Taiwan-Asia Semiconductor Corporation
(Formerly Named Opto Tech Corporation)

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

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

In our opinion, based on our audit and the reports of other auditors (refer to the other matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

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

<u>The Occurrence of Operating Revenue</u>

The Corporation 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 22 to the Corporation's 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 Corporation'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$12,797 thousand and NT$12,338 thousand as of December 31, 2023 and 2022, which represented 0.12% and 0.13% of the Corporation's total assets. The Corporation's share of the comprehensive income (loss) of such associates amounted to NT$271 thousand and NT$(1,399) thousand for the years ended December 31, 2023 and 2022, which represented 0.10% and (1.68%) of the Corporation's total comprehensive income.

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

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation 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 Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

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

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

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 1,096,542	10	$ 1,767,703	18
Financial assets at fair value through profit or loss - current (Note 7)	20,577	-	20,329	-
Current financial assets at amortized cost (Notes 9 and 31)	22,810	-	120,206	1
Notes receivable (Note 22)	1,171	-	1,642	-
Trade receivables (Notes 10 and 22)	1,043,118	10	707,162	7
Trade receivables from related parties (Notes 22 and 30)	23,976	-	16,433	-
Other receivables (Note 30)	16,110	-	11,172	-
Inventories (Note 11)	1,204,555	12	1,028,746	11
Other current assets	77,931	1	62,038	1
Total current assets	3,506,790	33	3,735,431	38
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	-	-	109,096	1
Financial assets at fair value through other comprehensive income - non-current (Note 8)	906,404	8	916,040	9
Investments accounted for using the equity method (Note 12)	2,107,024	20	1,708,388	18
Property, plant and equipment (Notes 13 and 30)	3,360,570	31	2,508,190	26
Right-of-use assets (Note 14)	185,524	2	198,474	2
Investment properties (Note 15)	399,307	4	399,307	4
Intangible assets (Note 16)	16,259	-	17,910	-
Deferred tax assets (Note 24)	48,551	-	18,292	-
Prepayment for equipment (Note 30)	176,384	2	135,691	2
Other non-current assets	17,959	-	23,962	-
Total non-current assets	7,217,982	67	6,035,350	62
TOTAL	$ 10,724,772	100	$ 9,770,781	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	$ 390,000	4	$ 137,196	1
Contract liabilities - current (Note 22)	2,260	-	2,396	-
Trade payables	427,935	4	267,470	3
Trade payables to related parties (Note 30)	7,871	-	19,753	-
Other payables (Note 18)	533,411	5	439,577	5
Other payables to related parties (Note 30)	26,332	-	-	-
Current tax liabilities (Note 24)	17,646	-	77,420	1
Provisions - current (Note 19)	544	-	352	-
Lease liabilities - current (Note 14)	17,631	-	16,909	-
Other current liabilities	4,451	-	3,873	-
Total current liabilities	1,428,081	13	964,946	10
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17 and 27)	698,198	6	-	-
Provisions - non-current (Note 19)	795	-	414	-
Deferred tax liabilities (Note 24)	24,216	-	50,406	-
Lease liabilities - non-current (Note 14)	176,066	2	189,017	2
Net defined benefit liabilities - non-current (Note 20)	67,004	1	54,591	1
Deferred revenue - non-current (Note 27)	4,609	-	-	-
Other non-current liabilities	5,295	-	2,013	-
Total non-current liabilities	976,183	9	296,441	3
Total liabilities	2,404,264	22	1,261,387	13
EQUITY				
Ordinary shares	4,386,228	41	4,386,228	45
Capital surplus	1,475,787	14	1,507,368	15
Retained earnings				
Legal reserve	916,235	8	872,379	9
Unappropriated earnings	1,503,798	14	1,684,760	17
Total retained earnings	2,420,033	22	2,557,139	26
Other equity	61,632	1	82,829	1
Treasury stocks	(23,172)	-	(24,170)	-
Total equity	8,320,508	78	8,509,394	87
TOTAL	$ 10,724,772	100	$ 9,770,781	100

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

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

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

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 22 and 30)	$ 3,224,871	100	$ 3,569,717	100
OPERATING COSTS (Notes 11, 23 and 30)	2,528,852	78	2,583,719	72
GROSS PROFIT	696,019	22	985,998	28
UNREALIZED PROFIT FROM SALES	-	-	(84)	-
REALIZED PROFIT SALES	84	-	441	-
NET OPERATING MARGIN	696,103	22	986,355	28
OPERATING EXPENSES (Notes 10, 23 and 30)				
Selling and marketing expenses	78,032	3	71,304	2
General and administrative expenses	390,144	12	474,803	13
Research and development expenses	142,212	4	89,182	3
Expected credit loss (gain) reversed on trade receivables	(83)	-	7,609	-
Total operating expenses	610,305	19	642,898	18
PROFIT FROM OPERATIONS	85,798	3	343,457	10
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 23)	20,954	-	12,398	-
Other income (Notes 23 and 30)	54,336	2	40,882	1
Other gains and losses (Note 23)	50,558	1	81,784	2
Finance costs (Notes 23 and 30)	(11,242)	-	(7,637)	-
Share of profit or loss of subsidiaries and associates accounted for using the equity method (Note 12)	87,362	3	(39,098)	(1)
Total non-operating income	201,968	6	88,329	2
PROFIT BEFORE INCOME TAX	287,766	9	431,786	12
INCOME TAX (BENEFIT) EXPENSE (Note 24)	(19,446)	(1)	71,321	2
NET PROFIT FOR THE YEAR	307,212	10	360,465	10

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

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

	2023		2022	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	$ (7,238)	-	$ 97,517	3
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(99,636)	(3)	(196,178)	(6)
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	55,510	1	(143,677)	(4)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	27,637	1	(36,646)	(1)
	(23,727)	(1)	(278,984)	(8)
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 subsidiaries and associates accounted for using the equity method	(10)	-	12	-
	(2,256)	-	1,568	-
Other comprehensive income (loss) for the year, net of income tax	(25,983)	(1)	(277,416)	(8)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 281,229	9	$ 83,049	2
EARNINGS PER SHARE (Note 25)				
Basic	$ 0.70		$ 0.82	
Diluted	$ 0.70		$ 0.82	

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

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

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

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

	Ordinary Shares (Note 21)		Capital Surplus (Note 21)	Retained Earnings (Note 21)				Other Equity (Note 21)			Treasury Stocks (Note 21)	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	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
Appropriation of the 2021 earnings												
Legal reserve	-	-	-	85,435	-	(85,435)	-	-	-	-	-	-
Special reverse	-	-	-	-	(2,423)	2,423	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,315,869)	(1,315,869)	-	-	-	-	(1,315,869)
	-	-	-	85,435	(2,423)	(1,398,881)	(1,315,869)	-	-	-	-	(1,315,869)
Change in capital surplus from investment in associates accounted for using the equity method	-	-	608	-	-	-	-	-	-	-	-	608
Net profit (loss) for the year ended December 31, 2022	-	-	-	-	-	360,465	360,465	-	-	-	-	360,465
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)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	438,564	438,564	1,568	(357,083)	(355,515)	-	83,049
Treasury shares transferred to employees	-	-	17,354	-	-	-	-	-	-	-	30,784	48,138
Adjustment to capital surplus due to payment of dividends to subsidiaries	-	-	2,264	-	-	-	-	-	-	-	-	2,264
Disposals of investments accounted for using the equity method	-	-	(5,112)	-	-	-	-	-	-	-	-	(5,112)
Changes in percentage of ownership interests in subsidiaries	-	-	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
Appropriation of the 2022 earnings												
Legal reserve	-	-	-	43,856	-	(43,856)	-	-	-	-	-	-
Special reverse	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(438,623)	(438,623)	-	-	-	-	(438,623)
	-	-	-	43,856	-	(482,479)	(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
Net profit (loss) for the year ended December 31, 2023	-	-	-	-	-	307,212	307,212	-	-	-	-	307,212
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)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	301,421	301,421	(2,256)	(17,936)	(20,192)	-	281,229
Disposal 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
Adjustment to capital surplus due to payment of dividends to subsidiaries	-	-	755	-	-	-	-	-	-	-	-	755
Changes in percentage of ownership interests in subsidiaries	-	-	(35,299)	-	-	-	-	-	-	-	-	(35,299)
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

