Due 151 to 180 Days	Past Due Over 181 Days	Total
Gross carrying amount	$ 31,519	$ 3,350	$ -	$ -	$ -	$ -	$ -	$ 34,869
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	-	-
Amortized cost	$ 31,519	$ 3,350	$ -	$ -	$ -	$ -	$ -	$ 34,869

9. INVENTORIES

	December 31 2023	December 31 2022
Finished goods	$ 995,794	$ 1,660,740
Work in progress	522,383	746,774
Raw materials	6,316	3,430
	$ 1,524,493	$ 2,410,944

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Cost of inventories sold	$ 1,386,892	$ 1,445,300
Inventory write-downs (reversed) (a)	320,134	89,268
	$ 1,707,026	$ 1,534,568

a. Inventory write-downs were reversed as a result of sale has been recognized inventory obsolescence.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in subsidiaries

	December 31 2023	December 31 2022
NUEVA IMAGING, INC.	$ 257,085	$ 254,407
Silicon Optronics (Cayman) Co., Ltd.	39,094	36,504
	$ 296,179	$ 290,911

Name of subsidiary

	Proportion of Ownership and Voting Rights December 31 2023	Proportion of Ownership and Voting Rights December 31 2022
NUEVA IMAGING, INC.	100%	100%
Silicon Optronics (Cayman) Co., Ltd.	100%	100%

The share of profit and loss and other comprehensive income of the subsidiaries accounted for using the equity method for the years ended December 31, 2023 and 2022 was recognized based on the subsidiaries' financial statements audited by the accountants for the same periods.

11. PROPERTY, PLANT AND EQUIPMENT

	Testing Equipment	R&D Equipment	Molding Equipment	Computer	Photomasks	Total
Cost						
Balance at January 1, 2023	$ 730	$ -	$ 12,404	$ 486	$ 92,221	$ 105,841
Additions	-	-	-	-	27,782	27,782
Disposal	-	-	(3,644)	-	(59,495)	(63,139)
Balance at December 31, 2023	$ 730	$ -	$ 8,760	$ 486	$ 60,508	$ 70,484
Accumulated depreciation						
Balance at January 1, 2023	$ 268	$ -	$ 7,020	$ 127	$ 52,155	$ 59,570
Depreciation expense	146	-	2,587	162	39,625	42,520
Disposal	-	-	(3,545)	-	(59,495)	(63,040)
Balance at December 31, 2023	$ 414	$ -	$ 6,062	$ 289	$ 32,285	$ 39,050
Accumulated impairment						
Balance at January 1, 2023 and December 31, 2023	$ -	$ -	$ 1,183	$ -	$ -	$ 1,183
Carrying amounts at December 31, 2023	$ 316	$ -	$ 1,515	$ 197	$ 28,223	$ 30,251
Cost						
Balance at January 1, 2022	$ 910	$ 473,084	$ 13,659	$ 118	$ 124,048	$ 611,819
Additions	-	-	1,058	368	32,726	34,152
Disposal	(180)	(473,084)	(2,313)	-	(64,553)	(540,130)
Balance at December 31, 2022	$ 730	$ -	$ 12,404	$ 486	$ 92,221	$ 105,841
Accumulated depreciation						
Balance at January 1, 2022	$ 281	$ 52,564	$ 5,867	$ 26	$ 64,946	$ 123,684
Depreciation expense	167	7,037	3,466	101	51,762	62,533
Disposal	(180)	(59,601)	(2,313)	-	(64,553)	(126,647)
Balance at December 31, 2022	$ 268	$ -	$ 7,020	$ 127	$ 52,155	$ 59,570
Accumulated impairment						
Balance at January 1, 2022 and December 31, 2022	$ -	$ -	$ 1,183	$ -	$ -	$ 1,183
Carrying amounts at December 31, 2022	$ 462	$ -	$ 4,201	$ 359	$ 40,066	$ 45,088

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

Testing equipment	2-5 years
R&D equipment	15 years
Molding equipment	3 years
Computers	3 years
Photomasks	2 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	**2022**
Carrying amounts		
Buildings	$ 4,849	$ 9,005

	For the Year Ended December 31	
	2023	**2022**
Depreciation charge for right-of-use assets		
Buildings	$ 4,156	$ 4,154

Except for the aforementioned addition and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	**2022**
Carrying amounts		
Current	$ 4,197	$ 4,136
Non-current	$ 705	$ 4,902

The discount rate for lease liabilities was as follows:

	December 31	
	2023	**2022**
Buildings	1.46%	1.46%

c. Material lease activities and terms

The Company did not have significant new lease contracts in 2023 and 2022. The Company leases buildings for the use of offices with lease terms of 2-3 years. The Company does not have bargain purchase options to acquire the buildings at the expiration of the lease periods. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	December 31	
	2023	**2022**
Expenses relating to short-term leases	$ 466	$ 450
Expenses relating to low-value asset leases	$ 34	$ 38
Total cash outflow for leases	$ (4,740)	$ (4,728)

