

**Taiwan-Asia Semiconductor Corporation
and Subsidiaries**
(Formerly Named Opto Tech Corporation)

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TAIWAN-ASIA SEMICONDUCTOR CORPORATION
(Formerly Named Opto Tech Corporation)

February 27, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan-Asia Semiconductor Corporation
(Formerly named Opto Tech Corporation)

Opinion

We have audited the accompanying consolidated financial statements of Taiwan-Asia Semiconductor Corporation (formerly named Opto Tech Corporation) and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is described as follows:

The Occurrence of Operating Revenue

The Group is engaged in the manufacture and sale of semiconductor components as well as research and development, design, manufacture and sale of systems products. Sales revenue from customers accounted for a significant proportion of the total operating revenue in 2023. The sales revenue of significant customers was deemed a key audit matter. Refer to Notes 4 and 23 to the Group's consolidated financial statements for the related revenue recognition policies and information.

The audit procedures performed in response to the abovementioned key audit matter were as follows:

1. We obtained a thorough understanding of the Group's policies on recognizing sales revenue, evaluated the design of the internal controls related to the occurrence of sales revenue, and determined whether the controls had been implemented.
2. We performed detailed verification tests on the selected samples of sales revenue, and we checked transaction vouchers, subsequent collections, as well as future sales returns and confirmed the occurrence of sales revenue.
3. We performed the relevant transaction procedures for the sales returns of significant customers.

Other Matter

We did not audit the financial statements of certain investees of the Corporation as of and for the years ended December 31, 2023 and 2022, which were reflected in the accompanying financial statements using the equity method of accounting, but such financial statements were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included in the Corporation's financial statements for such investments, is based solely on the reports of other auditors. The aforementioned equity-method investments that were not audited by the auditor amounted to NT\$63,987 thousand and NT\$61,690 thousand as of December 31, 2023 and 2022, which represented 0.51% and 0.58% of the Corporation's total assets. The Corporation's share of the comprehensive income (loss) of such associates amounted to NT\$1,355 thousand and NT\$(6,996) thousand for the years ended December 31, 2023 and 2022, which represented 0.49% and (8.42%) of the Corporation's total comprehensive income.

We have also audited the parent company only financial statements of Taiwan-Asia Semiconductor Corporation (formerly named Opto Tech Corporation) as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion with other matter paragraph.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chih-Yuan Chen and Tung-Feng Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2024

Notice to Readers

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

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

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
(Formerly Named Opto Tech Corporation)

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

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,994,383	16	\$ 3,014,578	29
Financial assets at fair value through profit or loss - current (Notes 7 and 30)	92,273	1	65,175	1
Financial assets at amortized cost - current (Notes 9 and 32)	23,360	-	120,666	1
Contract assets - current (Note 23)	1,700	-	2,883	-
Notes receivable (Note 23)	1,171	-	1,642	-
Trade receivables (Notes 10 and 23)	1,177,915	9	782,722	7
Trade receivables from related parties (Notes 23 and 31)	23,976	-	16,433	-
Other receivables (Note 31)	14,417	-	15,131	-
Inventories (Note 11)	1,348,681	11	1,248,748	12
Other current assets (Notes 25 and 31)	126,634	1	77,439	1
Total current assets	<u>4,804,510</u>	<u>38</u>	<u>5,345,417</u>	<u>51</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 7 and 30)	20,000	-	109,096	1
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 30)	1,110,803	9	1,069,816	10
Investments accounted for using the equity method (Note 13)	63,987	1	61,690	1
Contract assets - non-current (Note 23)	2,619	-	4,319	-
Property, plant and equipment (Notes 14 and 31)	5,384,198	43	2,661,914	25
Right-of-use assets (Note 15)	210,813	2	202,218	2
Investment properties (Note 16)	399,307	3	399,307	4
Intangible assets (Note 17)	35,378	-	19,009	-
Deferred tax assets (Notes 4 and 25)	57,912	1	24,400	-
Prepayment for equipment (Note 31)	371,620	3	621,506	6
Other non-current assets	30,782	-	36,115	-
Total non-current assets	<u>7,687,419</u>	<u>62</u>	<u>5,209,390</u>	<u>49</u>
TOTAL	<u>\$ 12,491,929</u>	<u>100</u>	<u>\$ 10,554,807</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 390,000	3	\$ 137,196	1
Contract liabilities - current (Note 23)	97,936	1	213,295	2
Trade payables	536,764	4	432,446	4
Trade payables to related parties (Note 31)	39,441	1	36,162	-
Other payables (Note 19)	817,715	7	587,892	6
Other payables to related parties (Note 31)	23,332	-	-	-
Current tax liabilities (Notes 4 and 25)	25,150	-	98,351	1
Provisions - current (Note 20)	2,651	-	1,210	-
Lease liabilities - current (Notes 15 and 31)	23,197	-	17,195	-
Current portion of long-term liabilities (Note 18)	25,695	-	-	-
Other current liabilities	5,638	-	5,007	-
Total current liabilities	<u>1,987,519</u>	<u>16</u>	<u>1,528,754</u>	<u>14</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	1,669,961	13	195,695	2
Provisions - non-current (Note 20)	19,758	-	24,505	-
Deferred tax liabilities (Notes 4 and 25)	25,061	-	50,475	-
Lease liabilities - non-current (Notes 15 and 31)	195,967	2	189,330	2
Net defined benefit liability - non-current (Notes 4 and 21)	67,004	1	54,591	1
Deferred revenue - non-current (Note 28)	23,230	-	-	-
Other non-current liabilities	5,309	-	2,063	-
Total non-current liabilities	<u>2,006,290</u>	<u>16</u>	<u>516,659</u>	<u>5</u>
Total liabilities	<u>3,993,809</u>	<u>32</u>	<u>2,045,413</u>	<u>19</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	4,386,228	35	4,386,228	42
Capital surplus	1,475,787	12	1,507,368	14
Retained earnings				
Legal reserve	916,235	7	872,379	8
Unappropriated earnings	1,503,798	12	1,684,760	16
Total retained earnings	2,420,033	19	2,557,139	24
Other equity	61,632	1	82,829	1
Treasury shares	(23,172)	-	(24,170)	-
Total equity attributable to owners of the Company	8,320,508	67	8,509,394	81
NON-CONTROLLING INTERESTS	177,612	1	-	-
Total equity	<u>8,498,120</u>	<u>68</u>	<u>8,509,394</u>	<u>81</u>
TOTAL	<u>\$ 12,491,929</u>	<u>100</u>	<u>\$ 10,554,807</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
(Formerly Named Opto Tech Corporation)

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 31)	\$ 3,972,279	100	\$ 4,529,777	100
OPERATING COSTS (Notes 11, 24 and 31)	<u>3,041,848</u>	<u>77</u>	<u>3,315,399</u>	<u>73</u>
GROSS PROFIT	<u>930,431</u>	<u>23</u>	<u>1,214,378</u>	<u>27</u>
OPERATING EXPENSES (Notes 10, 24, 27 and 31)				
Selling and marketing expenses	120,172	3	106,214	2
General and administrative expenses	497,646	12	573,562	13
Research and development expenses	231,231	6	143,734	3
Expected credit loss on trade receivables	<u>2,701</u>	<u>-</u>	<u>7,798</u>	<u>-</u>
Total operating expenses	<u>851,750</u>	<u>21</u>	<u>831,308</u>	<u>18</u>
PROFIT FROM OPERATIONS	<u>78,681</u>	<u>2</u>	<u>383,070</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Notes 13, 24 and 31)				
Interest income	33,948	1	15,566	-
Other income	35,589	1	30,589	-
Other gains and losses	175,258	4	34,534	1
Finance costs	(19,520)	-	(11,491)	-
Share of profit or loss of subsidiaries and associates	<u>(3,521)</u>	<u>-</u>	<u>(5,492)</u>	<u>-</u>
Total non-operating income	<u>221,754</u>	<u>6</u>	<u>63,706</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	300,435	8	446,776	10
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 25)	<u>3,466</u>	<u>-</u>	<u>(86,312)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>303,901</u>	<u>8</u>	<u>360,464</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(7,238)	-	97,517	2

(Continued)

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
(Formerly Named Opto Tech Corporation)

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

	2023		2022	
	Amount	%	Amount	%
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ (49,012)	(1)	\$ (338,339)	(7)
Share of the other comprehensive income (loss) of associates accounted for using the equity method	4,886	-	(1,516)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>27,637</u>	-	<u>(36,646)</u>	<u>(1)</u>
	<u>(23,727)</u>	<u>(1)</u>	<u>(278,984)</u>	<u>(6)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(2,246)	-	1,556	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>(10)</u>	-	<u>12</u>	-
	<u>(2,256)</u>	-	<u>1,568</u>	-
Other comprehensive income (loss) for the year, net of income tax	<u>(25,983)</u>	<u>(1)</u>	<u>(277,416)</u>	<u>(6)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 277,918</u>	<u>7</u>	<u>\$ 83,048</u>	<u>2</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 307,212	8	\$ 360,465	8
Non-controlling interests	<u>(3,311)</u>	-	<u>(1)</u>	-
	<u>\$ 303,901</u>	<u>8</u>	<u>\$ 360,464</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 281,229	7	\$ 83,049	2
Non-controlling interests	<u>(3,311)</u>	-	<u>(1)</u>	-
	<u>\$ 277,918</u>	<u>7</u>	<u>\$ 83,048</u>	<u>2</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 0.70</u>		<u>\$ 0.82</u>	
Diluted	<u>\$ 0.70</u>		<u>\$ 0.82</u>	

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

(Concluded)

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
(Formerly Named Opto Tech Corporation)

