

**Taiwan-Asia Semiconductor Corporation
and Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2025 and 2024 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2025 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TAIWAN-ASIA SEMICONDUCTOR CORPORATION

February 26, 2026

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan-Asia Semiconductor Corporation

Opinion

We have audited the accompanying consolidated financial statements of Taiwan-Asia Semiconductor Corporation and its subsidiaries (collectively, the "Group"), which comprise the consolidated balance sheet as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (refer to the other matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. Therefore, we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2025 is described as follows:

The Occurrence of Operating Revenue

The Group is engaged in the manufacture and sale of semiconductor components as well as research and development, design, manufacture and sale of systems products. Sales revenue from customers the amount has shown significant growth compared to the previous year in 2025. The sales revenue of significant customers was deemed a key audit matter. Refer to Notes 4 and 23 to the Group's consolidated financial statements for the related revenue recognition policies and information.

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

1. We obtained a thorough understanding of the Group's policies on recognizing sales revenue, evaluated the design of the internal controls related to the occurrence of sales revenue, and determined whether the controls had been implemented.
2. We performed detailed substantive tests on selected samples of sales revenue, including inspecting supporting vouchers and performing confirmation procedures.

Other Matter

We did not audit the financial statements of certain investees of the Corporation as of and for the years ended December 31, 2025 and 2024, 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\$69,799 thousand and NT\$76,646 thousand as of December 31, 2025 and 2024, which represented 0.47% and 0.51%, respectively, of the Corporation's total assets. The Corporation's share of the comprehensive income (loss) of such associates amounted to NT\$8,971 thousand and NT\$2,701 thousand for the years ended December 31, 2025 and 2024, which represented (0.68%) and (0.38%), respectively, of the Corporation's total comprehensive income.

We have also audited the parent company only financial statements of Taiwan-Asia Semiconductor Corporation as of and for the years ended December 31, 2025 and 2024 on which we have issued an unmodified opinion with other matter paragraph.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2025 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 26, 2026

Notice to Readers

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

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

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

ASSETS	2025		2024	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 2,547,511	17	\$ 2,296,957	15
Financial assets at fair value through profit or loss - current (Note 7)	43,811	-	59,639	1
Financial assets at amortized cost - current (Notes 9 and 32)	23,160	-	23,160	-
Contract assets - current (Note 23)	-	-	2,619	-
Notes receivable (Note 23)	12,004	-	3,893	-
Trade receivables (Notes 10 and 23)	1,157,430	8	1,240,808	8
Trade receivables from related parties (Notes 23 and 31)	22,131	-	21,678	-
Other receivables (Note 31)	61,459	1	130,214	1
Inventories (Note 11)	1,595,204	11	1,861,544	13
Other current assets (Notes 25 and 31)	<u>126,816</u>	<u>1</u>	<u>139,072</u>	<u>1</u>
Total current assets	<u>5,589,526</u>	<u>38</u>	<u>5,779,584</u>	<u>39</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	7,626	-	16,279	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	963,528	7	961,450	6
Financial assets at amortized cost - non-current (Note 9)	9,924	-	-	-
Investments accounted for using the equity method (Note 13)	69,799	1	76,646	1
Property, plant and equipment (Notes 14, 31 and 32)	7,266,766	49	7,057,951	47
Right-of-use assets (Note 15)	158,178	1	187,015	1
Investment properties (Note 16)	399,307	3	399,307	3
Intangible assets (Note 17)	121,070	1	74,660	1
Deferred tax assets (Notes 4 and 25)	60,734	-	67,704	-
Prepayment for equipment (Note 31)	28,072	-	274,359	2
Other non-current assets	<u>26,278</u>	<u>-</u>	<u>51,597</u>	<u>-</u>
Total non-current assets	<u>9,111,282</u>	<u>62</u>	<u>9,166,968</u>	<u>61</u>
TOTAL	<u>\$ 14,700,808</u>	<u>100</u>	<u>\$ 14,946,552</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 1,111,160	8	\$ 1,244,615	8
Contract liabilities - current (Note 23)	21,987	-	69,261	-
Trade payables	573,021	4	821,538	6
Trade payables to related parties (Note 31)	67,654	-	79,847	1
Other payables (Note 19)	683,178	5	887,777	6
Other payables to related parties (Note 31)	575,666	4	29,467	-
Current tax liabilities (Notes 4 and 25)	26,513	-	19,777	-
Provisions - current (Note 20)	7,163	-	8,339	-
Lease liabilities - current (Notes 15 and 31)	23,281	-	22,771	-
Current portion of long-term liabilities (Notes 18 and 32)	883,136	6	417,545	3
Other current liabilities	<u>12,800</u>	<u>-</u>	<u>18,994</u>	<u>-</u>
Total current liabilities	<u>3,985,559</u>	<u>27</u>	<u>3,619,931</u>	<u>24</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18 and 32)	3,417,738	24	3,146,229	21
Provisions - non-current (Note 20)	31,654	-	22,594	-
Deferred tax liabilities (Notes 4 and 25)	5,598	-	7,523	-
Lease liabilities - non-current (Notes 15 and 31)	144,780	1	173,330	1
Net defined benefit liability - non-current (Notes 4 and 21)	28,892	-	18,924	-
Deferred revenue - non-current (Note 28)	20,081	-	24,824	1
Other non-current liabilities	<u>438</u>	<u>-</u>	<u>5,258</u>	<u>-</u>
Total non-current liabilities	<u>3,649,181</u>	<u>25</u>	<u>3,398,682</u>	<u>23</u>
Total liabilities	<u>7,634,740</u>	<u>52</u>	<u>7,018,613</u>	<u>47</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	<u>4,386,228</u>	<u>30</u>	<u>4,386,228</u>	<u>29</u>
Capital surplus	<u>1,810,974</u>	<u>12</u>	<u>1,581,398</u>	<u>11</u>
Retained earnings				
Legal reserve	946,387	6	946,387	6
Special reserve	140,992	1	-	-
Unappropriated earnings (accumulated deficit)	<u>(663,340)</u>	<u>(4)</u>	<u>775,527</u>	<u>5</u>
Total retained earnings	<u>424,039</u>	<u>3</u>	<u>1,721,914</u>	<u>11</u>
Other equity	<u>(41,078)</u>	<u>-</u>	<u>(140,117)</u>	<u>(1)</u>
Treasury shares	<u>(23,172)</u>	<u>-</u>	<u>(23,172)</u>	<u>-</u>
Total equity attributable to owners of the Company	6,556,991	45	7,526,251	50
NON-CONTROLLING INTERESTS	<u>509,077</u>	<u>3</u>	<u>401,688</u>	<u>3</u>
Total equity	<u>7,066,068</u>	<u>48</u>	<u>7,927,939</u>	<u>53</u>
TOTAL	<u>\$ 14,700,808</u>	<u>100</u>	<u>\$ 14,946,552</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 26, 2026)

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 31)	\$ 4,326,285	100	\$ 4,299,897	100
OPERATING COSTS (Notes 11, 24 and 31)	<u>4,463,917</u>	<u>103</u>	<u>3,794,646</u>	<u>88</u>
GROSS (LOSS) PROFIT	<u>(137,632)</u>	<u>(3)</u>	<u>505,251</u>	<u>12</u>
OPERATING EXPENSES (Notes 10, 24, 27 and 31)				
Selling and marketing expenses	80,723	2	97,397	2
General and administrative expenses	495,335	12	536,522	13
Research and development expenses	572,823	13	483,795	11
Expected credit (gain) loss on trade receivables	<u>(710)</u>	<u>-</u>	<u>2,470</u>	<u>-</u>
Total operating expenses	<u>1,148,171</u>	<u>27</u>	<u>1,120,184</u>	<u>26</u>
LOSS FROM OPERATIONS	<u>(1,285,803)</u>	<u>(30)</u>	<u>(614,933)</u>	<u>(14)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 13, 24 and 31)				
Interest income	41,081	1	35,795	1
Other income	66,698	2	47,130	1
Other gains and losses	(46,746)	(1)	64,615	1
Finance costs	(89,694)	(2)	(51,399)	(1)
Share of profit or loss of associates accounted for using the equity method	<u>6,697</u>	<u>-</u>	<u>6,695</u>	<u>-</u>
Total non-operating income	<u>(21,964)</u>	<u>-</u>	<u>102,836</u>	<u>2</u>
LOSS BEFORE INCOME TAX	(1,307,767)	(30)	(512,097)	(12)
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(67,585)</u>	<u>(2)</u>	<u>(23,426)</u>	<u>-</u>
NET LOSS FOR THE YEAR	<u>(1,375,352)</u>	<u>(32)</u>	<u>(535,523)</u>	<u>(12)</u>
OTHER COMPREHENSIVE LOSS (INCOME)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(7,042)	-	39,577	1
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	51,288	1	(232,760)	(6)

(Continued)

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2025		2024	
	Amount	%	Amount	%
Share of the other comprehensive loss of associates accounted for using the equity method	\$ (1,917)	-	\$ (4,008)	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 25)	<u>21,485</u>	<u>1</u>	<u>27,356</u>	<u>1</u>
	<u>63,814</u>	<u>2</u>	<u>(169,835)</u>	<u>(4)</u>
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income of associates accounted for using the equity method	<u>6</u>	<u>-</u>	<u>14</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>63,820</u>	<u>2</u>	<u>(169,821)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (1,311,532)</u>	<u>(30)</u>	<u>\$ (705,344)</u>	<u>(16)</u>
NET LOSS ATTRIBUTABLE TO:				
Owners of the Company	\$ (1,261,655)	(29)	\$ (510,087)	(12)
Non-controlling interests	<u>(113,697)</u>	<u>(3)</u>	<u>(25,436)</u>	<u>-</u>
	<u>\$ (1,375,352)</u>	<u>(32)</u>	<u>\$ (535,523)</u>	<u>(12)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Owners of the Company	\$ (1,197,835)	(28)	\$ (679,908)	(16)
Non-controlling interests	<u>(113,697)</u>	<u>(2)</u>	<u>(25,436)</u>	<u>-</u>
	<u>\$ (1,311,532)</u>	<u>(30)</u>	<u>\$ (705,344)</u>	<u>(16)</u>
LOSS PER SHARE (Note 26)				
Basic	<u>\$ (2.88)</u>		<u>\$ (1.16)</u>	
Diluted	<u>\$ (2.88)</u>		<u>\$ (1.16)</u>	

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

(With Deloitte & Touche auditors' report dated February 26, 2026)

(Concluded)