13. INTANGIBLE ASSETS

	Software
Cost	
Balance at January 1, 2023	$ 4,632
Additions	(2,249)
Balance at December 31, 2023	$ 2,383
Accumulated amortization	
Balance at January 1, 2023	$ 1,823
Amortization expense	420
Balance at December 31, 2023	$ 2,243
Carrying amounts at December 31, 2023	$ 140
Cost	
Balance at January 1, 2022	$ 1,259
Additions	3,373
Balance at December 31, 2022	$ 4,632
Accumulated amortization	
Balance at January 1, 2022	$ 279
Amortization expense	1,544
Balance at December 31, 2022	$ 1,823
Carrying amounts at December 31, 2022	$ 2,809

Except for the recognition of amortization expense, there were no significant addition, disposal and impairment of the Company's other intangible assets for the year ended December 31, 2023 and 2022.

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

Software	3 years

14. OTHER ASSETS

	December 31	
	2023	2022
Current		
Prepayments for purchases	$ 87,780	$ 88,397
Overpaid sales tax	-	26,280
Tax receivables	35,414	16,565
Others	5,850	2,986
	$ 129,044	$ 134,228

(Continued)

	December 31	
	2023	2022
Non-current		
Refundable deposits	$ 925	$ 1,525
Net defined benefit assets	1,559	1,516
	$ 2,484	$ 3,041

(Concluded)

15. BORROWINGS

a. Short-term loan

	December 31	
	2023	2022
Unsecured loan		
Bank loan	$ 200,000	$ 150,000

The range of weighted average effective interest rates on bank loans was 2.08%-2.5% per annum on December 31, 2022.

b. Long-term loan

	December 31	
	2023	2022
Unsecured loan		
Bank loan	$ 300,000	$ 400,000
Less: Current portion	100,000	100,000
Long-term loan	$ 200,000	$ 300,000

The Company acquired new bank loan with a floating interest rate of 2.03% per annum. Interest is paid monthly, and the principal is to be repaid in seven equal semiannual installments staring from July 2023. The loan is to be repaid before July 5, 2025.

16. OTHER LIABILITIES

	December 31	
	2023	2022
Current		
Other payables		
Payables for bonuses	$ 15,416	$ 19,863
Payables for employees’ compensation	-	13,440

(Continued)

	December 31	
	2023	2022
Payables for purchases of equipment	$ 2,571	$ 8,371
Payables for remuneration of directors	-	2,500
Others	10,053	8,762
	28,040	52,936
Other liabilities		
Receipts under custody	179	199
	$ 28,219	$ 53,135
Refund liabilities (a)	$ 79,266	$ 53,941

(Concluded)

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and the average monthly salary for the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau); the Company has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Company's benefit plans are as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	$ 375	$ 365
Fair value of plan assets	(1,934)	(1,881)
Net defined benefit assets	$ (1,559)	$ (1,516)

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
Balance at January 1, 2023	$ 365	$ (1,881)	$ (1,516)
Net interest expense (income)	5	(26)	(21)
Recognized in profit or loss	5	(26)	(21)
Remeasurement			
Actuarial (gain) loss			
Actuarial loss - changes in financial assumptions	4	-	4
Actuarial loss - experience adjustments	1	(6)	(5)
Recognized in other comprehensive loss (income)	5	(6)	(1)
Contributions from the employer	-	(22)	(22)
Balance at December 31, 2023	$ 375	$ (1,935)	$ (1,560)
Balance at January 1, 2022	$ 291	$ (1,718)	$ (1,427)
Net interest expense (income)	3	(14)	(11)
Recognized in profit or loss	3	(14)	(11)
Remeasurement			
Actuarial (gain) loss			
Actuarial loss - changes in financial assumptions	(31)	-	(31)
Actuarial loss - experience adjustments	102	(127)	(25)
Recognized in other comprehensive loss (income)	71	(127)	(56)
Contributions from the employer	-	(22)	(22)
Balance at December 31, 2022	$ 365	$ (1,881)	$ (1,516)

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the 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 plans’ debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2023	**2022**
Discount rate	1.3%	1.4%
Expected rate of salary increase	3.0%	3.0%

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

	December 31	
	2023	**2022**
Discount rate		
0.25% increase	$ (12)	$ (12)
0.25% decrease	$ 12	$ 12
Expected rate of salary increase/decrease		
0.25% increase	$ 11	$ 11
0.25% decrease	$ (11)	$ (11)

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

	December 31	
	2023	**2022**
Expected contributions to the plans for the next year	$ 22	$ 22
Average duration of the defined benefit obligation	13 years	14 years

18. EQUITY

a. Common stock

	December 31	
	2023	**2022**
Number of shares authorized (in thousands)	100,000	100,000
Shares authorized	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	78,456	78,456
Shares issued	$ 784,559	$ 784,559

A total of 15,000 thousand shares from the authorized share capital was reserved for the issuance of employee share options. The increase in the Company’s share capital is mainly due to the employees’ exercise of their employee share options.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Arising from issuance of ordinary shares	$ 1,118,553	$ 1,118,553
Arising from exercise of employee share options	12,754	12,754
May be used to offset a deficit only		
Shareholder's overdue dividends not received	1	-
May not be used for any purpose		
Arising from employee share options	78,018	36,482
	$ 1,209,326	$ 1,167,789

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).