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

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

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

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	$ 287,766	$ 431,786
Adjustments for:		
Depreciation expense	470,155	392,301
Amortization expense	19,658	17,560
Expected credit (gain) loss on trade receivables	(83)	7,609
(Gain) loss on fair value change of financial assets and liabilities at fair value through profit or loss	(65,583)	9,492
Interest expense	11,242	7,637
Interest income	(20,954)	(12,398)
Dividend income	(25,889)	(21,331)
Compensation cost of employee share options	582	31,818
Share of profit of subsidiaries and associates accounted for using the equity method	(87,362)	39,098
Gain on disposal of property, plant and equipment	(1,581)	(4,669)
Gain loss on disposal of investment	(458)	(15,953)
Unrealized sales profit	-	84
Realized sales profit	(84)	(441)
Gain on lease termination	-	(31)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit	-	552,826
Notes receivable	471	3,241
Trade receivables	(335,873)	419,946
Trade receivables from related parties	(7,543)	2,629
Other receivables	(5,701)	4,354
Inventories	(175,809)	14,719
Other current assets	(15,893)	23,683
Other non-current assets	1,959	4,025
Contract liabilities	(136)	24,058
Trade payables	160,465	(406,273)
Trade payables to related parties	(11,882)	(41,471)
Other payables	93,783	(303,337)
Other payables to related parties	26,332	-
Provisions	573	160
Other current liabilities	578	(2,815)
Net defined benefit liabilities	5,175	4,908
Cash generated from operations	323,908	1,183,215
Interest received	21,717	12,611
Dividends received	76,339	45,766
Interest paid	(14,466)	(7,237)
Income tax paid	(69,140)	(168,054)
Net cash generated from operating activities	338,358	1,066,301

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

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	$ (90,000)	$ (75,000)
Purchase of financial assets at amortized cost	-	(19,557)
Disposal of financial assets at amortized cost	97,396	720,136
Proceeds from disposal of financial assets at fair value through profit or loss	174,431	-
Acquisition of investments accounted for using equity method	(470,000)	(1,137,012)
Disposal of long-term equity investments under the equity method	129,468	-
Net cash generated from disposal of subsidiaries	-	152,092
Acquisition of property, plant and equipment	(1,300,704)	(377,639)
Proceeds from disposal of property, plant and equipment	1,581	4,708
(Increase) decrease in refundable deposits	4,044	(548)
Acquisition of intangible assets	(12,657)	(22,641)
Payments for equipment	(45,248)	(63,541)
Net cash outflow on segmentation	-	(69,422)
Net cash used in investing activities	(1,511,689)	(888,424)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	252,804	(108,171)
Proceeds from long-term borrowings	702,188	-
Increase (decrease) in guarantee deposits	3,282	(924)
Payment of the principal portion of lease liabilities	(18,011)	(18,671)
Dividends paid	(438,623)	(1,315,869)
Treasury shares transferred to employees	530	16,320
Net cash generated from (used in) financing activities	502,170	(1,427,315)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(671,161)	(1,249,438)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,767,703	3,017,141
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,096,542	$ 1,767,703

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

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

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

NOTES TO 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 “Corporation”) was established in December 1983. The shares of the Corporation have been traded on the Taiwan Stock Exchange since May 2, 1995. The Corporation primarily engaged in the manufacture and sales of semiconductor components as well as research and development, design, manufacture and sales of systems products.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The 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 Corporation.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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 Corporation has assessed that the application of other standards and interpretations will not have a material impact on the Corporation's financial position and financial performance.

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

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

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

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

As of the date the financial statements were authorized for issue, the Corporation is continuously assessing the possible impact of the application of other standards and interpretations on the Corporation'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

These financial statements of the Corporation have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of presentation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair values 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 are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and 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.

When preparing these parent Corporation only financial statements, the Corporation used the equity method to account for its investment in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in these parent Corporation only financial statements to be the same as the amounts attributable to the owners of the Corporation in its consolidated financial statements, adjustments arising from the differences in accounting treatment between parent Corporation only basis and consolidated basis were made to the investments accounted for by the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent Corporation only financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve 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 financial statements are authorized for issue; and

3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

In preparing the Corporation's financial statements, transactions in currencies other than the Corporation'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 measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on 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 case, the exchange differences are also recognized directly in other comprehensive income.

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

For the purposes of presenting the financial statements, the functional currencies of the entities (including operations of the subsidiaries and associates in other countries which used different currencies from the functional currency of the Corporation) are translated into the presentation currency, the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; 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.

e. Inventories

Inventories consist of raw materials and supplies, work-in-process and finished goods 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 Corporation 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.

f. Investment in subsidiaries

The Corporation use the equity method to account for its investments in subsidiaries.

Subsidiaries are the entities controlled by the Corporation.

Under the equity method, investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation’s share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation’s share of equity of subsidiaries attributable to the Corporation.

Changes in the Corporation’s ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company’s share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company’s net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

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

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

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

Profits and losses resulting from downstream transactions are eliminated in full in the financial statements. Profits and losses transactions from upstream and transactions between subsidiaries are recognized in the financial statements only to the extent of interests in the subsidiaries that are not related to the Corporation.

g. Investment in associates

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

The Corporation 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 Corporation's share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the Corporation's share of equity of associates attributable to the Corporation.

Any excess of the cost of acquisition over the Corporation'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 Corporation'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 Corporation 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 Corporation's proportionate interest in the associate. The Corporation records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Corporation'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 by the equity method is insufficient, the shortage is debited to retained earnings.

When the Corporation'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 by the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the associate), the Corporation discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation 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 Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the financial statements only to the extent of interest in the associate that are not related to the Corporation.

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. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part of depreciable asset 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 the estimates accounted for on a prospective basis.

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

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

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

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 Corporation reviews the carrying amounts of its property, plant and equipment, right-of-use asset, intangible assets 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 Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is evaluated based on present value of estimated future cash flows, discounted at the current market-determined rate, and certain risk assumptions which impact future cash flows. 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 for 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 Corporation 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 29.

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

The Corporation always recognizes lifetime expected credit losses (ECLs) for trade receivables and contract assets. For all other financial instruments, the Corporation 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 Corporation 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 Corporation 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 Corporation 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 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 Corporation 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 Corporation 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

Revenue from the sale of goods

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.

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

o. Leasing

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

1) The Corporation 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 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 Corporation as lessee

   The Corporation 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 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 Corporation 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 Corporation 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 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 the 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 past service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur, or when the plan amendment or curtailment occurs. Remeasurement, comprising actuarial gains and losses, effect of changes to asset ceiling 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 Corporation'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, an additional tax of 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 tax credits for research and development expenditures 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 Corporation 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 Corporation 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 tax 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 tax 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 Corporation's accounting policies, management is required to make judgments, estimates and assumptions based on historical experience and other factors that are considered to be relevant about the related information that are not readily apparent from other sources. Actual results may differ from these estimates.