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company (Note 22)													
	Ordinary Shares		Retained Earnings					Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity		Treasury Shares	Non-controlling Interests	Total Equity	
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Total		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total				
BALANCE, JANUARY 1, 2024	438,623	\$ 4,386,228	\$ 1,475,787	\$ 916,235	\$ -	\$ 1,503,798	\$ 2,420,033	\$ -	\$ 61,632	\$ 61,632	\$ (23,172)	\$ 8,320,508	\$ 177,612	\$ 8,498,120
Appropriation of the 2023 earnings														
Legal reserve	-	-	-	30,152	-	(30,152)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(219,311)	(219,311)	-	-	-	-	(219,311)	-	(219,311)
	-	-	-	30,152	-	(249,463)	(219,311)	-	-	-	-	(219,311)	-	(219,311)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(14,160)	(14,160)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	84	-	-	38	38	-	-	-	-	122	-	122
Net loss for the year ended December 31, 2024	-	-	-	-	-	(510,087)	(510,087)	-	-	-	-	(510,087)	(25,436)	(535,523)
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	31,662	31,662	14	(201,497)	(201,483)	-	(169,821)	-	(169,821)
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	(478,425)	(478,425)	14	(201,497)	(201,483)	-	(679,908)	(25,436)	(705,344)
Adjustment to capital surplus due to payment of dividends to subsidiaries	-	-	377	-	-	-	-	-	-	-	-	377	-	377
Adjustments to share of changes in equity of subsidiaries	-	-	105,150	-	-	(687)	(687)	-	-	-	-	104,463	263,672	368,135
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	266	266	-	(266)	(266)	-	-	-	-
BALANCE, DECEMBER 31, 2024	438,623	4,386,228	1,581,398	946,387	-	775,527	1,721,914	14	(140,131)	(140,117)	(23,172)	7,526,251	401,688	7,927,939
Appropriation of the 2024 earnings														
Special reserve	-	-	-	-	140,992	(140,992)	-	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(11,488)	(11,488)
Other changes in capital surplus:														
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	559	-	-	(200)	(200)	-	-	-	-	359	-	359
Net loss for the year ended December 31, 2025	-	-	-	-	-	(1,261,655)	(1,261,655)	-	-	-	-	(1,261,655)	(113,697)	(1,375,352)
Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	-	-	-	-	-	(5,634)	(5,634)	6	69,448	69,454	-	63,820	-	63,820
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	-	(1,267,289)	(1,267,289)	6	69,448	69,454	-	(1,197,835)	(113,697)	(1,311,532)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(29,220)	(29,220)	-	29,220	29,220	-	-	-	-
Disposal of investments accounted for using the equity method	-	-	(125)	-	-	(73)	(73)	-	73	73	-	(125)	-	(125)
Adjustments to share of changes in equity of subsidiaries	-	-	229,142	-	-	(1,093)	(1,093)	(1)	293	292	-	228,341	232,574	460,915
BALANCE, DECEMBER 31, 2025	438,623	\$ 4,386,228	\$ 1,810,974	\$ 946,387	\$ 140,992	\$ (663,340)	\$ 424,039	\$ 19	\$ (41,097)	\$ (41,078)	\$ (23,172)	\$ 6,556,991	\$ 509,077	\$ 7,066,068

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

(With Deloitte & Touche auditors' report dated February 26, 2026)

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (1,307,767)	\$ (512,097)
Adjustments for:		
Depreciation expense	1,045,602	709,116
Amortization expense	58,002	41,343
Expected credit (reserved gain) loss recognized on trade receivables	(710)	2,470
Loss on fair value change of financial assets and liabilities at fair value through profit or loss	22,768	16,355
Interest expense	88,494	51,399
Interest income	(41,081)	(35,795)
Dividend income	(13,681)	(18,022)
Compensation cost of employee share options	2,094	7,545
Share of gain of associates accounted for using the equity method	(6,697)	(6,695)
Gain on disposal of property, plant and equipment	(2,280)	(12,098)
Gain on disposal of investments	(11,198)	(839)
Impairment loss recognized on non-financial assets	2,368	11,250
Amortization of long-term deferred revenue	(3,100)	(2,175)
Gain on lease modification	(47)	(382)
Changes in operating assets and liabilities		
Contract assets	2,619	1,700
Notes receivable	(8,111)	(2,722)
Trade receivables	84,088	(65,361)
Trade receivables from related parties	(453)	2,296
Other receivables	69,844	(112,930)
Inventories	266,340	(512,863)
Other current assets	13,943	(11,705)
Other non-current assets	(17,067)	(1,675)
Contract liabilities	(47,274)	(28,675)
Trade payables	(248,517)	284,774
Trade payables to related parties	(12,193)	40,406
Other payables	(205,391)	67,270
Other payables to related parties	45,244	6,135
Provisions	7,884	8,524
Other current liabilities	(6,194)	13,356
Net defined benefit liabilities	2,926	(8,503)
Cash generated from operations	(219,545)	(68,598)
Interest received	39,992	35,180
Dividend received	18,338	19,022
Interest paid	(103,726)	(61,205)
Income tax paid	(36,006)	(29,507)
Net cash used in operating activities	<u>(300,947)</u>	<u>(105,108)</u>

(Continued)

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (105,000)
Proceeds from sale of financial assets at fair value through other comprehensive income	49,210	21,594
Purchase of financial assets at amortized cost	(9,924)	-
Proceeds from sale of financial assets at amortized cost	-	200
Proceeds from disposal of financial assets at fair value through profit or loss	1,713	20,839
Acquisition of associates	-	(10,500)
Net cash inflow on disposal of associate	15,389	-
Payments for property, plant and equipment	(992,778)	(2,769,249)
Proceeds from disposal of property, plant and equipment	15,175	205,514
Decrease (increase) in refundable deposits	3,886	(504)
Payments for intangible assets	(52,233)	(35,107)
Decrease (increase) in other non-current assets	19,250	(19,250)
(Increase) decrease in payments for equipment	<u>(13,672)</u>	<u>278,220</u>
Net cash used in investing activities	<u>(963,984)</u>	<u>(2,413,243)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(133,455)	854,615
Proceeds from long-term borrowings	728,878	1,862,674
Decrease in guarantee deposits	(4,820)	(51)
Increase in other payables - related parties	500,955	-
Payment of the principal portion of lease liabilities	(22,282)	(23,473)
Payment of dividends	(11,488)	(233,094)
Changes in non-controlling interest	<u>457,697</u>	<u>360,254</u>
Net cash generated from financing activities	<u>1,515,485</u>	<u>2,820,925</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	250,554	302,574
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,296,957</u>	<u>1,994,383</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,547,511</u>	<u>\$ 2,296,957</u>

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

(With Deloitte & Touche auditors' report dated February 26, 2026)

(Concluded)

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

2. THE APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on February 26, 2026.

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 and entities controlled by the Corporation (collectively referred to as the “Group”).

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

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: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 “Presentation and Disclosure in Financial Statements” and consequential amendments

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Corporation shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Corporation shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Corporation shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Corporation as a whole, the Corporation shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

In addition, the following consequential amendments have been made to IAS 7 “Statement of Cash Flows”:

- The Corporation shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.

- Interest and dividends received by the Corporation shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Corporation has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of presentation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;

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

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

d. Basis of consolidation

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

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

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

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

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

e. Foreign currencies

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

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

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

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

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

f. Inventories

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

g. Investment in associates

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

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

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

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

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

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

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

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

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

1. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

m. Provisions

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

1) Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Corporation of the expenditures required to settle the Group's obligations.

2) Carbon fee provision

In accordance with the Regulations Governing the Collection of Carbon Fees and related regulations of the ROC, the carbon fee provision is recognized and measured on the basis of the best estimate of the expenditure required to settle the obligation for the current year.

n. Revenue recognition

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

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

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

o. Leases

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

1) The Group as lessor

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

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

2) The Group as lessee

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

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

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

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

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

p. Borrowing costs

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

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

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

q. Notes and accounts payable

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

r. Government grants

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

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

t. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

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

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

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

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

3) Current tax and deferred tax for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2025	2024
Cash on hand	\$ 26	\$ 35
Checking accounts and demand deposits	1,019,157	1,046,133
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	1,190,328	1,030,789
Repurchase agreements collateralized by bonds	<u>338,000</u>	<u>220,000</u>
	<u>\$ 2,547,511</u>	<u>\$ 2,296,957</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2025	2024
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	<u>\$ 43,811</u>	<u>\$ 59,639</u>

(Continued)

	<u>December 31</u>	
	2025	2024
<u>Financial assets - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
The investment case of movie	\$ <u>7,626</u>	\$ <u>16,279</u> (Concluded)

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	2025	2024
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 400,921	\$ 253,367
Unlisted shares	110,000	142,553
Private - placement funds	<u>229,014</u>	<u>241,553</u>
	739,935	637,473
Foreign investments		
Unlisted shares	<u>223,593</u>	<u>323,977</u>
	<u>\$ 963,528</u>	<u>\$ 961,450</u>

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2025	2024
<u>Current</u>		
Domestic investments		
Restricted time deposit	\$ <u>23,160</u>	\$ <u>23,160</u>
<u>Non-current</u>		
Domestic investments		
Corporate bonds (Note)	\$ <u>9,924</u>	\$ <u>-</u>

Note: In July 2025, the Group purchased 5-year corporate bonds of First Commercial Bank, Ltd. at a face value of \$10,000 thousand. The coupon rate was 0.52% and the effective interest rate was 1.35%.