Reconciliations of the balance for each class of capital surplus were as follows:

	Premium on Issue of Shares	Arising from Employee Share Options	Other	Total
Balance at January 1, 2022	$ 1,115,462	$ 17,287	$ -	$ 1,132,749
Share-based payment	-	31,949	-	31,949
Issuance of ordinary shares under employee share options	3,091	-	-	3,091
Balance at December 31, 2022	1,118,553	49,236	-	1,167,789
Issuance of ordinary shares under employee share options	-	41,536	-	41,536
Shareholder's overdue dividends not received	-	-	1	1
Balance at December 31, 2023	$ 1,118,553	$ 90,772	$ 1	$ 1,209,326

c. Retained earnings and dividend policy

Under the Company's articles of incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting accumulated losses of previous years, setting aside as legal reserve 10% of the remaining profit, however, when the statutory surplus reserve has exceeded 50% of the total capital, it may not be set aside any more. When the special surplus reserve is set aside in accordance with Article 41 of the Securities and Exchange Law, the insufficient amount of the "net amount of other equity deductions accumulated in the previous period" shall be set aside the same amount of special surplus reserve from the undistributed earnings of the previous period before the distribution of earnings, Items other than the current after tax net profit added to the current after tax net profit are included in the current undistributed earnings. 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. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to "Employees' compensation and remuneration of directors" in Note 20 (g).

Considering that the Company is in a period of operational growth, taking into account the interests of the Company's shareholders and long-term capital and business planning, no more than 90% of the accumulated distributable earnings should be distributed as dividends, out of which no less than 10% of the total dividends distributed should be in the form of cash dividends. If the Company has no distributable earnings for the year, or if there are earnings but the amount of earnings is much lower than that distributed in the previous year, or considering the Company's financial, business and operational factors, the Company may distribute all or part of the earnings in accordance with the law or regulations of the competent authorities.

The appropriations of earnings for 2022 and 2021 which had been approved in the shareholders in their meetings on June 16, 2023 and June 23, 2022, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve	$ 12,261	$ 74,107
Special reserve	$ (5,759)	$ 1,509
Cash dividends	$ -	$ 270,035
Dividends per share (NT$)	$ -	$ 3.5

The appropriations of earnings for 2023 are subject to the resolution of the shareholders' in their meeting to be held on June 18, 2024.

d. Other equity items

	For the Year Ended December 31	
	2023	2022
Balance, beginning of year	$ 23	$ (5,759)
Exchange differences on translation of the financial statements of foreign operations	(714)	5,782
Balance, end of year	$ (691)	$ 23

e. Treasury shares

	For the Year Ended December 31	
	2023	2022
Treasury shares (in thousands of shares)	1,000	1,000

The Company's board of directors held a meeting on August 12, 2019 and resolved to buy back 1,000 thousand of its ordinary shares listed on the Taiwan Stock Exchange within the period starting August 13, 2019 to October 12, 2019 for transfer to its employees, at a purchase price ranging from NT$53 to NT$115 per share.

In October 2019, the Company completed the repurchase of 1,000 thousand shares for $96,995 thousand.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

19. REVENUE

	For the Year Ended December 31	
	2023	**2022**
Revenue from contracts with customers		
Revenue from the sale of goods	$ 1,663,480	$ 2,021,104
Others	19	7,986
	$ 1,663,499	$ 2,029,090

a. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2021
Accounts receivable (Note 8)	$ 46,151	$ 34,869	$ 14,680
Contract liabilities - current			
Sale of goods	$ 38,995	$ 69,012	$ 35,139

Revenue recognized in the current reporting period from the contract liabilities at the beginning of the year is as follows:

	For the Year Ended December 31	
	2023	**2022**
From the contract liabilities at the beginning of the year		
Sale of goods	$ 65,890	$ 29,311

b. Disaggregation of revenue

	For the Year Ended December 31	
	2023	**2022**
Primary geographical markets		
Hong Kong	$ 1,223,819	$ 1,620,387
Taiwan (the Company's operating location)	196,707	170,578
Others	242,973	238,125
	$ 1,663,499	$ 2,029,090
Major goods		
CMOS	$ 1,644,786	$ 1,995,249
Other	18,713	33,841
	$ 1,663,499	$ 2,029,090

20. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	$ 35,805	$ 9,434
Financial asset at amortized cost	48	928
Others	13	7
	$ 35,866	$ 10,369

b. Other income

	For the Year Ended December 31	
	2023	2022
Others	$ 104	$ 137

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange gain	$ (1,216)	$ 4,738
Gain on disposal of property, plant and equipment	-	4,408
Other gains	-	49
Other expenses	(10)	-
	$ (1,226)	$ 9,195

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	$ 10,976	$ 4,774
Interest on lease liabilities	104	95
	$ 11,080	$ 4,869

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 42,520	$ 62,533
Right-of-use assets	4,156	4,154
Intangible assets	420	1,544
Total	$ 47,096	$ 68,231

(Continued)

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	$ 10,262	$ 14,485
Operating expenses	36,414	52,202
	$ 46,676	$ 66,687
An analysis of amortization by function		
Research and development expenses	$ 420	$ 1,544

(Concluded)

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	$ 3,860	$ 3,529
Defined benefit plans	(21)	(11)
	3,839	3,518
Other employee benefits	130,507	159,206
Total employee benefits expense	$ 134,346	$ 162,724
An analysis of employee benefits expense by function		
Operating expenses	$ 134,346	$ 162,724

g. Employees' compensation and remuneration of directors

According to the Company's Articles, the Company accrued employees' compensation at a rate of no less than 0.005% and no higher than 25% and remuneration of directors and supervisors at a rate of no higher than 3%. Due to 2023 being not loss, the employee's compensation and remuneration were not proposed. The employees' compensation and remuneration of directors for the years ended December 31, 2022 were resolved in the board of directors' meetings on March 15, 2023, respectively.

Accrual rate

	For the Year Ended December 31	
	2023	2022
Employees' compensation	-	7.99%
Remuneration of directors and supervisors	-	1.49%

Amount

	For the Year Ended December 31	
	2023	2022
Employees' compensation	$ -	$ 13,440
Remuneration of directors and supervisors	-	2,500

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2023	**2022**
Current tax		
In respect of the current year	$ (1,742)	$ 25,606
Income tax on unappropriated earnings	5,805	19,771
Adjustments for prior years	-	(293)
	4,063	45,670
Deferred tax		
In respect of the current year	(66,611)	(16,062)
Income tax expense recognized in profit or loss	$ (62,548)	$ 29,608

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

	For the Year Ended December 31	
	2023	**2022**
Profit before tax from continuing operations	$ (349,264)	$ 152,166
Income tax expense calculated at the statutory rate	$ (69,853)	$ 30,433
Nondeductible expenses in determining taxable income	(1,196)	(1,442)
Income tax on unappropriated earnings	5,805	19,771
Unrecognized deductible temporary differences	66,611	16,062
Unrecognized loss deductible	4,438	-
Investment credits of the current year	(1,742)	(19,447)
Deferred tax		
Temporary differences	(66,611)	(16,062)
Adjustments for prior years' tax	-	(293)
Income tax expense recognized in profit or loss	$ (62,548)	$ 29,608

b. Current tax liabilities

	December 31	
	2023	**2022**
Current tax liabilities		
Income tax payable	$ 1,081	$ 51,763

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

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Allowance for impairment loss	$ 31,490	$ 64,026	$ 95,516
Foreign exchange loss	-	1,076	1,076
	$ 31,490	$ 65,102	$ 96,592
Deferred tax liabilities			
Gain on foreign currency exchange	$ 1,509	$ (1,509)	$ -

For the Year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Allowance for impairment loss	$ 13,636	$ 17,854	$ 31,490
Foreign exchange loss	283	(283)	-
	$ 13,919	$ 17,571	$ 31,490
Deferred tax liabilities			
Gain on foreign currency exchange	$ -	$ 1,509	$ 1,509

d. Income tax assessments

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

22. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	$ (3.70)	$ 1.59
Diluted earnings per share	$ (3.70)	$ 1.58

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

Net Profit for the Year

	For the Year Ended December 31	
	2023	2022
Earnings used in the computation of basic earnings per share	$ (287,431)	$ 122,558
Effect of potentially dilutive ordinary shares:		
Employee share options	-	-
Bonuses issued to employees	-	-
Earnings used in the computation of diluted earnings per share	$ (287,431)	$ 122,558

Number of shares

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	77,456	77,206
Effect of potentially dilutive ordinary shares:		
Employee share options	-	198
Bonuses issued to employees	-	355
Weighted average number of ordinary shares used in the computation of diluted earnings per share	77,456	77,759

The Company may settle the bonuses to employees in cash or shares; therefore, the Company assumes the entire amount of the bonus will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

23. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan

Qualified employees of the Company were granted 2,000 options on July 29, 2013 and 3,200 options on May 16, 2013. Each option entitles the holder to subscribe for one thousand ordinary shares of the Company, and the total number of new ordinary shares required to be issued for the exercise of the employee share options is 2,000 shares and 3,200 shares, respectively. The options granted are valid for 10 years and exercisable at certain percentages after the second year from the grant date.