When developing material accounting estimates, the Corporation 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

	December 31	
	2023	**2022**
Checking accounts and demand deposits	$ 738,465	$ 507,413
Cash equivalents (investments with original maturities of less than 3 months) time deposits	258,077	739,290
Repurchase agreements collateralized by bonds	100,000	521,000
	$ 1,096,542	$ 1,767,703

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	**2022**
Financial assets - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 20,577	$ 20,329
Financial assets - non-current		
Non-derivative financial assets		
Unlisted shares	$ -	$ 109,096

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2023	**2022**
Non-current		
Domestic investments		
Listed shares	$ 174,406	$ 125,287
Unlisted shares	106,240	84,474
Private-placement funds	125,425	75,000
	406,071	284,761
Foreign investments		
Unlisted shares	500,333	631,279
	$ 906,404	$ 916,040

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 Corporation's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	**2022**
Current		
Time deposits with original maturity of more than 3 months		
Gross carrying amount	$ -	$ 97,396
Restricted time deposit	22,810	22,810
	$ 22,810	$ 120,206

Information relating to credit risk of financial assets at amortized cost is provided in Note 31.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	**2022**
Trade receivables		
At amortized cost		
Gross carrying amount	$ 1,058,879	$ 723,006
Less: Allowance for impairment loss	(15,761)	(15,844)
	$ 1,043,118	$ 707,162

The main credit period of sales of goods is 45-136 days. In order to minimize credit risk, the Corporation 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 Corporation 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 Corporation 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 Corporation'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 Corporation's different customer base.

The Corporation 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 Corporation 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 Corporation'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	-	-	-	1.64%	8.62%	100%	
Gross carrying amount	$ 985,465	$ 57,536	$ 5	$ 61	$ 58	$ 15,754	$ 1,058,879
Loss allowance (Lifetime ECLs)	-	(1)	-	(1)	(5)	(15,754)	(15,761)
Amortized cost	$ 985,465	$ 57,535	$ 5	$ 60	$ 53	$ -	$ 1,043,118

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	0.51%	-	100%	98.73%	-	100%	
Gross carrying amount	$ 710,181	$ 538	$ 2,786	$ 3,072	$ -	$ 6,429	$ 723,006
Loss allowance (Lifetime ECLs)	(3,596)	-	(2,786)	(3,033)	-	(6,429)	(15,844)
Amortized cost	$ 706,585	$ 538	$ -	$ 39	$ -	$ -	$ 707,162

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

	2023	2022
Balance at January 1	$ 15,844	$ 8,235
Add: Net remeasurement of loss allowance	(83)	7,609
Balance at December 31	$ 15,761	$ 15,844

11. INVENTORIES

	December 31	
	2023	2022
Finished goods	$ 210,047	$ 252,478
Work in progress	349,677	181,796
Raw materials	644,831	594,472
	$ 1,204,555	$ 1,028,746

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

	December 31	
	2023	2022
Cost of inventories sold	$ 2,502,359	$ 2,566,849
Loss on decline in market value	26,493	16,870
	$ 2,528,852	$ 2,583,719

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	$ 2,094,227	$ 1,696,050
Investments in associates	12,797	12,338
	$ 2,107,024	$ 1,708,388

a. Investments in subsidiaries

	December 31	
Name of Subsidiaries	2023	2022
Ho Chung Investment Co., Ltd. (“Ho Chung Investment”)	$ 320,848	$ 268,354
Bright Investment International Ltd. (“Bright”)	-	57,196
River Asset Co., Ltd. (“River Asset”)	359,261	340,594
Star Asia Vision Corporation (“Star Asia”)	284,477	259,533
Wan Zun Guang Investment Co., Ltd. (“Wan Zun Guang”)	1,129,641	713,741
Everyung Investment Ltd. (“Everyung”)	-	56,632
	$ 2,094,227	$ 1,696,050

By the Corporation were as follows:

Name of Subsidiaries	December 31	
	2023	2022
Ho Chung Investment	100.00%	100.00%
Bright (1)	-	100.00%
Everyung (2)	-	50.00%
River Asset	100.00%	100.00%
Star Asia (3) (4)	90.95%	100.00%
Wan Zun Guang (5)	100.00%	100.00%

1) The board of directors of the Corporation 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.

2) The Corporation signed the liquidation of Everyung on December 14, 2022, completed the liquidation process, and lost control of the subsidiary on January 31, 2023. For an explanation of the liquidation of Everyung Investment Ltd., refer to Note 12 of the consolidated financial statements of the Corporation for the year ended December 31, 2023.

3) The Corporation held the first extraordinary shareholders' meeting on October 21, 2021, and the shareholders approved the transfer of the relevant business of the Corporation'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 approved by the board of directors 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.

   The division is as follows:

	January 28, 2022
Cash	$ 69,422
Accounts receivable	101,364
Inventories	171,580
Prepayments	14,265
Property, plant and equipment	35,348
Intangible assets	1,211
Other non-current assets	5,187
	$ 398,377
Accounts payable	$ 68,215
Other payables	7,137
Provisions	25,293
Contract liabilities	97,732
	$ 198,377

4) 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 Corporation was reduced to 90.95%.

5) Wan Zun Guang is a wholly-owned subsidiary established by the Corporation on January 19, 2022. On August 15, 2023, the Corporation also increased the capital of Wan Zun Guang by $470,000 thousand. As of December 31, 2023, the paid-in capital was $1,220,000 thousand.

b. Investments in associates

	For the Year Ended December 31	
	2023	**2022**
Individual non-material associates		
New Smart Technology Co., Ltd.	$ 12,797	$ 12,338

Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2023	**2022**
The Corporation's share of:		
Profit/(loss) from continuing operations for the year	$ (704)	$ (1,098)
Total comprehensive income (loss) for the year	$ 271	$ (1,399)

The Corporation directly and indirectly holds 22.73% of the equity of New Smart Technology Co., Ltd. and recognizes an affiliated enterprise using the equity method.

The share of profit and loss and other comprehensive gains and losses of subsidiaries and associates that adopted the equity method in 2023 and 2022 is recognized on the basis of the financial statements of each subsidiary and associates for the same period as verified by accountants.

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

13. PROPERTY, PLANT AND EQUIPMENT

Assets Used by the Corporation

	Buildings	Machinery and Equipment	Utility Facilities	Pollution Prevention Facilities	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment Under Installation	Total
Cost									
Balance at January 1, 2023	$ 1,803,509	$ 5,356,159	$ 1,038,359	$ 740,243	$ 6,582	$ 95,838	$ 1,973,770	$ 467,407	$ 11,481,867
Additions	1,582	12,446	2,070	8,760	234	3,524	6,477	1,265,611	1,300,704
Disposals	-	(223,264)	-	-	-	(111)	(94)	-	(223,469)
Capitalized interest	-	-	-	-	-	-	-	3,894	3,894
Reclassification	2,290	245,829	56,215	598	-	21,530	47,678	(374,935)	(795)
Balance at December 31, 2023	$ 1,807,381	$ 5,391,170	$ 1,096,644	$ 749,601	$ 6,816	$ 120,781	$ 2,027,831	$ 1,361,977	$ 12,562,201
Accumulated depreciation and impairment									
Balance at January 1, 2023	$ 1,153,440	$ 4,500,311	$ 942,029	$ 624,056	$ 4,212	$ 71,416	$ 1,678,213	$ -	$ 8,973,677
Disposals	-	(223,264)	-	-	-	(111)	(94)	-	(223,469)
Depreciation expense	52,378	297,092	19,729	12,764	874	14,888	53,698	-	451,423
Balance at December 31, 2023	$ 1,205,818	$ 4,574,139	$ 961,758	$ 636,820	$ 5,086	$ 86,193	$ 1,731,817	$ -	$ 9,201,631
Carrying amounts at December 31, 2023	$ 601,563	$ 817,031	$ 134,886	$ 112,781	$ 1,730	$ 34,588	$ 296,014	$ 1,361,977	$ 3,360,570
Cost									
Balance at January 1, 2022	$ 1,796,149	$ 5,284,855	$ 1,063,703	$ 731,271	$ 11,356	$ 79,385	$ 1,962,106	$ 395,135	$ 11,323,960
Additions	2,190	4,288	140	2,760	-	1,639	11,810	354,812	377,639
Disposals	-	(67,612)	(26,518)	-	-	(1,937)	(940)	-	(97,007)
Spillover	-	(113,339)	(566)	-	(4,920)	(1,620)	(5,050)	-	(125,495)
Reclassification	5,170	247,967	1,600	6,212	146	18,371	5,844	(282,540)	2,770
Balance at December 31, 2022	$ 1,803,509	$ 5,356,159	$ 1,038,359	$ 740,243	$ 6,582	$ 95,838	$ 1,973,770	$ 467,407	$ 11,481,867