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

10. TRADE RECEIVABLES

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,177,922	\$ 1,262,010
Less: Allowance for impairment loss	<u>(20,492)</u>	<u>(21,202)</u>
	<u>\$ 1,157,430</u>	<u>\$ 1,240,808</u>

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

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

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

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

December 31, 2025

	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	-	1.91%	3.58%	9.88%	24.89%	100.00%	
Gross carrying amount	\$ 1,130,904	\$ 20,296	\$ 307	\$ 5,112	\$ 2,282	\$ 19,021	\$ 1,177,922
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(387)</u>	<u>(11)</u>	<u>(505)</u>	<u>(568)</u>	<u>(19,021)</u>	<u>(20,492)</u>
Amortized cost	<u>\$ 1,130,904</u>	<u>\$ 19,909</u>	<u>\$ 296</u>	<u>\$ 4,607</u>	<u>\$ 1,714</u>	<u>\$ -</u>	<u>\$ 1,157,430</u>

December 31, 2024

	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	0.13%	3.86%	8.51%	22.00%	54.10%	100.00%	
Gross carrying amount	\$ 1,211,793	\$ 7,840	\$ 22,492	\$ 3,114	\$ 122	\$ 16,649	\$ 1,262,010
Loss allowance (Lifetime ECLs)	<u>(1,585)</u>	<u>(303)</u>	<u>(1,914)</u>	<u>(685)</u>	<u>(66)</u>	<u>(16,649)</u>	<u>(21,202)</u>
Amortized cost	<u>\$ 1,210,208</u>	<u>\$ 7,537</u>	<u>\$ 20,578</u>	<u>\$ 2,429</u>	<u>\$ 56</u>	<u>\$ -</u>	<u>\$ 1,240,808</u>

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

	For the Year Ended December 31	
	2025	2024
Balance on January 1	\$ 21,202	\$ 18,734
Add: Net (reversal) remeasurement of loss allowance	<u>(710)</u>	<u>2,468</u>
Balance on December 31	<u>\$ 20,492</u>	<u>\$ 21,202</u>

11. INVENTORIES

	December 31	
	2025	2024
Finished goods	\$ 276,799	\$ 269,993
Work in progress	462,558	573,400
Raw materials	<u>855,847</u>	<u>1,018,151</u>
	<u>\$ 1,595,204</u>	<u>\$ 1,861,544</u>

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

	For the Year Ended December 31	
	2025	2024
Cost of inventories sold	\$ 4,243,534	\$ 3,615,286
Loss on decline in market value	<u>220,383</u>	<u>179,360</u>
	<u>\$ 4,463,917</u>	<u>\$ 3,794,646</u>

12. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership		Remark
			2025	2024	
The Company	Ho Chung Investment Co., Ltd. ("Ho Chung Investment")	Investment business	100.00%	100.00%	-
The Company	River Asset Co., Ltd. ("River Asset")	Investment business	100.00%	100.00%	-
The Company	Star Asia Vision Corporation ("Star Asia")	Manufacturing and selling of lighting equipment	65.34%	74.37%	Note 2
The Company	Wan Zun Guang Investment Co., Ltd. ("Wan Zun Guang")	Investment business	100.00%	100.00%	Note 1
The Company	Champ-Asia Semiconductor Corporation ("Champ-Asia")	Manufacturing electronic parts	97.92%	99.90%	Notes 5 and 6
Wan Zun Guang	ProAsia Semiconductor Corporation Ltd. ("ProAsia")	Development, manufacture and sales of silicon-based semiconductor power components and silicon carbide compound semiconductor power components	82.78%	86.82%	Note 3
Ho Chung investment	United-Asia Semiconductor Corporation ("United-Asia")	Assembling and testing electronic parts	100.00%	100.00%	Note 4
Ho Chung investment	Champ-Asia Semiconductor Corporation ("Champ-Asia")	Manufacturing electronic parts	0.08%	0.10%	Notes 5 and 6

Note 1: On January 12, 2024, Wan Zun Guang, a subsidiary of the Company, issued 80,001 thousand units of new shares with a par value of \$10 by cash injection, all of which were still subscribed by the Company.

- Note 2: On June 19, 2024, Star Asia, a subsidiary of the Company, conducted a stock release with a total of 66,400 thousand units for listing on the Taiwan Stock Exchange (TWSE), resulting in a decrease in the Company's percentage of ownership from 77.38% to 74.37%. On August 7, 2025, Star Asia issued 2,900 thousand units of new shares with a par value of \$10 by initial public offering, The Company did not subscribe for all of the new shares in accordance with the percentage of ownership and over-allotment option was conducted on the same day with a total of 100 thousand units, resulting in a decrease in the Company's percentage of ownership from 74.37% to 65.34%.
- Note 3: On January 19, 2024, ProAsia, a subsidiary of the Company, issued new shares of 53,334 thousand units with a par value of \$10 through a cash capital increase. The Company did not subscribe for all of the new shares in accordance with the percentage of ownership, which resulted in an increase in its percentage of ownership from 88.26% to 91.98%. On September 26, 2024, the Company issued employee stock warrants totaling 10,000 thousand units, resulting in a decrease in the Company's percentage of ownership to 86.82%; On March 3, 2025, the Company, issued new shares of 8,716 thousand units with a par value of \$10 through a cash capital increase, Wan Zun Guang, a subsidiary of the Company, did not subscribe for all of the new shares in accordance with the percentage of ownership, which resulted in a decrease in the percentage of ownership from 86.82% to 82.78%.
- Note 4: On April 26, 2024, United-Asia, a subsidiary of the Company, issued 10,000 thousand units of new shares with a par value of \$10 by cash capital increase, all of which were subscribed by the Ho Chung Investment, a subsidiary of the Company.
- Note 5: On May 28, 2024, the Company's "8-inch GaN Products Business Group" was transferred to Champ-Asia Corporation, a subsidiary of the Company, through a regular shareholders' meeting. The issuance of new shares by Champ-Asia to the Company as consideration for the assumption of the operation, resulted in an increase in the Company's shareholding to 99.90%. Ho Chung, a subsidiary of the Company, decreased its shareholding in Champ-Asia from 100% to 0.10%. The base date for the carve-out is August 30, 2024.
- Note 6: On February 17, 2025, Champ-Asia, a subsidiary of Company, issued 25,000 thousand units of shares with a par value of \$10 by cash capital increase, The Company and Ho Chung Investment, a subsidiary of Company, did not subscribe for all of the new shares in accordance with the percentage of ownership, which resulted in an increase in the percentage of ownership from 99.90% and 0.10% to 97.92% and 0.08%, respectively.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Individual non-material associates		
New Smart Technology Co., Ltd.	\$ 69,799	\$ 68,318
Anax-Asia Technology Corp.	<u>-</u>	<u>8,328</u>
	<u>\$ 69,799</u>	<u>\$ 76,646</u>

Aggregate Information of Associates That Are Not Individually Material

	For the Year Ended December 31	
	2025	2024
The Group's share of:		
Income from continuing operations for the year	<u>\$ 6,697</u>	<u>\$ 6,695</u>
Total comprehensive income for the year	<u>\$ 4,786</u>	<u>\$ 2,701</u>

Intelligence AnAsia Technology Corp. ("Intelligence") was established on April 30, 2024, River Asset is a established 30% owned subsidiary established by Intelligence.

On April 9, 2025, the Corporation and its subsidiary, River Asset, each disposed of a portion of their holdings in New Smart Technology Co., Ltd. ("NSTC"), resulting in a decrease in ownership percentages from 4.48% and 17.92% to 4.18% and 16.69%, respectively.

On December 23, 2025, NSTC issued new shares through a cash capital increase subscribed by employees. The Corporation and its subsidiary, River Asset did not subscribe for the new shares in accordance with the percentage of ownership, which resulted in a decrease in the percentage of ownership from 20.87% to 20.15%.

In 2025, the Group assessed that the book value of the investment in Intelligence had been impaired, and fully recognized the impairment loss of \$4,143 thousands.

Expect for Intelligence, the share of profit and other comprehensive income (loss) of investments accounted for using the equity method, are recognized according to the financial report that has been audited by the auditors; however, the management believes that the financial statements of Intelligence which have not been audited by the auditors did not have a significant impact on the Group.

For the business activities, main business location, country information and the registration of the abovementioned affiliated enterprises, please refer to Table 6 "Information on investees".

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Utility Facilities	Pollution Prevention Facilities	Transportation Equipment	Office Equipment	Other Equipment	Leasehold Improvements	Construction in Progress and Equipment Under Installation	Total
Cost											
Balance on January 1, 2025	\$ 182,714	\$ 1,812,717	\$ 8,086,733	\$ 1,179,722	\$ 784,834	\$ 11,867	\$ 128,430	\$ 2,092,280	\$ 28,892	\$ 2,674,251	\$ 16,982,440
Additions	156,411	5,490	62,356	25,187	6,493	333	15,584	27,080	230	693,614	992,778
Disposals	-	-	(91,438)	-	(11,885)	-	(6,503)	-	-	-	(109,826)
Capitalized interest	-	-	-	-	-	-	-	-	-	22,603	22,603
Reclassification	19,250	-	1,437,811	-	51,066	-	2,212	264,248	528,715	(2,076,272)	227,030
Balance on December 31, 2025	<u>\$ 358,375</u>	<u>\$ 1,818,207</u>	<u>\$ 9,495,462</u>	<u>\$ 1,204,909</u>	<u>\$ 830,508</u>	<u>\$ 12,200</u>	<u>\$ 139,723</u>	<u>\$ 2,383,608</u>	<u>\$ 557,837</u>	<u>\$ 1,314,196</u>	<u>\$ 18,115,025</u>
Accumulated depreciation and impairment											
Balance on January 1, 2025	\$ -	\$ 1,258,801	\$ 5,111,370	\$ 993,476	\$ 651,300	\$ 10,490	\$ 96,627	\$ 1,794,703	\$ 7,722	\$ -	\$ 9,924,489
Disposals	-	-	(89,348)	-	(1,735)	-	(5,848)	-	-	-	(96,931)
Depreciation expense	-	53,288	760,323	42,045	18,750	1,059	20,781	81,816	44,414	-	1,022,476
Impairment loss reversed	-	-	(1,775)	-	-	-	-	-	-	-	(1,775)
Balance on December 31, 2025	<u>\$ -</u>	<u>\$ 1,312,089</u>	<u>\$ 5,780,570</u>	<u>\$ 1,035,521</u>	<u>\$ 668,315</u>	<u>\$ 11,549</u>	<u>\$ 111,560</u>	<u>\$ 1,876,519</u>	<u>\$ 52,136</u>	<u>\$ -</u>	<u>\$ 10,848,259</u>
Carrying amounts on December 31, 2025	<u>\$ 358,375</u>	<u>\$ 506,118</u>	<u>\$ 3,714,892</u>	<u>\$ 169,388</u>	<u>\$ 162,193</u>	<u>\$ 651</u>	<u>\$ 28,163</u>	<u>\$ 507,089</u>	<u>\$ 505,701</u>	<u>\$ 1,314,196</u>	<u>\$ 7,266,766</u>
Cost											
Balance on January 1, 2024	\$ -	\$ 1,807,381	\$ 5,521,880	\$ 1,097,210	\$ 749,601	\$ 11,585	\$ 126,842	\$ 2,036,794	\$ 27,847	\$ 3,321,058	\$ 14,700,198
Additions	-	5,336	45,466	5,197	3,576	282	10,988	19,224	1,045	2,678,135	2,769,249
Disposals	-	-	(125,825)	-	-	-	(13,318)	(86)	-	(141,737)	(280,966)
Capitalized interest	-	-	-	-	-	-	-	-	-	20,812	20,812
Reclassification	182,714	-	2,645,212	77,315	31,657	-	3,918	36,348	-	(3,204,017)	(226,853)
Balance on December 31, 2024	<u>\$ 182,714</u>	<u>\$ 1,812,717</u>	<u>\$ 8,086,733</u>	<u>\$ 1,179,722</u>	<u>\$ 784,834</u>	<u>\$ 11,867</u>	<u>\$ 128,430</u>	<u>\$ 2,092,280</u>	<u>\$ 28,892</u>	<u>\$ 2,674,251</u>	<u>\$ 16,982,440</u>
Accumulated depreciation and impairment											
Balance on January 1, 2024	\$ -	\$ 1,205,818	\$ 4,674,617	\$ 962,086	\$ 636,820	\$ 9,260	\$ 88,617	\$ 1,736,272	\$ 2,510	\$ -	\$ 9,316,000
Disposals	-	-	(74,234)	-	-	-	(13,231)	(85)	-	-	(87,550)
Depreciation expense	-	52,983	499,737	31,390	14,480	1,230	21,241	58,516	5,212	-	684,789
Impairment losses	-	-	11,250	-	-	-	-	-	-	-	11,250
Balance on December 31, 2024	<u>\$ -</u>	<u>\$ 1,258,801</u>	<u>\$ 5,111,370</u>	<u>\$ 993,476</u>	<u>\$ 651,300</u>	<u>\$ 10,490</u>	<u>\$ 96,627</u>	<u>\$ 1,794,703</u>	<u>\$ 7,722</u>	<u>\$ -</u>	<u>\$ 9,924,489</u>
Carrying amounts on December 31, 2024	<u>\$ 182,714</u>	<u>\$ 553,916</u>	<u>\$ 2,975,363</u>	<u>\$ 186,246</u>	<u>\$ 133,534</u>	<u>\$ 1,377</u>	<u>\$ 31,803</u>	<u>\$ 297,577</u>	<u>\$ 21,170</u>	<u>\$ 2,674,251</u>	<u>\$ 7,057,951</u>