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

	Equity Attributable to Owners of the Company (Notes 22 and 27)													
	Ordinary Shares		Capital Surplus	Retained Earnings				Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity		Treasury Shares	Non-controlling Interests	Total Equity	
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Loss (Gain) on Financial Assets at Fair Value Through Other Comprehensive Income	Total				
BALANCE, JANUARY 1, 2022	438,623	\$ 4,386,228	\$ 1,489,822	\$ 786,944	\$ 2,423	\$ 2,645,077	\$ 3,434,444	\$ 688	\$ 437,656	\$ 438,344	\$ (54,954)	\$ 9,693,884	\$ 3,634	\$ 9,697,518
Appropriation of the 2021 earnings														
Legal reserve	-	-	-	85,435	-	(85,435)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(2,423)	2,423	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,315,869)	(1,315,869)	-	-	-	-	(1,315,869)	-	(1,315,869)
	-	-	-	85,435	(2,423)	(1,398,881)	(1,315,869)	-	-	-	-	(1,315,869)	-	(1,315,869)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	608	-	-	-	-	-	-	-	-	608	-	608
Net profit (loss) for the year ended December 31, 2022	-	-	-	-	-	360,465	360,465	-	-	-	-	360,465	(1)	360,464
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	78,099	78,099	1,568	(357,083)	(355,515)	-	(277,416)	-	(277,416)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	438,564	438,564	1,568	(357,083)	(355,515)	-	83,049	(1)	83,048
Treasury shares transferred to employees	-	-	17,354	-	-	-	-	-	-	-	30,784	48,138	-	48,138
Adjustment to capital surplus due to payment of dividends to subsidiaries	-	-	2,264	-	-	-	-	-	-	-	-	2,264	-	2,264
Disposals of investments accounted for using the equity method	-	-	(5,112)	-	-	-	-	-	-	-	-	(5,112)	(3,633)	(8,745)
Changes in percentage of ownership interests in subsidiaries	-	-	2,432	-	-	-	-	-	-	-	-	2,432	-	2,432
BALANCE, DECEMBER 31, 2022	438,623	4,386,228	1,507,368	872,379	-	1,684,760	2,557,139	2,256	80,573	82,829	(24,170)	8,509,394	-	8,509,394
Appropriation of the 2022 earnings														
Legal reserve	-	-	-	43,856	-	(43,856)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(438,623)	(438,623)	-	-	-	-	(438,623)	-	(438,623)
	-	-	-	43,856	-	(482,479)	(438,623)	-	-	-	-	(438,623)	-	(438,623)
Other changes in capital surplus:														
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	2,849	-	-	(909)	(909)	-	-	-	-	1,940	-	1,940
Net profit (loss) for the year ended December 31, 2023	-	-	-	-	-	307,212	307,212	-	-	-	-	307,212	(3,311)	303,901
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(5,791)	(5,791)	(2,256)	(17,936)	(20,192)	-	(25,983)	-	(25,983)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	301,421	301,421	(2,256)	(17,936)	(20,192)	-	281,229	(3,311)	277,918
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	1,005	1,005	-	(1,005)	(1,005)	-	-	-	-
Treasury shares transferred to employees	-	-	114	-	-	-	-	-	-	-	998	1,112	-	1,112
Adjustment to capital surplus due to payment of dividends to subsidiaries	-	-	755	-	-	-	-	-	-	-	-	755	-	755
Changes in percentage of ownership interests in subsidiaries	-	-	(35,299)	-	-	-	-	-	-	-	-	(35,299)	180,923	145,624
BALANCE, DECEMBER 31, 2023	438,623	\$ 4,386,228	\$ 1,475,787	\$ 916,235	\$ -	\$ 1,503,798	\$ 2,420,033	\$ -	\$ 61,632	\$ 61,632	\$ (23,172)	\$ 8,320,508	\$ 177,612	\$ 8,498,120

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
(Formerly Named Opto Tech Corporation)

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 300,435	\$ 446,776
Adjustments for:		
Depreciation expenses	491,283	422,209
Amortization expenses	22,567	18,365
Expected credit loss recognized on trade receivables	2,701	7,798
(Gain) loss on fair value change of financial assets and liabilities at fair value through profit or loss	(92,433)	59,993
Interest expenses	19,516	11,431
Interest income	(33,948)	(15,566)
Dividend income	(26,656)	(23,903)
Compensation cost of employee share options	11,187	31,818
Share of loss of associates accounted for using the equity method	3,521	5,492
Gain on disposal of property, plant and equipment	(1,562)	(4,669)
Gain on disposal of investment	(88,567)	(15,953)
Gain on changes in lease term	-	(31)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit	-	600,552
Contract assets	2,883	(2,808)
Notes receivable	471	3,241
Trade receivables	(432,308)	475,970
Trade receivables from related parties	(7,543)	(1,418)
Other receivables	74	879
Inventories	(121,808)	21,245
Other current assets	(55,049)	26,951
Other non-current assets	1,718	6,771
Contract liabilities	(111,322)	129,684
Trade payables	136,107	(350,679)
Trade payables to related parties	3,279	(24,337)
Other payables	325,832	(178,151)
Other payables to related parties	23,332	-
Provisions	(3,306)	(184)
Other current liabilities	924	(2,051)
Net defined benefit liabilities	5,175	4,908
Cash generated from operations	376,503	1,654,333
Interest received	34,588	15,306
Dividend received	27,656	23,903
Interest paid	(20,431)	(11,096)
Income tax paid	(101,028)	(172,161)
Net cash generated from operating activities	<u>317,288</u>	<u>1,510,285</u>

(Continued)

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
(Formerly Named Opto Tech Corporation)

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

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (90,000)	\$ (370,936)
Purchase of financial assets at amortized cost	(90)	(20,017)
Proceeds from recovery of financial assets at amortized cost on maturity	97,396	720,136
Purchase of financial assets at fair value through profit or loss	(20,000)	-
Proceeds from disposal of financial assets at fair value through profit or loss	174,431	-
Net cash inflow on disposal of subsidiary	66,458	7,074
Payments for property, plant and equipment	(2,949,041)	(396,501)
Proceeds from disposal of property, plant and equipment	1,581	4,708
(Increase) decrease in refundable deposits	3,920	(8,915)
Payments for intangible assets	(23,223)	(23,334)
Payments for equipment increase	<u>(117,298)</u>	<u>(549,356)</u>
Net cash used in investing activities	<u>(2,855,866)</u>	<u>(637,141)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	252,804	(196,851)
Proceeds from (repayment of) long-term borrowings	1,518,219	195,695
Increase (decrease) in guarantee deposits	3,246	(917)
Payment of the principal portion of lease liabilities	(20,871)	(18,932)
Payment of dividends	(437,868)	(1,313,605)
Treasury shares transferred to employees	530	16,320
Changes in non-controlling interest	<u>202,500</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>1,518,560</u>	<u>(1,318,290)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(177)</u>	<u>(7,687)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,020,195)	(452,833)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,014,578</u>	<u>3,467,411</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,994,383</u>	<u>\$ 3,014,578</u>

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

(Concluded)

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

(Formerly Named Opto Tech Corporation)

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

1. GENERAL INFORMATION

Taiwan-Asia Semiconductor Corporation (Formerly Named Opto Tech Corporation) (the “Company”) was established in December 1983. The shares of the Company have been traded on the Taiwan Stock Exchange since May 2, 1995. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the manufacture and sales of semiconductor components as well as research and development, design, manufacture and sales of systems products.

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

2. THE APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on February 27, 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 amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Company and entities controlled by the Company (collectively referred to as the “Group”).

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “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)

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

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

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

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

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

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

- b. Basis of presentation

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

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

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

- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the 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 the asset or liability.
- c. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

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

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

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

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

See Note 12, Tables 5 and 6 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

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

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

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

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency which are not retranslated.

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

f. Inventories

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

g. Investment in associates

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

The Group uses the equity method to account for its investments in associates.

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

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

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

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

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

h. 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.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization.

The depreciation of property, plant and equipment is recognized using the straight-line method or the fixed-percentage-of-declining-balance method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate 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.

i. Investment properties

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

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

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

j. 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.

k. Impairment of property, plant and equipment, right-of-use asset and intangible assets

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

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

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

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

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

The repurchase of the Corporation'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 Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

n. Revenue recognition

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

1) Revenue from the sale of goods comes from sales of semiconductor components. Sales of semiconductor components are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. Contract assets are recognized concurrently. Any amounts previously recognized as contract assets are reclassified to trade receivables when the remaining obligations are performed.

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

o. Leases

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

1) The Group as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. 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 that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

r. Government grants

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined contribution 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 liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and 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 liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

t. Taxation

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

1) Current tax

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

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the 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 and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current tax and deferred tax for the year

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

When developing material accounting estimates, the Group considers the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2023	2022
Cash on hand	\$ -	\$ 172
Checking accounts and demand deposits	1,065,365	980,976
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	829,018	1,512,430
Repurchase agreements collateralized by bonds	<u>100,000</u>	<u>521,000</u>
	<u>\$ 1,994,383</u>	<u>\$ 3,014,578</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	\$ 71,696	\$ 44,846
Mutual funds	<u>20,577</u>	<u>20,329</u>
	<u>\$ 92,273</u>	<u>\$ 65,175</u>
<u>Financial assets - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Unlisted shares	\$ -	\$ 109,096
The investment case of movie	<u>20,000</u>	<u>-</u>
	<u>\$ 20,000</u>	<u>\$ 109,096</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 378,805	\$ 279,063
Unlisted shares	106,240	84,474
Private - placement funds	<u>125,425</u>	<u>75,000</u>
	610,470	438,537
Foreign investments		
Unlisted shares	<u>500,333</u>	<u>631,279</u>
	<u>\$ 1,110,803</u>	<u>\$ 1,069,816</u>

These investments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Time deposits with original maturity of more than 3 months	\$ 400	\$ 97,396
Restricted time deposit	<u>22,960</u>	<u>23,270</u>
	<u>\$ 23,360</u>	<u>\$ 120,666</u>

Information relating to credit risk of financial assets at amortized cost is provided in Note 32.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,196,649	\$ 798,755
Less: Allowance for impairment loss	<u>(18,734)</u>	<u>(16,033)</u>
	<u>\$ 1,177,915</u>	<u>\$ 782,722</u>

The main credit period of sales of goods is 45-136 days. In order to minimize credit risk, the Group authorized a department to be responsible for determining credit limits, credit approvals, credit management and to manage other unusual risk to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

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

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

The following table details the loss allowance of trade receivables based on the Group's aging analysis.