(Continued)

	Buildings	Machinery and Equipment	Utility Facilities	Pollution Prevention Facilities	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment Under Installation	Total
Accumulated depreciation and impairment									
Balance at January 1, 2022	$ 1,102,139	$ 4,421,548	$ 951,225	$ 612,179	$ 7,757	$ 62,779	$ 1,629,267	$ -	$ 8,786,894
Disposals	-	(67,573)	(26,518)	-	-	(1,937)	(940)	-	(96,968)
Depreciation expense	51,301	227,156	17,541	11,877	941	8,560	53,752	-	371,128
Spillover	-	(80,820)	(219)	-	(4,486)	(756)	(3,866)	-	(90,147)
Reclassification	-	-	-	-	-	2,770	-	-	2,770
Balance at December 31, 2022	$ 1,153,440	$ 4,500,311	$ 942,029	$ 624,056	$ 4,212	$ 71,416	$ 1,678,213	$ -	$ 8,973,677
Carrying amounts at December 31, 2022	$ 650,069	$ 855,848	$ 96,330	$ 116,187	$ 2,370	$ 24,422	$ 295,557	$ 467,407	$ 2,508,190

(Concluded)

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	3-5 years
Office equipment	3-7 years
Other equipment	3-25 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amounts		
Land	$ 179,557	$ 195,174
Transportation equipment	4,662	1,858
Office equipment	948	1,442
Other equipment	357	-
	$ 185,524	$ 198,474

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 5,782	$ 7,381
Depreciation charge for right-of-use assets		
Land	$ 15,617	$ 16,822
Buildings	-	1,352
Transportation equipment	2,502	2,351
Office equipment	494	648
Other equipment	119	-
	$ 18,732	$ 21,173

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

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts		
Current	$ 17,631	$ 16,909
Non-current	$ 176,066	$ 189,017

Range of discount rates for lease liabilities was as follows:

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

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 8,387	$ 6,714
Total cash outflow for leases	$ (29,244)	$ (28,614)

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

15. INVESTMENT PROPERTIES

	Completed Investment Property
Cost	
Balance at January 1, 2023 and December 31, 2023	$ 399,307
Cost	
Balance at January 1, 2022 and December 31, 2022	$ 399,307

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.

16. INTANGIBLE ASSETS

	Software
Cost	
Balance at January 1, 2023	$ 47,189
Additions	12,657
Disposals	(13,207)
Reclassification	5,350
Balance at December 31, 2023	$ 51,989
Accumulated amortization	
Balance at January 1, 2023	$ 29,279
Amortization expense	19,658
Disposals	(13,207)
Balance at December 31, 2023	$ 35,730
Carrying amount at December 31, 2023	$ 16,259
Cost	
Balance at January 1, 2022	$ 31,902
Additions	22,641
Disposals	(5,450)
Spillover	(1,904)
Balance at December 31, 2022	$ 47,189
Accumulated amortization	
Balance at January 1, 2022	$ 17,862
Amortization expense	17,560
Disposals	(5,450)
Spillover	(693)
Balance at December 31, 2022	$ 29,279
Carrying amount at December 31, 2022	$ 17,910

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

Computer software	1-10 years

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Unsecured borrowings		
Bank loans	$ 390,000	$ 137,196

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

	December 31	
	2023	2022
Unsecured borrowings		
Long-term borrowings	$ 702,188	$ -
Government grant discount	(3,990)	-
	$ 698,198	$ -

The effective interest rate of long-term borrowings was 1.20%-1.825% per annum as December 31, 2023.

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 July 15, 2030 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 1.20%-1.475%, respectively.

18. OTHER LIABILITIES

	December 31	
	2023	2022
Payable for salaries and bonus	$ 132,400	$ 120,513
Payable for employees' compensation	66,435	118,405
Payable for remuneration of directors	17,153	25,406
Payable for equipment	122,442	32,762
Others	194,981	142,491
	$ 533,411	$ 439,577

19. PROVISIONS

	December 31 2023	2022
Current		
Warranties	$ 544	$ 352
Non-current		
Warranties	$ 795	$ 414

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 Corporation'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.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plans adopted by the Corporation in accordance with the Labor Standards Act is operated by the government of the Republic of China ("ROC"). Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes amounts equivalent 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 Corporation 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 Corporation will make up the difference in one or more instalments. The pension fund is entrusted to the Bureau of Labor Funds, Ministry of Labor (the "Bureau"), and the Corporation has no right to influence the investment management strategy.

The amounts included in the balance sheets in respect of the Corporation'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	(239,064)	(248,410)
Net defined benefit liability	$ 67,004	$ 54,591

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	$ 450,675	$ (303,900)	$ 146,775
Service costs			
Current service cost	7,775	-	7,775
Past service cost	(336)	-	(336)
Net interest expense (income)	3,270	(2,248)	1,022
Recognized in profit or loss	10,709	(2,248)	8,461
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	(51,337)	-	(51,337)
Recognized in other comprehensive income	(71,352)	(25,740)	(97,092)
Contributions from the employer	-	(3,553)	(3,553)
Benefits paid	(87,031)	87,031	-
Balance at December 31, 2022	303,001	(248,410)	54,591
Service costs			
Current service cost	7,451	-	7,451
Past service cost	(65)	-	(65)
Net interest expense (income)	3,888	(3,323)	565
Recognized in profit or loss	11,274	(3,323)	7,951
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	6,251	441	6,692
Recognized in other comprehensive income	9,075	(1,837)	7,238
Contributions from the employer	-	(2,776)	(2,776)
Benefits paid	(17,282)	17,282	-
Balance at December 31, 2023	$ 306,068	$ (239,064)	$ 67,004

Through the defined benefit plans under the Labor Standards Act, 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	$ (7,332)	$ (7,804)
0.250% decrease	$ 7,601	$ 8,103
Expected rate of salary increase		
0.250% increase	$ (7,451)	$ (7,951)
0.250% decrease	$ 7,226	$ 7,699

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	$ 2,888	$ 3,037
The average duration of the defined benefit obligation		
Managers	4 years	4 years
Regular employees	11 years	11 years

21. EQUITY

a. Share capital - ordinary shares

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

b. Capital surplus

	December 31	
	2023	**2022**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Arising from issuance of common share	$ 1,336,850	$ 1,336,850
Arising from treasury share transactions	90,735	90,621
May be used to offset a deficit only (2)		
Arising from changes in percentage of ownership interest in subsidiaries	44,745	79,289
Arising from changes in equity from investments in associates for using the equity method	3,457	608
	$ 1,475,787	$ 1,507,368

1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of Corporation'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 Corporation's Articles, where the Corporation 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 23, (7).

