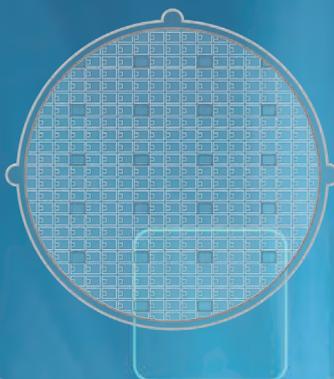
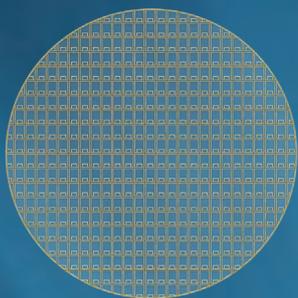


# Annual Report

# 2340

Stock Code



# TASC

## Taiwan-Asia Semiconductor Corporation

Formerly named: OPTO TECH CORPORATION

Printing Date of Annual Report | May 15, 2023 |

Annual Report Website | [mops.twse.com.tw](http://mops.twse.com.tw) |

TASC Website | [www.tascsemi.com](http://www.tascsemi.com) |

I. The name, title, telephone number and e-mail of the spokesperson and Deputy spokesperson  
Spokesperson

Name: Jeffery Tai Title: Assistant Vice President

Tel: 886-3-5638951 E-mail: Jeffery.Tai @tascsemi.com

II. The Address and telephone number of the company and manufactories

The company

Address: No. 1, Li-hsin Rd. V, Hsinchu Science Park, Hsinchu 300094, Taiwan. R.O.C.

Tel: 886-3-5638951

Li-hsin Manufactory

Address: No. 1, Li-hsin Rd. V, Hsinchu Science Park, Hsinchu 300094, Taiwan. R.O.C.

Tel: 886-3-5638951

Chuangxin Manufactory

Address: No. 8, Innovation Rd. 1, Hsinchu Science Park, Hsinchu, 300092, Taiwan R.O.C.

Tel: 886-3-5777481

III. Stock Transfer Agent

Stock Affairs Agency Department of Copyright Taishin Securities Co., Ltd.

Address: B1, No.96, Sec. 1, Jianguo N. Rd., Taipei, Taiwan

Website: <https://www.tssco.com.tw>

Tel: 886-2- 25048125

IV. The name of the certified public accountant who duly audited the annual reports for the most recent fiscal year and telephone number of said person's accounting firm

Accountants: Alexe Chen & Titan Lee

Accounting firm: Deloitte & Touche

Address: 20F, Taipei Nan Shan Plaza No. 100, Songren Rd., Xinyi Dist., Taipei 110016,

Taiwan

Website: <http://www.deloitte.com>

Tel: 886-2-2725-9988

V. Overseas Securities Exchange

Not applicable

VI. Corporate Website

<https://www.tascsemi.com>

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# I、Letter to shareholders

## 1. 2022 Business Results:

### (1) Implementation results from 2022 Business Plan:

In recent years, the Company has been considering its future operation and development, and has successively adjusted the Company's business strategy. In 2022, the original "system business group" was split up into a subsidiary - "OPTO TECH CORPORATION", and a subsidiary was established in the same year - "ProAsia Semiconductor Corporation", engaging in system display products and MOSFET on SiC, respectively. The Company is also optimistic about the future application of power components and has been actively investing in the development of GaN on Si since 2022. The important operating results of the overall Group are as follows:

1) Development of optical coating technology and completion of the verification of thin-film optical design database and coating equipment.

2) Active development of non-invasive blood sugar detection technology, striving to obtain R & D subsidies from the Industrial Development Bureau, MOEA.

3) Completion of the development of high-voltage ESD protection components for vehicles, which is undergoing customer certification.

4) Process planning for JBS diodes and horizontal MOSFETs.

5) Collaboration with customers to develop quaternary automotive LED products and introduction of mass production to increase product gross profit margin.

6) Overall, total 2022 operating revenue reached NT\$4.529 billion, with after-tax net profit of NT\$360,464,000, and earnings per share of NT\$0.82.

### (2) 2022 budget implementation status:

Unit: Million pieces

Major Divisions	2022 sales figures	
	Projected	Actual
Light emitting components	16,714	7,887
Sensing components	35,278	17,772
Total	51,992	25,659

### (3) Analysis of financial income/outlay and profit capacity:

Unit: NT\$ thousands

Item	2022
Operating revenues	4,529,777
Operating income	383,070
Profit before income tax	446,776
Interest expense	11,431
Ratio of interest expense to operating income (%)	2.98%

Unit: NT\$ thousands ; %

Year/Item		2022
Basic information	Total liabilities	2,045,413
	Ratio of capital owned	80.62%
Financial structure	Ratio of liabilities to assets	19.38%
	Ratio of long-term capital to Property, plant and equipment	339.08%
Debt servicing capacity	Current ratio	349.94%
	Quick ratio	263.45%
	Times interest earned ratio	40.08

(4) Research and development

- 1) Establishment of various thin-film optical design and coating process technologies and formulation of advanced detection techniques.
- 2) Establishment of mass production of key light-emitting and receiving chips of various wavelengths and mass production of special sensing module packaging, and the verification and protection of special algorithm for physiological parameters.
- 3) For the MOSFET on SiC products, the subsidiary ProAsia Semiconductor Corporation is currently preparing for the initial production capacity during the construction of the production line, using some of TASC's existing production equipment while supplementing with external resources to accelerate the accumulation of process development capacity and shorten the product development and sample submission schedule.
- 4) New compound semiconductor optoelectronic products and compound semiconductor epi-wafer development.

**2. Business plan for 2023:**

(1) Operations program:

- 1) Product quality improvement and customer service enhancement.
- 2) Acceleration of new product development to expand customer base.
- 3) Reduction of production costs to increase product gross profit.
- 4) Development of third-generation semiconductor materials and power components.
- 5) Research and development of next-generation substrate materials to break through the cost bottleneck.

(2) Projected sales volume and basis:

The Yole Development research institute reported that the market size of silicon carbide (SiC) as a power semiconductor material will grow to US\$4.5 billion in 2020 to 2026, and the market size of gallium nitride (GaN) power semiconductors will reach US\$1.1 billion. From 2021 to 2027, the compound annual growth rate of the overall gallium nitride (GaN) power component market will be 59%, and the compound annual growth rate of the silicon carbide (SiC) power component market will be 34%. The Company's projected 2023 operating goals are as follows:

Unit: Million pieces

Major Divisions	Expected sales of 2023
Power components	13,240
Emission components	11,901
Sensing components	10,359
Total	35,500

(3) Major production & sales policies:

- 1) The technology platform spans from the first-generation semiconductors to the third-generation semiconductors seamlessly, and the optical components lead the electrical components to drive industrial application upgrades.

- 2) Power device products will first be oriented to the electric vehicle application market, and then gradually expand to various applications, such as charging points and invertors, while integrating the equipment and production lines built by subsidiaries for the third-generation semiconductors to generate a synergistic effect.
- 3) Vertical integration and module packaging are the main development trends of silicon carbide (SiC) in the future. Integrated Device Manufacturer (IDM) is the main business model of silicon carbide (SiC). At present, strategic integration of upstream domestic and foreign substrate manufacturers and downstream product design end has been actively carried out, which is a key competitiveness for future development.

### **3.Strategy for future Company development, and influences from external competitive environment, regulatory environment, and overall operating environment:**

#### **(1) Strategy for future Company development:**

In recent years, with the impact of market fluctuations in sensing components and light-emitting components, and driven by electric vehicles, international net-zero carbon emission policies, renewable energy policies, and popularization of electric vehicles, the Company has gradually adjusted its business strategy to cope with the transformation of the global new energy generation. Faced with this trend, the Company will actively arrange the layout of power components in the future. With the characteristics of high temperature resistance, high voltage resistance, decent switching speed and heat conduction and low energy consumption, the third-generation semiconductor can significantly improve the efficiency of AC-DC, DC-DC power conversion, and be implemented to stay closer to the products for daily use around us. Among them, the general optical couplers used in the consumer and home appliance industries will be transferred to the development of high-speed optical couplers to attack the industrial control and automotive fields. In the future, the Company will enter the power component market from GaN on Si and MOSFET on SiC, so as to expand the momentum of revenue growth to respond to the economic recovery in 2023. According to TrendForce estimates, the global power battery production capacity will exceed TWh (Terawatt-hour, one trillion watt-hours) in 2023, and the output value will be close to 120 billion US dollars.

#### **(2) Influences from external competitive environment:**

In 2022, the world's major economies continued to raise interest rates to curb inflation, coupled with the unresolved war between Russia and Ukraine, the resurgence of the US-China technology war, and China's zero-COVID policy impacting supply chain demand, the downstream inventory of terminals remained high, forcing end-customers in the consumer and home appliance markets to be weak in purchasing goods, and order placing became more conservative. It is estimated that the market will gradually recover in the second half of 2023 at the earliest.

In the face of market turmoil and price competition from competitors, TASC will not only continue to deepen its partnership with wearables, maintain existing orders for sensing components, and optimize production efficiency, but will also upgrade from near-infrared (NIR) to short-wave infrared (SWIR) through technological evolution, introduce applications such as non-invasive blood sugar, blood lipid and blood alcohol concentration monitoring, driving revenue growth through health management business opportunities.

(3) Influences from the regulatory environment :

Affected by geopolitical risks and the US-China technology war, the U.S. has not only continued to resort to sanctions, but also beckoned to semiconductor companies in various countries and lured them with tax incentives, which has caused companies from all over the world to rush to the U.S. to set up factories. As a result, China's semiconductors have been seriously threatened, supply chain risks have elevated, and related supply chains have been shifted or broken. Taiwan's semiconductor industry had also been affected by this, resulting in the outflow of talents, technology and resources; however, TASC has always regarded employees as family members, paid attention to employee welfare measures and working environment, has various talent retention measures, and recruits outstanding talents in the industry. In terms of supply chain, we continue to deepen the partnership with upstream and downstream partners, optimize the structure of the industrial chain, so as to cope with this turmoil.

(4) Influences from the overall operating environment :

Geopolitics, climate fluctuations, interest rate hikes, and destocking caused a rapid decline in the semiconductor business in 2022. In 2023, under various highly uncertain factors, the business in the first half of the year is expected to remain uncertain. However, with inventory adjustments, the semiconductor boom is expected to pick up in the second half of 2023. With the recovery of the economy, TASC Group has expanded the layout of power components, actively investing in GaN-on-Si and SiC, withstanding voltages from 200V to 6.5KV. The scope of application includes consumer electronics products, telecommunications products, industrial control, medical and automotive industry applications, and is developing towards a diversified product portfolio to provide product added value, which not only diversifies operational risks, but is also expected to drive the Group's future revenue and profits.

In the face of short-term shocks in the semiconductor industry in 2022, it is expected that the global economy will gradually and slowly recover in 2023. In response to the gap in the market turmoil, TASC Group will continue to deepen its partnership with wearables, maintain existing orders for sensing components, introduce non-invasive blood sugar into short-wave infrared (SWIR) products, and actively invest in the third-generation semiconductor industry. Optical components lead electrical components to drive industrial application upgrades, and electrical components drive optical systems to achieve green energy popularization, highlighting the core competitiveness of TASC's optical and electrical dual-engine products in coping with the rapidly changing market, upholding the core value of "study hard, think hard, and work hard to create the best product in the world" to continue to take on the future and gain more outstanding results.

Chairman:

H.T. Wang

President:

Champion Yi

Head of Accounting:

Amy Wu

## II 、 Company Profile

### 1.Date of Incorporation: December 21<sup>st</sup>, 1983

### 2.Company History:

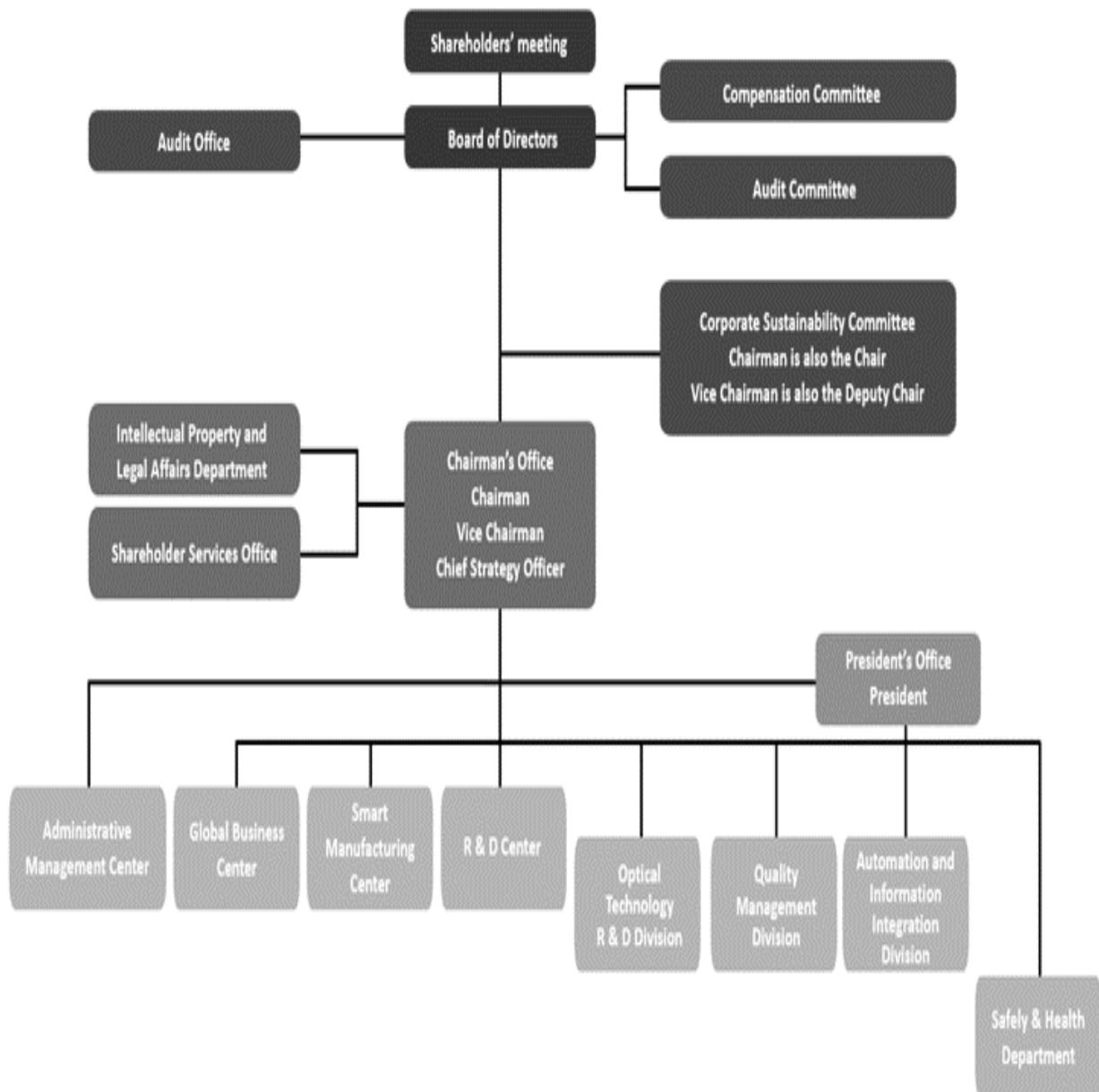
12/1983	Company was founded
01/1984	Bank of Communications invested our company, and we began factory construction and equipment installation.
06/1984	Test run began.
07/1984	The production and sales of LED chips began
02/1986	Operation broke even
09/1987	The development of high brightness LED chip was completed and mass production began
12/1991	The production of LED large-size display began
08/1992	Securities and Exchange Commission of Ministry of Finance approved the re-submission of IPO of our company
03/1993	Our LED large-size display was granted US patent for 17 years
12/1993	The civil construction of the Chuangxin factory of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION) was completed
05/1995	Our stock was listed on Taiwan Stock Exchange
08/1996	Received RWTUV ISO-9001 certificate
12/1999	Signed development project of “organic LED material and device technologies” with Material Laboratory of ITRI
09/2000	The civil construction of the Li-hsin factory of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION) was completed. All departments were gradually moved to the Li-hsin factory on Li Hsin Road.
12/2001	Developed new generation high brightness algainp LED chip
01/2002	Our company signed with Advanced TEK International Corporation to begin “ERP+MES implementation” project
05/2002	Authorized by ISO 14001 and OHSAS 18001
08/2004	Semiconductor Sales & Marketing Division authorized by ISO/TS16949
07/2005	Successfully introduced Japanese investment from Nichia during company capital increase and promoted mutual collaboration and exchange.
06/2006	Taiwan Nichia was elected to be our board members
08/2006	Received SGS IECQ HSPM (QC080000) certificate
01/2008	Officially launched all new corporate identity system (CIS) to create new corporate brand image and strengthen international competitiveness.
12/2008	Involving in the cash capital increase plan of an international LED manufactory, Nichia Japan
09/2012	LED products passed carbon footprint check
02/2013	Launched a new product image
08/2013	Secured energy saving label certification from the Bureau of Energy, Ministry of Economic Affairs (street lighting lamps)
09/2013	Authorized by CNS15506 (taiwan occupational safety & health) certificate
01/2015	Achieved taf (taiwan accreditation foundation) iso/iec 17025 (photovoltaic test laboratory) certification
01/2018	Kuangfu Plant of Optotech joined the operation
09/2018	Qualified by IATF 16949 Management System Certificate
07/2019	obtained ISO 45001 management system certification
08/2019	obtained CNS 45001 (Taiwan Occupational Safety and Health) Management System Certification
05/2021	Established the TASC Health Care & Charity Foundation
08/2021	Successfully introduced Nichia Taiwan Corp. to participate in private placement as a strategic investor to ensure a long-term cooperative relationship between the two parties
11/2021	The Company changed its name to “Taiwan-Asia Semiconductor Corporation (TASC)”
01/2022	The system business group was split up into a subsidiary “Opto System Technologies Inc.”
03/2022	Hsinchu Science Park Bureau approved the establishment and registration of the subsidiary “ProAsia Semiconductor Corporation” in Hsinchu Science Park.

# III 、 Corporate Governance Report

## 1. Organization:

### (1) Organizational Chart

#### Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION)



## **(2) Major Corporate Functions**

### **A. Corporate Sustainability Committee**

- Propose a corporate social responsibility mission or vision, and formulate corporate social responsibility policies, systems or related management guidelines.
- Incorporate corporate social responsibility into the Company's operating activities and development direction, and approve specific promotion plans for corporate social responsibility.

### **B. Chairman's Office**

- Assist the Chairman of the Board of Directors in fulfilling the powers and responsibilities given by the Company Act. Assist in organizing the Board of Directors meetings to discuss the Corporation's major proposals and strategies in order to implement the decisions made by the Board of Directors, and to ensure that all the Corporation's actions are in line with the corresponding laws and the interests of shareholders.
- Intellectual Property & Legal Affairs Department : Corporation contract review and management as well as the planning and management of legal affairs and patent rights, copyright, trademark rights, franchise and other intellectual property rights.
- Stock Affairs Office : Stock affairs related operations, and preparation of the Board of Directors meetings, shareholder meetings and functional committees and securities - acquisition and disposal of stocks.

### **C. President Office**

- Act in accordance with the resolutions of the Board of Directors as well as the Chairman, and supervise the businesses of its subordinating departments.
- Formulation and planning of the Corporation's revenue targets, operation analysis, and goal management and implementation.
- Responsible for the management of the Corporation's management system, policy formulation and other related planning operations.

### **D. Administration Management Center**

- Comprehensively manage the Corporation's human resources, financial, and Procurement related planning and implementation.
- Supervise the businesses of its subordinating units.
- Affairs related to the scope of the administration management center.

### **E. Global Sales Center**

- Comprehensively manage the Corporation's market plan, business-related planning and implementation.
- Supervise the businesses of its subordinating units.
- Affairs related to the scope of the global sales center.

### **F. Smart Manufacturing Center**

- Comprehensively manage the Corporation's production and technology related planning and implementation.
- Supervise the businesses of its subordinating units.
- Affairs related to the scope of the smart manufacturing center.

#### G. Research Center

- Comprehensively manage the Corporation's optoelectronic R&D, silicon-electronic R&D, and R&D integration related planning and implementation.
- Supervise the businesses of its subordinating units.
- Affairs related to the scope of the research center.

#### H. Optical Technology R&D Division

- Develop new technologies and product applications and find upstream and downstream partners.
- Technical integration of chip packaging and optical designs for products.
- Plan technical blueprints and promote them to the R&D units of potential customers to enhance new product opportunities in the future.
- Forward-looking deployment of technological patents.

#### I. Quality Management Division

- Comprehensively manage the Company's planning and implementation related to quality assurance, quality control, and management system.
- Oversees the daily operations of all the units under the Quality Management Division.
- Coordinate and integrate resources related to 6S activities, and implement according to the plan.
- Matters related to the scope of responsibilities of the Quality Management Division.

#### J. Automation Information Integration Division

- Comprehensively manage the Company's maintenance and operation technology, management applications, and production automation related planning and implementation.
- Supervise the businesses of its subordinating units.
- Affairs related to the scope of the automation information integration division.

#### K. Auditing Office

- Reviewing the design and implementation of internal control systems, providing suggestions for improvement, and submitting periodic follow-up reports.
- Other matters as instructed by senior management.

#### L. Safely&Health Department

- Determine the occupational health and safety management plan and environmental protection management plan.
- Formulate, plan, supervise, and promote matters related to health and safety management and environmental protection management (including plant sanitation and waste), and guide related departments in implementation.
- Other matters as instructed by senior management.