December 31, 2023

	Not Past Due	Past Due 1 to 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0.12%	0.30%	11.98%	25.57%	8.62%	100%	
Gross carrying amount	\$ 1,113,534	\$ 59,843	\$ 3,883	\$ 3,398	\$ 58	\$ 15,933	\$ 1,196,649
Loss allowance (Lifetime ECLs)	<u>(1,281)</u>	<u>(181)</u>	<u>(465)</u>	<u>(869)</u>	<u>(5)</u>	<u>(15,933)</u>	<u>(18,734)</u>
Amortized cost	<u>\$ 1,112,253</u>	<u>\$ 59,662</u>	<u>\$ 3,418</u>	<u>\$ 2,529</u>	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ 1,177,915</u>

December 31, 2022

	Not Past Due	Past Due 1 to 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0.48%	-	92.40%	19.45%	-	100%	
Gross carrying amount	\$ 753,717	\$ 1,505	\$ 3,015	\$ 15,596	\$ 18,304	\$ 6,618	\$ 798,755
Loss allowance (Lifetime ECLs)	<u>(3,596)</u>	<u>-</u>	<u>(2,786)</u>	<u>(3,033)</u>	<u>-</u>	<u>(6,618)</u>	<u>(16,033)</u>
Amortized cost	<u>\$ 750,121</u>	<u>\$ 1,505</u>	<u>\$ 229</u>	<u>\$ 12,563</u>	<u>\$ 18,304</u>	<u>\$ -</u>	<u>\$ 782,722</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 16,033	\$ 8,235
Add: Net remeasurement of loss allowance	<u>2,701</u>	<u>7,798</u>
Balance at December 31	<u>\$ 18,734</u>	<u>\$ 16,033</u>

11. INVENTORIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Finished goods	\$ 210,792	\$ 281,707
Work in progress	422,796	263,129
Raw materials	<u>715,093</u>	<u>703,912</u>
	<u>\$ 1,348,681</u>	<u>\$ 1,248,748</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Cost of inventories sold	\$ 3,001,855	\$ 3,288,957
Loss on decline in market value	<u>39,993</u>	<u>26,442</u>
	<u>\$ 3,041,848</u>	<u>\$ 3,315,399</u>

12. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership		Remark
			2023	2022	
The Company	Ho Chung Investment Co., Ltd. ("Ho Chung Investment")	Investment business	100.00%	100.00%	-
The Company	CS Bright Corporation ("CSB")	Manufacturing and selling LED and electronic products	-	-	Note 1
The Company	Bright Investment International Ltd. ("Bright")	Holding company	-	100.00%	Note 2
The Company	Everyung Investment Ltd. ("Everyung")	Holding company	-	50.00%	Note 3
The Company	River Asset Co., Ltd. ("River Asset")	Investment business	100.00%	100.00%	-
The Company	Star Asia Vision Corporation ("Star Asia")	Manufacturing and selling lighting equipment	90.95%	100.00%	Notes 4 and 7
The Company	Wan Zun Guang Investment Co., Ltd. ("Wan Zun Guang")	Investment business	100.00%	100.00%	Note 5
Bright	Everyung Investment Ltd. ("Everyung")	Holding company	-	50.00%	Note 3
Everyung	Opto Plus Technology Co., Ltd. ("Opto Plus")	Manufacturing and selling LED and electronic products	-	100.00%	Note 3
Wan Zun Guang	ProAsia Semiconductor Corporation Ltd. ("ProAsia")	Development, manufacture and sales of silicon-based semiconductor power components and silicon carbide compound semiconductor power components	88.26%	100.00%	Notes 6 and 8
Ho Chung investment	United-Asia Semiconductor Corporation ("United-Asia")	Assembling and testing electronic parts	100.00%	-	Notes 9 and 11
Ho Chung investment	Gan-Asia Semiconductor Corporation ("Gan-Asia")	Manufacturing electronic parts	100.00%	-	Notes 10 and 11

Note 1: The board of directors of the Company resolved the liquidation of foreign subsidiary, CSB, on September 10, 2020. The effective date was set on December 31, 2020, and the liquidation process was completed on September 19, 2022.

Note 2: The board of directors of the Company resolved the liquidation of foreign subsidiary, Bright, on February 22, 2023. The effective date was set on June 12, 2023 and the liquidation process was completed.

Note 3: The Group signed the liquidation of Everyung and its subsidiary on December 14, 2022, and completed the liquidation process, and lost control of subsidiary on January 31, 2023.

a. Consideration received

	Everyung Investment Ltd. and Its Subsidiaries
Cash and cash equivalents	<u>\$ 130,503</u>
Total consideration received	<u>\$ 130,503</u>

b. Analysis of assets and liabilities loss of control

	Everyung Investment Ltd. and Its Subsidiaries
Current assets	
Cash and cash equivalents	\$ 64,045
Trade receivables	34,414
Inventories	21,875
Other current assets	6,567
	(Continued)

	Everyung Investment Ltd. and Its Subsidiaries
Non-current assets	
Property, plant and equipment	\$ 115,013
Right-of-use assets	3,140
Current liabilities	
Accounts payable	(31,789)
Other accounts payable	(96,451)
Other current liabilities, others	<u>(4,330)</u>
Disposal of net assets	<u>\$ 112,484</u> (Concluded)

c. Gain on disposal of subsidiaries

	Everyung Investment Ltd. and Its Subsidiaries
Consideration received	\$ 130,503
Disposal of net assets	(112,484)
Accumulated exchange differences of net assets of subsidiaries reclassified from equity to profit or loss due to the loss of control of subsidiaries	(898)
Capital reserve of net assets of subsidiaries reclassified from equity to profit or loss due to the loss of control of subsidiaries	<u>73,989</u>
Gain on disposals	<u>\$ 91,110</u>

d. Net cash inflow on disposals of subsidiaries

	Everyung Investment Ltd. and Its Subsidiaries
Consideration received in cash and cash equivalents	\$ 130,503
Less: Disposal of cash and cash equivalent balances	<u>(64,045)</u>
	<u>\$ 66,458</u>

Note 4: The Company held its first extraordinary shareholders' meeting on October 21, 2021, and the shareholders approved the transfer of the relevant business of the Company's system business group to Opto System Technologies Inc. The base date for the spillover was January 28, 2022. Opto System Technologies Inc. changed its name to Opto Tech Corporation, which was approved by the board of directors of Opto Tech Corporation on September 30, 2022. Opto Tech Corporation changed its name to Star Asia Vision Corporation, which was approved by the board of directors of Star Asia Vision Corporation on July 21, 2023.

- Note 5: Wan Zun Guang is a wholly owned subsidiary established by the Company on January 19, 2022, and it has been included in the consolidated financial statements since the date of acquisition. In addition, on August 15, 2023, Wan Zun Guang Investment Co., Ltd. issued 47,000 thousand ordinary shares with a par value of NT\$10, which were fully subscribed by the Company this time.
- Note 6: ProAsia is a wholly owned subsidiary established by Wan Zun Guang Investment Co., Ltd., a subsidiary of Company, on March 30, 2022, and it has been included in the consolidated financial statements since the date of acquisition.
- Note 7: Star Asia, a subsidiary, issued employee stock options on July 24, 2023, for a total of 2,000 thousand employee stock options, such that the shareholding percentage of the Company was reduced to 90.95%.
- Note 8: The Group failed to subscribe to the cash capital increase equity of PorAsia according to the shareholding percentage on August 25, 2023; therefore, its shareholding percentage fell from 100% to 88.26%.
- Note 9: Ho Chung is a wholly owned subsidiary established by United-Asia Semiconductor Corporation, a subsidiary of Company, on September 8, 2023, and it has been included in the consolidated financial statements since the date of acquisition.
- Note 10: Ho Chung is a wholly owned subsidiary established by Gan-Asia Semiconductor Corporation, a subsidiary of Company, on September 8, 2023, and it has been included in the consolidated financial statements since the date of acquisition.
- Note 11: The calculation of United-Asia and Gan-Asia is based on the financial statements that have not been audited by an accountant. However, in the opinion of the Company's management, the unaudited financial statements of the investee company will not have a significant influence.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	<u>December 31</u>	
	2023	2022
Individual non-material associates		
New Smart Technology Co., Ltd.	<u>\$ 63,987</u>	<u>\$ 61,690</u>

Aggregate Information of Associates That Are Not Individually Material

	<u>For the Year Ended December 31</u>	
	2023	2022
The Group's share of:		
Loss from continuing operations for the year	<u>\$ (3,521)</u>	<u>\$ (5,492)</u>
Total comprehensive income (loss) for the year	<u>\$ 1,355</u>	<u>\$ (6,996)</u>

The share of profit and other comprehensive income (loss) of investments accounted for using the equity method are recognized according to the financial report that has been auditor by the auditors.

For the business activities, main business location, country information and the registration of the abovementioned affiliated enterprises, please refer to Table 5 "Information on investees".

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and Equipment	Utility Facilities	Pollution Prevention Facilities	Transportation Equipment	Office Equipment	Other Equipment	Leasehold Improvements	Construction in Progress and Equipment Under Installation	Total
Cost										
Balance at January 1, 2023	\$ 2,058,076	\$ 5,603,979	\$ 1,038,925	\$ 740,243	\$ 12,112	\$ 106,473	\$ 1,978,821	\$ -	\$ 481,589	\$ 12,020,218
Additions	1,582	14,550	2,070	8,760	1,421	6,016	8,724	4,182	2,901,736	2,949,041
Disposals	-	(227,509)	-	-	(756)	(111)	(94)	-	-	(228,470)
Capitalized interest	-	-	-	-	-	-	-	-	6,329	6,329
Disposal of subsidiary	(256,703)	(135,473)	-	-	(1,454)	(7,125)	-	-	-	(400,755)
Reclassification	2,290	265,156	56,215	598	256	21,530	49,343	23,665	(68,596)	350,457
Effect of foreign currency exchange differences	2,136	1,177	-	-	6	59	-	-	-	3,378
Balance at December 31, 2023	<u>\$ 1,807,381</u>	<u>\$ 5,521,880</u>	<u>\$ 1,097,210</u>	<u>\$ 749,601</u>	<u>\$ 11,585</u>	<u>\$ 126,842</u>	<u>\$ 2,036,794</u>	<u>\$ 27,847</u>	<u>\$ 3,321,058</u>	<u>\$ 14,700,198</u>
Accumulated depreciation and impairment										
Balance at January 1, 2023	\$ 1,316,354	\$ 4,705,209	\$ 942,299	\$ 624,057	\$ 9,439	\$ 78,640	\$ 1,682,306	\$ -	\$ -	\$ 9,358,304
Disposals	-	(227,490)	-	-	(756)	(111)	(94)	-	-	(228,451)
Depreciation expense	53,145	310,084	19,787	12,763	1,087	16,046	54,060	2,510	-	469,482
Disposal of subsidiary	(165,044)	(114,176)	-	-	(513)	(6,009)	-	-	-	(285,742)
Effect of foreign currency exchange differences	1,363	990	-	-	3	51	-	-	-	2,407
Balance at December 31, 2023	<u>\$ 1,205,818</u>	<u>\$ 4,674,617</u>	<u>\$ 962,086</u>	<u>\$ 636,820</u>	<u>\$ 9,260</u>	<u>\$ 88,617</u>	<u>\$ 1,736,272</u>	<u>\$ 2,510</u>	<u>\$ -</u>	<u>\$ 9,316,000</u>
Carrying amounts at December 31, 2023	<u>\$ 601,563</u>	<u>\$ 847,263</u>	<u>\$ 135,124</u>	<u>\$ 112,781</u>	<u>\$ 2,325</u>	<u>\$ 38,225</u>	<u>\$ 300,522</u>	<u>\$ 25,337</u>	<u>\$ 3,321,058</u>	<u>\$ 5,384,198</u>
Cost										
Balance at January 1, 2022	\$ 2,047,020	\$ 5,443,283	\$ 1,063,703	\$ 731,271	\$ 12,758	\$ 89,523	\$ 1,962,107	\$ -	\$ 395,135	\$ 11,744,800
Additions	2,190	6,820	140	2,760	-	3,787	11,810	-	368,994	396,501
Disposals	-	(96,508)	(26,518)	-	(830)	(5,356)	(940)	-	-	(130,152)
Reclassification	5,170	247,967	1,600	6,212	146	18,371	5,844	-	(282,540)	2,770
Effect of foreign currency exchange differences	3,696	2,417	-	-	38	148	-	-	-	6,299
Balance at December 31, 2022	<u>\$ 2,058,076</u>	<u>\$ 5,603,979</u>	<u>\$ 1,038,925</u>	<u>\$ 740,243</u>	<u>\$ 12,112</u>	<u>\$ 106,473</u>	<u>\$ 1,978,821</u>	<u>\$ -</u>	<u>\$ 481,589</u>	<u>\$ 12,020,218</u>
Accumulated depreciation and impairment										
Balance at January 1, 2022	\$ 1,253,751	\$ 4,554,057	\$ 951,225	\$ 612,179	\$ 8,929	\$ 71,172	\$ 1,629,267	\$ -	\$ -	\$ 9,080,580
Disposals	-	(96,469)	(26,518)	-	(830)	(5,356)	(940)	-	-	(130,113)
Depreciation expense	60,398	245,609	17,592	11,878	1,305	9,934	53,979	-	-	400,695
Reclassification	-	-	-	-	-	2,770	-	-	-	2,770
Effect of foreign currency exchange differences	2,205	2,012	-	-	35	120	-	-	-	4,372
Balance at December 31, 2022	<u>\$ 1,316,354</u>	<u>\$ 4,705,209</u>	<u>\$ 942,299</u>	<u>\$ 624,057</u>	<u>\$ 9,439</u>	<u>\$ 78,640</u>	<u>\$ 1,682,306</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,358,304</u>
Carrying amounts at December 31, 2022	<u>\$ 741,722</u>	<u>\$ 898,770</u>	<u>\$ 96,626</u>	<u>\$ 116,186</u>	<u>\$ 2,673</u>	<u>\$ 27,833</u>	<u>\$ 296,515</u>	<u>\$ -</u>	<u>\$ 481,589</u>	<u>\$ 2,661,914</u>