The Corporation 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 Corporation issues both stock and cash dividends. The proportion of dividends to be distributed in stocks and cash is determined based on the Corporation'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 Corporation's paid-in capital.

The appropriations of 2022 and 2021 earnings are as follows:

	For the Year Ended December 31	
	2022	2021
Legal reserve	$ 43,856	$ 85,435
Reversal of special reverse	$ -	$ (2,423)
Cash dividends	$ 438,623	$ 1,315,869
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' meeting 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' meeting on June 23, 2022.

The appropriations of 2023 earnings will be recommended 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	(41)	-	(41)
Number of shares at December 31, 2023	-	755	755
Number of shares at January 1, 2022	1,305	755	2,060
Decrease during the period	(1,264)	-	(1,264)
Number of shares at December 31, 2022	41	755	796

Related information regarding shares of the Corporation 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
December 31, 2023			
Ho Chung Investment	755	$ 23,172	$ 35,539
December 31, 2022			
Ho Chung Investment	755	23,172	25,466

Under the Securities and Exchange Act, the Corporation 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.

22. OPERATING REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers	$ 3,224,871	$ 3,569,717

a. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	$ 1,171	$ 1,642	$ 4,883
Trade receivables (Note 10)	1,058,879	723,006	1,244,316
Trade receivables to related parties	23,976	16,433	19,062
	$ 1,084,026	$ 741,081	$ 1,268,261
Contract liabilities			
Sale of goods	$ 2,260	$ 2,396	$ 76,070

b. The detail of revenue from contracts with customers:

	LED and Silicon Send or Chips Group	Displays and Lighting Group	Total
Year of 2023			
Revenue from contracts with customers	$ 3,224,871	$ -	$ 3,224,871
Year of 2022			
Revenue from contracts with customers	$ 3,482,675	$ 87,042	$ 3,569,717

23. NET PROFIT

Net Profit

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	$ 18,169	$ 10,075
Resale bonds	2,291	768
Financial assets at amortized cost	476	1,552
Others	18	3
	$ 20,954	$ 12,398

b. Other income

	For the Year Ended December 31	
	2023	2022
Rental income	$ 18,736	$ 13,915
Dividend income	25,889	21,331
Others	9,711	5,636
	$ 54,336	$ 40,882

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	$ 65,583	$ (9,492)
Gain on disposal of investments	458	15,953
Gain on disposal of property, plant and equipment	1,581	4,669
Net foreign exchange gains (losses)	(16,652)	70,799
Lease termination benefits	-	31
Others	(412)	(176)
	$ 50,558	$ 81,784

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	$ 12,290	$ 4,408
Interest on finance leases	2,846	3,229
	15,136	7,637
Less: Amounts included in the cost of qualifying assets	(3,894)	-
	$ 11,242	$ 7,637

Information on the capitalization of interest is as follows:

	For the Year Ended December 31	
	2023	2022
Interest capitalized amount	$ 3,894	$ -
Interest capitalized interest rate	1%-1.92%	-

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	$ 410,991	$ 338,966
Operating expenses	59,164	53,335
	$ 470,155	$ 392,301
An analysis of amortization by function		
Operating costs	$ 9,295	$ 7,239
Operating expenses	10,363	10,321
	$ 19,658	$ 17,560

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Wages and salaries	$ 709,673	$ 722,791
Labor and health insurance fees	63,632	63,490
Post-employment benefits		
Defined contribution plans	27,514	24,899
Defined benefit plans	7,951	8,461
Share-based payments		
Equity-settled	582	31,818
Other employee benefits	15,962	15,506
Total employee benefits expense	$ 825,314	$ 866,965
An analysis of employee benefits expense by function		
Operating costs	$ 498,597	$ 505,759
Operating expenses	326,717	361,206
	$ 825,314	$ 866,965

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

	For the Year Ended December 31	
	2023	**2022**
Employees' compensation	10.11%	10.00%
Remuneration of directors	5.06%	5.00%

Amount

	For the Year Ended December 31	
	2023	**2022**
	Cash	**Cash**
Employees' compensation	$ 34,306	$ 50,812
Remuneration of directors	17,153	25,406

If there is a change in the amounts after the annual 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 financial statements for the ended 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the Corporation'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	$ 57,709	$ 128,361
Foreign exchange losses	(74,361)	(57,562)
	$ (16,652)	$ 70,799

24. 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	$ 21,300	$ 79,624
Adjustments for prior years	(11,934)	(16,941)
	9,366	62,683
Deferred tax		
In respect of the current year	(28,812)	8,638
Income tax expense (benefit) recognized in profit or loss	$ (19,446)	$ 71,321

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

	For the Year Ended December 31	
	2023	2022
Profit before tax	$ 287,766	$ 431,786
Income tax expense calculated at the statutory rate	$ 57,553	$ 86,357
Nondeductible expenses in determining taxable income	951	4,829
Tax-exempt income	(30,048)	5,046
Investment tax credits used in the current year	(11,689)	(15,180)
Unrecognized deductible temporary differences	(24,279)	7,210
Adjustments for prior years' tax	(11,934)	(16,941)
Income tax expense (benefit) recognized in profit or loss	$ (19,446)	$ 71,321

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year		
Fair value changes of financial assets at FVTOCI	$ 26,190	$ (17,228)
Remeasurement on defined benefit plans	1,447	(19,418)
Total income tax recognized in other comprehensive income	$ 27,637	$ (36,646)

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	$ 17,646	$ 77,420

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

Deferred tax assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Inventory write-downs	$ 2,641	$ 978	$ -	$ 3,619
Provisions	153	115	-	268
Impairment losses	10,496	(4,843)	-	5,653
Valuation allowance	2,821	-	-	2,821
Defined benefit plans	1,084	1,035	1,447	3,566
Others	1,097	5,777	-	6,874
	18,292	3,062	1,447	22,801
Investment tax credits	-	25,750	-	25,750
	$ 18,292	$ 28,812	$ 1,447	$ 48,551

Deferred tax liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized gain or losses on financial assets	$ 50,406	$ -	$ (26,190)	$ 24,216

For the year ended December 31, 2022

Deferred tax assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Inventory write-downs	$ 2,085	$ 556	$ -	$ 2,641
Provisions	5,180	(5,027)	-	153
Impairment losses	17,991	(7,495)	-	10,496
Valuation allowance	1,172	1,649	-	2,821
Defined benefit plans	19,520	982	(19,418)	1,084
Others	400	697	-	1,097
	$ 46,348	$ (8,638)	$ (19,418)	$ 18,292

Deferred tax liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized gain or losses on financial assets	$ 33,178	$ -	$ 17,228	$ 50,406

e. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2023	2022
Deductible temporary differences	$ 142,763	$ 135,431

f. Income tax assessments

The Corporation's income tax returns through 2021 have been examined by the tax authority.

25. EARNINGS PER SHARE

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

Net Profit for the Year

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

Weighted Average Number of Ordinary Shares Outstanding

(In Thousands of Shares)

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares outstanding used in the computation of basic earnings per share	437,854	437,385
Effect to potentially dilutive ordinary shares		
Employees' compensation	920	2,013
Weighted average number of ordinary shares outstanding used in the computation of diluted earnings per share	438,774	439,398

If the Corporation offers to settle compensation paid to employees in cash or shares, the Corporation 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.

26. SHARE-BASED PAYMENT ARRANGEMENTS

a. The Corporation's share-based payment arrangements were as follows:

For the year ended December 31, 2023

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 Corporation.