## 2.Directors, Supervisors and Management Team :

### (1) Directors and Supervisors

Apr. 22, 2023

Title	Nationality/ Country of Origin	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
							Chairman	R.O.C.	H.T. Wang	Male 61~70 years old	2021.10.21	3	2002.05.29	1,937,625			0.44	1,937,625	0.44	
Vice Chairman	R.O.C.	Tsun-Chia Tai	Male 51~60 years old	2021.10.21	3	2020.06.16	0	0.00	0	0.00	0	0.00	0	0.00	Academician of the International Academy of Science and Technology of the Department of Production Science / Bachelor's degree in Ishikawa Prefectural University, Japan Vice Chairman of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	Professional Director / Director of the Third Business Division of Nichia Corporation. Chairman of Nichia ShenZhen Corporation. Chairman / President of Nichia Shanghai Corporation. Director / President of Nichia Taiwan Corporation. Vice Chairperson of the Corporate Sustainability Committee of Taiwan- Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	None	None	None	None
Director	R.O.C.	Kuo-Kuang Li	Male 41~50 years old	2021.10.21	3	2020.06.16	0	0.00	0	0.00	52,000	0.01	0	0.00	Gradute Institute of Medical,Taipei Medical University Master's Degree. PhD degree in International Law, China University of Political Science and Law, Beijing. Chief Strategy Officer of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	Chairman of Chen Min Investment Co.,Ltd. Chairman of Dangdai Xinchuang Technology Co., Ltd. Chairman of Opto System Technologies Inc. Chairman of Wan Zun Guang Investment Co., Ltd. Director of River Asset Co., LTD. Chief Strategy Officer of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	None	None	None	None
Director	R.O.C.	Nichia Taiwan Corp.	-	2021.10.21	3	2006.06.14	88,811,822	20.25	88,811,822	20.25	0	0.00	0	0.00	-	-	None	None	None	None
	Japan	Rep. of legal person: Ishigami Koji	Male 41~50 years old	2021.10.21	3	2015.09.09	0	0.00	0	0.00	0	0.00	0	0.00	Dept. of Business and Economics, Div. of Kindai University. Vice President of Nichia Taiwan Corporation.	Vice President of Nichia Taiwan. Corporation President of Nichia ShenZhen Corporation. Director of Nichia Shanghai Corporation. President of Nichia Hongkong Corporation. Director of Shenzhen Optics innovation vision tech. Co., LTD.	None	None	None	None

Title	Nationality/ Country of Origin	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C.	Shih-Kuang Tsai	Male 51~60 years old	2021.10.21	3	2021.10.21	0	0.00	0	0.00	0	0.00	0	0.00	Master degree of Accounting, National Taiwan University. Dept. of Accounting, Fu Jen Catholic University. Director of Tatung System Technologies Inc. Adjunct Lecturer , Department of Accounting, Ming Chuan University.	Public Accountants of T.K. TSAI & CO.,CPAS. Independent Director of YungShin Global Holding Corporation. Independent Director of Yungshin Pharm Ind. Co. Ltd. Independent Director of Syncmold Enterprise Corp. Independent Director of AIC Inc. Supervisor of Zhi-Hang Technology CO. LTD.	None	None	None	None
Independent Director	R.O.C.	Chen-Tung Lai	Male 61~70 years old	2021.10.21	3	2021.10.21	0	0.00	0	0.00	0	0.00	0	0.00	Master degree of Forestry and Resources Conservation, National Taiwan University. Dept. of Forestry, Chinese Culture University. The third session of TPTLA Chairman. Chief of Administrative Section, Patent Division, Central Bureau of Standards, Ministry of Economic Affairs (predecessor of Smart Bureau).	None	None	None	None	
Independent Director	R.O.C.	Chien-Chih Wu	Male 61~70 years old	2021.10.21	3	2021.10.21	15,000	0.00	15,000	0.00	0	0.00	0	0.00	PhD, Institute of Medical Research, Taipei Medical University. Department of Medicine, Taipei Medical College.	Chair of the Department of Medicine, Taipei Medical University. Associate Provost/ Professor, Department of Medical Education and Humanities, Taipei Medical University. Attending physician in the Department of Urology, Taipei Medical University Hospital.	None	None	None	None

Note : There is no situation where the President or person of an equivalent post (the highest level manager) and Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship.

A. Major shareholders of the institutional shareholders

Dec. 31, 2022

Name of Institutional Shareholders	Major shareholders of the institutional shareholders	Ratio of shareholding (%)
Nichia Taiwan Corp.	Nichia Corp.	99.74
	Kan-Lin Yen	0.13
	Jo-Li Chang	0.13

B. Major shareholders of the Company's major institutional shareholders

Dec. 31, 2022

Name of Institutional Shareholders	Major Shareholders	Ratio of shareholding (%)
Nichia Corp.	日亜持株組合	13.4
	株式会社協同医薬研究所	5.9
	Tokushima Taisho Bank, Ltd.	4.7
	The Awa Bank, Ltd	4.7
	Shikoku Bank, Ltd.	4.7
	Citizen Watch Co., Ltd.	4.0
	Mizuho Bank, Ltd.	3.4
	Otsuka Holdings Co., Ltd	3.0
	The Iyo Bank, Ltd.	3.0
	The Bank of Mitsubishi UFJ	2.8

### C. Disclosure of information as professional qualifications and independent status of directors and independent directors

Name	Qualification	Professional qualifications and experience	Independent status												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
			1	2	3	4	5	6	7	8	9	10	11	12	
H.T.Wang		<ul style="list-style-type: none"> <li>● Industry related work experience</li> <li>● Engineering Technology and Strategic Management</li> </ul>			✓		✓	✓	✓	✓	✓	✓	✓	✓	0
Tsun-Chia Tai		<ul style="list-style-type: none"> <li>● Industry related work experience</li> <li>● Engineering Technology and Strategic Management</li> </ul>			✓		✓	✓	✓	✓	✓	✓	✓	✓	0
Kuo-Kuang Li		<ul style="list-style-type: none"> <li>● Industry related work experience</li> <li>● Legal, Medicine and Strategic Management</li> </ul>			✓		✓	✓	✓	✓	✓	✓	✓	✓	0
Ishigami Koji (Nichia Taiwan Corp.)		<ul style="list-style-type: none"> <li>● Industry related work experience</li> <li>● Business and Strategic Management</li> </ul>			✓		✓	✓		✓	✓	✓			0
Shih-Kuang, Tsai		<ul style="list-style-type: none"> <li>● Industry related work experience</li> <li>● Financial Accounting and Strategic Management</li> </ul>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	4
Chen-Tung, Lai		<ul style="list-style-type: none"> <li>● Industry related work experience</li> <li>● Legal and Strategic Management</li> </ul>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chien-Chih, Wu		<ul style="list-style-type: none"> <li>● Industry related work experience</li> <li>● Medicine, educate and Strategic Management</li> </ul>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note1: For the relevant industry experience and educational background of the Directors, please refer to pages 9-10 of this annual report.

Note2: Independence of each Director and Independent Director:

- (1). Not an employee of the company or any of its affiliates.
- (2). Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
- (3). Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
- (4). Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
- (5). Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
- (6). If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
- (7). If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
- (8). Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
- (9). Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10). Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- (11). Not been a person of any conditions defined in Article 30 of the Company Law.
- (12). Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

#### D. Diversity and independence of the Board of Directors:

##### I. Diversity of the Board of Directors:

i. The Company has established the “Corporate Governance Best Practice Principles”, which clearly regulates that diversity shall be considered in the composition of board members. Directors who are also managers in the Company may not take up more than one-third of all seats. In addition, appropriate diversity policies shall be stipulated reflective of the Company’s operation status, operational pattern, and developmental needs, which shall include, without limitation, the following two major aspects:

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

ii. The composition of board members shall be equipped with knowledge, skills, and attainments generally required for performing their tasks. In order to accomplish the preferred governance goals of the Company, the board of directors as a whole shall be equipped with the following capabilities:

- (1) Ability to make sound business judgments.
- (2) Ability to perform accounting and financial analysis.
- (3) Business management ability.
- (4) Crisis management ability.
- (5) Industry knowledge.
- (6) An international market perspective.
- (7) Ability to lead.
- (8) Decision-making ability.

iii. The current number of directors is 7, and their diversity is as follows:

title	Name	Basic composition									Professional knowledge		capabilities				
		Nationality	Gender	Employee	Age			Independent directors' tenure			Industry related background	Legal, Finance or Accounting	Ability to conduct crisis management	An international market perspective	Ability to make policy decisions	Ability to lead	Risk Management
					Less than 55 years-old	56-65	66-75	Less than 3 years	3~9 years	Over 9 years							
Chairman	H.T.Wang	R.O.C.	Male	V			V				V		V	V	V	V	V
Vice Chairman	Tsun-Chia Tai	R.O.C.	Male	V	V						V		V	V	V	V	V
Director	Kuo-Kuang Li	R.O.C.	Male	V	V						V	V	V	V	V	V	V
Director	Nichia Taiwan Corp. Rep. of legal person: Ishigami Koji	Japan	Male		V						V		V	V	V	V	V
Independent Director	Shih-Kuang, Tsai	R.O.C.	Male			V		V				V	V	V	V	V	V
Independent Director	Chen-Tung, Lai	R.O.C.	Male				V	V				V	V	V	V	V	V
Independent Director	Chien-Chih, Wu	R.O.C.	Male			V		V			V		V	V	V	V	V

## II. Independence of the Board of Directors:

The current board is composed of seven members, three of which are independent directors and three of which are company employees (respectively accounting for 42.86% and 42.86% of the entire board). All three independent directors have been members for less than three years. As of the end of 2022, all independent directors have met the standards set out by the Securities and Futures Bureau (SFB). All directors and independent directors do not meet any of the conditions stated in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act. The board of directors is independent (Please refer to page 12 of this annual report, Information Disclosure on the Qualifications of Directors and the Independence of Independent Directors). For information on their academic background, sex, and work experience (Please refer to page 9-10 of this annual report, Information on Board of Directors).

**(2) Management Team**

Apr.22, 2023

Title	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
					Chairperson of the Corporate Sustainability Committee	R.O.C.	H.T.Wang	Male	2021.10.21	1,937,625			0.44	9,396	0.00	
Vice Chairperson of the Corporate Sustainability Committee	R.O.C.	Tsun-Chia Tai	Male	2021.10.21	0	0.00	0	0.00	0	0.00	Academician of the International Academy of Science and Technology of the Department of Production Science / Bachelor's degree in Ishikawa Prefectural University, Japan Vice Chairman of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	Professional Director / Director of the Third Business Division of Nichia Corporation. Chairman of Nichia ShenZhen Corporation. Chairman / President of Nichia Shanghai Corporation. Director / President of Nichia Taiwan Corporation. Vice Chairman of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	None	None	None	None
Chief Strategy Officer	R.O.C.	Kuo-Kuang Li	Male	2021.10.21	0	0.00	52,000	0.01	0	0.00	Gradute Institute of Medical,Taipei Medical University Master's Degree. PhD degree in International Law, China University of Political Science and Law, Beijing. Director of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	Chairman of Chen Min Investment Co.,Ltd. Chairman of Dangdai Xinchuang Technology Co., Ltd. Chairman of Opto System Technologies Inc. Chairman of Wan Zun Guang Investment Co., Ltd. Director of River Asset Co., LTD. Director of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	None	None	None	None
President	R.O.C.	Champion Yi	Male	2022.04.01	0	0.00	0	0.00	0	0.00	PhD of Columbia University. Department of Biomechatronics Engineering, National Taiwan University. Senior Director of Lam Research Corporation. Senior Plant manager of Semiconductor Manufacturing International Corporation. Senior Director of Semiconductor Manufacturing International Corporation.	None	None	None	None	

Title	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
					Senior Vice President & Chief of Staff	R.O.C.	Tzu-Chun Lin	Female	2021.01.01	374,805			0.09	0	0.00	
Senior Vice President & Chief Operating Officer	R.O.C.	Jason Tsai	Male	2022.06.01	0	0.00	0	0.00	0	0.00	Master of Engineering of Iowa State University. Department of Industrial Engineering and Management. Senior Directors of Lam Research Corporation. Senior Vice President of Shanghai Simgui Technology Co.,Ltd..	None	None	None	None	
Vice President & Chief Technology Officer	R.O.C.	Heng-Kuang Lin	Male	2023.05.05	0	0.00	0	0.00	0	0.00	PhD of Materials Institute University of California, Santa Barbara. Master's Degree of Materials Institute National Taiwan University. Vice President of R&D of LTECHNOLOGY CREATES MIRACLE	None	None	None	None	
Senior Vice President	R.O.C.	Vince Chen	Male	2022.08.01	100,000	0.02	0	0.00	0	0.00	PhD / Master's Degree of Department of Electrical Engineering,National Tsing Hua University. Research & Development Division I Senior Vice President of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	None	None	None	None	
Assistant Vice President	R.O.C.	Jeffery Tai	Male	2021.01.01	100,000	0.02	0	0.00	0	0.00	PhD of epartment of Electrical Engineering, National Central University. Sales Division Assistant Vice President of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	None	None	None	None	
Assistant Vice President	R.O.C.	Wen-Tsung Lai	Male	2022.12.01	110,220	0.03	0	0.00	0	0.00	Master of Photonics National Sun Yat-sen University Business Planning Division. Assistant Vice President of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	None	None	None	None	
Assistant Vice President	R.O.C.	Jeng Huang	Male	2022.06.01	0	0.00	0	0.00	0	0.00	Department of Electrical and Computer Engineering. R & D Department II Assistant Vice President of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	None	None	None	None	

### 3. Remuneration of Directors, Independent Directors, President, and Vice President

#### A. Remuneration of Directors and Independent Directors

Unit: NT\$ thousands / Thousand shares

Title	Name	Remuneration								Amount and Ratio of total Remuneration (A+B+C+D) to Net Income(%)		Relevant Remuneration Received by Directors Who are Also Employees								Amount and Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income(%)		Compensation from investees other than TASC subsidiaries or Parent Company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances(D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)						
		TASC	Companies in the consolidated financial statements	TASC	Companies in the consolidated financial statements	TASC	Companies in the consolidated financial statements	TASC	Companies in the consolidated financial statements	TASC	Companies in the consolidated financial statements	TASC	Companies in the consolidated financial statements	TASC	Companies in the consolidated financial statements	TASC		Companies in the consolidated financial statements		TASC	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	H.T.Wang	0	0	0	0	4,972	4,972	360	360	5,332 1.48%	5,332 1.48%	16,406	16,406	1,661	1,661	2,400	0	2,400	0	25,799 7.16%	25,799 7.16%	0
Vice Chairman	Tsun-Chia Tai	0	0	0	0	4,936	4,936	180	180	5,116 1.42%	5,116 1.42%	13,816	13,816	1,485	1,485	2,700	0	2,700	0	23,118 6.41%	23,118 6.41%	10,078
Director	Kuo-Kuang Li	0	0	0	0	4,900	4,900	180	180	5,080 1.41%	5,080 1.41%	11,011	11,011	880	880	2,400	0	2,400	0	19,371 5.37%	19,371 5.37%	0
Director	Nichia Taiwan Corp. Rep. of legal person: Ishigami Koji	0	0	0	0	4,501	4,501	180	180	4,681 1.30%	4,681 1.30%	0	0	0	0	0	0	0	0	4,681 1.30%	4,681 1.30%	1,567
Independent Director	Shih-Kuang Tsai	0	0	0	0	6,097	6,097	540	540	6,636 1.84%	6,636 1.84%	0	0	0	0	0	0	0	0	6,636 1.84%	6,636 1.84%	0
Independent Director	Chen-Tung Lai																					
Independent Director	Chien-Chih Wu																					

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration : The Company's Independent Director Compensation Policy is formulated in accordance with the Company's "Regulations for Performance Evaluation and Compensation of Board of Directors". Performance evaluation is conducted annually based on the participation degree and contribution of each independent director to the company. Individual compensation and remuneration will be determined according to the evaluation results, then submitted to the Compensation Committee for review, and submitted to the board for discussion and final decision.

2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors : None.

Note: There is no situation where the President or person of an equivalent post (the highest level manager) and Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship.

Range of Remuneration	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	TASC	Companies in the consolidated financial statements	TASC	Parent Company, TASC and its subsidiaries and investees
Less than NT\$ 1,000,000	Ishigami Koji	Ishigami Koji	Ishigami Koji	-
NT\$1,000,000 ~ NT\$2,000,000	-	-	-	Ishigami Koji
NT\$ 2,000,000 ~ NT\$3,500,000	Shih-Kuang Tsai 、 Chen-Tung Lai 、 Chien-Chih Wu	Shih-Kuang Tsai 、 Chen-Tung Lai 、 Chien-Chih Wu	Shih-Kuang Tsai 、 Chen-Tung Lai 、 Chien-Chih Wu	Shih-Kuang Tsai 、 Chen-Tung Lai 、 Chien-Chih Wu
NT\$3,500,000 ~ NT\$5,000,000	Nichia Taiwan Corp.	Nichia Taiwan Corp.	Nichia Taiwan Corp.	Nichia Taiwan Corp.
NT\$5,000,000 ~ NT\$10,000,000	H.T.Wang 、 Tsun-Chia Tai 、 Kuo-Kuang Li	H.T.Wang、Tsun-Chia Tai、Kuo-Kuang Li	-	-
NT\$10,000,000 ~ NT\$15,000,000	-	-	-	-
NT\$15,000,000 ~ NT\$30,000,000	-	-	H.T.Wang 、 Tsun-Chia Tai 、 Kuo-Kuang Li	H.T.Wang 、 Kuo-Kuang Li
NT\$30,000,000 ~ NT\$50,000,000	-	-	-	Tsun-Chia Tai
NT\$50,000,000 ~ NT\$100,000,000	-	-	-	-
Greater than or equal to NT\$100,000,000	-	-	-	-
Total	8	8	8	8

B. Remuneration of the President and Vice Presidents

Unit: NT\$ thousands / Thousand shares

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Amount and Ratio of total compensation (A+B+C+D) to net income(%)		Compensation from investees other than TASC subsidiaries or Parent Company
		TASC	Companies in the consolidated financial statements	TASC	Companies in the consolidated financial statements	TASC	Companies in the consolidated financial statements	TASC		Companies in the consolidated financial statements		TASC	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Chairperson of the Corporate Sustainability Committee	H.T.Wang	42,178	42,178	4,730	4,730	16,854	16,854	11,550	0	11,550	0	75,312 20.89%	75,312 20.89%	10,078
Vice Chairperson of the Corporate Sustainability Committee	Tsun-Chia Tai													
Chief Strategy Officer	Kuo-Kuang Li													
President & Chief Executive Officer	David Hwang (Note 2)													
President	Champion Yi(Note 3)													
Senior Vice President & Chief of Staff	Tzu-Chun Lin													
Senior Vice President & Chief Operating Officer	Jason Tsai (Note 4)													
Vice President & Chief Operating Officer	Vince Chen (Note 5)													

Note1: Fill in the information on the 2022-year remuneration of managers above the deputy general manager and above as of the end of 2022.

Note2: David Hung retired and resigned President on April 1, 2022. The change of equity is the information at the time of resignation.

Note3: Champion Yi serves as President on April 1, 2022.

Note4: Jason Tsai serves as Senior Vice President & Chief Operating Officer on June 1, 2022.

Note5: Vince Chen resigned as Chief Operating Officer on June 1, 2022, and resigned as Vice President on June 29, 2022. The change of equity is the information at the time of resignation.

Range of Remuneration	Name of President and Vice Presidents	
	TASC	Parent Company, TASC and its subsidiaries and investees
Less than NT\$ 1,000,000	-	-
NT\$1,000,000 ~ NT\$2,000,000	David Hwang 、 Vince Chen	David Hwang 、 Vince Chen
NT\$2,000,000 ~ NT\$3,500,000	Jason Tsai	Jason Tsai
NT\$3,500,000 ~ NT\$5,000,000	-	-
NT\$5,000,000 ~ NT\$10,000,000	Champion Yi 、 Tzu-Chun Lin	Champion Yi 、 Tzu-Chun Lin
NT\$10,000,000 ~ NT\$15,000,000	Kuo-Kuang Li	Kuo-Kuang Li
NT\$15,000,000 ~ NT\$30,000,000	H.T.Wang 、 Tsun-Chia Tai	H.T.Wang 、 Tsun-Chia Tai
NT\$30,000,000 ~ NT\$50,000,000	-	-
NT\$50,000,000 ~ NT\$100,000,000	-	-
Greater than or equal to NT\$100,000,000	-	-
Total	8	8

### C. Employee Bonus to Executive Officers

Unit: NT\$ thousands

	Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	Chairperson of the Corporate Sustainability Committee	H.T.Wang	0	11,745	11,745	3.26%
	Vice Chairperson of the Corporate Sustainability Committee	Tsun-Chia Tai				
	Chief Strategy Officer	Kuo-Kuang Li				
	President(Note2)	Champion Yi				
	Senior Vice President & Chief of Staff	Tzu-Chun Lin				
	Senior Vice President & Chief Operating Officer(Note3)	Jason Tsai				
	Head of Financing & Accounting & Chief Financial Officer(Note4)	Amy Wu				
	Corporate Governance Officer	Corrie Teng				

Note1: Fill in the information of incumbents as of the end of 2022.

Note2: Champion Yi serves as President on April 1, 2022.

Note3: Jason Tsai serves as Senior Vice President & Chief Operating Officer on June 1, 2022.

Note4: Amy Wu served as Head of Financing & Accounting & Chief Financial Officer on September 1, 2022.

### D. Comparison of Remuneration for Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents and Vice Presidents

I. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, presidents and vice presidents of the Company, to the net income.

Title	Ratio of total remuneration to net income			
	2022		2021	
	TASC	Companies in the consolidated financial statements	TASC	Companies in the consolidated financial statements
Director	7.45%	7.45%	9.82%	9.82%
President & Vice President	20.89%	20.89%	13.07%	13.07%

II. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risk business performance.

a. The policies, standards, and portfolios for the payment of remuneration :

#### i. Director's Remuneration

The total remuneration of the Directors and Employees of Taiwan-Asia Semiconductor Corporation is handled in accordance with the related provisions of the Corporation's Articles of Association. If profit is made, 10% to 20% of the current year's profit will be allocated as the remuneration for employees, and no more than 10% of the profit will be allocated as the remuneration for the Directors. However, if the Corporation still has accumulated losses, the profit shall be used to make up for the losses. The above shall be passed through the resolution of the Board of Directors, and reported to the shareholders meeting.

#### ii.Executive Officer's Remuneration

In order to implement corporate governance and company operation objectives, the company has formulated various salary and remuneration policies and payment standards for managers in the “Method for Performance Evaluation and Remuneration of Manager”. Adjust the situation to seek the balance between the company's sustainable operation and risk control.

The salary and remuneration of Managers includes cash compensation, stock options, retirement benefits, various allowances and other measures with substantial incentives.