Information on employee share options is as follows:

	2021 Employee Share Option Plan	
	Number of Options (In Thousands	Weighted - Average Exercise Price (NT$)
For the year ended December 31, 2023		
Balance at January 1	3,500	$ 99.60
Options exercised	-	-
Balance at December 31	3,500	99.60
Options exercisable, end of period	-	-

	2021 Employee Share Option Plan		2013 Employee Share Option Plan		2013 Employee Share Option Plan	
	Number of Options (In Thousands	Weighted - Average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted - Average Exercise Price (NT$)	Number of Options (In Thousands	Weighted - Average Exercise Price (NT$)
For the year ended December 31, 2022						
Balance at January 1	-	$	55	$ 32.21	603	$ 17.20
Options granted	3,500	99.60	-	-	-	-
Options exercised	-	-	(55)	31.00	(248)	17.79
Options forfeited	-	-	-	-	(355)	15.81
Balance at December 31	3,500	99.60	-	-	-	-
Options exercisable, end of period	-		-		-	

Information on outstanding options as follows:

December 31, 2023			December 31, 2022		
Share Option Plan	Range of Exercise Price(NT$)	Weighted-average Remaining Contractual Life (In Years)	Share Option Plan	Range of Exercise Price(NT$)	Weighted-average Remaining Contractual Life (In Years)
2021 Employee share option plan	$ 99.60	10.23	2021 Employee share option plan	$ 99.60	11.23
2013 Employee share option plan	-	-	2013 Employee share option plan	-	-
2012 Employee share option plan	-	-	2012 Employee share option plan	-	-

The resolution for the granting of the 2021 employee share options was passed in the board of directors' meeting on July 1, 2021, and their fair values were assessed using the Black-Scholes pricing model; the inputs to the model are as follows:

Grant-date share price (NT$)	$103.5
Exercise price (NT$)	$103.5
Expected volatility	43.11%-39.21%
Expected life	2.5-4.5 years
Expected dividend yield	-
Risk-free interest rate	0.79%-0.92%
Fair value of stock options	30.73

The cost of share-based compensation for the year ended December 31, 2022, is $31,949 thousand.

24. CAPITAL MANAGEMENT

The Company manages its capital to ensure that will be able to continue as a going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

Key management personnel of the Company review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the number of new shares issued, and/or the amount of new debt issued or existing debt redeemed.

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

25. FINANCIAL INSTRUMENTS

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

The management believes the carrying amounts of financial assets and financial liabilities not carried at fair value approximate their fair values.

b. Categories of financial instruments

	December 31	
	2023	**2022**
Financial assets		
Financial assets at amortized cost (Note 1)	$ 1,043,438	$ 761,749
Financial liabilities		
Amortized cost (Note 2)	595,207	830,373

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable, other accounts receivables, refundable deposit and pledged time deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term loan, accounts payable, other payables (including related parties), current portion of long-term borrowing, long-term loan and guarantee deposits.

c. Financial risk management objectives and policies

The Company’s major financial instruments included accounts receivable, accounts payable and borrowings. The Company’s corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company’s activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change in the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company has foreign currency sales and purchases, which expose the Company to foreign currency risk. Approximately 88% of the Company's sales is denominated in currencies other than the functional currency of the Company, whilst almost 97% of costs is denominated in the Company's functional currency. Exchange rate exposures are managed within approved policy parameters.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 28.

Sensitivity analysis

The Company is mainly exposed to the exchange rate fluctuations in the USD.

The sensitivity analysis regarding foreign currency risk is mainly calculated for USD denominated monetary items on the balance sheet date.

When the NTD appreciates/depreciates by 1% against the USD, the Group's net profit before tax for the years ended December 31, 2023 and 2022 would decrease/increase by $6,943 thousand and $2,532 thousand, respectively.

b) Interest rate risk

The Company is exposed to interest rate risk arising from financial assets and financial liabilities at both fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting periods were as follows:

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 464,124	$ 341,338
Cash flow interest rate risk		
Financial assets	532,074	383,922
Financial liabilities	500,000	550,000

Sensitivity analysis

The sensitivity analysis regarding interest rate risk is calculated based on the changes in the cash flow of floating-rate liabilities on the balance sheet date.

If interest rates had been 0.5% higher/lower, pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $160 thousand and $(830) thousand, respectively.

2) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation mainly arise from the carrying amount of the respective recognized financial assets as stated in the parent company only balance sheets.