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

Building	10-50 years
Machinery and equipment	3-10 years
Utility facilities	6-25 years
Pollution prevention facilities	5-20 years
Transportation equipment	3-13 years
Office equipment	3-7 years
Leasehold improvements	5-10 years
Other equipment	3-25 years

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Land	\$ 179,557	\$ 198,297
Buildings	24,955	-
Transportation equipment	4,996	2,479
Office equipment	948	1,442
Other equipment	<u>357</u>	<u>-</u>
	<u>\$ 210,813</u>	<u>\$ 202,218</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 33,510</u>	<u>\$ 8,241</u>
Depreciation charge for right-of-use assets		
Land	\$ 15,626	\$ 16,925
Buildings	2,772	1,352
Transportation equipment	2,790	2,589
Office equipment	494	648
Other equipment	<u>119</u>	<u>-</u>
	<u>\$ 21,801</u>	<u>\$ 21,514</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets in 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	<u>\$ 23,197</u>	<u>\$ 17,195</u>
Non-current	<u>\$ 195,967</u>	<u>\$ 189,330</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Land	1.797%	1.797%
Buildings	3.253%	-
Transportation equipment	0.785%-5.654%	0.785%-1.797%
Office equipment	1.088%-1.797%	1.088%-1.797%
Other equipment	5.590%	-

c. Other lease information

	<u>For the Year Ended December 31</u>	
	2023	2022
Expenses relating to short-term leases	<u>\$ 11,578</u>	<u>\$ 9,384</u>
Total cash outflow for leases	<u>\$ (35,724)</u>	<u>\$ (31,551)</u>

As a lessee, the Group leases certain office equipment and transportation equipment which qualify as short-term leases. The Group has elected to apply the recognition exemption, and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. INVESTMENT PROPERTIES

	Completed Investment Property
<u>Cost</u>	
Balance at January 1, 2023 and December 31, 2023	<u>\$ 399,307</u>
<u>Cost</u>	
Balance at January 1, 2022 and December 31, 2022	<u>\$ 399,307</u>

On December 31, 2023 and 2022, the fair values of investment properties were \$604,834 thousand and \$410,640 thousand, respectively, which were based on the market evidence on the transaction price of similar properties and publicly announced present value.

17. INTANGIBLE ASSETS

	Software
<u>Cost</u>	
Balance at January 1, 2023	\$ 49,786
Additions	23,223
Disposals	(14,486)
Reclassification	<u>15,713</u>
Balance at December 31, 2023	<u>\$ 74,236</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2023	\$ 30,777
Amortization expense	22,567
Disposals	<u>(14,486)</u>
Balance at December 31, 2023	<u>\$ 38,858</u>
Carrying amount at December 31, 2023	<u>\$ 35,378</u>

(Continued)

	Software
<u>Cost</u>	
Balance at January 1, 2022	\$ 31,902
Additions	23,334
Disposals	<u>(5,450)</u>
Balance at December 31, 2022	<u>\$ 49,786</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2022	\$ 17,862
Amortization expense	18,365
Disposals	<u>(5,450)</u>
Balance at December 31, 2022	<u>\$ 30,777</u>
Carrying amount at December 31, 2022	<u>\$ 19,009</u> (Concluded)

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

Computer software	1-10 years
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18. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2023	2022
<u>Unsecured borrowings</u>		
Bank loans	<u>\$ 390,000</u>	<u>\$ 137,196</u>

The range of weighted average effective interest rate on bank loans was 1.80%-1.93% and 0.63%-5.87% per annum as of December 31, 2023 and 2022, respectively.

b. Long-term borrowings

	<u>December 31</u>	
	2023	2022
<u>Unsecured borrowings</u>		
Long-term borrowings	\$ 1,713,914	\$ 195,695
Current portion	(25,695)	-
Government grant discount	<u>(18,258)</u>	<u>-</u>
	<u>\$ 1,669,961</u>	<u>\$ 195,695</u>

The effective interest rate of long-term borrowings was 0.995%-1.825% and 0.875% per annum as of December 31, 2023 and 2022.

The loan project for the return to Taiwan for investment is based on the program “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan,” launched by the National Development Fund, Executive Yuan. The maturity dates are between September 15, 2029 and August 15, 2030, and the Company shall repay the principal and interest in an amortized manner on a monthly basis. The interest rate ranges of bank borrowings as of December 31, 2023 was 0.995%-1.475%, respectively.

19. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Payable for salaries and bonus	\$ 171,810	\$ 143,515
Payable for employees’ compensation	78,161	129,474
Payable for remuneration of directors	25,772	29,096
Payables for equipment	286,683	33,079
Others	<u>255,289</u>	<u>252,728</u>
	<u>\$ 817,715</u>	<u>\$ 587,892</u>

20. PROVISIONS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Warranties	<u>\$ 2,651</u>	<u>\$ 1,210</u>
<u>Non-current</u>		
Warranties	<u>\$ 19,758</u>	<u>\$ 24,505</u>

The provision for warranty claims represents the present value of management’s best estimate of the future outflow of economic benefits that will be required under the Group’s obligations for warranties under local sale of goods legislation. The estimate had been made on the basis of historical warranty trends and may vary as a result of other events affecting product quality.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company, Ho Chung Investment, CSB, River Asset, Star Asia, Wan Zun Guang, ProAsia, United-Asia, and Gan-Asia adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages. However, there were no contributions after CSB was in the liquidation procedure on December 31, 2020.

The employees of the Group's subsidiary in China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

Note 1: Bright and Everyung have not set an employee retirement plan for their employees.

Note 2: CSB's liquidation process was completed on September 19, 2022; Opto Plus completed liquidation process on January 31, 2023.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute 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 balance sheets in respect of the group's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 306,068	\$ 303,001
Fair value of plan assets	<u>(239,064)</u>	<u>(248,410)</u>
Net defined benefit liability	<u>\$ 67,004</u>	<u>\$ 54,591</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2022	\$ <u>450,675</u>	\$ <u>(303,900)</u>	\$ <u>146,775</u>
Service costs			
Current service cost	7,775	-	7,775
Past service cost	(336)	-	(336)
Net interest expense (income)	<u>3,270</u>	<u>(2,248)</u>	<u>1,022</u>
Recognized in profit or loss	<u>10,709</u>	<u>(2,248)</u>	<u>8,461</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (25,740)	\$ (25,740)
Actuarial loss - changes in demographic assumptions	71	-	71
Actuarial loss - changes in financial assumptions	(20,086)	-	(20,086)
Actuarial loss - experience adjustments	<u>(51,337)</u>	<u>-</u>	<u>(51,337)</u>
Recognized in other comprehensive income	<u>(71,352)</u>	<u>(25,740)</u>	<u>(97,092)</u>
Contributions from the employer	<u>-</u>	<u>(3,553)</u>	<u>(3,553)</u>
Benefits paid	<u>(87,031)</u>	<u>87,031</u>	<u>-</u>
Balance at December 31, 2022	<u>303,001</u>	<u>(248,410)</u>	<u>54,591</u>
Service costs			
Current service cost	7,451	-	7,451
Past service cost	(65)	-	(65)
Net interest expense (income)	<u>3,888</u>	<u>(3,323)</u>	<u>565</u>
Recognized in profit or loss	<u>11,274</u>	<u>(3,323)</u>	<u>7,951</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,278)	(2,278)
Actuarial loss - changes in demographic assumptions	32	-	32
Actuarial loss - changes in financial assumptions	2,792	-	2,792
Actuarial loss - experience adjustments	<u>6,251</u>	<u>441</u>	<u>6,692</u>
Recognized in other comprehensive income	<u>9,075</u>	<u>(1,837)</u>	<u>7,238</u>
Contributions from the employer	<u>-</u>	<u>(2,776)</u>	<u>(2,776)</u>
Benefits paid	<u>(17,282)</u>	<u>17,282</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 306,068</u>	<u>\$ (239,064)</u>	<u>\$ 67,004</u>

(Concluded)

Through the defined benefit plans under the Labor Standards Law, the Corporation 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 government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2023	2022
Discount rate	1.15%-1.25%	1.15%-1.35%
Expected rate of salary increase	3.00%	3.00%

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

	December 31	
	2023	2022
Discount rate		
0.250% increase	<u>\$ (7,332)</u>	<u>\$ (7,804)</u>
0.250% decrease	<u>\$ 7,601</u>	<u>\$ 8,103</u>
Expected rate of salary increase		
0.250% increase	<u>\$ (7,451)</u>	<u>\$ (7,951)</u>
0.250% decrease	<u>\$ 7,226</u>	<u>\$ 7,699</u>

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

	December 31	
	2023	2022
The expected contributions to the plan for the one year	<u>\$ 2,888</u>	<u>\$ 3,037</u>
The average duration of the defined benefit obligation		
Managers	4 years	4 years
Regular employees	11 years	11 years

22. EQUITY

a. Share capital - ordinary shares

	December 31	
	2023	2022
Number of authorized shares (in thousands)	<u>1,000,000</u>	<u>1,000,000</u>
Amount of authorized shares	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>
Number of issued and fully paid shares (in thousands)	<u>438,623</u>	<u>438,623</u>
Amount of issued and fully paid shares	<u>\$ 4,386,228</u>	<u>\$ 4,386,228</u>

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>May be used to offset a deficit, distributed, as cash dividends, or transferred to share capital (1)</u>		
Arising from issuance of common share	\$ 1,336,850	\$ 1,336,850
Arising from treasury share transactions	90,735	90,621
<u>May only be used to offset a deficit (2)</u>		
Changes in percentage of ownership interests in subsidiaries	44,745	79,289
Share of changes in capital surplus of associates or joint ventures	<u>3,457</u>	<u>608</u>
	<u>\$ 1,475,787</u>	<u>\$ 1,507,368</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of Group's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary that resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy in the Company's Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside 10% of the remaining profit as a legal reserve, setting aside amounts to a special reserve in accordance with the laws and regulations, and then allowing for other special reserves and a distribution of dividends to be recommended by the board of directors. 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 24, g.