#### b.The procedures for determining remuneration :

##### i.Director's Remuneration

The company has established the “Method for Performance Evaluation and Remuneration of Board of Directors”, and conducts performance evaluation for each director at the end of each year. The main evaluation content is the mastery of the company's goals and tasks, the directors' awareness of responsibilities, the degree of participation in the company's operations, internal relationship management and Communication, directors' professional and continuing education, internal control and other aspects are evaluated, and the results of individual performance evaluation, participation in the company's operations and contribution value are used as a reference for the remuneration of individual directors, and submitted to the Compensation and Compensation Committee for review. Report to the board for discussion.

##### ii.Executive Officer's Remuneration

The company has established the “Method for Performance Evaluation and Remuneration of Manager”. The salary, benefits and bonuses of the managers are clearly stipulated to show compassion and reward for their efforts in work. Relevant bonuses are also given according to the company's annual operating performance, financial status, operating status and personal work performance. In addition, a second performance evaluation is conducted every year, and the four major aspects of Taiya's cognition of core values, practice of work goals, participation in company operations, and demonstration of professional capabilities are evaluated. Based on the results of the manager's performance evaluation, the contribution value to the company, As a reference for managers' salaries. After deliberation and approval, it will be implemented after submitting to the resolution of the board of directors.

#### c.The correlation with risk business performance :

##### i.Director's Remuneration

The company's “Articles of Incorporation” and “Method for Performance Evaluation and Remuneration of Board of Directors” have formulated the director's salary and remuneration policy and payment standard, which is mainly based on the company's overall operating conditions, and the payment standard is determined based on the performance achievement rate and contribution. After fully evaluating and measuring various operational risks, reasonable director remuneration is provided according to the company's annual profit.

##### ii.Executive Officer's Remuneration

The company's “Method for Performance Evaluation and Remuneration of Manager” has formulated the salary and remuneration policy and payment standards for managers, and conducts performance evaluations on a regular basis every year. Reasonable remuneration will be given according to the company's overall operating conditions and after evaluating various risks.

## 4. Implementation of Corporate Governance

### (1) Board of Directors:

A total of 11 meetings of 14th board of directors were held in 2022. The attendance of director were as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	H.T.Wang	11	0	100%	
Vice Chairman	Tsun-Chia Tai	11	0	100%	
Director	Kuo-Kuang Li	11	0	100%	
Director	Nichia Taiwan Corp. Rep. of legal person: Ishigami Koji	11	0	100%	
Independent Director	Shih-Kuang, Tsai	11	0	100%	
Independent Director	Chen-Tung, Lai	11	0	100%	
Independent Director	Chien-Chih, Wu	11	0	100%	

Other mentionable items:

1.If any of the following circumstances occur,, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

- (1) Matters included in Article 14-3 of the Securities and Exchange Act: Regulations from Article 14-3 are not applicable since the Company has already established an Audit Committee. For explanations on matters stipulated in Article 14-5 of the Securities and Exchange Act, please see Operations of the Audit Committee (Page 25-26)
- (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors: None.

2.If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

- (1) The 5th meeting of the fourteenth term Board of Directors on January 17, 2022: For Q4 bonuses of the Company's managers, Chairman Hong-Tong Wang, Vice Chairman Tsun-Chia Tai, and Director Kuo-Kuang Li have recused themselves due to conflicts of interest, and independent director Shih-Kuang Tsai acted as the Chairman. After inquiry by the chairman, the remaining directors present had no objections and passed the resolution.
- (2) The 5th meeting of the fourteenth term Board of Directors on January 17, 2022: For the year-end bonuses of the Company's managers, Chairman Hong-Tong Wang, Vice Chairman Tsun-Chia Tai, and Director Kuo-Kuang Li have recused themselves due to conflicts of interest, and independent director Shih-Kuang Tsai acted as the Chairman. After inquiry by the chairman, the remaining directors present had no objections and passed the resolution.
- (3) The 9th meeting of the fourteenth term Board of Directors on May 12, 2022: 2021 Remuneration Allocation for Directors of TASC: (This proposal is about the allocation of remuneration for each individual Director of TASC. When reviewing and discussing the remuneration of individual Directors, Directors who have a stake in the discussion are requested to leave the meeting.)
  - (a) Remuneration of Chairman H.T.Wang: Chairman H.T.Wang recused himself to avoid conflicts of interest, making Vice Chairman Tsun-Chia Tai as the acting Chairman, after inquiry by the acting chairman, the remaining directors present have no objection and passed the resolution.
  - (b) Remuneration of Director Tsun-Chia Tai and Director Su-Chin Tai: Director Tsun-Chia Tai recused himself to avoid conflicts of interest, after inquiry by the chairman, the remaining directors present have no objection and passed the resolution.
  - (c) Remuneration of Director Kuo-Kuang Li: Director Kuo-Kuang Li recused himself to avoid conflicts of interest, after inquiry by the chairman, the remaining directors present have no objection and passed the resolution.
  - (d) Remuneration of Nichia Taiwan Corp. Rep. of legal person: Director Ishigami Koji: Director Ishigami Koji and president of Nichia Taiwan Corp. recused themselves to avoid conflicts of interest, after inquiry by the chairman, the remaining directors present have no objection and passed the resolution.
  - (e) Remuneration of Independent Director Shih-Kuang Tsai: Independent Director Shih-Kuang Tsai recused himself to avoid conflicts of interest, after inquiry by the chairman, the remaining directors present have no objection and passed the resolution.
  - (f) Remuneration of Independent Director Chen-Tung Lai: Independent Director Chen-Tung Lai recused himself to avoid conflicts of interest, after inquiry by the chairman, the remaining directors present have no objection and passed the resolution.
  - (g) Remuneration of Independent Director Chien-Chih Wu: Independent Director Chien-Chih Wu recused himself to avoid conflicts of interest, after inquiry by the chairman, the remaining directors present have no objection and passed the resolution.
  - (h) Remuneration of other Directors: The remaining directors present have no objection and passed the resolution.
- (4) The 9th meeting of the fourteenth term Board of Directors on May 12, 2022: For the amount of the managers' and employees' remuneration distribution of the Company, Chairman Hong-Tong Wang, Vice Chairman Tsun-Chia Tai, and Director Kuo-Kuang Li have recused themselves due to conflicts of interest, and independent director Shih-Kuang Tsai acted as the Chairman. After inquiry by the chairman, the remaining directors present had no objections and passed the resolution.

- (5) The 9th meeting of the fourteenth term Board of Directors on May 12, 2022: For Q1 bonuses of the Company's managers, Director Kuo-Kuang Li, who concurrently serves as the manager, has recused due to the conflict of interest, after inquiry by the chairman, the remaining directors present have no objection and passed the resolution.
- (6) The 12th meeting of the thirteenth term Board of Directors on August 10, 2022: For the managers' interim bonus of the Company, chairman H.T. Wang, vice chairman Tsun-Chia Tai and Director Kuo-Kuang Li have recused themselves due to conflicts of interest, and independent director Shih-Kuang Tsai acted as the Chairman. After inquiry by the chairman, the remaining directors present had no objections and passed the resolution.
- (7) The 15th meeting of the thirteenth term Board of Directors on December 21, 2022: For Q4 bonuses of the Company's managers, Chairman Hong-Tong Wang, Vice Chairman Tsun-Chia Tai, and Director Kuo-Kuang Li have recused themselves due to conflicts of interest, and independent director Shih-Kuang Tsai acted as the Chairman. After inquiry by the chairman, the remaining directors present had no objections and passed the resolution.
3. TWSE/TPEX-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors:

**Implementation Status of Board Evaluations**

Evaluation cycle	Evaluation Period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	January 1 – December 31, 2022	Board of Directors	Self-assessment of the Board	(1) Participation in the operation of the company. (2) Improvement of the quality of the board of directors' decision making. (3) Composition and structure of the board of directors. (4) Election and continuing education of the directors. (5) Internal control.
		Individual board members	Self-assessment of the Board members (Retired Directors are assessed with the assistance of continuing Directors)	(1) Familiarity with the goals and missions of the company. (2) Awareness of the duties of a director. (3) Participation in the operation of the company. (4) Management of internal relationships and communication. (5) The director's professionalism and continuing education. (6) Internal control.
		Audit Committee	Self-assessment of the Audit Committee members	(1) Participation in the operation of the company. (2) Awareness of the duties of the functional committee. (3) Improvement of quality of decisions made by the functional committee. (4) Makeup of the functional committee and election of its members. (5) Internal control.
		Compensation Committee	Self-assessment of the Compensation Committee members	(1) Participation in the operation of the company. (2) Awareness of the duties of the functional committee. (3) Improvement of quality of decisions made by the functional committee. (4) Makeup of the functional committee and election of its members. (5) Internal control.

4. Measures taken to strengthen the functionality of the board:

- (1) To strengthen corporate governance, Taiwan-Asia Semiconductor Corporation has laid down the "Rules of Procedure for Board of Directors Meeting" and "Method for Performance Evaluation and Remuneration of Board of Directors", and post the status of directors' attendance of board meetings on the Market Observation Post System.
- (2) To help directors enhance their corporate governance related abilities, Taiwan-Asia Semiconductor Corporation from time to time to provide the course information compliance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors" for directors and supervisors.
- (3) Taiwan-Asia Semiconductor Corporation has valued its shareholders' equity and enhanced its corporate information transparency. The important resolutions made in each board meeting have all been posted on Taiwan-Asia Semiconductor Corporation's corporate website.
- (4) Taiwan-Asia Semiconductor Corporation has instituted the "Procedures for Handling Material Inside Information", and informed its directors, supervisors, managers and employees across the board of the procedure. At the same time, the procedure has also been posted on Taiwan-Asia Semiconductor Corporation's corporate website at <https://www.tascsemi.com> for reference.
- (5) Our company set up the "Audit Committee", "Remuneration Committee" and "Corporate Sustainability Committee" to help board of directors to fulfill its responsibility of supervision.

**(2) Audit Committee:**

A total of 10 meetings of 3rd Audit Committee were held in 2022. The attendance of director were as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Independent Director	Shih-Kuang Tsai	10	0	100%	
Independent Director	Chen-Tung Lai	10	0	100%	
Independent Director	Chien-Chih Wu	10	0	100%	
Other mentionable items:					
1. Where the Audit Committee's operation meets any of the following circumstances, please clearly state the directors' meeting date, term, contents of motions and resolution of the Audit Committee, and the Company's handling of the Audit Committee's opinions.					
(1) Matters referred to in Article 14-5 of the Securities and Exchange Act:					
Date /Meeting	Resolution				the Company's (the board of directors') handling of Audit Committee's opinion
2022/02/23 The 3 <sup>th</sup> meeting of the third term	Preparation of financial report and operation report of our company in 2021.				None.
	Preparation of the cash capital increase to the subsidiary, Ho Chung Investment Co., Ltd.				
	Preparation of "Internal Control System" in 2021.				
	According to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the assessment of funds exceeding a certain period being transferred to funds lent.				
	Proposed the endorsement and guarantee for the subsidiary, Opto Tech Corporation, for the performance and warranty to its customers due to business transactions.				
	The Company's 2022 annual accountant appointment and independence evaluation.				
2022/04/01 The 4 <sup>th</sup> meeting of the third term	The Company's 2022 annual accountant appointment and independence evaluation.				
	The proposed acquisition of Xinhuang Section land by the subsidiary, River Asset Co., Ltd.				
2022/04/13 The 5 <sup>th</sup> meeting of the third term	The proposed acquisition of ordinary shares of Singbao International Co., Ltd. through private placement by the subsidiary, Ho Chung Investment.				
2022/05/11 The 6 <sup>th</sup> meeting of the third term	Resolved to revise the "Regulations Governing the Acquisition and Disposal of Assets".				
	Preparation of the company has approved the loan application for its subsidiary Shaoxing Opto Plus Technology.				
	Preparation of according to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the assessment of funds exceeding a certain period being transferred to funds lent.				
	Proposed the company has approved the operation plans for ProAsia Semiconductor Corporation.				
	Preparation of the company has approved the 2022 company capital expenditure for ProAsia Semiconductor Corporation.				
2022/06/29 The 8 <sup>th</sup> meeting of the third term	The Company's 2022 annual accountant appointment and independence evaluation.				
	Proposed obtainment of machinery and equipment from the Company's related party - New Smart Technology Co., Ltd.				
	Proposed the capital loan for the subsidiary - ProAsia Semiconductor Corporation.				
	The proposed disposal of the overseas subsidiary (Chinese subsidiary - Opto Plus Technologies Co.)				

Date /Meeting	Resolution	the Company's (the board of directors') handling of Audit Committee's opinion
2022/08/10 The 9 <sup>th</sup> meeting of the third term	Proposed appointment of the new accounting supervisor and Chief Financial Officer. Preparation of according to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the assessment of funds exceeding a certain period being transferred to funds lent. Proposed the endorsement and guarantee for the subsidiary, ProAsia Semiconductor Corporation, to apply for the bank credit limit from "Taiwan Cooperative Bank".	None.
2022/10/28 The 10 <sup>th</sup> meeting of the third term	The Company's fund redemption investment. Proposed obtainment of machinery and equipment from New Smart Technology. Proposed the cash capital increase to the subsidiary, Wan Zun Guang Investment Co., Ltd. Proposed to indirectly increase capital by cash for the subsidiary, ProAsia Semiconductor Corporation. 5 year business plan for silicon-based GaN power components.	
2022/11/09 The 11 <sup>th</sup> meeting of the third term	Preparation of according to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the assessment of funds exceeding a certain period being transferred to funds lent.	
2022/12/21 The 12 <sup>th</sup> meeting of the third term	Revise the Company's internal control system and internal audit implementation rules. 2022 audit plan of our company. The Company's fund redemption investment. Proposed the endorsement and guarantee for the subsidiary, ProAsia Semiconductor Corporation, to apply for the bank credit limit from "E.SUN COMMERCIAL BANK, LTD." Proposed the endorsement and guarantee for the subsidiary, Opto Tech Corporation, for the performance and warranty to its customers due to business transactions. Proposed to apply for mid- to long-term financing limit from financial institutions.	

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

(3) Summary of annual work points: The fair representation of the Company's financial statements, the appointment (and dismissal), the effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations, the management and control of the Company's existing or potential risks, and the offering and issuance of securities.

2.If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.

3.Communications between the independent directors, the Company's Chief Internal Auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.):Independent directors and accountants hold regular meetings (Audit Committee) at least once a quarter. The accountants report on the financial statement audit or review results of the current quarter and other communications required by relevant laws and regulations, and communicate on whether there are material adjusting journal entries or whether the revision of laws and regulations affects the accounting situation; in case of major abnormal events, a meeting may be convened at any time.

Independent directors and the Company's internal audit supervisor hold regular meetings (Audit Committee) at least twice a year. Through the Audit Committee, the Company's internal audit implementation status and internal control operating status are reported. The audit-related business, audit reports, findings and follow-up improvements of the Company and its subsidiaries are reported to the independent directors through emails in normal times; in case of major abnormal events, a meeting may be convened at any time.

**(3) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”**

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Ye s	N o	Abstract Illustration	
1.Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The company has formulated the "Corporate Governance Best Practice Principles", which provides relevant regulations on protecting the rights and interests of shareholders, strengthening the functions of the board of directors, respecting the rights and interests of stakeholders, and improving information transparency, etc. It is available on the company’s website for check and download.	None
2.Shareholding structure & shareholders’ rights				
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(1) In addition to commissioning a shareholder services agent to handle relevant services, the Company has also put in place spokesman and deputy spokesman to deal with issues related to shareholders, and when necessary commissions legal counsel to provide assistance.	None
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) The Company regularly reports the changes in directors and managers of equity transaction based on the list of major shareholders and ultimate controllers of the Company complied by the register of shareholders.	
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) Taiwan-Asia Semiconductor Corporation has instituted regulations to control and manage the trading, endorsement guarantee and capital loans (to others) between Taiwan-Asia Semiconductor Corporation and the related parties of our affiliated enterprises. In addition, according to the “Regulations Governing Establishment of Internal Control Systems by Public Companies” stipulated by Financial Supervisory Committee, our has laid down the “Rules Governing for Subsidiary” to carry out the subsidiary risk control and management mechanism.	
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		(4) The Company has established “Rules of Procedure for the Handling of Major Internal Information” to ensure that the consistency and accuracy of company-published information, to avoid undue leakage of information, and to prevent the use of undisclosed insider information to trade securities on the market. (1)In 2022, the Group conducted ethical management courses for all its employees, which were mainly aimed at educating and promoting the prevention of violations of ethics-related behaviors. A total of 907 employees completed the ethical management courses, achieving a promotion rate of 97.46%. In addition, in accordance with quarterly notifications from the competent authority, the Company promotes awareness among internal personnel regarding Article 157-1 of the Securities and Exchange Act. The main purpose is to remind internal personnel about the patterns of illegal transfers and to implement a prohibition on insider trading. The scope of the promotion includes applicable targets and ranges of the prohibition of insider trading, important information that could significantly affect stock prices, violation penalties, and relevant legal provisions to effectively prevent insider trading.	

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Ye s	N o		
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board of Directors formulate and implement diversified policies and specific management objectives?	V		(1) Regarding the diversity policy of the Board of Directors, please refer to 2. Information on the directors, president, vice presidents, associate vice presidents, and managers of each department and division, (1) Information on the directors (Pages 9-14).	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		(2) In addition to the Compensation and Remuneration Committee and the Audit Committee established by law, the Company has also established a "Corporate Sustainability Committee" to assist the Board of Directors in developing sustainable policies, formulating management guidelines and promoting specific plans.	
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	V		<p>(3) Our company formulated the “Board of Directors Performance Review and Remuneration Payment Method” to carry out annual performance review in 2022. The result of the performance review will serve as the reference for remuneration payment and selection of directors. In 2022 the Stock Affairs Office served as the unit for implementation of review, and every director was reviewed by questionnaire. The result of review of the board of directors in 2022 indicated good operational performance. Self-assessment of the Board will be evaluated from the five major aspects of (1) Participation in the operation of the company, (2) Improvement of the quality of the board of directors’ decision making, (3) Composition and structure of the board of directors, (4) Election and continuing education of the directors, and (5) internal control. Self-assessment of the Board members will be evaluated from the six major aspects of (1) Familiarity with the goals and missions of the company, (2) Awareness of the duties of a director, (3) Participation in the operation of the company, (4) Management of internal relationships and communication, (5) The director’s professionalism and continuing education and (6) Internal control.</p> <p>The evaluation of functional committees selects the Compensation Committee and the Audit Committee as the evaluation object, and the evaluation is based on (1) Participation in the operation of the company, (2) Awareness of the duties of the functional committee, (3) Improvement of quality of decisions made by the functional committee, (4) Makeup of the functional committee and election of its members. (5) Internal control.</p> <p>The 2022 evaluation results:</p> <p>(1) Board of Directors internal self-evaluation: The Board of Directors of the Company not only closely participates in various operational decisions and systems, but also regularly enhances their professional skills through training. The directors provide appropriate opinions related to the meeting agendas and the overall operation of the Board is in good.</p> <p>(2) Self-evaluation of Directors: The self-evaluation results of the Directors were good, and the Directors performed their duties and continued to study every year.</p>	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Ye s	N o	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?	V		<p>(3) Performance evaluation of the functional committees: In 2022, the Compensation Committee and the Audit Committee was selected to carry out the evaluation. The functional committee strictly and carefully reviewed various proposals and provided opinions to the Board of Directors when required. The Committee is operating well.</p> <p>The self-evaluation results of all directors are good. On the whole, the Board is actively participating in the company's operations. The board members enhance their professional competencies through regular training and offer appropriate opinions on the company's operations, and thus the overall operation of the Board is considered to be good. The company will determine the directors' 2022 remuneration by reference to the results of this evaluation.</p> <p>(4) Each year, the Company's Accounting Department review the independence of the certified public accountant to obtain the Statement of Accountant Independence. Checks for any joint ventures or other shared interests between the accountants and the Company or its affiliated businesses, and examines whether the accountants hold posts in the Company and its affiliated enterprises, as well as if the accountants have violated The "Code of Ethics Gazette No. 10". CPA has also provided the governance unit of our company with independent statement and communication of relevant matters in accordance with regulations. The result of the above assessment is reported to the Company's Board of Directors.</p>	
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		On May 6, 2011, the Board of Directors of the company approved the appointment of Deputy Manager Corrie Teng as the company's Corporate Governance Officer. She is the top supervisor in charge of corporate governance related affairs. Produce the minutes of the Board of Directors and shareholders' meetings, assist directors and supervisors to take office and continue their education, provide directors and supervisors with the information they need to execute their business, and assist directors and supervisors to comply with laws and regulations. (8) Other Important Information Regarding Corporate Governance A. Program and training of manager (page 51-52).	None
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company has an external website for stakeholders with correspondence windows and communication channels for the various types of stakeholders to promptly and appropriately address stakeholder concerns.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has appointed Stock Affairs Agency Department of Copyright Taishin Securities Co., Ltd. as its Shareholder Service Agency, specializing in handling matters related to shareholders' meetings.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Ye s	N o	Abstract Illustration	
<p>7. Information Disclosure</p> <p>(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?</p> <p>(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?</p> <p>(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?</p>	V		<p>(1) As regulated, Taiwan-Asia Semiconductor Corporation has periodically or non-periodically reported a variety of its financial and business information on the website of the Market Observation Post System. At the same time, it has also posted the above mentioned information on its own website at <a href="https://www.tascsemi.com">https://www.tascsemi.com</a> for its shareholders and the public to refer to.</p> <p>(2) Our has designated exclusive personnel to collect and disclose its information, and followed statutory regulations to fulfill the spokesperson system. Also, by going to the website of the Market Observation Post System, investors can obtain the information regarding our finance, business and corporate governance.</p> <p>(3) The Company's 2022 consolidated and parent-company-only financial report was announced and filed on February 22, 2023; the first, second and third quarter of 2022 financial reports and monthly revenue were also announced and filed at the Market Observation Post System before the prescribed period, and were uploaded to the Company's website simultaneously.</p>	None
<p>8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?</p>	V		<p>(1) Status of employee rights and employee wellness: Taiwan-Asia Semiconductor Corporation has been based on the spirit of faith, innovation and pragmatism to give sustainable operation, take good care of its employees and clients and take up its social responsibility. At the same time, it has adopted the following measures to protect its employees' rights and interests and care for its employees.</p> <p>A. Based on the Gender Equality Act, our employees are eligible to request for the baby nursing leave, baby feeding time, maternity leave and childbirth leave.</p> <p>B. TASC has taken out labor and health insurance as well as medical insurance and provided regular physical examinations at no charge for its employees.</p> <p>C. TASC has established the employee welfare committee to arrange employee friendship and take care of a variety of employee welfare related matters.</p> <p>D. Implementation of the employee stock ownership trust measures.</p> <p>E. TASC has contributed employee pensions by law.</p> <p>F. TASC has provided on-the-job training for its employees.</p> <p>G. TASC has taken sex harassment , Rules Governing the Appeal and Punishment of Preventive Measures for Workplace Unlawful Infringement and Unreasonable Management.</p> <p>H. Stipulate personal information protection and management regulations.</p> <p>(2) Investor relations, supplier relations and rights of stakeholders: Taiwan-Asia Semiconductor Corporation has designated exclusive personnel to handle investor's recommendations or problems, and has good financial and business relationships with its suppliers and rights of stakeholders, for which it hopes to generate a win-win benefit based on the equal and reciprocal principle.</p> <p>(3) Execution of customer policy: Our company has maintained smooth communication channels with our customers, thus the execution is in good shape.</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																																														
	Ye s	N o	Abstract Illustration																																															
			<p>(4) Directors’ and supervisors’ training records:</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Course</th> <th>Training hours</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Chairman</td> <td rowspan="2">H.T.Wang</td> <td>- Corporate governance and performance management (Part 1).</td> <td>3</td> </tr> <tr> <td>- Corporate governance and performance management (Part 2).</td> <td>3</td> </tr> <tr> <td rowspan="2">Director</td> <td rowspan="2">Tsun-Chia Tai</td> <td>- Corporate governance and performance management (Part 1).</td> <td>3</td> </tr> <tr> <td>- Corporate governance and performance management (Part 2).</td> <td>3</td> </tr> <tr> <td rowspan="2">Director</td> <td rowspan="2">Kuo-Kuang Li</td> <td>- Corporate governance and performance management (Part 1).</td> <td>3</td> </tr> <tr> <td>- Corporate governance and performance management (Part 2).</td> <td>3</td> </tr> <tr> <td rowspan="2">Director</td> <td rowspan="2">Ishigami Koji</td> <td>- Corporate governance and performance management (Part 1).</td> <td>3</td> </tr> <tr> <td>- Corporate governance and performance management (Part 2).</td> <td>3</td> </tr> <tr> <td rowspan="2">Independent Director</td> <td rowspan="2">Shih-Kuang Tsai</td> <td>- Legal compliance practices of the Board of Directors, legal responsibilities of directors and supervisors, and case studies.</td> <td>3</td> </tr> <tr> <td>- Examples of invalidated shareholders' meeting resolutions and cancellation disputes.</td> <td>3</td> </tr> <tr> <td rowspan="2">Independent Director</td> <td rowspan="2">Chen-Tung Lai</td> <td>- Corporate governance and performance management (Part 1).</td> <td>3</td> </tr> <tr> <td>- Corporate governance and performance management (Part 2).</td> <td>3</td> </tr> <tr> <td rowspan="2">Independent Director</td> <td rowspan="2">Chien-Chih Wu</td> <td>- Corporate governance and performance management (Part 1).</td> <td>3</td> </tr> <tr> <td>- Corporate governance and performance management (Part 2).</td> <td>3</td> </tr> </tbody> </table> <p>(5) The situation of liability insurance purchased by our company for board directors and supervisors: Our company purchases liability insurance for our directors of the board every year. The total amount of insurance in 2022 reached USD 13,000,000.</p>	Title	Name	Course	Training hours	Chairman	H.T.Wang	- Corporate governance and performance management (Part 1).	3	- Corporate governance and performance management (Part 2).	3	Director	Tsun-Chia Tai	- Corporate governance and performance management (Part 1).	3	- Corporate governance and performance management (Part 2).	3	Director	Kuo-Kuang Li	- Corporate governance and performance management (Part 1).	3	- Corporate governance and performance management (Part 2).	3	Director	Ishigami Koji	- Corporate governance and performance management (Part 1).	3	- Corporate governance and performance management (Part 2).	3	Independent Director	Shih-Kuang Tsai	- Legal compliance practices of the Board of Directors, legal responsibilities of directors and supervisors, and case studies.	3	- Examples of invalidated shareholders' meeting resolutions and cancellation disputes.	3	Independent Director	Chen-Tung Lai	- Corporate governance and performance management (Part 1).	3	- Corporate governance and performance management (Part 2).	3	Independent Director	Chien-Chih Wu	- Corporate governance and performance management (Part 1).	3	- Corporate governance and performance management (Part 2).	3	
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<p>9. Please specify the improvement based on the result of company governance evaluation of the latest announced year by The TWSE's Corporate Governance Center, and the measures of prioritized enhancement for those which have yet to be improved.</p> <p>(1) Does the annual report of the company disclose the link between performance evaluation and remuneration of directors and managers: The Company’s procedure for directors’ remuneration payment will disclose important items or special deeds contributed by specific directors, and list them in the 2022 annual report.</p> <p>(2) Whether the sustainability report prepared has been verified by a third party: The Company’s 2022 sustainability report will appoint Deloitte Taiwan to conduct assurance on specific key performance information. It is currently in the planning of implementation stage, and the assurance report will be disclosed in detail in the appendix of this Report.</p>																																																		