The Company transacts with a large number of unrelated customers; thus, no concentration of credit risk was observed.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank facilities and ensures compliance with loan covenants.

Bank borrowings are significant sources of liquidity for the Company. For the Company's unutilized financing facilities, please refer to (b) Financing facilities below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2023

	On Demand or Less than 1 Month	**1-3 Months**	**3 Months to 1 Year**	**1 Year to 5 Years**
Non-derivative financial liabilities				
Lease liabilities	$ 353	$ 707	$ 3,180	$ 707
Accounts payable	71,617	12,737	-	-
Other payables - related parties	8,282	-	-	-
Payables for purchase of equipment	-	2,571	-	-
Variable interest rate liabilities	509	201,017	103,899	202,712
	$ 80,761	$ 217,032	$ 107,079	$ 203,419

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	**1-5 Years**	**5-10 Years**	**10-15 Years**	**15-20 Years**	**20+ Years**
Lease liabilities	$ 4,240	$ 707	$ -	$ -	$ -	$ -
Interest rate liabilities	305,425	202,712	-	-	-	-
	$ 309,665	$ 203,419	$ -	$ -	$ -	$ -

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1 Year to 5 Years
Non-derivative financial liabilities				
Lease liabilities	$ 353	$ 707	$ 3,180	$ 4,947
Accounts payable	177,827	86,708	723	-
Other payables - related parties	6,744	-	-	-
Payables for purchase of equipment	5,975	2,396	-	-
Variable interest rate liabilities	150,650	1,301	105,041	307,318
	$ 341,549	$ 91,112	$ 108,944	$ 312,265

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 4,240	$ 4,947	$ -	$ -	$ -	$ -
Interest rate liabilities	256,992	307,318	-	-	-	-
	$ 261,232	$ 312,265	$ -	$ -	$ -	$ -

b) Financing facilities

	December 31 2023	December 31 2022
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	$ 500,000	$ 550,000
Amount unused	250,000	200,000
	$ 750,000	$ 750,000
Secured bank overdraft facilities:		
Amount used	$ -	$ -
Amount unused	250,000	250,000
	$ 250,000	$ 250,000

26. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
Silicon Optronics (Shanghai) Co., Ltd.	Subsidiaries
NUEVA IMAGING, INC.	Subsidiaries

b. Technical service expense

Related Party Category	December 31	
	2023	2022
Subsidiaries		
Silicon Optronics (Shanghai) Co., Ltd.	$ 66,545	$ 59,206
NUEVA IMAGING, INC.	55,619	51,889
	$ 122,164	$ 111,095

The technical service contracts between the Company and its related parties are based on the prices and terms agreed upon by both parties, therefore no other appropriate transaction counterparties are available for comparison.

c. Other payables to related parties

Related Party Category	December 31	
	2023	2022
Subsidiaries		
NUEVA IMAGING, INC.	$ 4,417	$ 3,580
Silicon Optronics (Shanghai) Co., Ltd.	3,865	3,164
	$ 8,282	$ 6,744

d. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 6,150	$ 71,174

The remuneration of directors and other key management personnel departments is determined by the remuneration committee based on individual performance and market trends.

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets of the Company were provided as collateral for long-term bank borrowings and as guarantee for the tariff on imported raw materials:

	December 31	
	2023	2022
Pledged time deposits (classified as financial assets at amortized cost-noncurrent)	$ 3,549	$ 3,528

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than the functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 29,394	30.705 (USD:NTD)	$ 902,546
CNY	300	4.327 (CNY:NTD)	1,299
			$ 903,845
Financial liabilities			
Monetary items			
USD	6,781	30.705 (USD:NTD)	$ 208,202

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 22,079	30.71 (USD:NTD)	$ 678,047
CNY	2,309	4.408 (CNY:NTD)	10,178
			$ 688,225
Financial liabilities			
Monetary items			
USD	13,833	30.71 (USD:NTD)	$ 424,820

The significant unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2023		2022	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	30.705 (USD:NTD)	$ (5,313)	30.71 (USD:NTD)	$ 7,861
CNY	4.327 (CNY:NTD)	(66)	4.408 (CNY:NTD)	(317)
		$ (5,379)		$ 7,544

29. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: None;

2) Endorsements/guarantees provided: None;

3) Marketable securities held (excluding investments in subsidiaries): None;

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 of at least NT$100 million or 20% of the paid-in capital: None;

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None;

9) Information about the derivative instruments transaction: None;

b. Names, locations, and related information of investees over which the Company exercises significant influence (excluding information on investment in Mainland China): Please see Table 1 attached;

c. Information on investments in mainland China: Please see Table 2 attached.

d. Information on major shareholders: The name, amount and proportion of shareholders with a shareholding ratio of 5% or more: Please see Table 3 attached.