The Company operates in the high-tech industry and its business life cycle is in the growth stage. In view of its capital expenditure demand and comprehensive financial plan for continuous development, the Company issues both stock and cash dividends. The proportion of dividends to be distributed in stocks and cash is determined based on the Company's rate of growth and capital expenditures. However, the amount of cash dividends shall not be lower than 50% of the dividends distributed.

Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve is in excess of 25% of the Company's paid-in capital.

The appropriations of 2022 and 2021 earnings are as follows:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Legal reserve	<u>\$ 43,856</u>	<u>\$ 85,435</u>
Reversal of special reverse	<u>\$ -</u>	<u>\$ (2,423)</u>
Cash dividends	<u>\$ 438,623</u>	<u>\$ 1,315,869</u>
Cash dividends per share (NT\$)	\$ 1.00	\$ 3.00

On May 5, 2023, the distribution of 2022 cash dividends was approved by the board of directors. The provision of legal reserve and special reserve had been approved in the shareholders' meetings on June 20, 2023.

On June 23, 2022, the distribution of 2021 cash dividends was approved by the board of directors. The provision of legal reserve and special reserve had been approved in the shareholders' meetings on June 23, 2022.

The appropriations of 2023 earnings will be proposed by the board of directors in 2024.

d. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)	Shares Held by Subsidiaries (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares at January 1, 2023	41	755	796
Decrease during the period	<u>(41)</u>	<u>-</u>	<u>(41)</u>
Number of shares at December 31, 2023	<u>-</u>	<u>755</u>	<u>755</u>
Number of shares at January 1, 2022	1,305	755	2,060
Decrease during the period	<u>(1,264)</u>	<u>-</u>	<u>(1,264)</u>
Number of shares at December 31, 2022	<u>41</u>	<u>755</u>	<u>796</u>

Related information regarding shares of the Company held by its subsidiaries on the balance sheet date was as follows:

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>December 31, 2023</u>			
Ho Chung Investment	755	\$ 23,172	\$ 35,539
<u>December 31, 2022</u>			
Ho Chung Investment	755	23,172	25,466

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. The subsidiaries holding treasury shares, however, are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

23. REVENUE

	<u>For the Year Ended December 31</u>		
	2023	2022	
Revenue from contracts with customers			
Revenue from sale of goods	<u>\$ 3,972,279</u>	<u>\$ 4,529,777</u>	
a. Contract balances			
	December 31,	December 31,	January 1,
	2023	2022	2022
Notes receivable	\$ 1,171	\$ 1,642	\$ 4,883
Trade receivables (Note 10)	1,196,649	798,755	1,274,536
Trade receivables to related parties	<u>23,976</u>	<u>16,433</u>	<u>15,015</u>
	<u>\$ 1,221,796</u>	<u>\$ 816,830</u>	<u>\$ 1,294,434</u>
Contract assets - current			
Sale of goods	<u>\$ 1,700</u>	<u>\$ 2,883</u>	<u>\$ -</u>
Contract assets - non-current			
Sale of goods	<u>\$ 2,619</u>	<u>\$ 4,319</u>	<u>\$ 4,583</u>
Contract liabilities - current			
Sale of goods	<u>\$ 97,936</u>	<u>\$ 213,295</u>	<u>\$ 83,611</u>

b. The credit risk management of contract assets and trade receivables is the same, refer to Note 37.

24. NET PROFIT

a. Interest income

	<u>For the Year Ended December 31</u>	
	2023	2022
Bank deposits	\$ 31,156	\$ 13,243
Resale bonds	2,291	768
Financial assets at amortized cost	483	1,552
Others	<u>18</u>	<u>3</u>
	<u>\$ 33,948</u>	<u>\$ 15,566</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	2023	2022
Rental income	\$ 436	\$ 515
Dividend income	26,656	23,903
Others	<u>8,497</u>	<u>6,171</u>
	<u>\$ 35,589</u>	<u>\$ 30,589</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ 92,433	\$ (59,993)
Gain on disposal of property, plant and equipment	1,562	4,669
Gain on disposal of investments	88,567	15,953
Net foreign exchange gains (losses)	(6,889)	74,347
Gain on changes in lease term	-	31
Others	<u>(415)</u>	<u>(473)</u>
	<u>\$ 175,258</u>	<u>\$ 34,534</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 22,570	\$ 8,196
Interest on finance leases	<u>3,275</u>	<u>3,235</u>
	25,845	11,431
Less: Amounts included in the cost of qualifying assets	<u>(6,329)</u>	<u>-</u>
	19,516	11,431
Other finance costs	<u>4</u>	<u>60</u>
	<u>\$ 19,520</u>	<u>\$ 11,491</u>

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest amount	<u>\$ 6,329</u>	<u>\$ -</u>
Capitalization rate	0.24%-1.92%	-

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 430,777	\$ 361,704
Operating expenses	<u>60,506</u>	<u>60,505</u>
	<u>\$ 491,283</u>	<u>\$ 422,209</u>
An analysis of amortization by function		
Operating costs	\$ 9,664	\$ 7,257
Operating expenses	<u>12,903</u>	<u>11,108</u>
	<u>\$ 22,567</u>	<u>\$ 18,365</u>

f. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2023	2022
Wages and salaries	\$ 891,666	\$ 906,961
Labor and health insurance fees	77,261	78,043
Post-employment benefits		
Defined contribution plans	34,694	33,927
Defined benefit plans	7,951	8,461
Share-based payments		
Equity-settled	11,187	31,818
Other employee benefits	<u>19,990</u>	<u>18,689</u>
 Total employee benefits expense	 <u>\$ 1,042,749</u>	 <u>\$ 1,077,899</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 562,594	\$ 600,172
Operating expenses	<u>480,155</u>	<u>477,727</u>
	 <u>\$ 1,042,749</u>	 <u>\$ 1,077,899</u>

g. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, if the Company has profit during the year, the Company shall distribute bonus to the employees that account for 10%-20% and pay remuneration to the directors that shall not be higher than 10% of the total distributed amount. If the Company has an accumulated deficit, earnings should be used to cover losses. Employees' compensation can be distributed in the form of shares or in cash. Qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The appropriations of employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022 that were resolved by the board of directors on February 27, 2024 and February 22, 2023, respectively, were as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	2023	2022
Employees' compensation	10.11%	10.00%
Remuneration of directors	5.06%	5.00%

Amount

	<u>For the Year Ended December 31</u>	
	2023	2022
Employees' compensation	\$ 34,306	\$ 50,812
Remuneration of directors	17,153	25,406

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the ended 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.

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 89,661	\$ 154,838
Foreign exchange losses	<u>(96,550)</u>	<u>(80,491)</u>
	<u>\$ (6,889)</u>	<u>\$ 74,347</u>

25. INCOME TAXES

a. Major components of income tax expense (benefit) recognized in profit or loss

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 39,690	\$ 100,550
Undistributed surplus earnings	121	105
Adjustments for prior year	<u>(11,988)</u>	<u>(16,942)</u>
	27,823	83,713
Deferred tax		
In respect of the current year	<u>(31,289)</u>	<u>2,599</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ (3,466)</u>	<u>\$ 86,312</u>

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

	For the Year Ended December 31	
	2023	2022
Profit before tax	<u>\$ 300,435</u>	<u>\$ 446,776</u>
Income tax expense calculated at the statutory rate	\$ 48,628	\$ 69,751
Nondeductible expenses in determining taxable income	(2,390)	7,237
Tax-exempt income	(18,088)	27,890
Income tax on unappropriated earnings	121	105
Adjustments for prior years' tax	(11,988)	(16,942)
Investment tax credits used in the current year	(11,689)	(15,180)
Unrecognized deductible temporary differences	<u>(8,060)</u>	<u>13,451</u>
Income tax expense recognized in profit or loss	<u>\$ (3,466)</u>	<u>\$ 86,312</u>

b. Income tax recognized in other comprehensive income

For the Year Ended December 31
2023 2022

Deferred tax

In respect of the current year

Translation of the financial statements of foreign operations	\$ 26,190	\$ (17,228)
Remeasurement on defined benefit plans	<u>1,447</u>	<u>(19,418)</u>
Total income tax recognized in other comprehensive income	<u>\$ 27,637</u>	<u>\$ (36,646)</u>

c. Current tax assets and liabilities

December 31
2023 2022

Current tax assets

Tax refund receivable (included in other current assets)	<u>\$ 370</u>	<u>\$ 88</u>
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Current tax liabilities

Income tax payable	<u>\$ 25,150</u>	<u>\$ 98,351</u>
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d. 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	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit plans	\$ 1,084	\$ 1,035	\$ 1,447	\$ 3,566
Inventory write-downs	8,009	3,536	-	11,545
Valuation allowance	2,821	318	-	3,139
Provisions	153	115	-	268
Impairment losses	10,495	(4,843)	-	5,652
Others	<u>1,838</u>	<u>6,154</u>	<u>-</u>	<u>7,992</u>
	24,400	6,315	1,447	32,162
Investment tax credits	<u>-</u>	<u>25,750</u>	<u>-</u>	<u>25,750</u>
	<u>\$ 24,400</u>	<u>\$ 32,065</u>	<u>\$ 1,447</u>	<u>\$ 57,912</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain or losses on financial assets	\$ 50,406	\$ -	\$(26,190)	\$ 24,216
Others	<u>69</u>	<u>776</u>	<u>-</u>	<u>845</u>
	<u>\$ 50,475</u>	<u>\$ 776</u>	<u>\$(26,190)</u>	<u>\$ 25,061</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit plans	\$ 19,520	\$ 982	\$(19,418)	\$ 1,084
Inventory write-downs	2,085	5,924	-	8,009
Valuation allowance	1,172	1,649	-	2,821
Provisions	5,180	(5,027)	-	153
Impairment losses	17,991	(7,496)	-	10,495
Others	<u>400</u>	<u>1,438</u>	<u>-</u>	<u>1,838</u>
	<u>\$ 46,348</u>	<u>\$ (2,530)</u>	<u>\$(19,418)</u>	<u>\$ 24,400</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain or losses on financial assets	\$ 33,178	\$ -	\$ 17,228	\$ 50,406
Others	<u>-</u>	<u>69</u>	<u>-</u>	<u>69</u>
	<u>\$ 33,178</u>	<u>\$ 69</u>	<u>\$ 17,228</u>	<u>\$ 50,475</u>

- e. Deductible temporary differences, unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Loss carryforwards	<u>\$ 149,606</u>	<u>\$ 36,202</u>
Deductible temporary differences	<u>\$ 142,763</u>	<u>\$ 135,431</u>

- f. Income tax assessments

The income tax returns of the Company, Ho Chung Investment, River Asset and Star Asia through 2021 have been assessed by the tax authority.