**(4) Composition, Responsibilities and Operations of the Remuneration Committee:**

A. Information of the remuneration committee member

Identity	Name	Professional qualifications and experience	Independent status	Number of other public companies in which the individual is concurrently serving as the Remuneration Committee member
Independent Director	Shih-Kuang Tsai		(1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the company or any of its affiliates. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.	4
Independent Director	Chen-Tung Lai		(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company.	0
Independent Director	Chien-Chih Wu	Please refer to C. Disclosure of information on professional qualifications of directors and independence of independent directors on page 12 for the relevant content.	(7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.	0

## B. Attendance of Members at Remuneration Committee Meetings

(a) There are 3 members in the Remuneration Committee.

(b) Current term of members: Our company re-elected the board directors in the regular meeting of shareholders on October 21, 2021. The term is from October 21, 2021 to October 20, 2024. A total of 8 Remuneration Committee meetings were held in 2022. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	Shih-Kuang Tsai	8	0	100%	Convener
Committee Member	Chen-Tung Lai	8	0	100%	Committee Member
Committee Member	Chien-Chih Wu	8	0	100%	Committee Member

Other mentionable items:

1. If the Board of Directors shall not accept or revise the suggestions proposed by the remuneration committee, the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to the remuneration committee' opinion should be specified (i.e., the remuneration passed by the Board of Directors is better than the remuneration suggested by the remuneration committee, reasoning for the deviation shall be stated.): None.

2. If the committee member is in opposition or reservation the suggestions proposed by the remuneration committee and he/she has record or written statement, information such as remuneration committee date, committee number, meeting content, suggestions of all members and how these suggestions were handled shall be clearly stated: None.

3. 2022 Main points of discussion by the Remuneration Committee:

Date /Meeting	Resolution	the Company's (the board of directors') handling of Remuneration Committee's opinion
2022/01/17 The 3 <sup>rd</sup> meeting of the fifth term	Q4 performance bonus of the managers of the Company.	None
	Year-end bonus for managers of the Company.	
	Dismissal of managers and severance pay.	
2022/02/23 The 4 <sup>th</sup> meeting of the fifth term	Preparation of remuneration for board directors and supervisors of our company in 2021.	
2022/04/01 The 5 <sup>th</sup> meeting of the fifth term	Adjustment of the Company's organizational structure and changes to managers.	
2022/05/11 The 6 <sup>th</sup> meeting of the fifth term	The allocation plans for board directors and supervisors of our company in 2021.	
	The allocation plans for Managers bonuses and remuneration for employees of our company.	
	Q1 performance bonus of the managers of the Company.	
	Appointment of managers of the Company.	
2022/06/29 The 7 <sup>th</sup> meeting of the fifth term	Resolved to revise the "Method for Performance Evaluation and Remuneration of Manager" and manager resignation case.	
	In accordance with the Company's "Measures for the 2021 First Transfer of Repurchased Shares to Employees", it is proposed to implement the transfer of treasury shares to employees.	
2022/08/10 The 8 <sup>th</sup> meeting of the fifth term	Proposal to Appoint a New Chief Accountant and Chief Financial Officer.	
	Interim bonus for managers of the Company.	
2022/11/09 The 9 <sup>th</sup> meeting of the fifth term	Proposed revision of the "Implementation measures for the employee stock ownership trust".	
2022/12/21 The 10 <sup>th</sup> meeting of the fifth term	Year-end bonus for managers of the Company	

**(5) Fulfillment of Sustainable Development and Its Gaps with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies:**

Assessed Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and root causes
	Yes	No	Abstract Explanation	
1. Does the Company conduct risk assessment of environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		<p>There are 6 functional groups under the " Corporate Sustainability Committee " under the Board of Directors of the company, which are divided into corporate governance group, risk management group, customer relationship group, corporate care group, supply chain management group and environmental sustainability group. The Board of Directors proposes a sustainable development mission or vision, and formulates sustainable development policies, systems or related management guidelines.</p> <p>The " Corporate Sustainability Committee " consists of the chairman as the Chairperson, the vice chairman as the vice Chairperson, and the relevant department-level and above supervisors of each working group as members, and formulates the sustainable vision, sustainable mission, sustainable policy, and sustainable management policy and issues of sustainable concern for the current year; the " Corporate Sustainability Committee " reports the implementation results of corporate social responsibility to the board of directors at least once a year.</p> <p>The Board of Directors In December 12 2022, the " Corporate Sustainability Committee " reported to the Board of Directors on the implementation and strategies of sustainable development in 2022. After listening to relevant reports, the Board of Directors provides recommendations on sustainable practices and countermeasures, and when necessary, the improvement progress should be included in the latest Board of Directors' report.</p>	None
2. Has the Company established exclusively (or concurrently) dedicated units to implement CSR, and has the board of directors appointed executive-level positions with responsibility for CSR, and to report the status of the handling to the board of directors?	V		<p>The company prepares a corporate sustainability report every year. The data scope covers the company's sustainability information in three aspects in 2022: economy, environment and society from January to December 2022. The main reporting boundaries cover the Company's Chuangxin Manufactory, Li-hsin Manufactory and Guangfu Manufactory. The financial data about the operating performance are collected from the consolidated financial report audited by Accountants. Individuals, affiliated companies and reinvested companies included in the consolidated report.</p> <p>The company analyzes the materiality of the sustainability report, communicates with internal and external stakeholders, and integrates the evaluation data of various departments. impact of related risks. Please refer to page 206-207 of the Annual Report for the risk assessment and corresponding measures for 2022.</p>	None

Assessed Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and root causes
	Yes	No	Abstract Explanation	
3. Environmental issues				
(1) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		(1) We have implemented the ISO 14001 management system so we can regularly identify the environmental considerations of company activities, products, and services which can be controlled and affected through internal and external analysis of the organization as well as stakeholders' expectations. We have also evaluated their impacts on stakeholders, use of hazardous substances, workplace, and environment from the perspective of a life cycle such that it can serve as the basis for formulating environmental impact control measures such as environmental objectives, operational control, or educational training. Every review will take into consideration the environmental impact, requirements of laws and international regulations, technical feasibility, economic feasibility, and opinions of stakeholders in order to fulfill the promise of environmental protection, which includes pollution prevention and continuous improvement for enhancing environmental performance.	None
(2) Is the Company committed to improving usage efficiency of various resources and utilizing renewable resources with reduced environmental impact?	V		(2) In order to improve the utilization efficiency of energy and resources in the plant, the Company has set two indicators for water resources: process water and plant-wide water recovery rate. Process water recovery rate: Fab 2 $\geq$ 85% (month), Innovation Fab $\geq$ 50% (month); Plant-wide water recovery rate: Fab 2 $\geq$ 70% (month), Innovation Fab $\geq$ 30% (month); in terms of energy, we also comply with the requirements of the Bureau of Energy and promote various energy-saving measures every year, so that the energy saving rate of each plant exceeds 1%. Energy saving measures include: adopting induction lamps for indoor and outdoor lighting, installing hand-drawn lamps in office areas, replacing air-conditioning-related facilities, and improving the power efficiency of factory facilities.	
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		(3) The Company pays attention to the issue of climate change, and has established a Corporate Sustainability Committee. The chairman serves as the committee chairman and the vice chairman serves as the committee vice chairman, leading the Company to press ahead on corporate sustainability issues. In addition, there are also contingency measures for the reduction of available water during drought periods in place, and water-saving indicators are set to monitor the efficiency of water consumption and recycling in the factory during normal times, so as to effectively improve the efficiency of water use.	

Assessed Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and root causes																																									
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(4) Does the Company count the amount of greenhouse gas emissions, water consumption and total weight of waste for the past two years? Are any policies pertaining to energy conservation, carbon reduction, greenhouse gas reduction, reduction of water consumption, or other waste management policies formulated accordingly?	V		<p>(4) A.Greenhouse Gases</p> <p>Provided the total greenhouse gas emissions for the past two years from the Innovative Plant and the Lixing Plant of the Company.</p> <p style="text-align: right;">Unit: tons of CO2e</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Category 1</th> <th>Category 2</th> <th>Category 3</th> <th>Total emissions</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>3,657</td> <td>36,850</td> <td>7,171</td> <td>47,678</td> </tr> <tr> <td>2022</td> <td>2,198</td> <td>32,788</td> <td>6,322</td> <td>41,308</td> </tr> </tbody> </table> <p>(The data in 2022 is only preliminary, and will be verified by a third party on June 2023.) Completed ISO 140641-1 third party verification in 2021. Analysis of the Company's proportion of greenhouse gas emissions, mainly from Scope 2 electricity emissions, accounting for about 70-80% of the total emissions; followed by Scope 3 energy procurement upstream related emissions and emissions from waste disposal, and HFCs, PFCs and fuels used in utility systems in Scope 1 processes Emissions accounted for less than 10%.</p> <p>In order to continue to achieve the international trend of reduction and meet the target policy of the annual average power saving rate, the company has successively implemented various energy-saving measures. According to statistics, 15 energy-saving programs have been improved in 2021 and 2022 years. The main emission reduction measures include the parking lot lighting were replaced by radar induction microwave lamps, Vacuum equipment replacement, UPS replacement, installation of variable frequency drives for air conditioning units, relocation of office areas and replacement of fan motors for exhaust facilities, etc. which reduced carbon emissions by about 1,257.928 tons of CO2e in total.</p> <p>In addition, in response to global climate change, national policies and the promotion of sustainable operation of the company, the company plans to build two energy-saving projects, the construction of solar energy systems and the construction of energy storage systems, which are expected to be completed by the end of 2023.</p> <p>B.Waste</p> <p>The total weight of the company's business waste in the past two years is divided into hazardous and general business waste, as shown in the following table.</p> <table border="1"> <thead> <tr> <th>Waste types</th> <th></th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td rowspan="2">General</td> <td>Outsourcing</td> <td>201.14</td> <td>150.10</td> </tr> <tr> <td>Reuse</td> <td>350.82</td> <td>296.14</td> </tr> <tr> <td rowspan="2">Hazardous</td> <td>Outsourcing</td> <td>246.23</td> <td>174.82</td> </tr> <tr> <td>Reuse</td> <td>232.35</td> <td>167.58</td> </tr> <tr> <td colspan="2">Waste - Subtotal</td> <td>1030.54</td> <td>788.64</td> </tr> <tr> <td colspan="2">Recycling, reuse- Subtotal</td> <td>57%</td> <td>59%</td> </tr> </tbody> </table>	Year	Category 1	Category 2	Category 3	Total emissions	2021	3,657	36,850	7,171	47,678	2022	2,198	32,788	6,322	41,308	Waste types		2021	2022	General	Outsourcing	201.14	150.10	Reuse	350.82	296.14	Hazardous	Outsourcing	246.23	174.82	Reuse	232.35	167.58	Waste - Subtotal		1030.54	788.64	Recycling, reuse- Subtotal		57%	59%	
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Assessed Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and root causes						
	Yes	No	Abstract Explanation							
			<p>The company complies with laws, in addition to implementing the classification and legal disposal of industrial waste, the Company actively promotes measures for recycling and reuse, including: Recycling of empty bottles by the original supplier, dedicated collection of organic solvents, recovery of inorganic sludge, recovery of precious metals, etc., to fulfill the corporate responsibility of environmental protection.</p> <p>C. Water</p> <p>Water consumption in the last 2 years:</p> <p style="text-align: center;">Unit: Ten thousand metric tons</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>Total water consumption</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>137.5</td> </tr> <tr> <td>2022</td> <td>130.3</td> </tr> </tbody> </table> <p>The company continues to promote the recycling of water resources, reduces the consumption of tap water and increases the efficiency of water recycling through various optimizations. According to the three major directions of source management, process reuse and end-of-line control, the company conducts a rolling review of the consumption of the factory system of production equipment and machines. Statistics; the cumulative invested water resource action improvement plan includes process cleaning water reduction, pretreatment sand filter activated carbon equipment regeneration cycle adjustment, EPI Scrubber drainage recycling planning test, extension of RO4, RO5 high-yield water volume, chemical washing cycle and EPI Scrubber drainage selection Recycling system project and Reduce the frequency of flushing water in the RO system; the total amount of recycled water in 2021 is about 0.87 million tons, and the percentage of total water occupied by the total amount of recycled water is 63%; the total amount of recycled water in 2022 is about 0.92 million tons, and the percentage of total water occupied by the total amount of recycled water is 71%, which is in line with the recycling standards of Hsinchu Science Park Administration. Environment friendly.</p>	Year	Total water consumption	2021	137.5	2022	130.3	
Year	Total water consumption									
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Assessed Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and root causes						
	Yes	No	Abstract Explanation							
4. Social issues  (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		<p>(1) The Company's human resources policy is derived from our corporate character and ideals of "Integrity, Practicality, Friendliness, Openness." In keeping with the spirits of RBA and SA8000, we strive to fulfill our corporate social responsibility, ensure that our protection of employees' human rights is up to international standards, and provide a safe working environment. TASC is publicly committed to treating every employee fairly, equally, and with respect so that their rights are protected and they behave in an ethical manner. Since 2019, the Company has implemented the RBA/SA8000 management system and has formulated a human rights management policy (including RBA/SA8000 policies and labor policies), which has been published on the company's website. In addition, the company has established management procedures and regulations such as the "Corporate Responsibility Management Handbook", "Prevention Measures for Sexual Harassment, Workplace Misconduct and Unreasonable Management, Complaints and Disciplinary Actions", "Regulations for Implementing Labor-Management Meeting", "Code of Operation Integrity", "Identification of Environmental, Health and Safety Hazards, Risk Assessment and Control Procedures", and "Education and Training Procedures".</p> <p>Before the end of every year, the Company pays attention to significant social issues, legal compliance related to management, environmental health and safety, labor practices, and ethical risks. We determine the relative importance of each risk, conduct a "social responsibility risk assessment", implement appropriate procedures and effective control measures, and formulate goals and management plans for the next year (including human rights issues) and labor-management meetings/promotion/education and training. In 2022, we will implement the following labor management policies:</p> <table border="1"> <thead> <tr> <th>Policy objectives</th> <th>Execution plan</th> </tr> </thead> <tbody> <tr> <td>Employee communication meetings are held more than 10 times a year</td> <td>Provide diverse and open two-way communication channels, including 4 employer-employee meetings, 3 Occupational Safety Committee meetings, 4 Welfare Committee meetings, and 1 foreign labor meeting, to conduct timely communication with employees and understand their thoughts, suggestions, and needs. The Company aims to establish a diverse, equal, and healthy workplace to improve employees' sense of identity with work values and the Company.</td> </tr> <tr> <td>Promote RBA/SA8000 policies and labor policies to management and employees, with a target coverage of 95%</td> <td>Promotion was completed in November 2022, with a completion rate of 99%. The promoted content is as follows: 1.RBA/SA8000 Policy: Compliance with local government laws and regulations, creating a safe, healthy and environmentally friendly working environment, treating employees fairly and respectfully, establishing high ethical standards for clean business practices, and requiring suppliers to comply with relevant RBA/SA8000 standards. 2.Employee Policy: Prohibition of child labor, freedom of association, non-discrimination/non-harassment, humane treatment, prohibition of forced labor, labor-management consultations, wages and benefits, and reasonable working hours.</td> </tr> </tbody> </table>	Policy objectives	Execution plan	Employee communication meetings are held more than 10 times a year	Provide diverse and open two-way communication channels, including 4 employer-employee meetings, 3 Occupational Safety Committee meetings, 4 Welfare Committee meetings, and 1 foreign labor meeting, to conduct timely communication with employees and understand their thoughts, suggestions, and needs. The Company aims to establish a diverse, equal, and healthy workplace to improve employees' sense of identity with work values and the Company.	Promote RBA/SA8000 policies and labor policies to management and employees, with a target coverage of 95%	Promotion was completed in November 2022, with a completion rate of 99%. The promoted content is as follows: 1.RBA/SA8000 Policy: Compliance with local government laws and regulations, creating a safe, healthy and environmentally friendly working environment, treating employees fairly and respectfully, establishing high ethical standards for clean business practices, and requiring suppliers to comply with relevant RBA/SA8000 standards. 2.Employee Policy: Prohibition of child labor, freedom of association, non-discrimination/non-harassment, humane treatment, prohibition of forced labor, labor-management consultations, wages and benefits, and reasonable working hours.	None
Policy objectives	Execution plan									
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Assessed Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and root causes
	Yes	No	Abstract Explanation	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		Provide a safe and healthy work environment	TASC has adopted a total quality approach to products, the environment, safety, and health. We are continuing to refine our processes and operations to improve quality, ban and reduce the use of environmentally sensitive substances, protect the environment, conserve energy, reduce waste, as well as promote safety and health. The Company preventing work-related injuries and health hazards for workers, providing a safe and healthy workplace, and formulates policies (to create a safe, healthy and environmentally friendly working environment) which are published on the Company website, as well as develops an 'Environmental, Health and Safety Manual' for further explanation. We strive to create inclusive living spaces, fulfill our ESH responsibility to customers and the enterprise, build a friendly workplace, promote health management, protect the physical and mental well-being of employees, promote continuous development and realize an environmental for sustainable living.
			Help employees maintain physical and mental health, achieve work-life balance	1. Employees are given 1 hour lunch breaks, giving them enough time to rest. 2. TASC provides employees with compensation and benefits that meet or exceed statutory requirements on minimum wage, paid leave, and benefits to ensure that at a minimum their basic needs are met. The use of pay deductions as disciplinary action is also prohibited.
			Forced labor is forbidden. The Company complies with the labor laws of the local government	1. A reasonable labor time management scheme that complies with applicable legislation is clearly defined for supporting and managing employee attendance. We also manage and arrange employees' working time, rest time and leave in a reasonable manner. 2. We respect labor awareness and prohibit forced labor in any form. All employment relationships are governed by the written labor contract signed by mutual consent in accordance with the law. Employees also have the right to separate from the company if proper notice is given to ensure that all employment conditions are voluntary. The use of forced labor by any suppliers or contracts is not permitted.
			(2) A. The company regularly refers to the domestic industry market salary level to determine reasonable salary and remuneration, and formulates employee performance management measures and at the same time clearly formulates reward and punishment systems in the employee work rules, so that employees can fully understand.	