Some of the Group's buildings and equipments were pledged to financial institutions as collaterals for obtaining long-term bank loans, please refer to Note 32.

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

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2025	2024
<u>Carrying amounts</u>		
Land	\$ 136,799	\$ 163,941
Buildings	13,864	19,409
Transportation equipment	5,232	3,093
Office equipment	1,913	453
Other equipment	<u>370</u>	<u>119</u>
	<u>\$ 158,178</u>	<u>\$ 187,015</u>
	For the Year Ended December 31	
	2025	2024
Additions to right-of-use assets	<u>\$ 7,332</u>	<u>\$ 2,328</u>
Depreciation charge for right-of-use assets		
Land	\$ 14,554	\$ 15,616
Buildings	5,545	5,546
Transportation equipment	2,307	2,432
Office equipment	478	495
Other equipment	<u>242</u>	<u>238</u>
	<u>\$ 23,126</u>	<u>\$ 24,327</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets in 2025 and 2024.

b. Lease liabilities

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Carrying amounts</u>		
Current	\$ 23,281	\$ 22,771
Non-current	\$ 144,780	\$ 173,330

Range of discount rates for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Land	2.017%	1.797%
Buildings	3.253%	3.253%
Transportation equipment	1.566%-5.654%	0.785%-5.654%
Office equipment	2.079%	1.088%
Other equipment	2.011%-5.590%	5.590%

c. Other lease information

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Expenses relating to short-term leases	\$ 6,293	\$ 9,072
Total cash outflow for leases	\$ (32,397)	\$ (35,974)

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

16. INVESTMENT PROPERTIES

	Completed Investment Property
<u>Cost</u>	
Balance on January 1, 2025 and December 31, 2025	\$ 399,307
<u>Cost</u>	
Balance on January 1, 2024 and December 31, 2024	\$ 399,307

On December 31, 2025 and 2024, the fair values of investment properties were both \$679,403 thousand, which were based on the market evidence on the transaction price of similar properties and publicly announced present value.

17. INTANGIBLE ASSETS

	Software
<u>Cost</u>	
Balance on January 1, 2025	\$ 154,057
Additions	52,233
Disposals	(42,510)
Reclassification	<u>52,179</u>
Balance on December 31, 2025	<u>\$ 215,959</u>
<u>Accumulated amortization</u>	
Balance on January 1, 2025	\$ 79,397
Amortization expense	58,002
Disposals	<u>(42,510)</u>
Balance on December 31, 2025	<u>\$ 94,889</u>
Carrying amount on December 31, 2025	<u>\$ 121,070</u>
<u>Cost</u>	
Balance on January 1, 2024	\$ 74,236
Additions	35,107
Disposals	(804)
Reclassification	<u>45,518</u>
Balance on December 31, 2024	<u>\$ 154,057</u>
<u>Accumulated amortization</u>	
Balance on January 1, 2024	\$ 38,858
Amortization expense	41,343
Disposals	<u>(804)</u>
Balance on December 31, 2024	<u>\$ 79,397</u>
Carrying amount on December 31, 2024	<u>\$ 74,660</u>
Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:	
Computer software	1-10 years

18. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Unsecured borrowings</u>		
Bank loans	<u>\$ 1,111,160</u>	<u>\$ 1,244,615</u>

The range of weighted average effective interest rate on bank loans was 0.94%-2.40% and 0.82%-2.53% per annum as of December 31, 2025 and 2024, respectively.

b. Long-term borrowings

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Secured borrowings (Note 32)</u>		
Bank loans	\$ 2,168,749	\$ 1,256,190
Current portion	<u>(452,228)</u>	<u>(5,337)</u>
	<u>1,716,521</u>	<u>1,250,853</u>
<u>Unsecured borrowings</u>		
Long-term borrowings	2,136,717	2,320,398
Current portion	(430,908)	(412,208)
Government grant discount	<u>(4,592)</u>	<u>(12,814)</u>
	<u>1,701,217</u>	<u>1,895,376</u>
	<u>\$ 3,417,738</u>	<u>\$ 3,146,229</u>

The bank loan was secured by a mortgage on the Group's own building and equipments, please refer to Note 32.

The effective interest rate of long-term borrowings was 1.120%-2.831% and 1.120%-2.365% per annum as December 31, 2025 and 2024.

The loan project for the return to Taiwan for investment is based on the program "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan," launched by the National Development Fund, Executive Yuan. The maturity dates are between September 15, 2029 and August 15, 2030, and the Corporation 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, 2025 and 2024 was 1.120%-1.825% and 1.120%-1.720%, respectively.

19. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Payable for salaries and bonus	\$ 243,734	\$ 228,300
Payable for employees' compensation	18,802	15,625
Payable for remuneration of directors	6,017	10,625
Payable for equipment	178,866	318,323
Others	<u>235,759</u>	<u>314,904</u>
	<u>\$ 683,178</u>	<u>\$ 887,777</u>

20. PROVISIONS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Current</u>		
Warranties	\$ 3,983	\$ 8,339
Carbon fee	<u>3,180</u>	<u>-</u>
	<u>\$ 7,163</u>	<u>\$ 8,339</u>
<u>Non-current</u>		
Warranties	<u>\$ 31,654</u>	<u>\$ 22,594</u>

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under local sale of goods legislation. The estimate had been made on the basis of historical warranty trends and may vary as a result of other events affecting product quality. Starting from 2025, the Group recognizes the carbon fee provision in accordance with the Regulations Governing the Collection of Carbon Fees and related regulations of the ROC. The carbon fee provision was calculated based on the standard rate.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company, Ho Chung Investment, River Asset, Star Asia, Wan Zun Guang, ProAsia, United-Asia, and Champ-Asia adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

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 ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the 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 is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

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

	December 31	
	2025	2024
Present value of defined benefit obligation	\$ 270,142	\$ 260,067
Fair value of plan assets	<u>(241,250)</u>	<u>(241,143)</u>
Net defined benefit liability	<u>\$ 28,892</u>	<u>\$ 18,924</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance on January 1, 2024	\$ 306,068	\$ (239,064)	\$ 67,004
Service costs			
Current service cost	6,655	-	6,655
Net interest expense (income)	<u>3,603</u>	<u>(2,906)</u>	<u>697</u>
Recognized in profit or loss	<u>10,258</u>	<u>(2,906)</u>	<u>7,352</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(21,729)	(21,729)
Actuarial loss - changes in demographic assumptions	1	-	1
Actuarial loss - changes in financial assumptions	(11,182)	-	(11,182)
Actuarial loss - experience adjustments	<u>(6,667)</u>	<u>-</u>	<u>(6,667)</u>
Recognized in other comprehensive income	<u>(17,848)</u>	<u>(21,729)</u>	<u>(39,577)</u>
Contributions from the employer	<u>-</u>	<u>(2,675)</u>	<u>(2,675)</u>
Benefits paid	<u>(38,411)</u>	<u>25,231</u>	<u>(13,180)</u>
Balance on December 31, 2024	<u>260,067</u>	<u>(241,143)</u>	<u>18,924</u>
Service costs			
Current service cost	5,075	-	5,075
Net interest expense (income)	<u>4,189</u>	<u>(3,901)</u>	<u>288</u>
Recognized in profit or loss	<u>9,264</u>	<u>(3,901)</u>	<u>5,363</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (16,958)	\$ (16,958)
Actuarial loss - changes in financial assumptions	7,071	-	7,071
Actuarial loss - experience adjustments	<u>16,929</u>	<u>-</u>	<u>16,929</u>
Recognized in other comprehensive income	<u>24,000</u>	<u>(16,958)</u>	<u>7,042</u>
Contributions from the employer	<u>-</u>	<u>(2,437)</u>	<u>(2,437)</u>
Benefits paid	<u>(23,189)</u>	<u>23,189</u>	<u>-</u>
Balance on December 31, 2025	<u>\$ 270,142</u>	<u>\$ (241,250)</u>	<u>\$ 28,892</u> (Concluded)

Through the defined benefit plans under the Labor Standards Law, the Corporation is exposed to the following risks:

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

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

	December 31	
	2025	2024
Discount rate	1.40%	1.65%
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:

	<u>December 31</u>	
	2025	2024
Discount rate		
0.250% increase	<u>\$ (7,071)</u>	<u>\$ (6,550)</u>
0.250% decrease	<u>\$ 7,338</u>	<u>\$ 6,786</u>
Expected rate of salary increase		
0.250% increase	<u>\$ (7,204)</u>	<u>\$ (6,679)</u>
0.250% decrease	<u>\$ 6,980</u>	<u>\$ 6,481</u>

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

	<u>December 31</u>	
	2025	2024
The expected contributions to the plan for the one year	<u>\$ 2,955</u>	<u>\$ 2,841</u>
The average duration of the defined benefit obligation		
Managers	9 years	9 years
Regular employees	10 years	10 years

22. EQUITY

a. Share capital - ordinary shares

	<u>December 31</u>	
	2025	2024
Number of authorized shares (in thousands)	<u>1,000,000</u>	<u>1,000,000</u>
Amount of authorized shares	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>
Number of issued and fully paid shares (in thousands)	<u>438,623</u>	<u>438,623</u>
Amount of issued and fully paid shares	<u>\$ 4,386,228</u>	<u>\$ 4,386,228</u>

b. Capital surplus

	<u>December 31</u>	
	2025	2024
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	90,735

(Continued)

	December 31	
	2025	2024
<u>May only be used to offset a deficit (2)</u>		
Changes in percentage of ownership interests in subsidiaries	\$ 381,693	\$ 152,551
Share of changes in capital surplus of associates	<u>1,696</u>	<u>1,262</u>
	<u>\$ 1,810,974</u>	<u>\$ 1,581,398</u>
		(Concluded)

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

c. Retained earnings and dividend policy

Under the dividend policy in the 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 24, g.

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 2024 and 2023 earnings are as follows:

	For the Year Ended December 31	
	2024	2023
Legal reserve	<u>\$ -</u>	<u>\$ 30,152</u>
Special reserve	<u>\$ 140,992</u>	<u>\$ -</u>
Cash dividends	<u>\$ -</u>	<u>\$ 219,311</u>
Cash dividends per share (NT\$)	\$ -	\$ 0.50

On April 11, 2024, the distribution of 2023 cash dividends was approved by the board of directors. The provision of legal reserve had been approved in the shareholders' meetings on May 28, 2024.

The provision of special reserve for 2024 had been approved in the shareholders' meetings on June 17, 2025.

The accumulated deficits off-set for 2025 are subject to the resolution of the board to be held in 2026.

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 on January 1, 2025 and December 31, 2025	<u> -</u>	<u> 755</u>	<u> 755</u>
Number of shares on January 1, 2024 and December 31, 2024	<u> -</u>	<u> 755</u>	<u> 755</u>

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
<u>December 31, 2025</u>			
Ho Chung Investment	755	\$ 23,172	\$ 19,694
<u>December 31, 2024</u>			
Ho Chung Investment	755	23,172	22,297

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.

23. REVENUE

	For the Year Ended December 31	
	2025	2024
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 4,326,285</u>	<u>\$ 4,299,897</u>

a. Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Notes receivable	\$ 12,004	\$ 3,893	\$ 1,171
Trade receivables (Note 10)	1,177,922	1,262,010	1,196,649
Trade receivables from related parties	<u>22,131</u>	<u>21,680</u>	<u>23,976</u>
	<u>\$ 1,212,057</u>	<u>\$ 1,287,583</u>	<u>\$ 1,221,796</u>
Contract assets - current			
Sale of goods	<u>\$ -</u>	<u>\$ 2,619</u>	<u>\$ 1,700</u>
Contract assets - non-current			
Sale of goods	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,619</u>
Contract liabilities - current			
Sale of goods	<u>\$ 21,987</u>	<u>\$ 69,261</u>	<u>\$ 97,936</u>

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

24. NET LOSS

a. Interest income

	<u>For the Year Ended December 31</u>	
	2025	2024
Bank deposits	\$ 39,146	\$ 34,126
Resale bonds	1,687	1,630
Financial assets at amortized cost	211	6
Others	<u>37</u>	<u>33</u>
	<u>\$ 41,081</u>	<u>\$ 35,795</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	2025	2024
Rental income	\$ 2,741	\$ 435
Dividend income	13,681	18,022
Government grants (Note 28)	3,100	2,175
Others	<u>47,176</u>	<u>26,498</u>
	<u>\$ 66,698</u>	<u>\$ 47,130</u>

c. Other gains and losses

	For the Year Ended December 31	
	2025	2024
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ (22,768)	\$ (16,355)
Gain on disposal of property, plant and equipment	2,280	12,098
Gain on disposal of investments	11,198	839
Net foreign exchange (losses) gains	(31,282)	86,209
Gain on lease modification	47	382
Impairment loss	(2,368)	(11,250)
Others	<u>(3,853)</u>	<u>(7,308)</u>
	<u>\$ (46,746)</u>	<u>\$ 64,615</u>

d. Finance costs

	For the Year Ended December 31	
	2025	2024
Interest on bank loans	\$ 107,275	\$ 68,782
Interest on finance leases	<u>3,822</u>	<u>3,429</u>
	111,097	72,211
Less: Amounts included in the cost of qualifying assets	<u>(22,603)</u>	<u>(20,812)</u>
	88,494	51,399
Other finance costs	<u>1,200</u>	<u>-</u>
	<u>\$ 89,694</u>	<u>\$ 51,399</u>

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2025	2024
Capitalized interest amount	<u>\$ 22,603</u>	<u>\$ 20,812</u>
Capitalization rate	0.19%-2.36%	0.00%-2.60%

e. Depreciation and amortization

	For the Year Ended December 31	
	2025	2024
An analysis of depreciation by function		
Operating costs	\$ 948,725	\$ 613,221
Operating expenses	<u>96,877</u>	<u>95,895</u>
	<u>\$ 1,045,602</u>	<u>\$ 709,116</u>
An analysis of amortization by function		
Operating costs	\$ 20,890	\$ 16,280
Operating expenses	<u>37,112</u>	<u>25,063</u>
	<u>\$ 58,002</u>	<u>\$ 41,343</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2025	2024
Wages and salaries	\$ 1,026,748	\$ 1,016,291
Labor and health insurance fees	91,561	87,702
Post-employment benefits		
Defined contribution plans	41,174	40,695
Defined benefit plans	5,363	7,352
Share-based payments		
Equity-settled	2,094	7,545
Other employee benefits	<u>26,907</u>	<u>23,783</u>
 Total employee benefits expense	 <u>\$ 1,193,847</u>	 <u>\$ 1,183,368</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 663,912	\$ 627,567
Operating expenses	<u>529,935</u>	<u>555,801</u>
	 <u>\$ 1,193,847</u>	 <u>\$ 1,183,368</u>

g. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Corporation, if the Corporation has profit during the year, the Corporation 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 Corporation 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 Corporation meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. In accordance with the amendment to the Securities and Exchange Act in August 2024, the shareholders of the Corporation resolved the amendments to the Articles of Association at the shareholders' meeting in 2025, stipulating that the total employee remuneration for the current year should be no less than 10% of the total employee remuneration of grass-roots employees, except that the net loss before tax for the years ended December 31, 2025 and 2024, no employee remuneration (including remuneration of grass-roots employees) and directors' remuneration were estimated.

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the ended 2024 and 2023.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors in 2025 and 2024 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAXES

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

	For the Year Ended December 31	
	2025	2024
Current tax		
In respect of the current year	\$ 28,051	\$ 29,803
Income tax on unappropriated retained earnings	1,884	2,671
Adjustments for prior year	<u>11,120</u>	<u>(9,074)</u>
	41,055	23,400
Deferred tax		
In respect of the current year	<u>26,530</u>	<u>26</u>
Income tax expense recognized in profit or loss	<u>\$ 67,585</u>	<u>\$ 23,426</u>

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

	For the Year Ended December 31	
	2025	2024
Loss before tax	<u>\$ (1,307,767)</u>	<u>\$ (512,097)</u>
Income tax expense calculated at the statutory rate	\$ (595,088)	\$ (287,633)
Nondeductible expenses in determining taxable income	3,465	3,197
Tax-exempt income	330,340	186,407
Income tax on unappropriated earnings	1,884	2,671
Adjustments for prior years' tax	11,120	(9,074)
Investment tax credits used in the current year	-	(2,603)
Unrecognized deductible temporary differences/investment tax credits/loss carryforwards	313,295	120,836
Additional income tax under the Alternative Minimum Tax Act	<u>2,569</u>	<u>9,625</u>
Income tax expense recognized in profit or loss	<u>\$ 67,585</u>	<u>\$ 23,426</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2025	2024
<u>Deferred tax</u>		
In respect of the current year		
Translation of the financial statements of foreign operations	\$ 20,077	\$ 35,271
Remeasurement on defined benefit plans	<u>1,408</u>	<u>(7,915)</u>
Total income tax recognized in other comprehensive income	<u>\$ 21,485</u>	<u>\$ 27,356</u>

c. Current tax assets and liabilities

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Current tax assets		
Tax refund receivable (included in other current assets)	<u>\$ 2,790</u>	<u>\$ 1,103</u>
Current tax liabilities		
Income tax payable	<u>\$ 26,513</u>	<u>\$ 19,777</u>

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, 2025

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Inventory write-downs	\$ 18,251	\$ 4,917	\$ -	\$ 23,168
Valuation allowance	3,326	18	-	3,344
Provisions	1,128	941	-	2,069
Impairment losses	5,304	(4,407)	-	897
Unrealized valuation gain on financial assets	11,055	-	20,077	31,132
Others	-	124	-	124
	<u>39,064</u>	<u>1,593</u>	<u>20,077</u>	<u>60,734</u>
Investment tax credits	<u>28,640</u>	<u>(28,640)</u>	<u>-</u>	<u>-</u>
	<u>\$ 67,704</u>	<u>\$(27,047)</u>	<u>\$ 20,077</u>	<u>\$ 60,734</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Defined benefit plans	\$ 3,414	\$ (586)	\$ (1,408)	\$ 1,420
Others	<u>4,109</u>	<u>69</u>	<u>-</u>	<u>4,178</u>
	<u>\$ 7,523</u>	<u>\$(517)</u>	<u>\$ (1,408)</u>	<u>\$ 5,598</u>

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit plans	\$ 3,566	\$ 935	\$ (4,501)	\$ -
Inventory write-downs	11,545	6,706	-	18,251
Valuation allowance	3,139	187	-	3,326
Provisions	268	860	-	1,128
Impairment losses	5,652	(348)	-	5,304
Unrealized valuation gain (loss) on financial assets	-	-	11,055	11,055
Others	<u>7,992</u>	<u>(7,992)</u>	<u>-</u>	<u>-</u>
	32,162	348	6,554	39,064
Investment tax credits	<u>25,750</u>	<u>2,890</u>	<u>-</u>	<u>28,640</u>
	<u>\$ 57,912</u>	<u>\$ 3,238</u>	<u>\$ 6,554</u>	<u>\$ 67,704</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain or losses on financial assets	\$ 24,216	\$ -	\$(24,216)	\$ -
Defined benefit plans	-	-	3,414	3,414
Others	<u>845</u>	<u>3,264</u>	<u>-</u>	<u>4,109</u>
	<u>\$ 25,061</u>	<u>\$ 3,264</u>	<u>\$(20,802)</u>	<u>\$ 7,523</u>

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

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Loss carryforwards	<u>\$ 1,888,393</u>	<u>\$ 737,697</u>
Deductible temporary differences	<u>\$ 248,262</u>	<u>\$ 179,214</u>

- f. Income tax assessments

The income tax returns of the Corporation, Ho Chung Investment, River Asset, Star Asia, Wan Zun Guang, ProAsia, United-Asia and Champ-Asia through 2023 have been assessed by the tax authority.