TABLE 1

SILICON OPTRONICS, INC. AND SUBSIDIARIES

INFORMATION ON INVESTEES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Accounted for using the Equity Method	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2023			Net Income of Investee Accounted for using the Equity Method	Investment Income	Note
				December 31, 2023	December 31, 2022	Number of Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Silicon Optronics, Inc.	NUEVA IMAGING INC.	USA	Product development & design of high-end CMOS Image Sensor	$ 358,500	$ 358,500	6,000	100	$ 257,085	$ 2,662	$ 2,662	Subsidiary
	Silicon Optronics (Cayman) Co., Ltd.	Cayman Islands	Investment holding company	5,237	5,237	170	100	39,094	3,320	3,320	Subsidiary

TABLE 2

SILICON OPTRONICS, INC. AND SUBSIDIARIES

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 (US$ in Thousands)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023 (US$ in Thousands)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (US$ in Thousands)	Net Income (Loss) of the Investee	Percentage of Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Silicon Optronics (Shanghai) Co., Ltd.	Design, test and research and development of IC and related electronic products with consultation on technology services and technology transfer	US$ 175 thousand	Note 1	$ 5,373 (US$ 175 thousand)	$ -	$ -	$ 5,373 (US$ 175 thousand)	$ 3,320	100	$ 3,320	$ 39,094	$ -

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023 (US$ in Thousands)	Investment Amount Authorized by Investment Commission, MOEA (US$ in Thousands)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (US$ in Thousands)
$ 5,373 (US$ 175 thousand)	Note 1	$ 1,428,868

Note 1: Through Silicon Optronics (Cayman) Co., Ltd. investment Silicon Optronics (Shanghai) Co., Ltd., the Amount of Investment Stipulated was approved by Investment Commission, MOEA approved investment amount US$175 thousands.

Note 2: Amount was recognized on the basis of audited financial statements.

Note 3: Based on the exchange rate as of December 31, 2023.

TABLE 3

SILICON OPTRONICS, INC. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Samoa Shangzhao Lake Co., Ltd.	1,7691,413	22.54
Egis Technology Inc.	12,640,756	16.11
Samoa Full Guest Investment Limited	4,875,458	6.21
Xiao Dong Luo	4,583,587	5.84

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 parent company only 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 truster 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 Market Observation Post System.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

SILICON OPTRONICS, INC.

STATEMENT OF CASH
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Description	Amount
Cash in banks		
Time deposits	Including US$15,000 @30.705	$ 460,575
Current accounts	Including NT$135,059 thousand; US$12,891 thousand @30.705 and CNY$276 thousand @4.327	532,074
Checking deposits		10
Cash in stock	Including CNY$24 thousand @4.327	104
Cash on hand		50
		$ 992,813

STATEMENT 2

SILICON OPTRONICS, INC.

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client A	$ 32,137
Client B	7,211
Client C	3,404
Client D	3,399
	$ 46,151

SILICON OPTRONICS, INC.

STATEMENT OF INVENTORY
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value
Finished goods	$ 995,794	$ 1,168,846
Work in progress	522,383	965,216
Raw materials	6,316	14,678
	$ 1,524,493	$ 2,148,740

SILICON OPTRONICS, INC.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Balance, January 1, 2023		Investment Gain (Loss) Recognized by Using Equity Method	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Balance, December 31, 2023			
Investees	Number of Shares (In Thousands)	Amount	(Note 1)		Number of Shares (In Thousands)	%	Amount	Net Asset Value
NUUEVA IMAGING, INC.	6,000	$ 254,407	$ 2,662	$ 16	6,000	100	$ 257,085	$ 57,857
Silicon Optronics (Cayman) Co., Ltd.	170	36,504	3,320	(730)	170	100	39,094	39,094
		$ 290,911	$ 5,982	$ (714)			$ 296,179	$ 96,951

Note 1: The net value was based on audited financial statements of the same period.

Note 2: Above investments accounted for using equity method were not pledged as security.

SILICON OPTRONICS, INC.

STATEMENT OF CHANGE IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Buildings
Cost	
Balance at January 1 and December 31, 2023	$ 11,083
Accumulated depreciation	
Balance at January 1, 2023	2,078
Depreciation	4,156
Balance at December 31, 2023	6,234
Carrying amount at December 31, 2023	$ 4,849

SILICON OPTRONICS, INC.

STATEMENT OF SHORT-TERM LOAN
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Bank	Balance at December 31	Contract Period	Interest Rate (%)	Financing facilities	Pledged as Collateral or Provided as Guarantee
Bank SinoPac Company, Limited	$ 100,000	2023.12.22-2024.02.21	1.95	$ 350,000	None
Taishin international bank co. ltd	50,000	2023.12.11-2024.03.08	2.20	200,000	None
Cathay United Bank Company, Limited	50,000	2023.09.22-2024.02.02	1.80	50,000	None
	$ 200,000			$ 600,000	

SILICON OPTRONICS, INC.