Assessed Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and root causes
	Yes	No	Abstract Explanation	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		<p>B.Through the employee welfare fund jointly provided by the company and the employees, provide necessary welfare measures, promote proper entertainment and enrich leisure activities, so as to encourage employees' work morale, strengthen the labor-management cooperative relationship, and formulate the employee welfare fund subsidy method of the employee welfare committee to provide Colleagues provide subsidies for various activities (including club activities, etc.), caring employee subsidies (including marriage, childbirth, funeral, retirement, injury, illness and disability, etc.) and other subsidies.</p> <p>C.In terms of the vacation system, employees should have two days off every seven days, one of which is a vacation and one is a rest day, and wages are paid according to them; employees who continue to work in the company for a certain period of time shall follow the work rules every year. It is stipulated that special leave will be granted; if a colleague needs a longer period of leave in case of childcare, serious injury, serious accident, etc., he or she can also apply for leave without pay, so as to take into account the needs of personal and family care.</p> <p>D.Healthy employees improve work quality, efficiency and workplace vitality. It is also the responsibility of the company to provide a healthy working environment, create a healthy atmosphere in the workplace, and promote sustainable health management. Therefore, the company actively invests in employee health care, including regular employee health checks, injury and illness care and health guidance, and occupational medicine physicians on-site health care. Provide services, organize various health promotion and screening activities, etc., to establish employee health attitudes and actions for self-management of health.</p> <p>E.Employee remuneration is handled in accordance with the "Articles of Incorporation". If there is profit in the year, 10% to 20% of the profit should be allocated as employee compensation and no more than 10% should be allocated as employee compensation. Directors' remuneration.</p> <p>(3) A.Occupational Safety and Health Policy: The company follows the provisions of the Occupational Safety and Health Law, and formulates policies based on the occupational safety and health requirements of customers and relevant stakeholders to build a healthy and happy workplace. The company takes disaster prevention and disaster prevention as its main core concepts, implements regular inspections and uses appropriate management tools and available resources to identify occupational safety and health problems in the factory area, propose effective countermeasures and expand horizontally to improve the entire factory, and continue to improve Promote an occupational safety culture.</p>	

Assessed Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and root causes												
	Yes	No	Abstract Explanation													
			<p>For workers to implement various disaster prevention labor education training and protective equipment management, the company has also formulated exclusive safety and hygiene training materials for each department and each station type of work, including hazard identification, protective equipment standards, machine hazards and emergency. Response procedures, and require the supervisors of each department to implement the operation observation and education and training of new/changed workers' operations, so as to prevent occupational disasters and occupational diseases, so as to create a zero-disaster environment. The statistics of the company's occupational safety and health education, training and promotion in the past three years are as follows. In 2020, due to the outbreak of the epidemic, some non-legal education and training were reduced, so the number of training people was low.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Education and training trips</th> <th>Education and training hours</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>234</td> <td>1,706</td> </tr> <tr> <td>2021</td> <td>1,259</td> <td>4,537</td> </tr> <tr> <td>2022</td> <td>661</td> <td>1,983</td> </tr> </tbody> </table> <p>In addition, the company has also established quantitative indicators to expand occupational safety and health activities to products and related services to improve overall occupational safety and health performance and effectively control risks. The frequency of disability injury was 0.8 in 2022, an increase of 0.09 compared to 2021; One case was confirmed with COVID-19 infection due to work duties, and another case involved chemical contact with the eyes. We have promoted the wearing of protective equipment when in contact with chemicals and laterally verified all chemical operating stations.</p> <p>B.Labor work environment monitoring: The company conducts work environment monitoring twice a year to understand the exposure status of production operations, to ensure that workers are protected from harmful substances in the workplace, and to provide workers with a healthy and comfortable working environment. In the second half of 2022, the company implemented 341 monitoring points in the factory and 308 in the innovation factory. Points are in compliance with regulatory requirements.</p>	Year	Education and training trips	Education and training hours	2020	234	1,706	2021	1,259	4,537	2022	661	1,983	
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(4) Does the company provide its employees with career development and training sessions?	V		<p>D.Equipment security management:</p> <p>The company's control of the machine is in line with the automatic inspection requirements of the occupational safety and health organization management regulations. In 2021, the company has a total of 29 dangerous machinery and equipment, and also conducts regular inspections in accordance with the "hazardous machinery and equipment safety inspection rules" to ensure the safety of the equipment.</p> <table border="1"> <thead> <tr> <th rowspan="2">Check item</th> <th colspan="4">Check frequency</th> </tr> <tr> <th>per month</th> <th>quarterly</th> <th>every half year</th> <th>Per year</th> </tr> </thead> <tbody> <tr> <td>Gas leak detector</td> <td></td> <td></td> <td>V</td> <td></td> </tr> <tr> <td>Exhaust Low Flow Alarm Device</td> <td></td> <td></td> <td></td> <td>V</td> </tr> <tr> <td>Fire Detector (UV/IR)</td> <td></td> <td></td> <td></td> <td>V</td> </tr> <tr> <td>Auto damper shutter</td> <td></td> <td>V</td> <td></td> <td></td> </tr> <tr> <td>Over temperature protection</td> <td></td> <td>V</td> <td></td> <td></td> </tr> <tr> <td>Overvoltage protection</td> <td></td> <td></td> <td></td> <td>V</td> </tr> <tr> <td>Liquid level detector</td> <td></td> <td>V</td> <td></td> <td></td> </tr> <tr> <td>shut boy</td> <td></td> <td></td> <td></td> <td>V</td> </tr> <tr> <td>Warning Light</td> <td></td> <td></td> <td></td> <td>V</td> </tr> </tbody> </table> <p>For other high-risk equipment such as special gas equipment, chemical supply equipment, chemical smoke cabinets, ovens, etc., we also formulate procurement safety regulations to ensure the safety of on-site machine operation and prevent occupational disasters.</p> <p>E.Company Verification Scenario: Both the company's Li-hsin Manufactory and Chuangxin Manufactory have obtained ISO 45001 and CNS 45001 certification.</p>	Check item	Check frequency				per month	quarterly	every half year	Per year	Gas leak detector			V		Exhaust Low Flow Alarm Device				V	Fire Detector (UV/IR)				V	Auto damper shutter		V			Over temperature protection		V			Overvoltage protection				V	Liquid level detector		V			shut boy				V	Warning Light				V	
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(4) Taiwan-Asia Semiconductor Corporation has periodically training survey every year,and implementation of the annual training plan. Then according to the results after training to estimate , in order to strengthen staff functions, improve business performance and competitiveness. For detailed training information, please refer to pages 84-85 of this annual report.																																																										

Assessed Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and root causes
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(5) Has the Company complied with relevant laws and regulations and international standards for its products and services respecting customer health and safety, customer privacy, marketing and labeling, and formulated relevant consumer protection policies and grievance procedures? Please see chapter 8 Corporate Social Responsibility.	V		<p>(5) A.Customer Health and Safety In terms of product safety management practices, control over the use of environmentally hazardous substances, comply with various international environmental protection directives, and require product development at the R&amp;D stage, the introduction and evaluation of raw materials must meet the requirements of HSF. Supply partners must also continue to comply with HSF requirements, fulfill their determination to jointly maintain environmental sustainability and protect the health and safety of end users, and reduce the risks of company operations.</p> <p>B.Customer Privacy While improving the products and services required by customers, we pay more attention to maintaining customer privacy and intellectual property rights. Sign confidentiality agreements with customers to protect confidential information of customers, and ensure that relevant business colleagues do a good job of confidentiality when performing business transactions. For the part of information security, the company also stipulates "Information and Communication Management Measures" to regulate "Electronic Document Security Control Management" , requires employees who perform related business to fulfill their duty of protection and confidentiality in order to eliminate the risk of information leakage.</p> <p>C.Marketing and Labeling Issues Whether it is a first-time customer or a customer who has been trading for a long time, frequent and good two-way communication must be used to ensure a pleasant cooperation between the two parties. During the communication process, it will be required to focus on the needs of customers, whether it is specifications, prices, delivery methods, etc. In addition, the communication and feedback mechanism must be maintained continuously before, during and after the transaction, and flexible corrections must be made at any time.</p> <p>D.Consumer or Customer Protection Policy and Grievance Procedures. (1)In order to solve the issues that customers care about more quickly and effectively, we have established a complete customer complaint handling process, and conveyed the feedback and information of customers to relevant units and management, and immediately take appropriate measures and propose improvement measures. , quickly respond to customer needs and establish knowledge management to prevent similar problems from happening again. (2)In order to ensure the effective control of customer satisfaction, we regularly conduct customer satisfaction surveys and evaluations. Through analysis and evaluations to identify improvement opportunities, TASC will provide immediate and effective improvements in a responsible manner to achieve customer satisfaction ultimate goal.</p>	

Assessed Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and root causes				
	Yes	No	Abstract Explanation					
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		<p>(6) Suppliers are important partners in sustainable development. The company has established "procurement management procedures and measures and external supplier management procedures" and strictly abides by the spirit of domestic and international laws with suppliers, and promotes the protection of the environment, human rights, and safety. , healthy and sustainable development, we also strive to urge our supplier partners to pay attention to business ethics, labor rights, environment, health and safety and management systems in accordance with the Responsible Business Alliance Code of Conduct (RBA), so as to jointly enhance the overall value of the supply chain.</p> <p>The company has established a supplier auxiliary evaluation mechanism. Through supplier selection, audit guidance, performance evaluation, training and supplier forums, based on cooperation, the requirements of sustainability are implemented in the daily management of the supply chain. The company has cooperated for 2022. Supplier 100% meets the following conditions.</p> <table border="1"> <tr> <td>Procurement and Supplier Management</td> <td> <p>All suppliers must pass the supplier evaluation and comply with the supplier code of conduct, promote supplier risk management, and complete the risk evaluation of 95% of the suppliers of the purchase amount.</p> <p>Through the supplier evaluation mechanism Q (quality) C (cost) D (delivery time) S (service) S (sustainability), corresponding procurement measures are made for various evaluation levels.</p> <p>Through the supplier sustainability assessment mechanism and the RBA assessment mechanism, suppliers are assessed annually and defects are tracked and improved.</p> <p>Process-related raw material suppliers must pass ISO9001 quality management system certification.</p> <p>Factory and related operations contractors must obtain ISO 45001 occupational safety and health management system certification.</p> <p>Suppliers have obtained valid factory registration certificates and ISO14001 environmental management certifications issued by the government according to their business categories.</p> </td> </tr> <tr> <td>Supplier audit</td> <td> <p>The company has established an audit team and a coaching team to track and improve the progress of suppliers' deficiencies, jointly improve quality and technology, strengthen environmental protection, safety and hygiene performance, and introduce automation to increase production capacity.</p> </td> </tr> </table>	Procurement and Supplier Management	<p>All suppliers must pass the supplier evaluation and comply with the supplier code of conduct, promote supplier risk management, and complete the risk evaluation of 95% of the suppliers of the purchase amount.</p> <p>Through the supplier evaluation mechanism Q (quality) C (cost) D (delivery time) S (service) S (sustainability), corresponding procurement measures are made for various evaluation levels.</p> <p>Through the supplier sustainability assessment mechanism and the RBA assessment mechanism, suppliers are assessed annually and defects are tracked and improved.</p> <p>Process-related raw material suppliers must pass ISO9001 quality management system certification.</p> <p>Factory and related operations contractors must obtain ISO 45001 occupational safety and health management system certification.</p> <p>Suppliers have obtained valid factory registration certificates and ISO14001 environmental management certifications issued by the government according to their business categories.</p>	Supplier audit	<p>The company has established an audit team and a coaching team to track and improve the progress of suppliers' deficiencies, jointly improve quality and technology, strengthen environmental protection, safety and hygiene performance, and introduce automation to increase production capacity.</p>	
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5. Does the Company refer to the guidelines for the preparation of internationally accepted reports in preparing its corporate social responsibility reports and other reports that disclose the Company's nonfinancial information? Did the aforesaid report obtain the assurance or accreditation of an impartial third party?	Y		<p>The company follows the GRI Standards issued by the Global Reporting Initiatives (GRI) in 2022 in its information disclosure and adopts the GRI Standards: Core option/disclosure principles to understand the issues that the stakeholders are concerned about through substantive analysis, based on which the sustainability information of the company's Corporate Social Responsibility Report is disclosed.</p> <p>Whether the sustainability report prepared by the company has been verified by a third party: The Company's 2022 sustainability report will appoint Deloitte Taiwan to conduct assurance on specific key performance information. It is currently in the planning of implementation stage, and the assurance report will be disclosed in detail in the appendix of this Report.</p>	None				
6. If the company has established sustainable development best-practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," describe the implementation and any deviations from such principles: The company has established " Sustainable Development Best Practice Principles " and will continuously carry out and implement the regulations in that spirit with all colleagues. There is no major discrepancy between the actual operation and the established best practice principles.								
7. Other important information to facilitate a better understanding of the execution of sustainable development initiatives: A.Environmental protection: a. According to the management policy, Taiwan-Asia Semiconductor Corporation will continue to develop products that are environmentally friendly and promote them to the world.Develop energy-saving products such as LED, sensor components, SiC power components, and use green raw materials to continuously reduce the environmental impact and influence of our products, ultimately creating products that are friendly to nature.								

Assessed Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and root causes
	Yes	No	Abstract Explanation	
<p>b. We regularly compile statistics on greenhouse gas emissions, water usage, and total waste weight, conduct third-party verification of greenhouse gas emissions annually, and promote various energy-saving and waste reduction programs. In addition, the Lixing Plant will be required to register its greenhouse gas emissions on the Environmental Protection Agency's website starting from 2023 in accordance with national policies.</p> <p>c. We continue to implement waste management, and prioritize reuse through general or individual cases when handling waste. Physical and chemical treatment is considered next, followed by incineration. If the above methods cannot be used, solidification and landfilling will be selected. Waste management also includes continuous implementation of garbage classification, maintaining environmental cleanliness, advocating for electronic documentation and reducing paper usage, following the principles of reduction and reuse, and striving for sustainable coexistence with the environment. We are committed to fulfilling our corporate social responsibility.</p> <p>B. Contribution to society:</p> <p>a. Continued to promote the ISO-14001 Environmental Management System to prevent making pollution to or harm the surrounding environment.</p> <p>b. Installed automatic external cardiac defibrillators (AED) in the factory and provided training for first-aiders and general staff. With the use of first-aid equipment and first-aid common sense training, it is hoped that a healthy and safe living environment can be created for the people.</p> <p>c. We actively invest resources to support domestic cultural development and artistic activities. In 2022, we promoted the indigenous film ('Ha Yong's Family') and invited employees, their family members, and customers to enjoy the movie together in a rented cinema.</p> <p>C. Service to society, social and public interests:</p> <p>a. In May 2021, TASC Health Care &amp; Charity Foundation was established, with the purpose of developing health prevention management, promoting medical research and improving the health care of people in Taiwan.</p> <p>b. In 2022, we established the TASC Medical Foundation's 'Volunteer Team' to integrate resources and contribute to Taiwan, with the aim of caring for corporate employees and assisting medical emergencies in remote areas. Based on the idea of active care, we combine the medical resources of Hsinchu Mackay Memorial Hospital and Hsinchu Mackay Children's Hospital to deliver better medical care to all employees and groups in need.</p> <p>c. The Company has set up "Emergency Funds" to ensure employees' general well-being. Should employees ever have emergency requirements due to accidents, major sickness, death, or urgent family needs, they may receive assistance from the Company. The Emergency Funds are divided into four major categories.</p> <p>D. Consumer rights and interests: Our clients are not the end-users, but we have devoted our efforts to fulfilling the rules of IECQ-QC-080000, so as to reduce hazardous substances of our products and protect consumers' safe use of our products.</p> <p>E. Human rights: Taiwan-Asia Semiconductor Corporation has good labor relations, and provides the following fringe benefits for its employees:</p> <p>a. Medical insurance, accident insurance and vaccine insurance.</p> <p>b. Various Bonuses, employee bonuses and Stock ownership trust plan .</p> <p>c. Establishment of the employee welfare committee and Organize various social activities every year.</p> <p>d. Integrated study and training measures</p> <p>e. Integrated retirement system.</p> <p>F. Safety and health:</p> <p>a. In accordance with the Company's operating strategies and in order to build a comfortable, vibrant and energetic workplace environment, the Company provides employees with a safe and healthy work environment, including necessary health and emergency facilities. We are committed to reducing factors that may pose a threat to employee safety and health, such as promoting the Four Health Protection Plans (Maternity Protection, Overload Prevention, Prevention of Workplace Illicit Behavior, and Prevention of Human Factor Hazards), disease prevention and control, arranging annual health checkups, and providing regular safety and health education and training to employees to prevent occupational accidents.</p> <p>b. The Company establishes and organizes emergency response training that will continue to conduct on-site safety inspections and equipment safety inspections in addition to the legal requirements. For high-risk operations that involve hazardous chemicals, clear emergency response procedures for personnel injury have also been established, emergency response equipment has been provided, and included in the operating standard for the operation of the station. Education and training are provided to personnel to enhance their awareness of operational safety to ensure that employees work in a safe environment to prevent the occurrence of occupational disasters and accidents.</p>				

**(6) Fulfillment of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies**

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>1.Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?</p> <p>(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?</p>	V		<p>(1) The board of directors of our company has formulated “Ethical Corporate Management Best Practice Principles ”, “Procedures for Ethical Management and Guidelines for Conduct”, and “Directors and Management Ethical Conduct Principles” to demonstrate the policies and measures of business integrity.</p> <p>(2) The company has established effective internal control systems for business activities involving high-risk unethical behavior such as purchases and sales, etc. to regularly check and evaluate the implementation of internal control, thereby ensuring the continuous and effective implementation of the internal control system. Moreover, the company also sets up a complaint mailbox for ethics violations reporting on the website for internal and external users to prevent high-risk unethical behavior in business activities.</p> <p>(3) Our company has stipulated the reporting and appeal system in the “Procedures for Ethical Management and Guidelines for Conduct” and also announced internal independent reporting mailbox on our company website to encourage internal and external staff to report the unethical or improper conducts. The reports will be granted proper rewards according to the severity of reported violation.</p>	None
<p>2.Fulfill operations integrity policy</p> <p>(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?</p> <p>(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?</p>	V		<p>(1) When our company is signing a contract with another party, we should fully understand its business integrity. The contract signed with its agent, supplier, customer, or any other business transaction party should include the terms of compliance with business integrity policy and the right to terminate the contract whenever the transaction counterpart involves in any unethical behavior.</p> <p>(2) The company designates the Corporate Sustainability Committee as a dedicated unit subordinated to the board of directors with the Chairman of the company serving as the committee minister. The Committee is assisted by the functional groups under it in the promotion and implementation of related matters, and reports to the board of directors at least once a year. The company had been reported the implementation status of ethical operations for the year, including measures taken for high-risk operations, reports of violations of professional ethics and integrity policies, and dissemination of related policies on December 21, 2022.</p>	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(3) Directors shall exercise a high degree of self-discipline, a director is prohibited from participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of Taiwan-Asia Semiconductor Corporation. Employees when encounters conflicts in interests while conducting businesses shall report to their supervisors or the dedicated unit.	None
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	V		(4) We have established effective accounting systems and internal control systems according to the related laws and regulations. The Audit Department formulates an annual audit plan based on the results of risk assessments, and devise audit plans to audit the systems accordingly to prevent unethical conduct, and assesses the Company's internal control system accordingly.	
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		(5) The Corporate Sustainability Committee will organize an internal propagate once every year. The ethical management promotion theme is “Prohibition against insider trading” in 2022 and the coverage was 97.46%. To announces the message to board directors, managements, employees, and assignees our company regarding the importance of integrity, such that they can fully understanding the resolution, policy, and preventive plan of our business integrity, and the consequences of unethical conduct.	
3. Operation of the integrity channel				
(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		(1) Our company has stipulated the reporting and appeal system in the “Procedures for Ethical Management and Guidelines for Conduct” to encourage internal and external staff to report the unethical or improper conducts. The reports will be granted proper rewards according to the severity of reported violation. We have also established and announced internal independent reporting mailbox on our company website and our intranet website for our internal and external staff.	None
(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		(2) Our company has formulated a procedure for submission of reports and set up a hotline, mailbox, and entity email address for appeal. The prosecutor can submit a written or oral appeal, and the acceptance unit must handle it confidentially to ensure the privacy of the party involved.	
(3) Does the company provide proper whistleblower protection?	V		(3) Our company will keep the identity of whistleblower and the content of report confidential via written statement, and promise that the whistleblower will not be punished due to such report.	

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>4.Strengthening information disclosure</p> <p>Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</p>	V		<p>The operation of Taiwan-Asia Semiconductor Corporation has followed applicable laws. Related operating procedures and regulations for the operation of Taiwan-Asia Semiconductor Corporation have been established and announced on Taiwan-Asia Semiconductor Corporation’s corporate website. It has been clearly stated in “Ethical Corporate Management Best Practice Principles ”and“Procedures for Ethical Management and Guidelines for Conduct” that our employees should stay on their post and strictly follow all applicable regulations. Our employees, when conducting businesses, shall not offer or accept any improper benefits including rebates, commissions, grease payments, etc.</p>	None
<p>5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation.</p> <p>Taiwan-Asia Semiconductor Corporation announces the importance of integrity to all of its Directors, Managers, and employees every year. The 2022 ethical management promotion theme is “Prohibition against insider trading”. Education and training were conducted by e-mails and web form to fulfill the integrity operating policy and prevent dishonest behaviors. Up to now, there has been no dishonest behavior found in the Corporation. The actual operation is the same as that described in the Code of Conduct of Taiwan-Asia Semiconductor Corporation.</p>				
<p>6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).</p> <p>The company has been formulated the "Ethical Corporate Management Best Practice Principles" and "Ethical Procedures and Code of Conduct" and has revised them in accordance with the latest laws and regulations, which was submitted to the Board of Directors for review "Ethical Procedures and Code of Conduct" on February 23, 2022 to enhance the effectiveness of the management of corporate ethics.</p>				

**(7) Corporate Governance Guidelines and Regulations:**

Taiwan-Asia Semiconductor Corporation has instituted “Sustainable Development Best Practice Principles” and “Corporate Governance Best Practice Principles”. Its control and management functions have been operated smoothly.