The income tax returns of Wan Zun Guang and ProAsia have not been assessed by the tax authorities because both of them were established in 2022.

The income tax returns of United-Asia and Gan-Asia have not been assessed by the tax authorities because both of them were established in 2023.

The liquidation's income tax returns of CSB have been assessed by the tax authorities on December 27, 2022.

Note: Bright and Everyung are not subject to relevant income tax due to their establishment in the British Virgin Islands and Samoa, respectively.

26. EARNINGS PER SHARE

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

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2023	2022
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 307,212</u>	<u>\$ 360,465</u>

(Unit: NT\$ Per Share)

	<u>For the Year Ended December 31</u>	
	2023	2022
Weighted average number of ordinary shares outstanding in computation of basic earnings per share (in thousands)	437,854	437,385
Effect of potentially dilutive ordinary shares employees' compensation (in thousands)	<u>920</u>	<u>2,013</u>
Weighted average number of ordinary shares outstanding in computation of diluted earnings per share (in thousands)	<u>438,774</u>	<u>439,398</u>

If the Company offers to settle compensation paid to employees in cash or shares, the Group shall assume that the entire amount of the compensation will be settled in shares, and the resulting potentially dilutive shares shall be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. Such dilutive effect of the potential shares shall be included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. SHARE-BASED PAYMENT ARRANGEMENTS

- a. For the year ended December 31, 2023, the Group's share-based payment arrangements were as follows:

Type of Arrangement	Grant Date	Quantity Granted	Contract Period	Vesting Conditions
Treasury stock transferred to employees	2023.05.05	41	-	Vested immediately

For the year ended December 31, 2022

Type of Arrangement	Grant Date	Quantity Granted	Contract Period	Vesting Conditions
Treasury stock transferred to employees	2022.04.01	978	-	Vested immediately
Treasury stock transferred to employees	2022.06.29	286	-	Vested immediately

Transfer restriction is no transfer within two years.

The grant date is the date that the number of shares subscribe by employees is confirmed by the Company.

- b. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

For the year ended December 31, 2023

Type of Arrangement	Grant Date	Stock Price	Exercise Price	Expected Price Volatility	Expected Option Life	Expected Dividends	Risk-free Interest Rate	Fair Value Per Unit
Treasury stock transferred to employees	2023.05.05	27.14	12.95	27.34%	0.022 year	-	1.09%	14.1964

For the year ended December 31, 2022

Type of Arrangement	Grant Date	Stock Price	Exercise Price	Expected Price Volatility	Expected Option Life	Expected Dividends	Risk-free Interest Rate	Fair Value Per Unit
Treasury stock transferred to employees	2022.04.01	43.55	12.95	37.26%	0.06 year	-	0.59%	25.2046
Treasury stock transferred to employees	2022.06.29	40.20	12.95	41.55%	0.019 year	-	0.72%	21.715

- c. Expenses incurred on share-based payment transactions are shown below:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Equity-settled	<u>\$ 11,187</u>	<u>\$ 31,818</u>

28. GOVERNMENT GRANTS

The Corporation and subsidiaries have obtained a government loan of \$1,341,137 thousand with preferential interest rates under the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan for capital expenditures on equipment purchases. The loan will be repaid in installments over a period of three to seven years. The fair value of the loan is estimated to be \$1,317,907 thousand based on the market interest rate of 1.20%-1.70% when the loan was taken out. The difference between the amount obtained and the fair value of the loan is in the amount of \$23,230 thousand as a government low-interest loan grant and recognized as unearned revenue.

The unearned revenue is reclassified to profit or loss over the useful life of the relevant assets. Interest expense recognized by the Corporation and subsidiaries for the year ended December 31, 2023 is \$4,972 thousand.

29. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity in the consolidated balance sheets plus net debt. As of December 31, 2023 and 2022, the gearing ratios were 1.09% and (46.02%), respectively.

30. FINANCIAL INSTRUMENTS

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

The management considers that the carrying amounts of financial instruments that are not measured at fair value in the consolidated financial statements approximate the fair values.

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 71,696	\$ -	\$ -	\$ 71,696
Unlisted shares	20,577	-	-	20,577
The investment case of movie	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
	<u>\$ 92,273</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 112,273</u>
Financial assets at FVTOCI				
Listed shares	\$ 378,805	\$ -	\$ -	\$ 378,805
Unlisted shares	-	-	606,573	606,573
Private - placement funds	<u>-</u>	<u>-</u>	<u>125,425</u>	<u>125,425</u>
	<u>\$ 378,805</u>	<u>\$ -</u>	<u>\$ 731,998</u>	<u>\$ 1,110,803</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 44,846	\$ -	\$ -	\$ 44,846
Unlisted shares	-	-	109,096	109,096
Mutual funds	<u>20,329</u>	<u>-</u>	<u>-</u>	<u>20,329</u>
	<u>\$ 65,175</u>	<u>\$ -</u>	<u>\$ 109,096</u>	<u>\$ 174,271</u>
Financial assets at FVTOCI				
Listed shares	\$ 279,063	\$ -	\$ -	\$ 279,063
Unlisted shares	-	-	715,753	715,753
Private - placement funds	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>75,000</u>
	<u>\$ 279,063</u>	<u>\$ -</u>	<u>\$ 790,753</u>	<u>\$ 1,069,816</u>

There were no transfers between Levels 1 and 2 in the current and prior period.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

Equity Instruments	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2023	\$ 109,096	\$ 790,753	\$ 899,849
Recognized in profit or loss (included in other gains and losses)	65,336	-	65,336
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	-	(148,755)	(148,755)
Purchases	20,000	90,000	110,000
Disposal	<u>(174,432)</u>	<u>-</u>	<u>(174,432)</u>
Balance at December 31, 2023	<u>\$ 20,000</u>	<u>\$ 731,998</u>	<u>\$ 751,998</u>

For the year ended December 31, 2022

Equity Instruments	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2022	\$ 112,528	\$ 786,525	\$ 899,053
Recognized in profit or loss (included in other gains and losses)	(3,432)	-	(3,432)
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	-	(70,772)	(70,772)
Purchases	<u>-</u>	<u>75,000</u>	<u>75,000</u>
Balance at December 31, 2022	<u>\$ 109,096</u>	<u>\$ 790,753</u>	<u>\$ 899,849</u>

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

The fair values of unlisted equity securities were determined using the market approach and asset approach.

The market approach uses the value multiples of other similar enterprises in market transactions as a reference for evaluating the value of the target enterprise. The theoretical basis is that, if the target enterprise to be evaluated is similar to the similar enterprises that have already traded in the market in terms of operation, market, management, technology and products, then the value of the target enterprise to be evaluated should be similar to that of the analogous enterprise; The asset approach is for each asset and liability on the balance sheet, re-estimate the fair market value, replacement cost or liquidation value. The assets or liabilities out of the balance sheet, including contingent liabilities, should also be assessed. The total assets minus the total liabilities are the desired equity value.

The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair Value at December 31, 2023	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Non-derivative financial assets					
Unlisted shares	\$ 606,573	Market comparable companies	Price to earnings ratio multiple	14.19-16.17	The higher the multiple, the higher the fair value
			Enterprise value multiple	1.45-9.11	The higher the multiple, the higher the fair value
			P/B ratio	1.44	The higher the multiple, the higher the fair value
			Discount for lack of volatility	30%-35%	The higher the discount for lack of marketability, the lower the fair value
Private fund	125,425	Net asset value	Discount for lack of volatility	28.41%	The higher the discount for risk, the lower the fair value
The investment case of movie	20,000	Discounted cash flow method	Weighted average cost of capital	-	The higher the discount for risk, the lower the fair value

	Fair Value at December 31, 2022	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Non-derivative financial assets					
Unlisted shares	\$ 715,753	Market comparable companies	Price to earnings ratio multiple	8.45-11.78	The higher the multiple, the higher the fair value
			Enterprise value multiple	5.41-7.06	The higher the multiple, the higher the fair value
			Discount for lack of volatility	30%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	109,096	Net asset value	Discount for lack of volatility	19.25%	The higher the discount for lack of marketability, the lower the fair value
Private fund	75,000	Discounted cash flow method	Risk discount rate	8%	The higher the discount for risk, the lower the fair value

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 112,273	\$ 174,271
Financial assets at amortized cost (1)	3,257,240	3,977,819
Financial assets at FVTOCI	1,110,803	1,069,816
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	3,508,217	1,391,454
1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, trade receivables, trade receivables to related parties, other receivables, refundable deposits and other financial assets.		
2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, trade payables, trade payables to related parties, other payables, long-term borrowings due within one year, long-term borrowings, guarantee deposits received and other financial liabilities.		

d. Financial risk management objectives and policies

The Group's major financial instruments included cash and cash equivalents, equity and debt investments, mutual funds, notes receivable, trade receivables, trade payables, lease liabilities and borrowings. The Group's finance division provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through the analysis of exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other price risk (see (c) below).

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 35.

Sensitivity analysis

The Group was mainly exposed to the USD, CNY and JPY.

The following table details the Group's sensitivity to a 1% increase and a 1% decrease in the functional currency against the relevant foreign currencies. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period under the assumption of a 1% change in foreign currency rates. On the table below, if the amount is positive (negative), it indicates a decrease (increase) in pre-tax profit when functional currencies of the Group entities weakened (strengthened) by 1% against the relevant currency.