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:

	For the Year Ended December 31	
	2023	2022
Equity-settled	$ 582	$ 31,818

27. GOVERNMENT GRANTS

The Corporation have obtained a government loan of $329,412 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 $324,803 thousand based on the market interest rate of 1.2%-1.475% when the loan was taken out. The difference between the amount obtained and the fair value of the loan is in the amount of $4,609 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 for the ended December 31, 2023 is $619 thousand.

28. CAPITAL MANAGEMENT

The Corporation's objectives when managing capital are to safeguard the Corporation'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 Corporation may adjust the amount of dividends paid to shareholders or issue new shares to reduce debt. The Corporation 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 (0.10%) and (23.70%), respectively.

29. 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 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				
Mutual funds	$ 20,577	$ -	$ -	$ 20,577
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares	$ 174,406	$ -	$ -	$ 174,406
Unlisted shares	-	-	606,573	606,573
Privately offered fund	-	-	125,425	125,425
	$ 174,406	$ -	$ 731,998	$ 906,404

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Unlisted shares	$ -	$ -	$ 109,096	$ 109,096
Mutual funds	20,329	-	-	20,329
	$ 20,329	$ -	$ 109,096	$ 129,425
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares	$ 125,287	$ -	$ -	$ 125,287
Unlisted shares	-	-	715,753	715,753
Privately offered fund	-	-	75,000	75,000
	$ 125,287	$ -	$ 790,753	$ 916,040

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

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

For the year ended December 31, 2023

	Financial Assets at FVTPL	Financial Assets at FVTOCI	
Equity Instruments	**Equity Instruments**	**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 gain (loss) on financial assets at FVTOCI)	-	(148,755)	(148,755)
Purchases	-	90,000	90,000
Disposals	(174,432)	-	(174,432)
Balance at December 31, 2023	$ -	$ 731,998	$ 731,998

For the year ended December 31, 2022

	Financial Assets at FVTPL	Financial Assets at FVTOCI	
Equity Instruments	**Equity Instruments**	**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 gain (loss) on financial assets at FVTOCI)	-	(70,772)	(70,772)
Purchases	-	75,000	75,000
Balance at December 31, 2022	$ 109,096	$ 790,753	$ 899,849

3) Valuation techniques and inputs applied for 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 lack of marketability, 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
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 20,577	$ 129,425
Financial assets at amortized cost (1)	2,216,618	2,641,253
Financial assets at FVTOCI	906,404	916,040
Financial liabilities		
Financial liabilities at amortized cost (2)	2,089,042	866,009

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 payable, other payable to related parties, long-term borrowings, guarantee deposits received and other financial liabilities.

d. Financial risk management objectives and policies

The Corporation'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 Corporation'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 Corporation 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 Corporation 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 Corporation's policies approved by the board of directors.

1) Market risk

The Corporation'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 Corporation had foreign currency sales and purchases, which exposed the Corporation to foreign currency risk.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities are set out in Note 34.

Sensitivity analysis

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

The following table details the Corporation'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 Corporation entities weakened (strengthened) by 1% against the relevant currency.

	USD Impact		CNY Impact		JPY Impact	
	For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022	2023	2022
Profit or loss	$ (9,243)	$ (7,803)	$ (1,239)	$ (218)	$ 652	$ (38)

This was mainly attributable to the exposure on outstanding the USD, CNY and JPY receivables and payables which were not hedged at the end of the reporting period.

The Corporation's sensitivity to the USD, CNY and JPY has not changed significantly from the prior year.

b) Interest rate risk

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

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	$ 380,887	$ 1,380,496
Financial liabilities	530,894	359,574
Cash flow interest rate risk		
Financial assets	738,465	507,413
Financial liabilities	772,644	3,420

Sensitivity analysis

The sensitivity analyses below were determined based on the Corporation'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 Corporation's pre-tax profit for the years ended December 31, 2023 and 2022 would decrease/increase by $(342) thousand and $5,040 thousand, respectively.

c) Other price risk

The Corporation was exposed to price risk through its investments in equity securities. The Corporation 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 $206 thousand and $1,294 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 $9,064 thousand and $9,160 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 Corporation. As of the end of the reporting period, the Corporation'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 corporation'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 company 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 company's management believes that the corporation'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 Corporation 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 corporation's customer base is vast and unrelated to each other, so the concentration of credit risk is not high.

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation’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 Corporation relies on bank borrowings are a significant source of liquidity. The Corporation 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 Corporation'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 Corporation 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
Non-derivative financial liabilities					
Non-interest bearing	$ 1,000,843	$ -	$ -	$ -	$ -
Lease liabilities	20,334	19,623	18,977	35,871	115,911
Variable interest rate liabilities	81,104	37,245	75,410	524,750	106,565
Fixed interest rate liabilities	320,179	-	-	-	-
	$ 1,422,460	$ 56,868	$ 94,387	$ 560,621	$ 222,476

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 20,334	$ 74,471	$ 70,054	$ 45,857	$ -	$ -

December 31, 2022

	Less than 1 Year	1-2 Years	2-3 Years	3-5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 726,800	$ -	$ -	$ -	$ -
Lease liabilities	19,615	18,502	18,208	35,333	133,556
Variable interest rate liabilities	3,420	-	-	-	-
Fixed interest rate liabilities	134,360	-	-	-	-
	$ 884,195	$ 18,502	$ 18,208	$ 35,333	$ 133,556

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 19,615	$ 72,043	$ 74,597	$ 58,959	$ -	$ -

b) Financing facilities

	December 31	
	2023	2022
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	$ 1,092,188	$ 137,196
Amount unused	6,847,288	2,839,524
	$ 7,939,476	$ 2,976,720

30. TRANSACTIONS WITH RELATED PARTIES

Besides disclosures mentioned in other notes, the details of transactions between the Corporation and other related parties were disclosed below.

a. Related parties and relationships:

Name of Related Party	Relationship with the Corporation
Star Asia Vision Corporation	Subsidiary
ProAsia Semiconductor Corporation Ltd.	Subsidiary
Nichia Corp.	Investor that has significant influence over the Corporation
Nichia Taiwan Corp.	Investor that has significant influence over the Corporation
New Smart Technology Co., Ltd.	Associate
TASC Health Care & Charity Foundation	Other related party

b. Operating revenue

	For the Year Ended December 31	
Related Party Category/Name	2023	2022
Subsidiaries	$ -	$ 1,177
Investors that have significant influence over the Corporation	248,712	252,130
	$ 248,712	$ 253,307

There is no significant difference between the sales transaction price between the Corporation and related parties and non-related parties.

c. Purchases of goods

	For the Year Ended December 31	
Related Party Category/Name	2023	2022
Subsidiaries	$ -	$ 12,462
Investors that have significant influence over the Corporation	26,237	34,722
Associate	474	-
	$ 26,711	$ 47,184

There is no significant difference between the purchase transaction price between the Corporation and related parties and non-related parties.

d. Receivables from related parties (not include loans to related parties)

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Trade receivables from related parties	Investors that have significant influence over the Corporation	$ 23,976	$ 16,433
Other receivables from related parties	Subsidiaries	$ 3,518	$ 445
	Associate	14	-
	Investors that have significant influence over the Corporation	40	-
		$ 3,572	$ 445

The outstanding trade receivables from related parties are unsecured. For the 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	December 31 2022
Trade payables to related parties	Subsidiaries	$ -	$ 12,543
	Investors that have significant influence over the Corporation	7,871	7,210
		$ 7,871	$ 19,753
Other payables to related parties	Subsidiaries	$ 3,000	$ -
	Associate	23,332	-
		$ 26,332	$ -