A. Based on the “Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies”, Taiwan-Asia Semiconductor Corporation has instituted the following regulations:

- Rules of Procedure for Shareholders Meeting
- Rules of Procedure for Board of Directors Meeting
- Rules of Election of Directors and Supervisors
- Remuneration Committee Charter
- Procedures for Acquisition or Disposal Assets
- Procedures for Endorsement and Guarantee
- Procedures for Lending Funds to Other Parties
- Rules Governing for Subsidiary
- Rules Governing for Investments
- Procedures for Handling Material Inside Information
- Directors and Management Ethical Conduct Principles
- Procedures for Halt and Resumption Applications
- Method for Performance Evaluation and Remuneration of Board of Directors
- Regulations Governing the Exercise of Powers by Audit Committees of Public Companies
- Ethical Corporate Management Best Practice Principles
- Procedures for Ethical Management and Guidelines for Conduct
- Rules Governing the Appeal and Punishment of Preventive Measures for Sexual Harassment, Workplace Unlawful Infringement and Unreasonable Management.
- The standard operating procedure for processing the requests by board directors.
- Sustainable Development Best Practice Principles
- Corporate Governance Best Practice Principles
- Risk Management Policies and Procedures

B. Enquiry: Taiwan-Asia Semiconductor Corporation’s corporate website at <https://www.tascsemi.com> for the financial data and corporate governance information disclosed by Taiwan-Asia Semiconductor Corporation.

**(8) Other Important Information Regarding Corporate Governance:**

A. Program and training of senior executive:

Title	Name	Date or program /training	Organizing unit	Program Name	Hours
Chief Internal Auditor	Steven Chen	2022/09/29	The Institute of Internal Auditors-Chinese Taiwan	Regulations and practical analysis on loans, endorsements, guarantees, and disposal of assetst	6
		2022/12/14	Accounting Research and Development Foundation	How to adjust internal controls to respond to new ESG regulations	6

Title	Name	Date or program /training	Organizing unit	Program Name	Hours
Head of Accounting	Amy Wu	2022/10/05-2022/10/14	Accounting Research and Development Foundation	Professional Development Course for First term Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	30
Corporate Governance Officer	Corrie Teng	2022/04/29	Taiwan Corporate Governance Association	Behind-the-Scenes Promoter of Corporate Governance: Operating practices of corporate governance personnel	3
		2022/06/21	Taiwan Corporate Governance Association	How to prevent internal problems - analysis of internal investigations in companies	3
		2022/09/23	Taiwan Corporate Governance Association	Explosion of virtual worlds: Future developments of the metaverse and cryptocurrency blockchains	3
		2022/11/23	Taiwan Stock Exchange Corporation	Advanced Seminar on Practices for Directors and Supervisors (Including Independent Supervisors) and Corporate Governance Supervisors - Latest Developments and Responses to International Carbon Tariffs	3

**B. Procedures for Handling Material Inside Information:**

To manage our internal material information, our board of directors instituted the “Procedure for Handling Internal Material Information”. At the same time, the procedure system and precautions matters have been posted on Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION)’s corporate website for all the colleagues across the board to comply with. In so doing, it is hoped that there will be no violation or insider trading occurring in the company.

**(9) Internal Control System:**

A. Internal control statement: (P.56)

B. Those that entrust a CPA to examine the internal control system as a project shall disclose the CPA’s audit report: None.

**(10) If there has been any legal penalty against the company and its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement:** None.

## (11) Major Resolutions of Shareholders' Meeting and Board Meetings:

### A. Major resolutions made in the 2022 regular shareholders' meeting:

Major Resolutions	Implementation Status
Approval of the 2021 business report and financial statements.	- The Company operating revenue was NT\$6.14 billion, and net Income was NT\$0.83 billion in 2021. The gain was NT\$2.11 per share.
Approval of the distribution of 2021 retained earnings.	- Ex-dividend record date is 2022.07.27 and issued a cash dividend at 2022.08.17. The distribution of a NT\$3.00028045 cash dividend per common share.
Approval of revision to the Company's Articles of Incorporation is hereby submitted for discussion.	- It is surely executed in accordance with result of discussion.
Approval of revision to the Company's Regulations Governing the Acquisition and Disposal of Assets is hereby submitted for discussion.	- It is surely executed in accordance with result of discussion.
Approval of revision to the Board of Directors Meeting Policy is hereby submitted for discussion.	- It is surely executed in accordance with result of discussion.

### B. Major resolutions made in board meetings include the following:

Year	Major Resolutions	Implementation Status
2022	<ul style="list-style-type: none"><li>- Approval of remuneration for board directors and supervisors and remuneration for employees of our company in 2021.</li><li>- Approval of financial report and operation report of our company in 2021.</li><li>- Approval of determination of matters related to shareholders' meeting.</li><li>- Approval of resolved to revise and Addition of "Procedures for Ethical Management and Guidelines for Conduc" and "Corporate Social Responsibility Best Practice Principles".</li><li>- Approval of the cash capital increase to the subsidiary, Ho Chung Investment Co., Ltd.</li><li>- Approval of "Internal Control System" of our company in 2021.</li><li>- Approval of according to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the assessment of funds exceeding a certain period being transferred to funds lent.</li><li>- Approval of the endorsement and guarantee for the subsidiary company - Opto Systems Tech Corporation for the performance and warranty to its customers due to business transactions.</li><li>- Approval of the Company's 2022 annual accountant appointment and independence evaluation.</li><li>- Approval of the proposed implementation of the transfer of treasury shares to employees according to the Company's "Measures for the 2021 First Transfer of Repurchased Shares to Employees".</li><li>- Approval of the proposed acquisition of Xinzhuang Section land by the subsidiary, Dongzhen Asset Co., Ltd.</li><li>- Approval of the proposed acquisition of ordinary shares of Singbao International Co., Ltd. through private placement by the subsidiary, Ho Chung Investment.</li><li>- Approval of the distribution of 2021 retained earnings.</li><li>- Approval of resolved to revise the "Articles of Incorporation" and "Regulations Governing the Acquisition and Disposal of Assets" and "Rules of Procedure for Shareholders Meetings" and "Corporate Governance Best Practice Principles".</li><li>- Approval of the company has approved the loan application for its subsidiary Shaoxing Opto Plus Technology.</li><li>- Approval of resolved to revise the determination of matters related to shareholders' meeting in 2022.</li><li>- Approval of according to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the assessment of funds exceeding a certain period being transferred to funds lent.</li><li>- Approval of the company has approved the operation plans for ProAsia Semiconductor Corporation.</li></ul>	All the resolutions of the Board Meeting have been fully implemented in accordance with the resolutions.

Year	Major Resolutions	Implementation Status
	<ul style="list-style-type: none"> <li>- Approval of the company has approved the 2022 company capital expenditure for ProAsia Semiconductor Corporation.</li> <li>- Passed the 2022 Shareholders' Meeting resolution for amending the Company's 2021 earnings distribution.</li> <li>- Approval of the proposed implementation of the transfer of treasury shares to employees according to the Company's "Measures for the 2021 First Transfer of Repurchased Shares to Employees"</li> <li>- Approval of obtainment of machinery and equipment from the Company's related party - New Smart Technology Co., Ltd.</li> <li>- Approval of the capital loan for the subsidiary - ProAsia Semiconductor Corporation.</li> <li>- Passed disposal of the overseas subsidiary (Chinese subsidiary - Opto Plus Technologies Co.)</li> <li>- Passed appointment of the new accounting supervisor and Chief Financial Officer.</li> <li>- Approval of according to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the assessment of funds exceeding a certain period being transferred to funds lent.</li> <li>- Approval of the endorsement and guarantee for the subsidiary, ProAsia Semiconductor Corporation, to apply for the bank credit limit from "Taiwan Cooperative Bank"</li> <li>- Revised the Company's 2022 budget.</li> <li>- Passed the obtainment of machinery and equipment from the Company's related party, New Smart Technology Co., Ltd</li> <li>- Passed the amendments to the Company's "Board of Directors Meeting Policy".</li> <li>- Passed to indirectly increase capital by cash for the subsidiary, ProAsia Semiconductor Corporation.</li> <li>- Passed the amendments to the Company's "Board of Directors Meeting Policy".</li> <li>- Approval of 5 year business plan for silicon-based GaN power components</li> <li>- Approval of according to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the assessment of funds exceeding a certain period being transferred to funds lent.</li> <li>- Approval of Amendment to the Company's "Procedures for Handling Material Inside Information".</li> <li>- Revise the Company's internal control system and internal audit implementation rules.</li> <li>- Approval of 2023 audit plan of our company.</li> <li>- Approval of the endorsement and guarantee for the subsidiary, ProAsia Semiconductor Corporation, to apply for the bank credit limit from "E.SUN COMMERCIAL BANK, LTD."</li> <li>- Approval of the endorsement and guarantee for the subsidiary, Opto Tech Corporation, for the performance and warranty to its customers due to business transactions.</li> </ul>	
2023	<ul style="list-style-type: none"> <li>- Approval of 2023 annual Capital expenditures and budget of our company.</li> <li>- Approval of remuneration for board directors and supervisors and remuneration for employees of our company in 2022.</li> <li>- Approval of financial report and operation report of our company in 2022.</li> <li>- Approval of determination of matters related to shareholders' meeting.</li> <li>- Approval of Proposed the liquidation of the Company's overseas company.</li> <li>- Approval of resolved to revise the "Corporate Governance Best Practice Principles".</li> <li>- Approval of "Internal Control System" of our company in 2022.</li> <li>- Approval of purchase of additional equipment by the Company.</li> <li>- Evaluation of the independence and suitability and appointment of CPAs by the Company in 2023.</li> <li>- Approval of according to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the assessment of funds exceeding a certain period being transferred to funds lent.</li> </ul>	<p>All the resolutions of the Board Meeting have been fully implemented in accordance with the resolutions.</p>

## **Taiwan-Asia Semiconductor Corporation Statement of Internal Control System**

Date: February 22, 2023

Based on its internal control system in 2022, Optotech Corporation Limited (Taiwan-Asia Semiconductor Corporation) declares the results of its self-examination as below:

1. Taiwan-Asia Semiconductor Corporation is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. Taiwan-Asia Semiconductor Corporation has established such a system aimed at providing reasonable assurance regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets), reliability of financial reporting, and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment or circumstances. Nevertheless, the internal control system of Taiwan-Asia Semiconductor Corporation contains self-monitoring mechanisms, and Taiwan-Asia Semiconductor Corporation takes corrective actions whenever a deficiency is identified.
3. Taiwan-Asia Semiconductor Corporation evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five components of internal control based on the process of management control: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring. Each component further contains several items. Please refer to the Regulations for details.
4. Taiwan-Asia Semiconductor Corporation has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, Taiwan-Asia Semiconductor Corporation believes that, during the year 2022, its internal control system (including its supervision and management of subsidiaries), as well as its internal controls to monitor the achievement of its objectives concerning operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations, were effective in design and operation, and reasonably assured the achievement of the above-stated objectives.
6. This Statement will be an integral part of Taiwan-Asia Semiconductor Corporation's Annual Report for the year 2022 and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement has been passed by the Board of Directors in their meeting held on February 22, 2023, with zero of the Seven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Taiwan-Asia Semiconductor Corporation

Chairman: H.T.Wang

President: Champion Yi

**(12)Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors :None.**

**(13)Resignation or Dismissal of the Company’s Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D :**

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
President & Chief Executive Officer	David Hung	2020.08.03	2022.04.01	Retirement
Chief Operating Officer	Vince Chen	2021.05.19	2022.04.01	Job adjustment
Senior Assistant Vice President	Benjamin Chang	2021.03.02	2022.04.30	Resignation
Head of Accounting	Yin-Rui Chen	2007.03.24	2022.09.01	Retirement

#### **5. Certified Public Accountant (CPA) Fee Information**

Name of the Accounting Firm	Name of CPA		CPA's Audit Period	Audit Fee	Non-accounting fee	Total	Remarks
Pricewaterhouse Coopers	Tsai-Yen Chiang	Chung-Hsi Lai	2022.01.01-2022.12.31	3,630,000	570,000	4,200,000	The service content of non-audit fees includes tax audits.

**(1)In the case that the accounting firm is replaced and the audit fee paid for the year making replacement is less than that of the year before replacement, the audit fees before and after replacement of the accounting firm and the reason for replacement shall be disclosed: None.**

**(2)The company whose audit fee is reduced by no less than 10% from the previous year shall disclose the audit fee reduction amount, ratio and reason. The audit fee referred to in item (1) is the amount paid by the company to the CPA for audit, examination, re-review of financial reports, financial prediction review and taxation certifiact: None.**

## 6.Replacement of CPA

### (1)Regarding the former CPA :

Replacement Date	Resolved by the board of directors on 23rd Feb., 2022		
Reason of change and explanation	To meet the needs of the Company's future operational development and overall management considerations, since the first quarter of 2022, the financial report certification/auditing accountants have been changed from CPAs Tsai-Yen Chiang and Chung-Hsi Lai from PwC to CPAs Alexe Chen and Titan Lee from Deloitte & Touche.		
Describe whether the Company terminated or the CPA did not accept the appointment	Status	Parties	CPA
	Termination of appointment		V
	Did not accept (continue) the appointment		
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the company	Yes		Accounting principles or practices
			Disclosure of Financial Statements
			Audit scope or steps
			Others
	None	V	
Remarks/specify details:			
Other Revealed Matters	None		

### (2)Regarding the successor CPA :

Name of accounting firm	Deloitte & Touche
Name of CPA	Alexe Chen / Titan Lee
Date of appointment	23rd Feb., 2022
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

### (3)Reply letter from the former CPA: None.

**7.The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates in the most recent two years:None.**

## 8. Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

### (1) Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders:

Title	Name	2022		As of April. 22, 2023		
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	
Director	Chairman	H.T.Wang	0	0	0	0
	Vice Chairman	Tsun-Chia Tai	0	0	0	0
	Director	Kuo-Kuang Li	0	0	0	0
	Director	Nichia Taiwan Corp. Rep. of legal person:Ishigami Koji	0	0	0	0
Independent Director	Independent Director	Shih-Kuang Tsai	0	0	0	0
	Independent Director	Chen-Tung Lai	0	0	0	0
	Independent Director	Chien-Chih Wu	0	0	0	0
Executive Officers	Chairperson of the Corporate Sustainability Committee	H.T.Wang	0	0	0	0
	Vice Chairperson of the Corporate Sustainability Committee	Tsun-Chia Tai	0	0	0	0
	Chief Strategy Officer	Kuo-Kuang Li	0	0	0	0
	President	Champion Yi (Note1)	200,000	0	0	0
	President & Chief Executive Officer	David Hung (Note2)	0	0	-	-
	Senior Vice President & Chief of Staff	Tzu-Chun Lin	0	0	-	-
	Senior Vice President & Chief of Operation	Jason Tsai (Note3)	0	0	0	0
	Vice President & Chief of Operation	Vince Chen (Note4)	0	0	-	-
	Vice President & Chief Technology Officer	Heng-Kuang Lin(Note5)	0	0	0	0
	Head of Financing and Accounting & Chief Financial Officer	Yin-Rui Chen(Note6)	0	0	-	-
	Head of Financing and Accounting & Chief Financial Officer	Amy Wu(Note7)	0	0	0	0
	Corporate Governance Officer	Corrie Teng	0	0	0	0
Major Shareholders	Major shareholders holding more than 10% of the shares	Nichia Taiwan Corp.	0	0	0	0

Note1: Champion Yi serves as President and David Hung resigned President on April 1, 2022, at the same day. The change of equity is the information at the time of taking office.

Note2: David Hung resigned President and Chief Executive Officer on April 1, 2022. The change of equity is the information at the time of resignation.

Note3: Jason Tsai serves as Senior Vice President & Chief of Operation on June 1, 2022. The change of equity is the information at the time of resignation.

Note4: Vince Chen stepped down Chief Operating Officer on April 1, 2022 and Vice President on June 29. The change of equity is the information at the time of resignation.

Note5: Heng-Kuang Lin serves as Vice President & Chief Technology Officer on May 5, 2023. The change of equity is the information at the time of taking office.

Note6: Yin-Rui Chen stepped down Head of Financing and Accounting & Chief Financial Officer on September 1, 2022. The change of equity is the information at the time of taking office.

Note7: Amy Wu serves as Head of Financing and Accounting & Chief Financial Officer on September 1, 2022. The change of equity is the information at the time of resignation.

### (2) Shares Trading with Related Parties: None.

(3) Shares Pledge with Related Parties: None.

## 9. Relationship among the Top Ten Shareholders

Apr. 22, 2023

Name	Current Shareholding		Spouse's /minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Nichia Taiwan Corp.	88,811,822	20.25	0	0.00	0	0.00	Nichia Corp. entrusted to Chinatrust Commercial Bank	Parent company	
Nichia Taiwan Corp. Rep. of legal person:Hsiao Chuan Ying Chih	0	0.00	0	0.00	0	0.00	None	None	
Nichia Corp. entrusted to Chinatrust Commercial Bank	11,014,657	2.51	0	0.00	0	0.00	Nichia Taiwan Corp.	Subsidiary	
Polunin Emerging Markets Small Cap Fund, LLC	6,012,023	1.37	0	0.00	0	0.00	None	None	
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	5,780,987	1.32	0	0.00	0	0.00	None	None	
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	5,190,266	1.18	0	0.00	0	0.00	None	None	
Taishin International Bank Employee Stock Ownership Trust Account of TASC	4,053,874	0.92	0	0.00	0	0.00	None	None	
UBS Norwegian central bank investment account	3,464,081	0.79	0	0.00	0	0.00	None	None	
Meisheng Investment Co., Ltd.	3,250,027	0.74	0	0.00	0	0.00	None	None	
Morgan Securities I I	2,538,000	0.58	0	0.00	0	0.00	None	None	
UBS D F A Invest in the core securities	2,092,537	0.48	0	0.00	0	0.00	None	None	

## 10. Ownership of Shares in Affiliated Enterprises:

Dec. 31, 2022; Unit: shares/ %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
New Smart Technology Co., Ltd.	1,000,000	0.05	4,000,000	0.18	5,000,000	0.23

## IV 、 Capital Overview

### 1. Capital and Shares

#### (1) Source of Capital

##### A. Issued Shares

The company has not had any change in share capital since 2022 and up to the publication date of the annual report.

Share Type	Authorized Capital			Total
	Issued Shares	Treasury stock(shares)	Un-issued Shares	
Common stock (the shares of companies listed in Taiwan)	378,581,846	41,000	561,377,154	1,000,000,000
common stock of private placement	60,000,000	-	-	

B. Information for Shelf Registration: None.

#### (2) Status of Shareholders

Apr. 22, 2023

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	5	17	217	86,765	152	87,156
Shareholding (shares)	209,179	5,458,431	99,877,727	280,498,882	52,578,627	438,622,846
Percentage	0.05%	1.24%	22.77%	63.95%	11.99%	100.00%

#### (3) Shareholding Distribution Status (Common Shares)

Apr. 22, 2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	40,070	5,811,071	1.32%
1,000 ~ 5,000	37,083	76,551,621	17.45%
5,001 ~ 10,000	5,392	42,066,694	9.59%
10,001 ~ 15,000	1,699	21,775,794	4.96%
15,001 ~ 20,000	864	15,994,138	3.65%
20,001 ~ 30,000	810	20,565,929	4.69%
30,001 ~ 40,000	358	12,851,451	2.93%
40,001 ~ 50,000	221	10,242,404	2.34%
50,001 ~ 100,000	370	26,778,837	6.11%
100,001 ~ 200,000	170	23,657,453	5.39%
200,001 ~ 400,000	70	19,594,832	4.47%
400,001 ~ 600,000	15	7,316,226	1.67%
600,001 ~ 800,000	12	8,169,287	1.86%
800,001 ~ 1,000,000	2	1,839,000	0.42%
1,000,001 or over	20	145,408,109	33.15%
Total	87,156	438,622,846	100.00%

**(4) List of Major Shareholders**

Apr. 22, 2023

Shareholder's Name	Shares	Percentage
Nichia Taiwan Corp.	88,811,822	20.25%
Nichia Corp. entrusted to Chinatrust Commercial Bank	11,014,657	2.51%
Polunin Emerging Markets Small Cap Fund, LLC	6,012,023	1.37%
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	5,780,987	1.32%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	5,190,266	1.18%
Taishin International Bank Employee Stock Ownership Trust Account of TASC	4,053,874	0.92%
UBS Norwegian central bank investment account	3,464,081	0.79%
Meisheng Investment Co., Ltd.	3,250,027	0.74%
Morgan Securities I I	2,538,000	0.58%
UBS D F A Invest in the core securities	2,092,537	0.48%

**(5) Market Price, Net Worth, Earnings, and Dividends per Share**

Items		2021	2022	01/01/2023 - 03/31/2023
Market Price per Share	Highest Market Price	80.40	73.20	41.50
	Lowest Market Price	21.85	30.40	34.00
	Average Market Price	34.02	43.56	37.15
Net Worth per Share	Before Distribution	22.21	19.44	19.66
	After Distribution	19.20	18.43	18.66
Earnings per Share	Weighted Average Shares	393,116,360	437,384,925	437,827,303
	Diluted Earnings Per Share	2.11	0.82	0.16
Dividends per Share	Cash Dividends	3.00	1.00	-
	Stock Dividends	-	-	-
		-	-	-
	Accumulated Undistributed Dividends	-	-	-
Return on Investment	Price / Earnings Ratio (Note 1)	16.12	53.12	-
	Price / Dividend Ratio (Note 2)	11.34	43.56	-
	Cash Dividend Yield Rate(Note 3)	8.82%	2.30%	-

Note 1: The number of shares issued at the end of the year shall prevail and shall be filled in according to the resolution of the board of directors or the shareholders' meeting of the next year.

Note 2: The amount of cash dividend distribution in 2022 was approved by the Board of Directors on May 5, 2023.