	USD Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	\$ (11,091)	\$ (11,520)

	CNY Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	\$ (1,258)	\$ (220)

JPY Impact	
For the Year Ended December 31	
2023	2022

Profit or loss	\$ 1,011	\$ (43)
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This was mainly attributable to the exposure on outstanding USD, CNY and JPY receivables and payables which were not hedged at the end of the reporting period.

b) Interest rate risk

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

For the Year Ended December 31	
2023	2022

Fair value interest rate risk		
Financial assets	\$ 952,378	\$ 2,154,096
Financial liabilities	558,210	359,574
Cash flow interest rate risk		
Financial assets	1,065,365	980,976
Financial liabilities	1,784,840	199,194

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A sensitivity rate of 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would decrease/increase by \$(7,195) thousand and \$7,818 thousand, respectively.

The Group's sensitivity to interest rates increased during the current year mainly due to the increase in variable rate borrowings.

c) Other price risk

The Group was exposed to price risk through its investments in equity securities. The Group has appointed a special team to monitor the price risk and make plans to manage the price risk.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to the price risks of the aforementioned investments at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$1,123 thousand and \$1,743 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$11,108 thousand and \$10,698 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial losses to the Group. As of the end of the reporting period, the Group's maximum credit risk exposure that may cause financial losses due to the counterparty's failure to perform its obligations mainly comes from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to mitigate credit risks, the Group's management has assigned a dedicated team to be responsible for the determination of credit limits, credit approval and other monitoring procedures to ensure that appropriate actions are taken to collect overdue receivables. In addition, the group will review the recoverable amounts of receivables one by one on the balance sheet date to ensure that appropriate impairment losses have been made for uncollectible receivables. Accordingly, the group's management believes that the group's credit risk has been significantly reduced.

The objects of accounts receivable cover many customers and are scattered in different industries and geographical regions. The Group continues to evaluate the financial conditions of its customers with accounts receivable.

In addition, because the counterparties of liquidity and derivative financial instruments are financial institutions and corporate organizations with good credit ratings, the credit risk is limited.

The Group's customer base is vast and unrelated to each other, so the concentration of credit risk is not high.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group had available unutilized short-term and long-term bank loan facilities set out in (b) below.

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

The following table details the Group's remaining contractual maturity 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 Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2023

	Less than 1 Year	1-2 Years	2-3 Years	3-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,417,252	\$ -	\$ -	\$ -	\$ -
Lease liabilities	26,624	25,648	24,977	44,871	115,911
Variable interest rate liabilities	117,334	156,297	300,620	985,343	325,067
Fixed interest rate liabilities	<u>320,179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,881,389</u>	<u>\$ 181,945</u>	<u>\$ 325,597</u>	<u>\$ 1,030,214</u>	<u>\$ 440,978</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 26,624</u>	<u>\$ 95,496</u>	<u>\$ 70,054</u>	<u>\$ 45,857</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

	Less than 1 Year	1-2 Years	2-3 Years	3-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,056,500	\$ -	\$ -	\$ -	\$ -
Lease liabilities	19,615	18,502	18,207	35,333	133,556
Variable interest rate liabilities	199,194	-	-	-	-
Fixed interest rate liabilities	<u>134,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,409,669</u>	<u>\$ 18,502</u>	<u>\$ 18,207</u>	<u>\$ 35,333</u>	<u>\$ 133,556</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 19,615</u>	<u>\$ 72,042</u>	<u>\$ 74,597</u>	<u>\$ 58,959</u>	<u>\$ -</u>	<u>\$ -</u>

b) Financing facilities

	December 31	
	2023	2022
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 2,103,914	\$ 332,891
Amount unused	<u>7,388,829</u>	<u>4,154,029</u>
	<u>\$ 9,492,743</u>	<u>\$ 4,486,920</u>

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related parties and relationships:

<u>Name of Related Party</u>	<u>Relationship with the Group</u>
Nichia Taiwan Corp.	Investor that has significant influence over the Group
Nichia Corp.	Investor that has significant influence over the Group
New Smart Technology Co., Ltd.	Associate
TASC Health Care & Charity Foundation	Other related party

b. Operating revenue

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Investor that has significant influence over the Group	<u>\$ 248,712</u>	<u>\$ 252,130</u>

The selling prices charged to the above related parties are not materially different from those charged to non-related parties.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Investors that have significant influence over the Group	\$ 102,610	\$ 115,648
Associate	<u>474</u>	<u>-</u>
	<u>\$ 103,084</u>	<u>\$ 115,648</u>

The purchase prices charged by the above related parties were not materially different from those charged by non-related parties.

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade receivables to related parties	Investors that have significant influence over the Group	<u>\$ 23,976</u>	<u>\$ 16,433</u>
Other receivables to related parties	Associate	\$ 14	\$ -
	Investors that have significant influence over the Group	<u>40</u>	<u>-</u>
		<u>\$ 54</u>	<u>\$ -</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade payables to related parties	Investors that have significant influence over the Group	<u>\$ 39,441</u>	<u>\$ 36,162</u>
Other payables to related parties	Associate	<u>\$ 23,332</u>	<u>\$ -</u>

The payment terms with the above related parties were not materially different from non-related parties, The outstanding trade payables to related parties are unsecured.

f. Acquisition of property, plant and equipment

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
New Smart Technology Co., Ltd.	\$ 378,024	\$ 121,110
Investors that have significant influence over the Group	<u>27,728</u>	<u>-</u>
	<u>\$ 405,752</u>	<u>\$ 121,110</u>

g. Prepayments

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Prepayments rental	Investors that have significant influence over the Group	<u>\$ 500</u>	<u>\$ 500</u>
Prepayment for equipment	Associate	<u>\$ 37,935</u>	<u>\$ 175,672</u>

h. Lease arrangements

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Rental expenses	Investors that have significant influence over the Group	<u>\$ 3,000</u>	<u>\$ 3,900</u>
Interest expenses	Investors that have significant influence over the Group	<u>\$ 425</u>	<u>\$ 15</u>

Line Item	Related Party Category/Name	December 31	
		2023	2022
Lease liabilities	Investors that have significant influence over the Group	<u>\$ 25,153</u>	<u>\$ -</u>

In the lease contract with related parties, the rent is negotiated with reference to market conditions, and paid in accordance with general conditions.

i. Other

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Rental revenue	Associate	\$ <u>161</u>	\$ <u>240</u>
Donation expense	Opto Medical Public Welfare Foundation	\$ <u>-</u>	\$ <u>35,000</u>
Labor expense	Associate	\$ <u>-</u>	\$ <u>17,300</u>

In the lease contract with related parties, the rent is negotiated with reference to market conditions, and received in accordance with general conditions.

The purpose of the donation is mainly for the medical emergency relief needed by the society and the cooperative development of medical technology. The abovementioned donation has no major agreement between the Group and the recipient.

j. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 77,861	\$ 104,038
Post-employment benefits	<u>6,413</u>	<u>4,882</u>
	<u>\$ 84,274</u>	<u>\$ 108,920</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been mortgaged as collateral for bank credit lines, performance guaranty, and a deposit for management and maintenance of public open space:

	December 31	
	2023	2022
Demand deposits (included in financial assets at amortized cost - current)	\$ <u>22,960</u>	\$ <u>23,270</u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group as of December 31, 2023 were as follows:

- a. As of December 31, 2023 and 2022, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$24,181 thousand and \$23,661 thousand, respectively.

b. Unrecognized commitments were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Acquisition of property, plant and equipment	\$ 828,487	\$ 1,021,014

c. As of December 31, 2023 and 2022, the guarantees provided by the Company through banks amounted to approximately \$61,544 thousand and \$54,629 thousand, respectively.

34. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- a. The Company signs a mid-term credit of \$2,000,000 thousand with Chang Hwa Commercial Bank, Ltd. and sets up the Company's own plant as collateral for the financing of mid-term operating capital needs.
- b. In order to cooperate with the plan of the Company's subsidiary, ProAsia, to apply for public listing in the future, the Company intends to affect the release of shares of ProAsia and abandon all or part of the cash capital increase plan of ProAsia.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 42,313	30.655 (USD:NTD)	\$ 1,297,105
JPY	454,696	0.2152 (JPY:NTD)	97,851
CNY	29,252	4.302 (CNY:NTD)	125,842
<u>Financial liabilities</u>			
Monetary items			
USD	6,113	30.755 (USD:NTD)	188,005
JPY	907,488	0.2192 (JPY:NTD)	198,921

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 43,712	30.66 (USD:NTD)	\$ 1,340,210
JPY	279,495	0.2304 (JPY:NTD)	64,395
CNY	5,014	4.383 (CNY:NTD)	21,976
USD	1,243	6.9669 (USD:CNY)	38,173
JPY	1,808	0.0527 (JPY:CNY)	420

Financial liabilities

Monetary items			
USD	7,361	30.76 (USD:NTD)	226,424
JPY	258,109	0.2344 (JPY:NTD)	60,501

For the Year Ended December 31				
2023			2022	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	\$ (4,523)	1 (NTD:NTD)	\$ 72,465
CNY	4.3956 (CNY:NTD)	<u>(2,366)</u>	4.4218 (CNY:NTD)	<u>1,882</u>
		<u>\$ (6,889)</u>		<u>\$ 74,347</u>

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others: Table 1.
- 2) Endorsements/guarantees provided: Table 2.
- 3) Marketable securities held (excluding investments in subsidiaries and associates): Table 3.
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - 9) Trading in derivative instruments: None.
 - 10) Intercompany relationships and significant intercompany transactions: None.
- b. Information on investees (excluding investees in mainland China): Table 5.
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6.
 - 2) Any of significant transactions with investee companies in mainland China, either directly or indirectly through a company in third area, and their prices, payment terms, and unrealized gains or losses: None.
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 7.

37. OPERATING SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were LED and silicon vendor chips group, displays and lighting group, and packaging business group.

a. Segment revenues and results:

The information of the Group's revenues and results by segment is as follows:

	LED and Silicon Send or Chips Group	Displays and Lighting Group	Packaging Business Group	Other Segment	Consolidated
<u>For the year ended December 31, 2023</u>					
Revenue from external customers	<u>\$ 3,224,871</u>	<u>\$ 725,708</u>	<u>\$ 21,700</u>	<u>\$ -</u>	<u>\$ 3,972,279</u>
Segment income	<u>\$ 158,952</u>	<u>\$ 92,057</u>	<u>\$ 84,826</u>	<u>\$ (35,400)</u>	<u>\$ 300,435</u>
<u>For the year ended December 31, 2022</u>					
Revenue from external customers	<u>\$ 3,481,498</u>	<u>\$ 791,943</u>	<u>\$ 256,336</u>	<u>\$ -</u>	<u>\$ 4,529,777</u>
Segment income	<u>\$ 373,914</u>	<u>\$ 90,855</u>	<u>\$ 3,994</u>	<u>\$ (21,987)</u>	<u>\$ 446,776</u>

The segment revenue reported above is generated from transactions with external customers. There were no inter-segment sales from January 1 to December 31, 2023 and 2022.

b. Total segment assets and liabilities

The amount of assets measured by the Group is not provided to the operating decision makers, so the amount of assets measured by the department is zero.

c. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
LED components	\$ 667,944	\$ 894,492
Sensor components	2,161,745	2,388,001
Displays and lighting products	725,708	977,538
Packaging products	21,700	256,336
Others	<u>395,182</u>	<u>13,410</u>
	<u>\$ 3,972,279</u>	<u>\$ 4,529,777</u>

d. Geographical information

The Group operates in three principal geographical areas - Taiwan, China.