STATEMENT OF PAYABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Name	Amount
Non- related parties	
A Vendor	$ 28,906
B Vendor	26,304
C Vendor	20,129
Other (Note)	9,015
	$ 84,354

Note: The amount of each item in others does not exceed 5% of the account balance.

SILICON OPTRONICS, INC.

STATEMENT OF LONG-TERM LOANS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Type	Summary	Balance, End of Year	Contract Period	Range of Interest Rates (%)	Pledged as Collateral or Provided as Guarantee
Bank borrowings					
KGI commercial Bank Co., Ltd. (Note)	-	$ 300,000	2022.07.05-2025.07.05	2.03	None
Less: Current portion		(100,000)			
		$ 200,000			

Note: Interest is paid monthly, and principal is repaid in three equal installments staring from July 2022. The Company has completed repayment of the loan before July 5, 2025.

STATEMENT 9

SILICON OPTRONICS, INC.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Lease Term	Discount Rate (%)	Balance, End of Year
Buildings	2022.07.01-2025.02.01	1.46	$ 4,902
Less: Lease liabilities - current			(4,197)
Lease liabilities - non-current			$ 705

STATEMENT 10

SILICON OPTRONICS, INC.

STATEMENT OF NET REVENUE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Quantity	Unit	Amount
CMOS	62,188	Thousand pieces	$ 1,644,786
Others			18,713
			$ 1,663,499

SILICON OPTRONICS, INC.

STATEMENT OF OPERATING COSTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials	
Raw materials at the beginning of the year	$ 3,430
Purchases in the current year	453,198
Transfer out to expenses	6,486
Raw materials at the end of the year	(6,316)
Consumption of raw materials	456,798
Manufacturing fee	372,387
Manufacturing cost	829,185
Work in progress at the beginning of the year	746,774
Transfer out to expenses	(8,337)
Work in progress at the end of the year	(522,383)
Finished goods cost	1,045,239
Finished goods at the beginning of the year	1,660,740
Others	(4,843)
Finished goods at the end of the year	(995,794)
Cost of goods sold	1,705,342
Other adjustments	1,684
Operating cost	$ 1,707,026

SILICON OPTRONICS, INC.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In thousands of New Taiwan Dollars)

Item	Marketing Expense	General and Administrative Expense	Research and Development Expense
Payroll and related expense	$ 6,235	$ 23,520	$ 90,216
Pension expense	263	773	2,803
Shipping fee	2,916	7	6
Sample fee	2,510	-	-
Park management fee	-	3,236	-
Professional service fee	860	3,632	166
Technical services	-	-	122,164
Depreciation fee	-	4,318	32,096
Others (Note)	2,453	8,525	28,684
	$ 15,237	$ 44,011	$ 276,135

Note: The amount of each item in others does not exceed 5% of the account balance.

SILICON OPTRONICS, INC.

SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2023			For the Year Ended December 31, 2022		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Employee benefits expenses						
Salary and bonus	$ -	$ 119,971	$ 119,971	$ -	$ 144,108	$ 144,108
Insurance	-	6,699	6,699	-	8,949	8,949
Pension	-	3,839	3,839	-	3,518	3,518
Remuneration of directors	-	-	-	-	2,500	2,500
Others	-	3,837	3,837	-	3,649	3,649
	$ -	$ 134,346	$ 134,346	$ -	$ 162,724	$ 162,724
Depreciation	$ 10,262	$ 36,414	$ 46,676	$ 14,485	$ 52,202	$ 66,687
Amortization	$ -	$ 420	$ 420	$ -	$ 1,544	$ 1,544

Note 1: For the year of 2023 and 2022, the Company had an average of 65 and 62 employees, respectively, which included 4 and 3 non-employee directors.

Note 2: Average labor costs for the years ended December 31, 2023 and 2022 were NT$2,202 thousand and NT$2,716 thousand, respectively.

Note 3: Average salary and bonus for the years ended December 31, 2023 and 2022 were NT$1,967 thousand and NT$2,443 thousand, respectively. The average salary and bonus decreased by (19.48)% year over year.

Note 4: The Company has established an audit committee, and the remuneration of independent directors has been incorporated into the remuneration of the directors for disclosure.

Note 5: The Company’s salary and remuneration policy (including directors, independent directors, managers and employees): The Company’s salary and remuneration policy is to provide employees with salaries and benefits above the average level of the industry. Employee remuneration includes monthly salary, quarterly settlement of bonuses for operating performance, and employee remuneration based on annual profitability. The amount and distribution of the Company’s employee compensation are proposed by the remuneration committee to the board of directors, and the board of directors approves it. Please refer to Note 20 (g) Employee Compensation and Directors’ Compensation for relevant information about the Company’s employee compensation and director’s compensation allotment.