Note 3: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 4: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 5: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

## (6) Dividend Policy and Implementation Status

### A. Dividend Policy:

If there is any surplus in the company's yearly final accounts, it will be distributed as follows:

- (a) Offset the losses from previous years.
- (b) Withdrawing 10% statutory surplus reserve until the accumulated amount has reached paid-in capital of Taiwan-Asia Semiconductor Corporation.
- (c) Provision or rotation of special reserves depending on company's need of operation and legal requirement.
- (d) After deducting Items 1 to 3, if there is any balance, the dividends of the preferred shares in the current year shall be provided in priority. If there is still any balance, the accumulated undistributed surplus from the previous year shall be added to the balance, and the remaining balance shall be regarded as shareholder dividend. The Board of Directors shall determine the allocation amount and organize a shareholders' meeting for resolution.

Since Taiwan-Asia Semiconductor Corporation requires capital expenditure in order to pursue sustainable development needs. Hence, we will distribute both stock dividend and cash dividend in accordance with our growth rate and capital expenditure status, in which the cash dividend shall be no less than 50% of the total amount of the dividend distribution of the year that the dividend occurs.

The Board of Directors of the Company shall, with the resolution adopted by the attendance of two-thirds or more of the directors and more than half of the directors in attendance, distribute in cash all or part of the dividends and bonuses distributable, capital reserve or statutory surplus reserve, for which the provisions of these Articles of Incorporation regarding resolutions of the shareholder meeting shall not apply.

### B. Proposed Distribution of Dividend:

The 2022 surplus appropriation proposal was resolved by the Board of Directors on May 5, 2023 to distribute a cash dividend of NT\$ 1.0 per share, and formulate a surplus distribution table as shown below. The 2022 surplus appropriation proposal was reviewed by the Audit Committee and submitted to shareholders' meeting for discussion after being approved by the Board of Directors.

### **Taiwan-Asia Semiconductor Corporation** **Statement of Earning Distribution 2022**

Unit : NT\$ dollars

Item	Amount
Undistributed earnings at the beginning of year.	1,246,196,219
Plus: After-tax profit of the year.	360,465,694
Plus: Actuarial gains and losses of current fiscal year.	78,098,035
Subtotal.	438,563,729
Less: Allocated legal earning reserve.	(43,856,373)
Plus: Rotating special reserves.	0
Distributable retained earnings.	1,640,903,575
Cash dividends to shareholders.	(438,622,846)
Undistributed surplus at year end.	1,202,280,729

**(7) Effect of the free share allotment to be proposed at the shareholders' meeting on the Company's business performance and its EPS:** None.

**(8) Employee and Directors' Remuneration:**

**A. Information Relating to Employee and Directors' Remuneration in the Articles of Incorporation:**

10%-20% of the Company's annual profit, if any, should be allocated to employee remuneration, and not more than 10% to director and supervisors' remuneration. However, in the event of accumulated loss, the Company should be compensated.

Employees' remuneration can in be the form of stock or cash. Allocation stock or cash recipients must include Company employees who satisfy certain conditions.

The current year profit referred to in Paragraph 1 is defined as pre-tax profit minus benefits prior to remunerating dispatch employees and directors.

Allocation for employees and directors must be approved by a board meeting in which more than two-thirds of the directors are present and more than half of those present agree to the resolution, which is reported at the shareholders meeting.

With the attendance of more than two-thirds of the directors in the Directors' Meeting and more than half of the attending directors' consent, the whole or a part of the distributable dividends & bonuses and the capital reserve/legal reserve shall be distributed in the form of cash. Regulations on the decisions of shareholders meetings which are not applicable to this Articles of Association shall be reported to the shareholders meetings.

**B. The Estimated Basis for Calculating the Employee, Director and Supervisors' Remuneration:**

Employee, director and supervisors' remuneration that is calculated according to legal stipulations or construction obligation and reasonably estimated is recognized as expense and liability. Subsequent to resolution, discrepancy between actual allocated amount and estimated amount will be handled according to changes in accounting estimate.

**C. Profit Distribution for Employee, Director and Supervisors' Remuneration for 2022 Approved in Board of Directors Meeting:**

(a) Recommended Distribution of Employee, Director and Supervisors' Remuneration:

Unit : NT\$ dollars

Employees' Remuneration	\$50,812,447
Director Remuneration	\$ 25,406,223
Total	\$76,218,670

(b) Ratio of Recommended Employee Stock Bonus to Capitalization of Earnings: None.

**D. Information of 2020 Distribution of Compensation of Employees, Directors and Supervisors (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed) and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated.**

Unit : NT\$ dollars

Item	Estimated amount	Actual allocated amount	Difference	Reasons	Situation
Employees' Remuneration	187,978,357	187,978,357	0	None	None
Director Remuneration	62,659,452	62,659,452	0	None	None

**(9)Buyback of Treasury Stock:**None.

**2.Bonds:**None.

**3.Preferred Stock:**None.

**4.Global Depository Receipts:**None.

**5.Employee Stock Options:** None.

**6.Status of New Shares Issuance in Connection with Mergers and Acquisitions:**None.

**7.Financing Plans and Implementation:**

**First private placement of ordinary shares in 2021.**

**I. Content of the plan:**

1. The approval date and document number of the competent authority governing the business: March 26,2021 Taiwan Certificate No. 1101801127.
2. The total amount of funds required for this project:NT\$1,375,800,000.
3. Sources of funds:60,000,000 new shares were issued for capital increase in cash, priced at NT\$ 22.93 per share.
4. The items, timeline, and expected potential benefits:

Item	Scheduled completion date	Total funds required	Unit:NT\$ thousands	
			Scheduled fund utilization timeline	
Debt repayment	The fourth quarter of 2021	484,000	484,000	484,000
new construction and expansion, replacement of old plant and equipment	Currently in the process of purchasing	891,800	891,800	891,800
Total		1,375,800	1,375,800	1,375,800
Expected potential benefits	It is expected to expand the scale of future operations, effectively reduce capital costs and operational risks and ensure financing efficiency, as well as strengthen the company's competitiveness and improve operational efficiency.			

## II. Implementation status:

### 1. progress of funds

Unit:NT\$ thousands

Item	Implementation status		As of the first quarter of 2022	Notes
Debt repayment	Drawdown timeline	Scheduled	484,000	In the third quarter of 2021, the company has used the private placement funds to repay all borrowings in the joint loan case sponsored by China Trust.
		Actual	484,000	
	Execution progress	Scheduled	35.18 %	
		Actual	35.18 %	
new construction and expansion, replacement of old plant and equipment	Drawdown timeline	Scheduled	891,800	At present, expand and the relevant plant equipment is still being purchased.
		Actual	736,445	
	Execution progress	Scheduled	64.82 %	
		Actual	53.53 %	

### 2. Perform a comprehensive analysis of benefits

Unit:NT\$ thousands

Year		2021	2022	Increase (decrease)
Item				%
Property, plant and equipment		2,664,220	2,661,914	(0.09)%
Total assets		12,345,359	10,554,807	(14.50)%
Total liabilities		2,647,841	2,045,413	(22.75)%
Interest expenses		17,226	11,491	(33.29)%
Operating revenue		6,143,243	4,529,777	(26.26)%
Earnings per share		2.11	0.82	(61.14)%
Capital structure	Debt ratio	21.45%	19.38%	(9.66)%
	Ratio of long-term capital to property, plant and equipment	379.05%	339.08%	(10.54)%

Source: Consolidated financial statements audited and certified by an accountant.

Analysis and explanation: Interest expenses have been greatly reduced due to repayment of bank loans, but new expansion and replacement of old plants and equipment have not been completed.

## V 、 Operational Highlights

### 1. Business Activities

#### (1) Business Scope:

##### A. Main areas of business operations:

(A) Production and sales of opto-electronic semiconductor devices:

- (a) LED (b) Infrared LED (c) Photodiode (d) Phototransistor  
(e) Opto-electronic coupler (f) Laser diode (g) Optical integrated circuit

(B) Production and sales of semiconductor electronic devices:

- (a) Varactor diode (b) Field effect transistor (c) Microwave transistor (d) Diode (e) Transistor  
(f) All kinds of semiconductor devices

(C) Production and sales of wireless communication equipments:

UHF wireless hopping communication device.

(D) The research, development, design, manufacturing, sales, leasing (only for self-owned products), promotion and after-sale service of aforementioned items and associated system products.

(E) We are also involved in export/import trading activities associated with our company's business.

##### B. Revenue distribution:

Unit: NT\$ thousands

Major products	2022 revenue, net	Ratio %
Light emitting devices	894,492	19.75
Sensor devices	2,388,001	52.72
System product	977,538	21.58
Packaging Products	256,336	5.66
Other	894,492	0.29
Total	4,529,777	100.00

##### C. Main products:

Sensing components are mainly divided into photodiodes, phototransistors, and two-way optical thyristors. In recent years, the health management function has been implemented in wearable devices. For photodiodes that can receive wavelengths below 1000nm, in response to the demand of major international wearable brands, the momentum continues to grow, and the needs of customers are met with stable quality. The largest application of phototransistors and two-way optical thyristors is focused on optical coupler applications such as home appliances and consumer electronics. In response to the advent of the industrial automation era, ordinary optical couplers will be transformed into high-speed optical couplers, entering into the field of industrial control that focuses more on data transmission. The two-way optical thyristor is advancing towards the more cost-effective energy-saving specifications in the AC-driven home appliance market, providing customers with more diverse, rich and comprehensive solutions.

The emission components are mainly divided into general LEDs such as GaP, VPE, AlGaAs, IR and high-brightness LEDs such as AlGaInP, whose wavelengths are mainly distributed from visible light to near-infrared (580~1000nm). The general type is mainly used in industrial and home appliance indicator lights, decorative lighting, infrared monitors, and optical couplers for signal transmission; the high-brightness type is suitable for display screens, decorative lighting, wearable devices, gel nail machines, and infrared surveillance cameras. Recently, the development is targeting the short-wave infrared (SWIR) emission components (1000~2000nm) that have more market potential. Because this field has a wavelength that is safer for human eyes and can perform optical distance measurement between biological moisture, blood oxygen, blood sugar, ethanol, fat, protein, etc. and distance. This sensing function can be extended to wearable health management devices, automated unmanned factories, agricultural testing, lidar, material identification and other short-wave infrared, its business opportunities and applications will be limitless.

The main products of the Company's subsidiaries:

ProAsia Semiconductor Corporation primarily produces semiconductor power devices such as SBD and MOSFET on SiC. SiC has good heat dissipation, low power loss, high voltage resistance, and low on-state resistance, making it suitable for use in electric vehicle inverters, regulators, and other equipment. With the increasing awareness of environmental protection and the widespread use of electric power, SiC will be applied in power supply products such as electric vehicles, charging stations, high-speed rail power, smart grids, solar inverters, wind power inverters, automotive electronics, industrial electromechanical systems, data centers, space satellites, and mobile base stations. The company has made adequate preparations to enter the international SiC power device market.

OPTO TECH CORPORATION mainly produces full-color displays. By utilizing unique technology, the displays achieve optimized gamma curves with 16-bit color depth for red, green, and blue, resulting in a finely-distributed and vivid color gamut, while simultaneously overcoming the flashing and interference effects of low-level color brightness, allowing for clearer display presentations. In addition, pixel sharing technology can improve the overall resolution of the display screen to produce ultra-high quality images, and it is also equipped with a system backup function for stable long-term operation. The use of modular design makes disassembly simple, and unique heat dissipation technology quickly and effectively reduces the heat generated by the optical module. Coupled with excellent power module, the conversion efficiency can reach more than 90%, and it has the characteristic of constant current output, which can reduce the long-term work decay of LEDs. Other system products also include LED headlights, variable message signs, and LED traffic lights.

#### D. New products development

##### (A) Light emitting devices

a. Development of high-power LED.	b. Development of high power IR LED custom product group.
c. Band-pass NIR / SWIR light sensing element.	d. NIR / SWIR LED of wearable device.
f. Plant LED lighting.	

##### (B) Sensor devices

a. Development of high-voltage Zener protection components for automotive.	b. Triac product development.
c. Development of APD products.	d. Development of photovoltaic generator (PVG) products.
e. Development of wearable sensing components.	f. Development of flip type sensing components.
g. Development of high-speed optical coupler components.	h. Development of high performance photodetector thyristor elements.

##### (C) Power components

a. Development of power MOSFET products.	b. Development of FRED Fast Recovery Epitaxial Diode products.
c. Development of TVS transient voltage products.	d. Development of zener diode products.
e. Development of automotive power zener voltage regulator components.	f. Development of VDMOSFET high voltage switching component.

##### (D) System products

a. Lightweight display module.	b. Development of passenger information system for public transportation.
c. Antibacterial lighting.	d. Outdoor, water resistant display.
e. Next generation billboard display.	f. Next generation building facade lighting system.
g. Lighting fixtures and controllers for plant growth.	h. Small-pitch modular indoor display.

(E) Discussion on the establishment of new process chip verification and the application of new product trends

a.Establishment of near-infrared long-wavelength IR LED and MPD chip development verification system and development of physiological detection module.	b.Validation and development of non-invasive blood glucose trend detection.
c. Establishment of the High Speed Photo coupler PTR chip verification integrated system.	d.The establishment of fully automated production and automated process integration.
e.Optical coating technology development.	f.Development of surface-emitting laser components.
g.Development of GaN HEMT power component epi-wafers	h.Development of SiC epitaxy and chip production processes.

**(2)Industry Overview:**

A. Current status and future development:

According to TrendForce’s 2023 infrared sensing market investigation report, the various key topics, such as advanced driver assistance systems/smart autonomous driving/driver and passenger monitoring/industrial and logistical automation/biological sensing/under-screen sensing are under stable development in 2022 to 2023. The market value of the infrared sensing market is expected to reach US\$3.096 billion in 2023. The most powerful driving forces are industrial LiDAR, under-screen distance sensors, and eye-tracking technology. In addition, 3D sensing could be integrated into augmented/virtual reality, with time-of-flight ranging sensing technology, to achieve interactive augmented reality functions. A variety of emerging issues will drive the infrared market to reach a scale of US\$4.881 billion by 2027. According to the estimates of the global SiC power semiconductor market made by market research agencies, driven by the electric vehicle market, the SiC power semiconductor market will exceed US\$10 billion in 2027. From 2018 to 2027, the compound annual growth rate is close to 40%.

B. Relationship with Up-, Middle- and Downstream Companies:

At this stage, the supply chain of emission and sensing components is quite long, from upstream raw materials, monocrystal, epiwafer, midstream electrode production, die sawing, die testing, to midstream die bonding, wire bonding packaging, and finally to downstream modules and applications end. In recent years, the competition in lighting and near-infrared industries has been fierce, and the market is becoming saturated. Coupled with the price competition of Chinese manufacturers, in the overall industry chain of emission and sensing, business models such as investment, joint venture, merger and acquisition, or strategic alliance have gradually emerged, forcing small and medium-sized manufacturers to gradually withdraw from the market, and causing constant changes in all levels of the overall industrial chain, including the upstream, midstream and downstream. How to stand out from the crowd of competitors will be a major challenge for this industry in the future.

The global SiC power semiconductor supply chain can be roughly divided into upstream crystal substrate manufacturing and epitaxy, midstream wafer manufacturing, downstream packaging modules and product design and applications. ProAsia Semiconductor is positioned as a professional foundry for SiC upstream epitaxy production and midstream power device manufacturing. The Company plans to adopt a collaborative model of product design and development with domestic and foreign design house giants, implementing the “design in” cooperation model. With design houses as our main customers, the marketing model we adopt involves close ties with customers. Product specifications are fully matched with customer needs and can be adjusted flexibly. In addition, the Company will also work with potential customers to create profits through the design-in cooperation model.

C. Product trends:

➤ Sensor devices products

Such sensing products are widely used in home appliances, industrial signal transmission, consumer electronics, and security systems. Today, wearable devices with health management functions have become the mainstream of the consumer market, and are developing toward home sports and care, supplemented by ambient light sensing to be applied to smart homes. In addition, in the industrial field, machine vision and high-speed signal transmission opticalcouplers are crucial applications for unmanned factory automation management; advanced driver assistance systems (ADAS) in the automotive field, etc. also combine gesture and facial recognition, as well as driver and passenger monitoring functions to drive the automotive 2D-3D sensing market.

➤ Light emitting products

The emission components have been extended from the mature visible light and near-infrared LED to the emerging short-wave infrared field. This potential market will include physiological parameters such as moisture, blood oxygen, heartbeat, blood sugar, and alcohol monitoring, under display proximity sensor and eye tracking functions for consumer electronics, and hyperspectral imaging for industrial machine vision, which will all drive the development of the short-wave infrared market.

➤ Power components products

Power devices are electronic components used in power control applications such as power conversion, current regulation, and voltage stabilization. They include bipolar transistors, field-effect transistors, diodes, silicon-controlled rectifiers, and other components. Power devices play a critical role in power systems. The growth momentum of the power device market mainly comes from the demand for terminal application equipment, including consumer electronics, communication equipment, electric vehicles, new energy, and industrial machinery. Therefore, the size of the power device market is highly positively correlated with the global economic development situation.

➤ Establishment of a new production technology platform

GaN (Gallium Nitride) and FRED (Fast Recovery Epitaxial Diode) are both production process technologies newly established by TASC. GaN is a new type of semiconductor material with high electron mobility, high electron saturation velocity, and high voltage endurance, as well as other characteristics. These characteristics make GaN a very promising semiconductor material for the production of high-power, high-frequency, and high-efficiency electronic components and systems. FRED, also known as Fast Recovery Epitaxial Diode, is a type of fast recovery diode. It is a high-speed and efficient rectifier suitable for high-frequency applications such as power converters, inverters, PWM control systems, AC servo drives, and more.

D. Product competition:

Sensing and emission components are now facing price and supply chain competition in the industry, which has impacted the overall profit of the product. Therefore, under the competitors' price situation, TASC will also be forced to transform to high niche products, and to develop products with high technology threshold and achieve specification differentiation, so as to maintain the leading position as a major sensor manufacturer. Now, in response to the development needs of customers, we are constantly improving our process technology and production efficiency, while introducing automated production processes. Therefore, with the advantages of mass production performance, quality control and advanced technology, price wars will definitely not be the decisive factor.

**(3) Research and Development**

A. R&D expense of the most recent fiscal year up to the publication date of this annual report:

Year	Total Expenses (NT\$ thousands)
2022	143,734
2023(As of March 31)	43,980

B. Technologies and R&D achievements

R&D and innovation have always been the driving force for the continuous growth of Taiwan-Asia Semiconductor Corporation. Therefore, there is a Smart Manufacturing Center unit set up under the production and operation center, together with the R&D center, Proposal of new strategies and solutions for the development of new products, the innovation and improvement of existing products, and the customer service oriented custom product development, etc. The technology and R&D achievements of the product technology integration unit are described as follows.

➤ Opto-semiconductor in Fab 1:

(A) Organization

This unit is mainly in charge of the development, VCSEL, process stability and the mass production of compound semiconductor LED materials and devices. Currently, according to the characteristics of the product, it is in charge of the development of epitaxial materials, the R&D design and specification formulation of new components and new processes, the setting of process parameters for mass production, the improvement and enhancement of process technology, the control of process capabilities, and the improvement of yield, etc. in order to meet the needs of the customers.

(B) Strategy

- (a) Continue to invest in the development and production of quaternary epitaxy. With the foundation of the existing visible light and infrared products, keep improving product characteristics to meet the needs of high-end market applications.
- (b) Make strategic alliances with suppliers of GaAs and InP substrate materials and LED and LD epi-wafers to achieve vertical integration and complementarity of epi-wafers and die products, in order to steadily expand market share.
- (c) Continue to cooperate with customers to develop infrared vertical cavity surface emitting laser (VCSEL), infrared metal-bonding LEDs, and infrared MPDs to satisfy the demands in the lighting, optical communication and sensing markets.
- (d) To focus on patent deployment and alliance for breaking through LED patent dilemma in addition to continuously improving existing highlight LED efficiency, so as to respond to the future demand in the highlight LED market, in response to future market of highlight LED.
- (e) In recent years, the application of infrared products has continued to increase. In addition to LPE infrared products, MOCVD epi-wafer infrared products have also been further developed, providing customers with more choices regarding the infrared products, which is beneficial for customers to develop more new products.
- (f) Continue to cooperate with the Company's R&D center and the silicon product engineering R&D unit in Fab2 to develop new niche products.
- (g) To continue to cooperate with Nichia Corp to expand the Japan, Korea, Europe and America market.
- (h) Continue to deepen blue light flip-chip technology and advanced packaging technology as well as the vertical integration of wafer level package.
- (i) Develop deep ultraviolet UVC LED and UVC PD niche products to meet the growing demands for disinfection and epidemic prevention.
- (j) Introduce automation equipment to improve production efficiency and product quality.

(C) Performance and achievement

- (a) Collaboration with Japanese, European, and American customers to develop quaternary automotive LED products and introduction of mass production to increase product gross profit margin.
- (b) Collaboration with major consumer electronics companies to develop LED products for wearable devices and integrating them with sensor products, providing customers with one-stop shopping for complete solutions and services.
- (c) Cooperate with major Japanese manufacturers to develop TOF VCSEL sensing applications, and complete sample certification. In addition, for the contact switch applications of major Singapore manufacturers, Proximity & TWS VCSEL, the development of 6mil power and small divergence angle products will be completed.
- (d) Stable production of die for MPD sensing applications, keeping in line with customer specifications, and increasing product competitiveness and customer orders.
- (e) Through internal vertical integration, improve the luminous efficiency of UVC epitaxy and flip-chip products, strengthen product reliability, and reduce costs to achieve good cost-performance ratio. In response to the COVID-19 pandemic, products are applied to applications such as surface sterilization, water sterilization and solid hardening.

- (f) For binary and ternary niche products, besides quality improvement, the company is actively striving for opportunities to promote the utilization of the products among major international manufacturers to expand the market share and continue to maintain the number one position in the traditional LED production capacity.
- (g) Cooperate with customers to develop new applications and demand. Complete the development of new infrared products. In addition to consolidating the existing market, new infrared markets will be acquired to continuously increase the market share. Currently, infrared dies still have the largest market share for the original applications. At present, the new MO-type TS infrared has been steadily shipped, and we will continue to win more customers and orders in the future.

➤ Silicon semiconductor in Fab 2:

(A) Organization

Major duties are to assist the mass production of silicon electronic products and the development of new products. This unit will enhance competitiveness among peers and expand the scope of applications by improving product features and satisfying customers' demand based on existing foundation.