The Group's revenue from continuing operations from external customers by location of operations and information on its non-current assets by location of assets are detailed below.

	<u>Revenue from External Customers</u>		<u>Non-current Assets</u>	
	<u>For the Year Ended December 31</u>		<u>December 31</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Taiwan	\$ 1,206,655	\$ 1,374,264	\$ 6,410,081	\$ 3,795,797
China	1,244,433	1,213,167	-	117,625
Others	<u>1,521,191</u>	<u>1,942,346</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,972,279</u>	<u>\$ 4,529,777</u>	<u>\$ 6,410,081</u>	<u>\$ 3,913,422</u>

Non-current assets exclude financial instruments and deferred tax assets.

e. Information on major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Customer A	\$ 551,736	\$ 615,658
Customer B	<u>454,692</u>	<u>517,856</u>
	<u>\$ 1,006,428</u>	<u>\$ 1,133,514</u>

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

(Formerly Named Opto Tech Corporation)

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limits (Note 4)	Note
													Item	Value			
0	Taiwan-Asia Semiconductor Corporation	ProAsia Semiconductor Corporation	Other receivables - related parties	Y	\$ 500,000	\$ 500,000	\$ -	-	b	\$ -	Purchase equipment	\$ -	-	\$ -	\$ 832,050	\$ 3,328,203	-

Note 1: The Corporation is number zero (0), investee companies by company sequentially numbered starting from 1.

Note 2: Funding nature:

- a. Business associate clients marked a.
- b. Clients needing short-term loans marked b.

Note 3: Limit on loans granted to a single party, which has the needs of short-term financing with the Company should not exceed 10% of the Company's latest net asset value (\$8,320,508 thousand \times 10% = \$832,050 thousand). Besides, limit on loans granted to a single party, which has business relationship with the subsidiaries should not exceed total amount that the two sides trade in the recent six-month period.

Note 4: Total amount of loans of the Company should not exceed 40% of the net value of the Company's latest net asset value, and total amount of loans of the subsidiaries should not exceed 20% of the net values of the subsidiaries' latest net asset values (\$8,320,508 thousand \times 40% = \$3,328,203 thousand).

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
(Formerly Named Opto Tech Corporation)

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No. (Note)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Taiwan-Asia Semiconductor Corporation	ProAsia Semiconductor Corporation Star Asia Vision Corporation	Subsidiary Subsidiary	\$ 1,664,101 1,664,101	\$ 1,400,000 11,982	\$ 1,400,000 5,341	\$ 1,011,725 -	\$ - -	16.83 0.06	\$ 4,160,254 4,160,254	Y Y	N N	N N	- -

Note: The calculation and amount of ceiling on providing endorsement/guarantee to others shall be disclosed. If there was contingent loss recognized in the financial statements, the recognized amount shall be disclosed under the Company's "Procedures for Provision of Endorsements and Guarantees", the Company's total guarantees and endorsements to others should not exceed 50% of the Company's net asset value, and total guarantees and endorsements provided for a single party should not exceed 20% of the Company's net asset value. The calculation is shown below:

- a. $\$8,320,508 \text{ thousand} \times 50\% = \$4,160,254 \text{ thousand}$.
- b. $\$8,320,508 \text{ thousand} \times 20\% = \$1,664,101 \text{ thousand}$.

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
(Formerly Named Opto Tech Corporation)

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			
				Shares	Carrying Amount	Percentage of Ownership	Fair Value
Taiwan-Asia Semiconductor Corporation	<u>Shares</u>						
	AXT, Inc. (Note 3)	-	Financial assets at FVTPL - non-current	124,100	\$ -	-	\$ -
	Top Increasing Technology Co., Ltd.	-	Financial assets at FVTPL - non-current	10,000,000	-	16.67	-
	Nichia Corp.	The Company is the parent company of Nichia Taiwan Corp.	Financial assets at FVTOCI - non-current	10,000	500,333	0.45	500,333
	Viking Tech Corporation.	-	Financial assets at FVTOCI - non-current	2,873,994	160,656	2.45	160,656
	Giga Epitaxy Technology Corp.	-	Financial assets at FVTOCI - non-current	4,950,491	-	15.00	-
	Shin-Etsu Opto Electronic Co., Ltd.	-	Financial assets at FVTOCI - non-current	2,000,000	106,240	10.00	106,240
	Fubon Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	250,000	13,750	-	13,750
	<u>Mutual funds</u>						
	Jih Sun Money Market fund	-	Financial assets at FVTPL - current	1,348,881	20,577	-	20,577
<u>Private fund</u>							
Wisdom Capital Limited Partnership	-	Financial assets at FVTOCI - non-current	-	125,425	-	125,425	
Ho Chung Investment Co., Ltd.	<u>Shares</u>						
	Taiwan-Asia Semiconductor Corporation	Parent company	Financial assets at FVTPL - current	754,543	35,539	0.17	35,539
	Shangya Technology Co., Ltd. (Note 4)	-	Financial assets at FVTOCI - non-current	6,800,000	204,399	15.35	204,399
River Asset Co., Ltd.	<u>Shares</u>						
Leadtrend Tech. Corp.	-	Financial assets at FVTPL - current	870,096	71,696	1.48	71,696	

Note 1: The term “marketable securities” in this table refers to stocks, bonds, mutual funds and marketable securities derived from the above items that fall within the scope of IFRS No. 9 “Financial Instruments”.

Note 2: The information on investment in subsidiaries, please refer to Tables 5 and 6.

Note 3: The 124,000 shares of AXT, Inc. which are owned by the Company, are preferred stocks.

Note 4: Singbao International Co., Ltd. held a shareholder’s meeting, and the board of directors passed a resolution on behalf of the shareholders to change the company’s name to Shangya Technology Co., Ltd. on June 26, 2023. The name change was officially registered and completed on July 5, 2023.

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
 (Formerly Named Opto Tech Corporation)

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2023**
 (In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)	
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total
Taiwan-Asia Semiconductor Corporation	Nichia Corp.	The Company is the parent company of Nichia Taiwan Corp.	Sales	\$ 248,712	6.26	Collect receivables in 45 days after acceptance	\$ -	-	\$ 23,976	1.99

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
(Formerly Named Opto Tech Corporation)

INFORMATION ON INVESTEEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2023	December 31, 2022	Shares	%	Carrying Amount			
Taiwan-Asia Semiconductor Corporation	Ho Chung Investment Co., Ltd.	Taiwan	Investment business	\$ 400,000	\$ 400,000	40,000,000	100.00	\$ 320,848	\$ 11,942	\$ 1,115	(Note 1)
	Bright Investment International Ltd.	British Virgin Islands	Investment business	-	171,332	-	-	-	85,782	85,782	(Note 1)
	Everyung Investment Ltd.	Samoa	Investment business	-	42,343	-	-	-	(1,913)	(957)	(Note 1)
	River Asset Co., Ltd.	Taiwan	Investment business	400,000	400,000	40,000,000	100.00	359,261	13,214	13,214	(Note 1)
	Star Asia Vision Corporation	Taiwan	Manufacture and sales of lighting equipment	201,000	201,000	20,100,000	90.95	284,477	62,896	60,413	(Note 1)
	New Smart Technology Co., Ltd.	Taiwan	Automatic control equipment engineering business	14,000	14,000	1,000,000	4.55	12,797	26,531	(704)	(Note 1)
	Wan Zun Guang Investment Co., Ltd.	Taiwan	Investment business	1,220,000	750,000	122,000,000	100.00	1,129,641	(71,501)	(71,501)	(Note 1)
River Asset Investment Co., Ltd.	New Smart Technology Co., Ltd.	Taiwan	Automatic control equipment engineering business	56,000	56,000	4,000,000	18.18	51,190	26,531	(2,817)	(Note 1)
Bright Investment International Ltd.	Everyung Investment Ltd.	Samoa	Investment business	-	168,421	-	-	-	(1,913)	(956)	(Note 1)
Wan Zun Guang Investment Co., Ltd.	ProAsia Semiconductor Corporation	Taiwan	Development, manufacture and sales of silicon-based semiconductor power components and silicon carbide compound semiconductor power components	1,015,000	700,000	101,500,000	88.26	1,122,554	(77,161)	(71,367)	(Note 1)
Ho Chung Investment Co., Ltd.	United-Asia Semiconductor Corporation	Taiwan	Assembling and testing of electronic parts	1,000	-	100,000	100.00	985	(15)	(15)	(Note 2)
	Gan-Asia Semiconductor Corporation	Taiwan	Manufacturing of electronic parts	1,000	-	100,000	100.00	985	(15)	(15)	(Note 2)

Note 1: The calculation is based on the financial statements of the investee company that have been audited by an accountant during the same period and the Company's shareholding ratio.

Note 2: The calculation is based on the financial statements that have not been audited by an accountant. However, in the opinion of the Company's management, the unaudited financial statements of the investee company will not have a significant influence.

Note 3: The amount was eliminated upon consolidation, excluding New Smart Technology Co., Ltd.

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
(Formerly Named Opto Tech Corporation)

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investee Company in Mainland China	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Opto Plus Technology Co., Ltd.	Manufacture and sales of LED and electronic products	\$ 317,341	b	\$ 317,341	\$ -	\$ 130,503	\$ -	\$ (1,913)	-	\$ (1,913)	\$ -	\$ -	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ -	\$317,849	\$5,098,872

Note 1: Three investing methods:

- a. Direct investment in mainland China.
- b. Investment made in mainland China through company in third area.
- c. Other methods.

Note 2: The calculation is based on the financial statements that have not been audited by an accountant. However, in the opinion of the Company's management, the unaudited financial statements of the investee company will not have a significant influence.

Note 3: The Company and Bright originally indirectly held Opto Plus through Everyung, the Company and Bright have completed disposal of the subsidiary Everyung on January 31, 2023; therefore, it also lost the control of Opto Plus.

TABLE 7**TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**
(Formerly Named Opto Tech Corporation)**INFORMATION OF MAJOR SHAREHOLDERS**
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Nichia Taiwan Corp.	88,811,822	20.24

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.