26. LOSS PER SHARE

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

Net Loss for the Year

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Net loss used in the computation of basic and diluted loss per share	<u>\$ (1,261,655)</u>	<u>\$ (510,087)</u>

(Unit: NT\$ Per Share)

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Weighted average number of ordinary shares outstanding in computation of basic loss per share (in thousand)	<u>437,868</u>	<u>437,868</u>
Weighted average number of ordinary shares outstanding in computation of diluted loss per share (in thousand)	<u>437,868</u>	<u>437,868</u>

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

27. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of the subsidiaries

Qualified employees of the ProAsia Semiconductor Corporation Ltd. was granted 10,000 thousand options in September 26, 2024. Each option entitles the holder with the right to subscribe for one ordinary shares of the Corporation. The vesting period of these options is 1 month. Qualified employees may exercise the share options at certain percentages of the options after 1 month from the grant date. The exercise price of the subscription rights shall not be lower than the par value of the issuing the Corporation's shares. For any subsequent changes in the Corporation's capital surplus, the exercise price and subscription ratio is adjusted accordingly.

Above of the employee share options granted, using the Black-Scholes valuation model. The inputs used in the valuation model were as follows:

	September 26, 2024
Grant-date share price	\$15.04
Exercise price	\$16.00
Expected volatility	42.51%
Expected life (in years)	0.04 years
Risk-free interest rate	1.30%

The consolidated Corporation's compensation cost recognized for the employee share option plan of the subsidiary in 2024 amounts to \$1,900 thousand.

b. The cash capital increase from employee stock options retained by subsidiary

The board of directors, on November 15, 2024, approved ProAsia Semiconductor Corporation Ltd.'s cash capital increase of 30,000 thousand shares by resolution and retained 10%. The grant date for the stock subscription rights was set as November 15, 2024, with eligible recipients being employees of ProAsia Semiconductor Corporation Ltd. who meet specific criteria.

Above of the cash capital increase from employee share options retained by ProAsia, using the Black-Scholes valuation model. The inputs used in the valuation model were as follows:

	November 15, 2024
Grant-date share price	\$28.26
Exercise price	\$30.00
Expected volatility	40.79%
Expected life (in years)	47 days
Risk-free interest rate	1.32%

The remuneration cost recognized by the consolidated corporation in 2024 amounts to \$2,970 thousand.

c. The cash capital increase from employee stock options retained by subsidiary

The board of directors, on December 13, 2024, approved Champ-Asia Semiconductor Corporation's cash capital increase of 25,000 thousand shares by resolution and retained 10%. The grant date for the stock subscription rights was set as December 13, 2024, with eligible recipients being employees of the Company and Champ-Asia who meet specific criteria.

Above of the cash capital increase from employee share options retained by Champ-Asia, using the Black-Scholes valuation model. The inputs used in the valuation model were as follows:

	December 13, 2024
Grant-date share price	\$12.79
Exercise price	\$12.00
Expected volatility	37.59%
Expected life (in years)	36 days
Risk-free interest rate	1.29%

The remuneration cost recognized by the consolidated corporation in 2024 amounts to \$2,675 thousand.

d. The cash capital increase from employee stock options retained by subsidiary

On June 19, 2025, the board of directors approved Star Asia Vision Corporation's cash capital increase of 2,900 thousand shares by resolution and retained 15% for employee subscription. The grant date for the share subscription rights was set as July 31, 2025, with eligible recipients being employees of the Company and Star Asia Vision Corporation who meet specific criteria.

Above of the cash capital increase from employee share options retained by Star Asia, using the Black-Scholes valuation model. The inputs used in the valuation model were as follows:

July 31, 2025

Grant-date share price	\$48.42
Exercise price	\$45.00
Expected volatility	44.22%
Expected life (in years)	6 days
Risk-free interest rate	1.22%

The remuneration cost recognized by the consolidated corporation in 2025 amounts to \$1,544 thousand.

e. The cash capital increase from employee stock options retained by subsidiary

On August 21, 2025, the board of directors approved ProAsia Semiconductor Corporation Ltd.'s cash capital increase of 25,000 thousand shares by resolution and retained 10% for employee subscription. The grant date for the share subscription rights was set as August 21, 2025, with eligible recipients being employees of ProAsia Semiconductor Corporation Ltd. who meet specific criteria.

Above of the cash capital increase from employee share options retained by ProAsia, using the Black-Scholes valuation model. The inputs used in the valuation model were as follows:

August 21, 2025

Grant-date share price	\$24.44
Exercise price	\$30.00
Expected volatility	48.26%
Expected life (in years)	41 days
Risk-free interest rate	1.14%

The remuneration cost recognized by the consolidated corporation in 2025 amounts to \$550 thousand.

28. GOVERNMENT GRANTS

The Corporation and subsidiaries have obtained a government loan of \$1,764,412 thousand with preferential interest rates under the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan and Subsidy for Low-Carbon and Intelligent Infrastructure Transformation Projects of Regulated Factories for capital expenditures on equipment purchases. The loan will be repaid in installments over a period of two to seven years. The fair value of the loan is estimated to be \$1,734,447 thousand based on the market interest rate of 1.45%-2.22% when the loan was taken out. The difference between the amount obtained and the fair value of the loan is in the amount of \$29,965 thousand as a government low-interest loan grant and recognized as unearned revenue.

The portion of deferred income, resulting from the early repayment of unearned government low-interest loan subsidies, is considered unearned. Upon repayment, the Corporation recognized a deferred income of \$2,966 thousand, along with a government low-interest loan subsidy of \$1,643 thousand that was granted during the actual loan period. The unearned revenue is reclassified to profit or loss over the useful life of the relevant assets. Other income recognized by the Corporation and subsidiaries for the years ended December 31, 2025 and 2024 were \$3,100 thousand and \$2,175 thousand, respectively. The interest expense on the loan recognized by the Corporation and subsidiaries for the years ended December 31, 2025 and 2024 were \$8,222 thousand and \$9,213 thousand, respectively.

However, the Corporation determined that the aforementioned \$1,643 thousand constituted a government low-interest loan subsidy actually received during the borrowing period, and accordingly derecognized from deferred income and recognized in profit or loss for the year ended December 31, 2025.

If the Corporation fails to meet the key points of the above project during the loan period, and the National Development Fund terminates the government grant, then the Corporation will pay the original interest rate plus the annual interest rate.

29. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity in the consolidated balance sheets plus net debt. As of December 31, 2025 and 2024, the gearing ratios were 30.40% and 25.02%, respectively.

30. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 43,811	\$ -	\$ -	\$ 43,811
The investment case of movie	-	-	7,626	7,626
	<u>\$ 43,811</u>	<u>\$ -</u>	<u>\$ 7,626</u>	<u>\$ 51,437</u>
Financial assets at FVTOCI				
Listed shares	\$ 400,921	\$ -	\$ -	\$ 400,921
Unlisted shares	-	-	333,593	333,593
Private-placement funds	-	-	229,014	229,014
	<u>\$ 400,921</u>	<u>\$ -</u>	<u>\$ 562,607</u>	<u>\$ 963,528</u>

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 59,639	\$ -	\$ -	\$ 59,639
The investment case of movie	<u>-</u>	<u>-</u>	<u>16,279</u>	<u>16,279</u>
	<u>\$ 59,639</u>	<u>\$ -</u>	<u>\$ 16,279</u>	<u>\$ 75,918</u>
Financial assets at FVTOCI				
Listed shares	\$ 253,367	\$ -	\$ -	\$ 253,367
Unlisted shares	-	-	466,530	466,530
Private-placement funds	<u>-</u>	<u>-</u>	<u>241,553</u>	<u>241,553</u>
	<u>\$ 253,367</u>	<u>\$ -</u>	<u>\$ 708,083</u>	<u>\$ 961,450</u>

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

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

For the year ended December 31, 2025

Equity Instruments	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance on January 1, 2025	\$ 16,279	\$ 708,083	\$ 724,362
Recognized in profit or loss (included in other gains and losses)	(6,940)	-	(6,940)
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	-	(96,266)	(96,266)
Disposal	<u>(1,713)</u>	<u>(49,210)</u>	<u>(50,923)</u>
Balance on December 31, 2025	<u>\$ 7,626</u>	<u>\$ 562,607</u>	<u>\$ 570,233</u>

For the year ended December 31, 2024

Equity Instruments	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
	Equity Instruments	Equity Instruments	
Balance on January 1, 2024	\$ 20,000	\$ 731,998	\$ 751,998
Recognized in profit or loss (included in other gains and losses)	(3,721)	-	(3,721)
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	-	(107,321)	(107,321)
Purchases	-	105,000	105,000
Disposal	-	(21,594)	(21,594)
Balance on December 31, 2024	<u>\$ 16,279</u>	<u>\$ 708,083</u>	<u>\$ 724,362</u>

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

The fair values of unlisted equity securities and private equity funds 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, 2025	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Non-derivative financial assets Unlisted shares	\$ 333,593	Market comparable companies	Price to earnings ratio multiple Enterprise value multiple P/B ratio	10.11-12.45 1.82-10.31 1.10-1.16	The higher the multiple, the higher the fair value The higher the multiple, the higher the fair value The higher the multiple, the higher the fair value
Private fund	229,014	Net asset value	Discount for lack of volatility	30%	The higher the discount for lack of marketability, the lower the fair value
The investment case of movie	7,626	Discounted cash flow method	Discount for lack of volatility Weighted average cost of capital	23.29% -	The higher the discount for risk, the lower the fair value The higher the discount for risk, the lower the fair value