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	For the Year Ended December 31 2022
New Smart Technology Co., Ltd.	$ 360,924	$ 121,110

g. Prepayments

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Prepayment for equipment	Associate	$ 36,934	$ 51,584

h. Lease arrangements

Related Party Category/Name	December 31 2023	December 31 2022
Rental expenses		
Investors that have significant influence over the Corporation	$ -	$ 1,400
Interest expenses		
Investors that have significant influence over the Corporation	$ -	$ 15

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 transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Rental revenue	Star Asia	$ 8,700	$ 11,000
	ProAsia	8,800	2,400
	Associate	161	240
		$ 17,661	$ 13,640
Donation expense	Opto Medical Public Welfare Foundation	$ -	$ 35,000
Labor expense	Associate	$ -	$ 17,300

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 Corporation and the recipient.

j. Compensation of key management personnel

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Short-term employee benefits	$ 74,141	$ 97,428
Post-employment benefits	6,386	4,730
	$ 80,527	$ 102,158

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

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been mortgaged as collateral for performance guaranty:

	December 31	
	2023	**2022**
Demand deposits (included in financial assets at amortized cost - current)	$ 22,810	$ 22,810

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Corporation 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 $8,204 thousand and $23,531 thousand, respectively.

b. Unrecognized commitments were as follows:

	December 31	
	2023	**2022**
Acquisition of property, plant and equipment	$ 323,724	$ 163,379

c. As of December 31, 2023 and 2022, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately $34,810 thousand and $36,637 thousand, respectively.

33. 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.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currency of the Corporation and the exchange rates between foreign currencies and functional currency, were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 34,694	30.655 (USD:NTD)	$ 1,063,545
JPY	326,209	0.2152 (JPY:NTD)	70,200
CNY	28,796	4.302 (CNY:NTD)	123,880
Financial liabilities			
Monetary items			
USD	4,529	30.755 (USD:NTD)	139,289
JPY	617,808	0.2192 (JPY:NTD)	135,424

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 32,989	30.66 (USD:NTD)	$ 1,011,443
JPY	279,183	0.2304 (JPY:NTD)	64,324
CNY	5,014	4.383 (CNY:NTD)	21,796
Financial liabilities			
Monetary items			
USD	7,513	30.76 (USD:NTD)	231,100
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)	$ (16,652)	1 (NTD:NTD)	$ 70,799

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

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.

b. Information on investees: 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.

TAIWAN-ASIA SEMICONDUCTOR CORPORATION
(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			
1	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 × 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 × 40% = $3,328,203 thousand).

TAIWAN-ASIA SEMICONDUCTOR CORPORATION

(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
		Name	Relationship										
0	Taiwan-Asia Semiconductor Corporation	ProAsia Semiconductor Corporation	Subsidiary	$ 1,664,101	$ 1,400,000	$ 1,400,000	$ 1,011,725	$ -	16.83	$ 4,160,254	Y	N	N
		Star Asia Vision Corporation	Subsidiary	1,664,101	11,982	5,341	-	-	0.06	4,160,254	Y	N	N

Note: The calculation and amount of ceiling on providing endorsement/guarantee to others shall be disclosed. It 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 thousand × 50% = $4,160,254 thousand.
b. $8,320,508 thousand × 20% = $1,664,101 thousand.

TABLE 3

TAIWAN-ASIA SEMICONDUCTOR CORPORATION

(Formerly Named Opto Tech Corporation)

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)
FOR THE YEAR ENDED 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	Shares						
	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
	Mutual funds						
	Jih Sun Money Market fund	-	Financial assets at FVTPL - current	1,348,881	20,577	-	20,577
	Private fund						
	Wisdom Capital Limited Partnership	-	Financial assets at FVTOCI - non-current	-	125,425	-	125,425
Ho Chung Investment Co., Ltd.	Shares						
	Taiwan-Asia Semiconductor Corporation	Parent company	Financial assets at FVTPL - current	754,543	35,539	0.17	35,539
	Singbao International Co., Ltd. (Note 4)	-	Financial assets at FVTOCI - non-current	6,800,000	204,399	15.35	204,399
River Asset Co., Ltd.	Shares						
	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
(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

(Formerly Named Opto Tech Corporation)

INFORMATION ON INVESTEES (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. The adjusted unrealized gross profit and realized gross profit consists of upstream, downstream and sidestream transactions.

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.

TABLE 6

TAIWAN-ASIA SEMICONDUCTOR CORPORATION
(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
					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
(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 truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

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

THE CONTENTS OF STATEMENTS FOR MAJOR ACCOUNTING ITEMS

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

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

Item	Description	Amount
Cash in banks		
Checking accounts		$ 70,679
Demand deposits		275,450
Foreign currency deposits	JPY260,591 thousand	56,079
	US$7,134 thousand	218,678
	CNY27,329 thousand	117,569
	EUR1 thousand	10
		738,465
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits		109,400
	US$4,850 thousand	148,677
Repurchase agreements collateralized by bonds		100,000
		358,077
		$ 1,096,542

Note: The above exchange rates are JPY1=0.2152, US$1=30.655, CNY1=4.302, EUR1=33.78.

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

STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Client Name	Amount
Trade receivables (included related party)	
A Company	$ 229,903
B Company	210,403
C Company	146,107
D Company	82,327
E Company	75,474
Others (Note)	338,641
	1,082,855
Less: Allowance for impairment loss	(15,761)
	$ 1,067,094

Note: The amount of individual client included in others does not exceed 5% of the account balance.

STATEMENT 3

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

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

Item	Amount: Cost	Amount: Net Realizable Value
Finished goods	$ 227,337	$ 342,356
Work in progress	368,454	609,326
Raw materials	690,228	721,388
Inventories in transit	1,055	-
	1,287,074	$ 1,673,070
Less: Allowance for inventory valuation losses	(82,519)	
	$ 1,204,555	

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

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2023		Additions		Decrease		Balance, December 31, 2023			
Name	Shares/Units	Fair Value	Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Fair Value	Collateral	Note
AXT, Inc.	124,100	$ -	-	$ -	-	$ -	124,100	$ -	None	
Lu Zhu Development Co., Ltd.	13,808,725	109,096	-	65,336	13,808,725	174,432	-	-	None	
Top Increasing Technology Co., Ltd.	10,000,000	-	-	-	-	-	10,000,000	-	None	
		$ 109,096		$ 65,336		$ 174,432		$ -		

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Name	Balance, January 1, 2023		Additions		Decrease		Unrealized Gain (Loss) on Fair Value Change of FVTPL	Balance, December 31, 2023		Collateral	Note
	Shares/Units	Fair Value	Shares/Units	Amount	Shares/Units	Amount	(Note 1)	Shares/Units	Fair Value		
Viking Tech Corporation	2,874	$ 111,512	-	$ -	-	$ -	$ 49,144	2,874	$ 160,656	None	
Nichia Corp.	10	631,279	-	-	-	-	(130,946)	10	500,333	None	
Giga Epitaxy Technology Corp.	4,950	-	-	-	-	-	-	4,950	-	None	
Shin-Etsu Opto Electronic Co., Ltd.	2,000	84,474	-	-	-	-	21,766	2,000	106,240	None	
Fubon Financial Holding Co., Ltd.	250	13,775	-	-	-	-	(25)	250	13,750	None	
Wisdom Capital Limited Partnership	-	75,000	-	90,000	-	-	(39,575)	-	125,425	None	Note 2
		$ 916,040		$ 90,000		$ -	$ (99,636)		$ 906,404		

Note 1: The above items that fall within the scope of IFRS No. 9 “Financial Instruments”.

Note 2: Changes in increase investment cost.