	Fair Value at December 31, 2024	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Non-derivative financial assets					
Unlisted shares	\$ 466,530	Market comparable companies	Price to earnings ratio multiple Enterprise value multiple P/B ratio	12.16-16.90 1.13-9.44 1.50	The higher the multiple, the higher the fair value The higher the multiple, the higher the fair value The higher the multiple, the higher the fair value
Private fund	241,553	Net asset value	Discount for lack of volatility	24%-30%	The higher the discount for lack of marketability, the lower the fair value
The investment case of movie	16,279	Discounted cash flow method	Discount for lack of volatility Weighted average cost of capital	23.29% -	The higher the discount for risk, the lower the fair value The higher the discount for risk, the lower the fair value

c. Categories of financial instruments

	<u>December 31</u>	
	2025	2024
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 51,437	\$ 75,918
Financial assets at amortized cost (1)	3,851,263	3,738,242
Financial assets at FVTOCI	963,528	961,450

Financial liabilities

Financial liabilities at amortized cost (2)	7,311,992	6,632,276
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- 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 from related parties, other receivables and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, trade payables, trade payables to related parties, other payables, other payables to related parties, current portion of long-term liabilities, long-term borrowings and guarantee deposits received.

d. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

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

Sensitivity analysis

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

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

	USD Impact	
	For the Year Ended December 31	
	2025	2024
Profit or loss	\$ (15,747)	\$ (10,792)
	EUR Impact	
	For the Year Ended December 31	
	2025	2024
Profit or loss	\$ 230	\$ (200)
	CNY Impact	
	For the Year Ended December 31	
	2025	2024
Profit or loss	\$ 919	\$ (58)
	JPY Impact	
	For the Year Ended December 31	
	2025	2024
Profit or loss	\$ 2,802	\$ 2,414

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

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

b) Interest rate risk

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

	<u>For the Year Ended December 31</u>	
	2025	2024
Fair value interest rate risk		
Financial assets	\$ 1,551,488	\$ 1,273,949
Financial liabilities	849,079	317,410
Cash flow interest rate risk		
Financial assets	1,019,157	1,046,133
Financial liabilities	5,257,416	4,718,065

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax loss for the years ended December 31, 2025 and 2024 would decrease/increase by \$(42,383) thousand and \$(36,719) thousand, respectively.

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

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2025 and 2024 would have increased/decreased by \$514 thousand and \$759 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, 2025 and 2024 would have increased/decreased by \$9,635 thousand and \$9,615 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

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

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

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

3) Liquidity risk

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

The Group relies on bank borrowings are a significant source of liquidity. As of December 31, 2025 and 2024, the Group had available unutilized short-term and long-term bank loan facilities set out in (b) below.

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

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

December 31, 2025

	Less than 1 Year	1-2 Years	2-3 Years	3-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,398,564	\$ -	\$ -	\$ -	\$ -
Lease liabilities	26,603	25,710	20,942	30,103	81,866
Variable interest rate liabilities	1,913,259	1,462,351	1,265,807	784,289	-
Fixed interest rate liabilities	<u>664,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,003,007</u>	<u>\$ 1,488,061</u>	<u>\$ 1,286,749</u>	<u>\$ 814,392</u>	<u>\$ 81,866</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 26,603</u>	<u>\$ 76,755</u>	<u>\$ 62,974</u>	<u>\$ 18,892</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2024

	Less than 1 Year	1-2 Years	2-3 Years	3-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,818,629	\$ -	\$ -	\$ -	\$ -
Lease liabilities	25,672	25,002	24,224	38,291	98,265
Variable interest rate liabilities	1,962,424	805,191	849,306	1,201,577	45,130
Fixed interest rate liabilities	<u>106,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,912,876</u>	<u>\$ 830,193</u>	<u>\$ 873,530</u>	<u>\$ 1,239,868</u>	<u>\$ 143,395</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 25,672</u>	<u>\$ 87,517</u>	<u>\$ 65,510</u>	<u>\$ 32,755</u>	<u>\$ -</u>	<u>\$ -</u>

b) Financing facilities

	December 31	
	2025	2024
Secured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 2,407,160	\$ 1,256,190
Amount unused	<u>242,840</u>	<u>793,810</u>
	<u>2,650,000</u>	<u>2,050,000</u>
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	3,573,292	3,627,918
Amount unused	<u>3,555,198</u>	<u>2,381,757</u>
	<u>7,128,490</u>	<u>6,009,675</u>
	<u>\$ 9,778,490</u>	<u>\$ 8,059,675</u>

31. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and relationships:

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

b. Operating revenue

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Investor that has significant influence over the Group	\$ 282,901	\$ 309,679
Other related party	<u>519</u>	<u>-</u>
	<u>\$ 283,420</u>	<u>\$ 309,679</u>

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

c. Purchases of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Investors that have significant influence over the Group	\$ 134,866	\$ 136,469
Associates	<u>40,781</u>	<u>36,808</u>
	<u>\$ 175,647</u>	<u>\$ 173,277</u>

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

d. Receivables from related parties

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>December 31</u>	
		<u>2025</u>	<u>2024</u>
Trade receivables from related parties	Investors that have significant influence over the Group	\$ 22,131	\$ 21,680
Allowance for impairment loss	Investors that have significant influence over the Group	<u>-</u>	<u>(2)</u>
		<u>\$ 22,131</u>	<u>\$ 21,678</u>

(Continued)

Line Item	Related Party Category/Name	December 31	
		2025	2024
Other trade receivables	Associate	\$ -	\$ 16
	Other related party	<u>32</u>	<u>-</u>
		<u>\$ 32</u>	<u>\$ 16</u>

(Concluded)

The outstanding trade receivables from related parties are unsecured. For the year ended December 31, 2025, no impairment losses were recognized for trade receivables from related parties. For the year ended December 31, 2024, impairment losses \$2 thousand recognized for trade receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2025	2024
Trade payables to related parties	Investors that have significant influence over the Group	\$ 56,500	\$ 64,366
	Associate	<u>11,154</u>	<u>15,481</u>
		<u>\$ 67,654</u>	<u>\$ 79,847</u>
Other payables to related parties	Associate	<u>\$ 74,711</u>	<u>\$ 29,467</u>

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

f. Acquisition of property, plant and equipment

Related Party Category/Name	For the Year Ended December 31	
	2025	2024
New Smart Technology Co., Ltd.	<u>\$ 288,100</u>	<u>\$ 209,756</u>

g. Loans from related parties

Line Item	Related Party Category/Name	December 31	
		2025	2024
Other payables to related parties	Nichia Taiwan Corp.	<u>\$ 500,955</u>	<u>\$ -</u>
Interest expense	Investors that have significant influence over the Group	<u>\$ 8,596</u>	<u>\$ -</u>

h. Prepayments

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2025	2024
Prepayments rental	Investors that have significant influence over the Group	\$ <u>500</u>	\$ <u>500</u>
Prepayments to suppliers	Associate	\$ <u>-</u>	\$ <u>3,321</u>
Prepayment for equipment	Associate	\$ <u>15,133</u>	\$ <u>92,348</u>
Other prepayments	Associate	\$ <u>57</u>	\$ <u>1,451</u>

i. Lease arrangements

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2025	2024
Interest expenses	Investors that have significant influence over the Group	\$ <u>550</u>	\$ <u>724</u>

Line Item	Related Party Category/Name	December 31	
		2025	2024
Lease liabilities	Investors that have significant influence over the Group	\$ <u>14,427</u>	\$ <u>19,877</u>

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

j. Other

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2025	2024
Rental revenue	Associate	\$ <u>245</u>	\$ <u>161</u>
Donation expense	TASC Health Care & Charity Foundation	\$ <u>1,000</u>	\$ <u>100</u>

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

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

k. Compensation of key management personnel

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits	\$ 59,073	\$ 74,675
Post-employment benefits	<u>4,844</u>	<u>6,825</u>
	<u>\$ 63,917</u>	<u>\$ 81,500</u>

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

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2025	2024
Demand deposits (included in financial assets at amortized cost - current)	\$ 23,160	\$ 23,160
Carrying amount of property, plant and equipment	<u>1,988,854</u>	<u>1,586,998</u>
	<u>\$ 2,012,014</u>	<u>\$ 1,610,158</u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group as of December 31, 2024 were as follows:

- a. As of December 31, 2025 and 2024, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$2,129 thousand and \$0 thousand, respectively.
- b. Unrecognized commitments were as follows:

	December 31	
	2025	2024
Acquisition of property, plant and equipment	<u>\$ 126,973</u>	<u>\$ 400,156</u>

- c. As of December 31, 2025 and 2024, the guarantees provided by the Corporation through banks amounted to approximately \$62,467 thousand and \$67,550 thousand, respectively.

34. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

For the purpose of strengthening working capital and supporting future operational requirements, ProAsia Semiconductor Corporation (“ProAsia”), a subsidiary of the Corporation, resolved at a meeting of its Board of Directors held on August 21, 2025 to undertake a cash capital increase through the issuance of new shares. The proposed issuance consisted of 25,000 thousand shares, with a par value of NT\$10 per share, issued at a premium at an issue price of NT\$30 per share. The capital increase record date was originally set as January 30, 2026.

In connection with the aforementioned cash capital increase, the Corporation injected NT\$132,000 thousand in cash into another subsidiary, Wan Zun Guang Investment Co., Ltd., which subscribed for 4,400 thousand shares of ProAsia Semiconductor Corporation under this capital increase. Upon completion of the subscription, the Corporation’s indirect shareholding in ProAsia amounted to 159,234 thousand shares, representing an anticipated ownership interest of approximately 81.84%.