TAIWAN-ASIA SEMICONDUCTOR CORPORATION

(Formerly Named Opto Tech Corporation)

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

	Balance, January 1, 2023			Additions in Investment		Decrease in Investment										Balance, December 31, 2023			
Investees	Shares	Percentage of Ownership (%)	Amount	Acquired Shares	Amount	Shares	Amount	Investment Income (Loss) (Note 1)	Capital Surplus	Retained Earnings	Unrealized Loss (Gain) FVOCI	Disposal of Investments in Equity Instruments Designated as at FVTOCI	Cash Dividends	Accumulate Translating Adjustment	Deferred Credits	Shares	Percentage of Ownership (%)	Amount	Note
Unlisted shares																			
Ho Chung Investment Co., Ltd.	40,000	100.00	$ 268,354	-	$ -	-	$ -	$ 1,115	$ 755	$ -	$ 50,624	$ -	$ -	$ -	$ -	40,000	100.00	$ 320,848	Note 1
Bright Investment International Ltd.	5,100	100.00	57,196	-	-	(5,100)	(78,512)	85,782	(67,481)	-	-	-	-	3,015	-	-	-	-	Notes 1 and 3
Everyung Investment Ltd.	5,000	50.00	56,632	-	-	(5,000)	(56,242)	(957)	-	-	-	-	-	483	84	-	-	-	Notes 1 and 4
River Asset Investment Co., Ltd.	40,000	100.00	340,594	-	-	-	-	13,214	2,279	77	3,909	(804)	-	(8)	-	40,000	100.00	359,261	Note 1
Star Asia Vision Corporation	20,100	100.00	259,533	-	-	-	-	60,413	14,781	-	-	-	(50,250)	-	-	20,100	90.95	284,477	Note 1
Wan Zun Guang Investment Co., Ltd.	75,000	100.00	713,741	47,000	470,000	-	-	(71,501)	17,401	-	-	-	-	-	-	122,000	100.00	1,129,641	Notes 1 and 2
New Smart Technology Co., Ltd.	1,000	4.55	12,338	-	-	-	-	(704)	570	19	977	(201)	(200)	(2)	-	1,000	4.55	12,797	Note 1
			$ 1,708,388		$ 470,000		$ (134,754)	$ 87,362	$ (31,695)	$ 96	$ 55,510	$ (1,005)	$ (50,450)	$ 3,488	$ 84			$ 2,107,024	

Note 1: The calculation is based on the financial statements audited by accountants for the same period.

Note 2: The increase in this year is the cash capital increase of the subsidiary.

Note 3: The decrease in this year is due to the liquidation of subsidiaries.

Note 4: The decrease in this year is due to the disposal of subsidiaries.

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

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

Type	Balance, End of Year	Contract Period	Range of Interest Rates (%)	Loan Commitments	Collateral	Note
Unsecured borrowings						
Mega Bank	$ 70,000	2023/11/27-2024/11/26	1.80	$ 307,550	None	
First Bank	90,000	2023/05/29-2024/06/01	1.93	300,000	None	
Bank of Taiwan	50,000	2023/03/17-2024/06/01	1.83	250,000	None	
Far Eastern International Bank	180,000	2023/09/08-2024/09/08	1.82	200,000	None	
	$ 390,000			$ 1,057,550		

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

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

Client Name	Amount
Trade receivables (included related party)	
A Company	$ 120,738
B Company	26,245
Other (Note)	288,823
	$ 435,806

Note: The amount of individual client included in others does not exceed 5% of the account balance.

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

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

Type	Balance, End of Year	Contract Period	Range of Interest Rates (%)	Loan Commitments	Collateral	Note
Long-term borrowings						
Unsecured borrowings						
Taiwan Cooperative Bank	$ 319,812	2023/07/01-2030/06/30	1.2-1.4	$ 2,800,000	None	
E.sun Bank	115,553	2023/05/02-2024/05/02	1.7	500,000	None	
First Bank	257,223	2023/04/14-2028/10/06	1.825	300,000	None	
Bank of Taiwan	9,600	2023/07/01-2030/06/30	1.475	1,700,000	None	
	702,188			$ 5,300,000		
Less: Government grant	(3,990)					
	$ 698,198					

STATEMENT 10

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

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

Item	Quantities	Amount
Sale of goods		
Transmitting components	6,161,900,220	$ 667,944
Sensor components	17,523,420,616	2,161,745
Other	7,454	395,182
Total operating revenue		$ 3,224,871

STATEMENT 11

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

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

Item	Amount
Raw materials	
Raw materials, beginning of year	$ 643,036
Purchases in the period	1,283,495
Raw materials, end of year (including inventories in transit)	(691,283)
Transferred to expenses and others	(482,624)
Raw materials scrap	(3,005)
Sale raw materials cost	(10,121)
Raw materials used	739,498
Direct labor	262,671
Manufacturing expenses	1,607,676
Manufacturing costs	2,609,845
Work in process, beginning of year	192,190
Purchases in the period	5,742
Transferred to expenses and others	25,382
Work in process, end of year	(368,454)
Work in process scrap	(564)
Sale work in process cost	(240,078)
Cost of finished goods	2,224,063
Finished goods, beginning of year	256,513
Finished goods, end of year	(227,337)
Transferred to expenses and others	(46,942)
Scrapping of finished goods	(3,398)
Cost of goods excluded other adjustment	2,202,899
Sale raw materials cost	10,121
Sale work in process cost	240,078
Conversion costs	49,266
Inventories impairment	26,493
Revenues from sale of scraps	(5)
Total operating costs	$ 2,528,852

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

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

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll expense	$ 26,890	$ 197,109	$ 58,328	$ 282,327
Import and export fees	10,493	126	2	10,621
Research expenses	-	-	42,097	42,097
Labor expense	575	29,453	10,300	40,328
Depreciation expense	978	50,134	8,052	59,164
Others (Note)	39,096	113,322	23,433	175,851
	$ 78,032	$ 390,144	$ 142,212	610,388
Expected credit loss reversed on trade receivables				(83)
				$ 610,305

Note: The amount of individual client included in other does not exceed 5% of the account balance.

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

STATEMENT OF EMPLOYEE BENEFITS AND DEPRECIATION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31					
	2023			2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salaries	$ 427,928	$ 264,592	$ 692,520	$ 422,229	$ 275,156	$ 697,385
Labor and health insurance	42,971	20,661	63,632	45,075	18,415	63,490
Post-employment benefits	18,289	17,176	35,465	19,705	13,655	33,360
Share-based payments	-	582	582	8,681	23,137	31,818
Remuneration of directors	-	19,108	19,108	-	26,910	26,910
Others	9,409	4,598	14,007	10,069	3,933	14,002
	$ 498,597	$ 326,717	$ 825,314	$ 505,759	$ 361,206	$ 866,965
Depreciation	$ 410,991	$ 59,164	$ 470,155	$ 338,966	$ 53,335	$ 392,301
Amortization expenses	$ 9,295	$ 10,363	$ 19,658	$ 7,239	$ 10,321	$ 17,560

Note 1: As of December 31, 2023 and 2022, the Corporation had 853 and 806 employees, respectively. Among them 4 and 4 directors did not serve concurrently as employees in 2023 and 2022, respectively.

Note 2: The average amount of employee benefits was $950 thousand and the prior year’s average amount of employee benefit was $1,047 thousand.

Note 3: The average amount of employee salaries was $816 thousand and the prior year’s average amount of employee salaries was $909 thousand. The average adjustment of employee salaries was (10.23%).

Note 4: The salary and compensation of the Company’s employees include salary and bonus. Salary is determined by position and contribution. Bonus is based on performance evaluation and company profitability evaluation.

Note 5: The salary and remuneration of the Company’s directors and managers are the reasonableness of the personal performance, the Company’s operating performance and future risks.