However, due to the actual subscription proceeds being lower than initially anticipated, and in order to meet ProAsia’s operational funding requirements, the total amount of the cash capital increase was subsequently adjusted to NT\$225,388 thousand, with the issuance of 7,513 thousand new shares. The related amendment and change registration procedures have been duly completed in accordance with applicable regulations.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2025

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 53,342	31.38 (USD:NTD)	\$ 1,673,872
JPY	333,958	0.1988 (JPY:NTD)	66,391
CNY	1,584	4.471 (CNY:NTD)	7,082
EUR	343	36.7 (EUR:NTD)	12,588
<u>Financial liabilities</u>			
Monetary items			
USD	3,151	31.48 (USD:NTD)	99,193
JPY	1,708,873	0.2028 (JPY:NTD)	346,559
CNY	21,890	4.521 (CNY:NTD)	98,965
EUR	958	37.1 (EUR:NTD)	35,542

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 44,635	32.735 (USD:NTD)	\$ 1,461,127
JPY	242,740	0.2079 (JPY:NTD)	50,466
CNY	1,579	4.453 (CNY:NTD)	7,031
EUR	964	33.940 (EUR:NTD)	32,718

Financial liabilities

Monetary items			
USD	11,632	32.835 (USD:NTD)	381,937
JPY	1,377,558	0.2119 (JPY:NTD)	291,905
CNY	283	4.503 (CNY:NTD)	1,274
EUR	371	34.340 (EUR:NTD)	12,740

For the Year Ended December 31

		2025	2024	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	<u>\$ (31,282)</u>	1 (NTD:NTD)	<u>\$ 86,209</u>

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others: Table 1.
- 2) Endorsements/guarantees provided: Table 2.
- 3) Significant marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 3.
- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
- 6) Intercompany relationships and significant intercompany transactions: None.

b. Information on investees (excluding investees in mainland China): Table 6.

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: None.
- 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

37. OPERATING SEGMENT INFORMATION

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

a. Segment revenues and results:

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

	LED and Silicon Send or Chips Group	Displays and Lighting Group	Packaging Business Group	Other Segment	Consolidated
<u>For the year ended December 31, 2025</u>					
Revenue from external customers	<u>\$ 3,446,371</u>	<u>\$ 873,095</u>	<u>\$ 6,819</u>	<u>\$ -</u>	<u>\$ 4,326,285</u>
Segment income	<u>\$ (221,290)</u>	<u>\$ 136,025</u>	<u>\$ (1,166,342)</u>	<u>\$ (56,160)</u>	<u>\$ (1,307,767)</u>
<u>For the year ended December 31, 2024</u>					
Revenue from external customers	<u>\$ 3,502,965</u>	<u>\$ 796,751</u>	<u>\$ 181</u>	<u>\$ -</u>	<u>\$ 4,299,897</u>
Segment income	<u>\$ 3,728</u>	<u>\$ 108,161</u>	<u>\$ (554,968)</u>	<u>\$ (69,018)</u>	<u>\$ (512,097)</u>

The segment revenue reported above is generated from transactions with external customers. There were no inter-segment sales from January 1 to December 31, 2025 and 2024.

b. Total segment assets and liabilities

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

c. Revenue from major products and services

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

	For the Year Ended December 31	
	2025	2024
LED components	\$ 608,737	\$ 733,430
Sensor components	2,547,847	2,445,375
Displays and lighting products	873,095	796,751
Packaging products	5,784	-
Others	<u>290,822</u>	<u>324,341</u>
	<u>\$ 4,326,285</u>	<u>\$ 4,299,897</u>

d. Geographical information

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

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

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2025	2024	2025	2024
Taiwan	\$ 1,028,096	\$ 1,223,381	\$ 7,972,159	\$ 8,023,359
China	1,249,359	1,446,685	-	-
Others	<u>2,048,830</u>	<u>1,629,831</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,326,285</u>	<u>\$ 4,299,897</u>	<u>\$ 7,972,159</u>	<u>\$ 8,023,359</u>

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

e. Information on major customers

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

	For the Year Ended December 31	
	2025	2024
Customer A	\$ 704,479	\$ 604,834
Customer B	510,095	459,195
Customer C	<u>503,266</u>	<u>489,491</u>
	<u>\$ 1,717,840</u>	<u>\$ 1,553,520</u>

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limits (Note 4)	Note
													Item	Value			
0	Taiwan-Asia Semiconductor Corporation	Champ-Asia Semiconductor Corporation	Other receivables - related parties	Y	\$ 600,000	\$ 300,000	\$ 300,000	2.5616%	b	\$ -	Purchase equipment, increase working capital	\$ -	-	\$ -	\$ 655,699	\$ 2,622,796	-
		ProAsia Semiconductor Corporation	Other receivables - related parties	Y	400,000	200,000	200,000	2.5451%	b	-	Purchase equipment, increase working capital	-	-	-	655,699	2,622,796	-

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 (\$6,556,991 thousand \times 10% = \$655,699 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 one year period.

Note 4: Total amount of loans of the Company should not exceed 40% of the Company's latest net asset value (\$6,556,991 thousand \times 40% = \$2,622,796 thousand).

Note 5: The above transactions have been eliminated in the preparation of the consolidated financial statements.

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

No. (Note)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	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 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Taiwan-Asia Semiconductor Corporation	ProAsia Semiconductor Corporation Champ-Asia Semiconductor Corporation	Subsidiary Subsidiary	\$ 1,311,398 1,311,398	\$ 1,400,000 550,000	\$ 1,400,000 550,000	\$ 1,195,762 -	\$ - -	21.35 8.39	\$ 3,278,495 3,278,495	Y Y	N N	N N	- -

Note 1: The calculation and amount of ceiling on providing endorsement/guarantee to others shall be disclosed. If there was contingent loss recognized in the financial statements, the recognized amount shall be disclosed under the Company's "Procedures for Provision of Endorsements and Guarantees", the Company's total guarantees and endorsements to others should not exceed 50% of the Company's net asset value, and total guarantees and endorsements provided for a single party should not exceed 20% of the Company's net asset value. The calculation is shown below:

- a. $\$6,556,991 \text{ thousand} \times 50\% = \$3,278,495 \text{ thousand}$.
b. $\$6,556,991 \text{ thousand} \times 20\% = \$1,311,398 \text{ thousand}$.

Note 2: Regarding the excess amount of endorsement guarantees extended to a single enterprise, the Company has been submit the improvement plan to the Audit Committee on November 5, 2025, and to report to the Board of Directors quarterly for supervision and control.

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

SIGNIFICANT MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)

DECEMBER 31, 2025

(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, 2025			
				Shares	Carrying Amount	Percentage of Ownership	Fair Value
Taiwan-Asia Semiconductor Corporation	<u>Shares</u>						
	AXT, Inc. (Note 3)	-	Financial assets at FVTPL - non-current	124,100	\$ -	-	\$ -
	Top Increasing Technology Co., Ltd.	-	Financial assets at FVTPL - non-current	10,000,000	-	16.67	-
	Nichia Corp.	The Company is the parent company of Nichia Taiwan Corp.	Financial assets at FVTOCI - non-current	10,000	223,593	0.45	223,593
	Viking Tech Corporation.	-	Financial assets at FVTOCI - non-current	2,873,994	167,841	2.45	167,841
	Shin-Etsu Opto Electronic Co., Ltd.	-	Financial assets at FVTOCI - non-current	2,000,000	110,000	10.00	110,000
	Fubon Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	250,000	13,350	-	13,350
	<u>Private fund</u>						
	Wisdom Capital Limited Partnership	-	Financial assets at FVTOCI - non-current	-	229,014	-	229,014
Ho Chung Investment Co., Ltd.	<u>Shares</u>						
	Taiwan-Asia Semiconductor Corporation	Parent company	Financial assets at FVTPL - current	754,543	19,694	0.17	19,694
	Shangya Technology Co., Ltd.	-	Financial assets at FVTOCI - non-current	6,800,000	219,730	15.35	219,730
River Asset Co., Ltd.	<u>Shares</u>						
	Leadtrend Tech. Corp.	-	Financial assets at FVTPL - current	905,195	43,811	1.47	43,811

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 Table 6.

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

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2025
 (In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			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.	Sale	\$ 282,901	6.54	Collect receivables in 45 days after acceptance	\$ -	-	\$ 22,131	1.86	-

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Taiwan-Asia Semiconductor Corporation	Champ-Asia Semiconductor Corporation ProAsia Semiconductor Corporation	Subsidiary Subsidiary	\$ 342,360 231,313	(Note 1) (Note 2)	\$ - -	- -	\$ - -	\$ - -

Note 1: The receivables included intercompany loan \$300,000 thousand, goods \$149 thousand and equipment \$42,211 thousand.

Note 2: The receivables included intercompany loan \$200,000 thousand, goods \$435 thousand and equipment \$30,878 thousand.

Note 3: All the transactions had been eliminated when preparing consolidated financial statements.

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2025	December 31, 2024	Shares	%	Carrying Amount			
Taiwan-Asia Semiconductor Corporation	Ho Chung Investment Co., Ltd.	Taiwan	Investment business	\$ 400,000	\$ 400,000	40,000,000	100.00	\$ 319,665	\$ (1,912)	\$ 691	(Note 1)
	River Asset Co., Ltd.	Taiwan	Investment business	400,000	400,000	40,000,000	100.00	316,086	(16,977)	(16,977)	(Note 1)
	Star Asia Vision Corporation	Taiwan	Manufacture and sales of lighting equipment	163,360	164,360	16,336,000	65.34	360,024	98,150	68,971	(Note 1)
	New Smart Technology Co., Ltd.	Taiwan	Automatic control equipment engineering business	13,048	14,000	932,000	4.03	13,932	62,584	2,179	(Note 1)
	Wan Zun Guang Investment Co., Ltd.	Taiwan	Investment business	2,020,010	2,020,010	202,001,000	100.00	1,003,072	(696,539)	(696,539)	(Note 1)
	Champ-Asia Semiconductor Corporation	Taiwan	Manufacturing of electronic parts	1,270,000	1,000,000	122,500,000	97.92	847,419	(331,259)	(325,429)	(Note 1)
River Asset Co., Ltd.	New Smart Technology Co., Ltd.	Taiwan	Automatic control equipment engineering business	52,150	56,000	3,725,000	16.12	55,867	62,584	8,703	(Note 1)
	Anax-Asia Technology Corporation	Taiwan	Research, production, testing and sale of integrated circuit (IC) products	10,500	10,500	1,050,000	30.00	-	(13,950)	(4,185)	(Note 2)
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	2,012,510	2,012,510	154,834,000	82.78	996,961	(833,773)	(696,450)	(Note 1)
Ho Chung Investment Co., Ltd.	United-Asia Semiconductor Corporation	Taiwan	Assembling and testing of electronic parts	101,000	101,000	10,100,000	100.00	91,390	937	937	(Note 1)
	Champ-Asia Semiconductor Corporation	Taiwan	Manufacturing of electronic parts	1,000	1,000	100,000	0.08	692	(331,259)	(276)	(Note 1)

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

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

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