(B) Strategy

- (a) For the existing standard product production lines, the production efficiency, process yield and automation have been continuously improved to enhance the market competitiveness of standard products.
- (b) Developing and preparing new production process technologies and establishing mass production platform in response to the special application demands of the markets of IoT sensing, wearable device, and industrial automation.
- (c) Providing customers with complete production process technology platform and mass production platform for integration of application creativities in order to enhance the market competitiveness of products at customer end.
- (d) To have technological cooperation with foreign manufacturers, the Company has developed a semiconductor protection and sensing component.

(C) Performance and achievement

- (a) Development of high-voltage ESD protection components for vehicles: Development completed and is undergoing customer certification.
- (b) APD product development: Products with different specifications have been developed.
- (c) Silicon cap product development: Development and customer certification completed, and has entered mass production.
- (d) Wearable sensing component development: Development completed and is undergoing customer certification. High performance products are still under development.
- (e) Development of flip type sensing components: Development completed and is undergoing customer certification.

➤ R & D Center:

(A) Organization

The main responsibilities are not only the development of new compound semiconductor optoelectronic products and compound semiconductor epi-wafers, but also the process development, component design and test verification involved in the development of wide band gap material power switch (GaN or SiC) component products. The goal is to integrate internal and external resources of the company, enhance product functions, expand application fields and enhance product added value. Mainly responsible for TASC's wide band gap material power switch (GaN or SiC) chip manufacturing process, or the corresponding gate drive component process development, component process and electric property simulation platform establishment, wafer-to-package testing and verification process establishment, and PDK (process design kit) provision for customer-related process platforms.

## (B) Strategy

Master the development of compound semiconductor independent material epi-wafers, provide TASC with various new optoelectronic products and new product development of third-generation semiconductor power components, so as to achieve the competitiveness and forward-looking of TASC's new products. The methods are as follows:

- (a) Recruit industry experts and create a solid team to meet the development opportunities of the type three power semiconductors.
- (b) Invest in devices and production lines required for gallium nitride production.
- (c) Integrate the devices and production lines built by the subsidiary for silicon carbide to have a synergistic effect.
- (d) Invest in simulation software, establish a component process and electric property simulation platform to speed up development and reduce the cost of trial production.
- (e) Provide customers with the PDK (process design kit) required for a complete process technology platform.

## (C) Performance and achievement

- (a) Completed the development and verification of the near-infrared long-wavelength SWIR sensing components.
- (b) Completed the development and verification of the 940nm surface-emitting laser components.
- (c) Development of high-performance photodetector thyristor wafer: it is expected that sample verification and customer evaluation will be completed in mid-2023.
- (d) GaN component process and wafer development: it is expected that reliability verification and customer introduction will be completed by the end of 2023.
- (e) Preliminary development of silicon carbide component process: it is estimated that before the end of 2023, the process parameter design and sample trial production of SBD / JBS will be completed by integrating the device resources inside and outside the plant to assist the related development process of the subsidiary.

## ➤ Optical Technology R & D Division:

### (A) Organization

Responsible for developing new technologies and product applications and finding upstream and downstream partners; Technical integration of chip packaging and optical designs for products. Plan technical blueprints and promote them to the R&D units of potential customers to enhance new product opportunities in the future. Forward-looking deployment of technological patents.

### (B) Strategy

Integrate silicon's independent materials (epitaxy, die) and advanced packaging process technology and optical coating technology advantages to provide customers with cost-effective optical packaging or coating products, and at the same time integrate the resources of various business divisions to achieve competitiveness and forward-looking of TASC's various new products.

### (C) Performance and achievement

- (a) Development of optical coating technology: The database of thin-film optical design has been completed by the end of 2022, and will continue to be updated and maintained; at the end of the same year, the device verification of two coating devices (OTFC-1550) was completed.
- (b) Development of non-invasive blood sugar test technology: At the end of 2022, the submission of the proposal to the Industrial Development Bureau, MOEA (TIIP) was completed, in order to obtain R&D expenditure subsidies of more than 30 million; at the same time, a competitive customer "Medimaging Integrated Solution Inc." was found to work together on product development.
- (c) Patent distribution: Sixteen forward-looking patent proposals had been completed by the end of 2022.

➤ Subsidiary-ProAsia Semiconductor Corporation:

(A) Organization

- (a) As of March 30, 2022, ProAsia Semiconductor Corporation was established and registered with the Hsinchu Science Park Administration, becoming a wholly-owned subsidiary of TASC.
- (b) ProAsia's technical team has talents engaged in epitaxy and wafer manufacturing. The R&D team has manpower with many years of experience in semiconductor industry and epitaxy technology in Hsinchu Science Park, as well as R&D talents from the academic circles. In the initial stage of plant construction, R&D, production and plant administration departments were set up, clean rooms and evaluation of production and R&D devices were planned. The R&D department covers epitaxy R&D, process technology development, product development, etc.

(B) Strategy

ProAsia's division of labor in the silicon carbide compound semiconductor industry chain is positioned as a professional foundry role in epitaxy and wafer manufacturing. ProAsia will make good use of the epitaxy technology accumulated by TASC in the past 39 years to build its own SiC epitaxy technology and production line, and will focus on the wafer manufacturing of SiC high-power components.

(C) Performance and achievement

- (a) JBS diode production process flow planning, simulation, and design.
- (b) Horizontal MOSFET fabrication process planning.
- (c) JBS diode production components simulation, and design.
- (d) Horizontal MOSFET fabrication simulation, and design.

➤ Subsidiary- OPTO TECH CORPORATION:

(A) Organization

- (a) it was divided into Guanglei Advanced Display Technology Co., Ltd., a 100% subsidiary of TASC on January 28, 2022.
- (b) The role played by Taiya Group is in the development of indoor and outdoor LED full-color signage, traffic display application products and control systems, in the development of architectural lighting systems, special display or lighting applications, and automotive lighting products.

(B) Strategy

- (a) Insist on providing high-quality products and complete after-sales service.
- (b) Combine the Company's cross-departmental product lines and resources to create the best interests for the group.
- (c) Prioritize technology in order to meet the engineering and product needs of high-end customers.
- (d) Implement materials and component verification to ensure product quality.
- (e) Combine the global customer needs and market trends, developing technologically innovative and futuristic products.
- (f) Integrate local and regional supply chains and leverage Taiwan's manufacturing advantages.

(C) Performance and achievement

- (a) Building lighting system in Hong Kong.
- (b) Domestic and Japanese baseball stadium case.
- (c) Displays for traffic and transportation applications in Taiwan.
- (d) U.S.: Plant Factory Lighting.
- (e) Displays for traffic and transportation applications in Singapore.
- (f) Antibacterial lighting.

#### **(4) Long-term and Short-term Development**

##### **A. Short-term Development**

- (A) With our sound and down-to-earth corporate culture, we have accumulated profound experience and professionalism. Also, with our dedication to clients and our focus on the emission and sensing component business, we have provided diversified products and customized services for our clients, and come up with resolution schemes exclusively for our respective clients.
- (B) Our goal of strategic alliance with Nichia Corp. has been successfully achieved. We have also cooperated with Nichia Corp to build a cooperation platform for the blue ray, in which Taiwan-Asia Semiconductor Corporation is responsible for producing epitaxial dies. Our obtaining of the material patented by Nichia Corp. enable us to produce LED epitaxial dies without worrying about infringement.
- (C) We will increase production capacity of emission, sensing and power products and in response to market demand by bottleneck analysis and expansion of key production equipments. In light of the potential risk after production expansion, other than adopting selective approaches for hardware expansion, the observation on customer orders and global economy will be early warning signs for potential dangerous situations.
- (D) During the production line construction period of the Company's 100% subsidiary ProAsia Semiconductor, in addition to actively preparing for the initial production capacity of 3,000 pieces, it first uses some of TASC's silicon transistor production equipment while supplementing with external resources to accelerate the accumulation of process development capacity and shorten the product development and sample submission schedule. By entering mass production with SBD / JBS products first and developing MOSFET at the same time, it strives for a shorter customer certification time and to enter mass production mode as soon as possible.

##### **B. Long-term Development**

- (A) In order to pursue product innovation, technological sophistication, quality enhancement and cost reduction, our has constantly devoted to the research and development of new products such as high-brightness chip, light emitting device product with high response speed, high frequency high power silicon electronics products, in the hope of further developing the market and enhancing our company's overall competitiveness.
- (B) Taiwan-Asia Semiconductor Corporation has many LED international technology patents, and they all came from many years of professionalism and originality of our R&D crew. We have especially accumulated rich experience and fruition in die process technology and design of application products. Also, in response to the change in the world industrial trends, we have combined the aggressive corporate management concept and outstanding technological capacity to make every effort to promote the innovative, environmentally friendly and energy efficiency products.
- (C) From smartphones, automobiles, data centers, electric vehicles to renewable energy systems, power electronics have become an ever-increasing part of our lives. Wide-bandgap semiconductors (WBG) have the advantages of high thermal conductivity, high breakdown strength, high saturated electron drift velocity, and high bonding energy, which can meet the new requirements of modern electronic technology for harsh conditions such as high temperature, high power, high voltage, high frequency, and radiation resistance. Therefore, WBG will play an important role in the realization of this process, and the company will devote itself to the development and production of WBG products to meet market demand.

## 2. Market and Sales Overview

### (1) Market Analysis

#### A. Sales (Service) Region:

Our major products include LED Light emitting devices, Sensor devices and system products. The sales of 2022 are as follows:

Unit: NT\$ thousands

Item	Year	2022	
		Subtotal	Total
Operating income from import of domestic region (i.e. Taiwan)		1,374,264	1,374,264
Operating income from export of domestic region (i.e. Taiwan)			
Europe		104,970	
America		754,350	
Southeast Asia		1,668,276	
Northeast Asia		547,501	
Other areas (not reaching 10%)		80,416	
Operating income from export			3,155,513
Net operating income			4,529,777

#### B. Market Share:

The world's major economies have successively raised interest rates to curb inflation, coupled with the unresolved war between Russia and Ukraine, the resumption of the US-China technology war, and China's zero-COVID pandemic prevention policy, the supply chain demand was impacted. Although there was a short-term shock, it is expected that the global economy will gradually and slowly recover in 2023. To cope with market turmoil and competitors' price situation, TASC will continue to deepen its partnership with wearables, maintain existing orders for sensing components, and optimize production efficiency. In addition, the highly anticipated short-wave infrared (SWIR) product will aim at the huge health management business opportunities such as non-invasive blood sugar, blood lipid and blood alcohol concentration monitoring, while the existing general-purpose optical couplers will be transformed from the original home appliance and consumer electronics markets into high-speed optical couplers, entering the industrial communication field that focuses more on data transmission, so as to expand the revenue growth momentum to react to the economic recovery in 2023, and to accelerate the development of power component products to provide customers with more diverse, rich and comprehensive solutions.

#### C. Market Analysis of Major Product Categories:

Expected sensing trends:

- (A) Next-generation bio-sensing functions will have the opportunity to be introduced into smart watches. In addition to the existing heart rate and blood oxygen monitoring functions, with the increase in sensing functions, it is expected that the wavelength of the light source, the number of light-emitting components and the number of receiving components used will continue to increase.
- (B) Handheld devices (mobile phones, tablet computers) and wearable devices (smart watches, smart bracelets) use infrared sensing including 3D sensing, spectral sensing (food composition analysis, color matching), bio-sensing (heartbeat, blood oxygen, blood pressure, blood sugar, body water content, blood fat, blood alcohol concentration measurement), 1D time-of-flight ranging, and distance sensing.
- (C) Augmented reality and virtual reality products and foveated rendering technology in eye tracking provide real and intuitive visual experience, reduce vertigo, improve immersion and more intuitive operation. Combining 3D sensing with 5G transmission, and using augmented reality functions with gesture control to achieve interactive augmented reality, which will bring the opportunity to usher in truly greater business opportunities.

#### D. Competitive niche

Sensing and emission are our core business. With the core business, we have built our position today, earned trust and respect in the industry and gained a place in the local and foreign market. Our advantages are as below:

##### (A) Owning a vertical integration supply chain

By having the advantage of vertical integration of our supply chain, we are in the position to establish a strong strategic alliance with our suppliers, buyers or customers in the aspects covering material sources and chip and LED related product lines. We have made every effort to promote stable growth. On the other hand, we and our cooperation partners all consider good faith and customer prioritization the core of our business conviction.

Vertical integration and module packaging will be the main development trend of SiC in the next few years. IDM is the main business model of SiC, and leading manufacturers have a strong intention to carry out vertical integration. ProAsia has actively conducted strategic integration of upstream substrate factories at home and abroad and downstream product design, and the parent company TASC and Nichia have rich and unique experience in upstream and downstream integration and module packaging. These will be an important competitiveness in the future development of the subsidiary TASC.

##### (B) Put stress on patent technology research and development and yield rate improvement

We have put focus on technology research and development and accumulation of experiences and strength in order to overcome the risk resulting from rapid change of the market. Our R&D crew are constituted by the professionals integrated across the board, so professionals in different fields can be gathered to research and develop new products and new technologies. As a result of our research and development, we have more than 100 patents in the world. Furthermore, with our product strategy to broaden and strengthen our cooperation with Nichia Corp., we hope to overcome patent related problems.

##### (C) Equipped with strong and extraordinarily flexible capacity to customize our products

Our products are all customer oriented. Our professional crew have specifically tailored the resolution scheme for our respective clients, which enable us to respond to extensive requirements and produce the products which can meet the needs of varying projects. With Taiwan-Asia Semiconductor Corporation's customizing capacity, we can always actualize our client's design originality, and that is why we are popular for cooperation among dealers, agents and even proprietors throughout the world.

#### E. Favorable and unfavorable factors and countermeasures for development outlook

##### (A) Favorable factors

- (a) In the global market where competition is keen, how to use your competition edge to have a presence in the market turns out to be the challenge every enterprise would face. To look into the future, we will make the most of our operating advantages including integration of the following three major categories of products: light emitting components, sensor components and system products, which are not available to our competitors, to create profuse operating income.
- (b) To integrate "vertical alliance" and "horizontal alliance", give aggressive strategic deployment and provide customers with most efficient services: With our professional teamwork, we use our rich talent resources and profound experience to keep pursuing innovation.
- (c) As a member of the LED energy efficiency industry, we have devoted our efforts to develop LED energy efficiency products so as to counter the problem of global warming, actualize environmental protection and do our share of corporate social responsibility.
- (d) Considering the fact that epitaxy technology has a key influence on the success or failure of compound semiconductors including SiC, GaAs, GaN and so on, therefore, TASC's epitaxial technology is bound to become a key factor in the success equation of its subsidiary ProAsia in the production of high temperature resistant, high voltage resistant, low energy consumption MOSFET power components regarding SiC compound semiconductors.

(B) Unfavorable factors

(a) The risk of patent infringement

Currently there are four major high brightness LED makers in the world such as Nichia, Samsung LED, OSRAM, Philips, and LG Innotek, and together they occupy 75% of global market share. Almost all patents associated with LED technology are in the hands of these major players, and most of them are not open for licensing. Therefore Taiwanese companies have been facing the risk of patent infringement.

Corresponding countermeasure:

Our strong R&D team has been actively developing products and manufacturing processes different from other companies and applying for all kinds of patent with the objectives of mutual licensing and collaboration. We will also expand our collaboration with Nichia Chemical in order to obtain patented epitaxial materials.

(b) With China's enterprises on the rise, the price war is ignited

The scale of China's local market is greater and greater, so more and more Chinese enterprises have jumped on the bandwagon. Our Industrial control opticalcouplers market is still threatened by China's seizure of the market share with low-price competition.

Corresponding countermeasure:

With the aim of opening up new markets and expanding marketing channels, the company has been actively collaborating with international manufacturers in recent years to combine each other's advantages for the development of competitive and innovative products and the grasp of real-time market pulse.

(c) Market capacity is greater than terminal demand

With the continuous expansion of wafer production capacity in various countries around the world, the declared production capacity as of 2022 may be greater than the end system demand, and this trend will continue. Especially in China, under the state subsidy policy, the production capacity of silicon carbide is being actively expanded.

Corresponding countermeasure:

Although the supply has been higher than the demand, the quantity does not represent the quality. There are still supply-side issues for wafers of electric vehicle inverters that have been in great demand in recent years. Quality and yield will be the main challenges on the supply side. This problem can be overcome with TASC's inherent epitaxial capacity and ProAsia Semiconductor's abundant experience in the process.

## (2) The Production Procedures of Main Products

### A. Important applications

Product Name		Important applications
Light Emitting Device	LED chip	Full color LED, digital display, Dot-Matrix display, light source display for fax machine, indicating devices for consumer products such as household appliance, communication and computers, indoor lighting, car lights and tail lights, display backlight and lighting products
	IR emitting diode chip	Remote control device for infrared LED, photo-coupler, photo-replay, and infrared lighting applications
Sensor Device	Photodiode chip Phototransistor chip Liquid crystal light valve FET chip	Photodiode, phototransistor device, devices for remote control reception of consumer products such as home appliance, communication, computers and cars. AC motor driving, SSR (Solid State Relay), Dimming control. Condenser microphone.
	High power electric device	Devices for opto-electronic solid-state relay and power supply
Power components	SBD	Telecom servers, power factor correction, on-board chargers, automobiles, solar inverters and energy storage systems.
	MOSFET on SiC	Switch power supplies, traction inverters, solar inverters, electric vehicles and electric vehicle chargers.
System Product	LED Information Display	Road condition display, indoor display, outdoor display.
	LED lighting system and LED head light	Indoor and outdoor lighting system, all kinds of head lights and lighting fixtures for plant growth.

## B. Manufacturing Process

### (A) Light emitting device (LED chip)

- Epitaxial chip growth
- |
- Vapor deposition
- |
- Photolithography
- |
- Etching
- |
- Sintering
- |
- Grinding
- |
- Cutting
- |
- Testing
- |
- Visual inspection
- |
- Stocking

### (B) Sensor device (Phototransistor chip)

- Silicon wafer
- |
- Oxidation
- |
- Base photolithography
- |
- Diffusing
- |
- Emitter photolithography
- |
- Diffusion
- |
- Photolithography
- |
- Metal layer vapor deposition
- |
- Photolithography
- |
- Protection layer deposition
- |
- Photolithography
- |
- Grinding
- |
- Back metal deposition
- |
- Testing
- |
- Visual inspection
- |
- Stocking

(A) Power components  
(Metal Oxygen Half Field Effect Transistor)

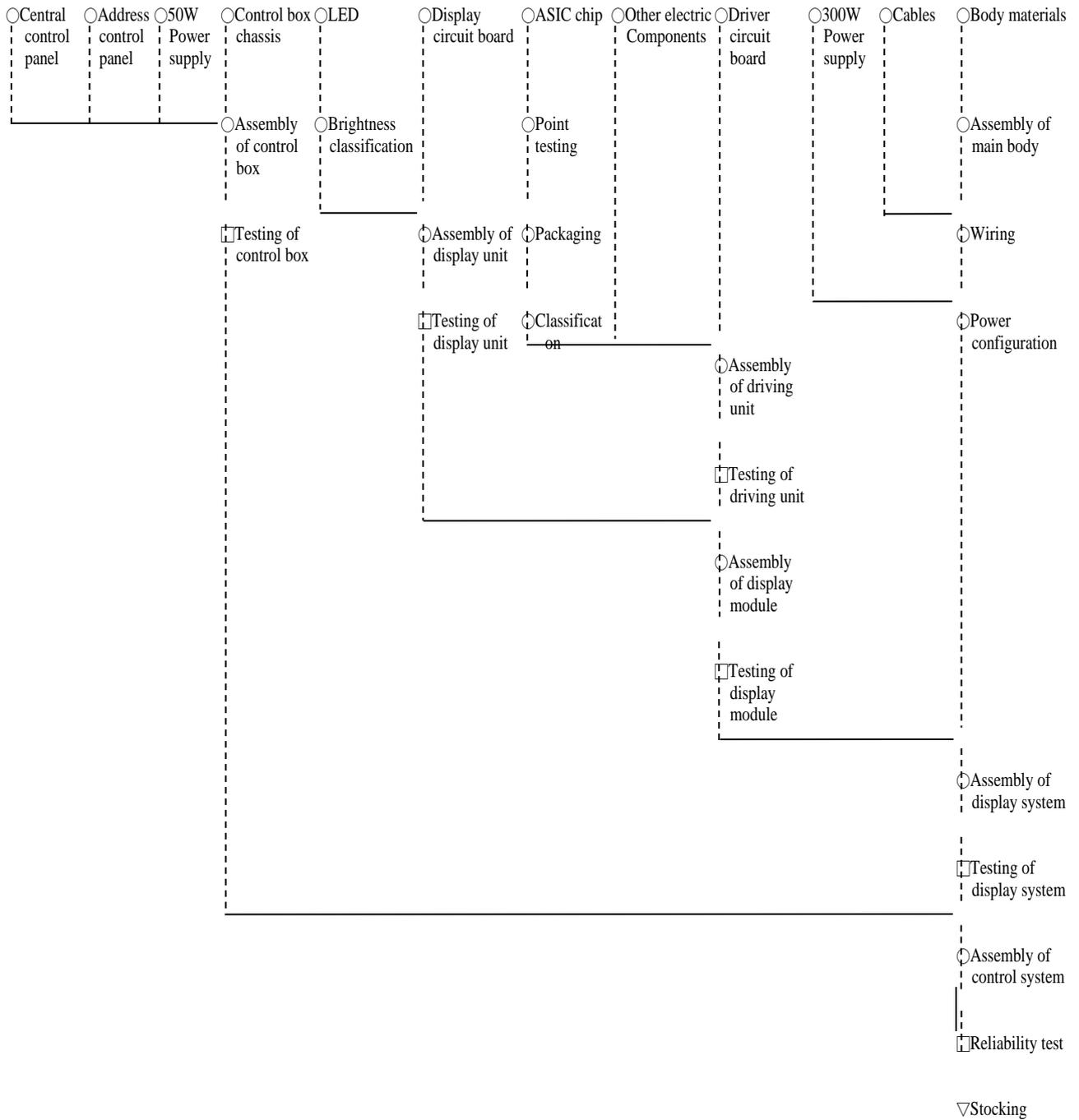
- Silicon wafer
- |
- Oxidation
- |
- Gate Photolithography
- |
- Diffusing
- |
- Source Photolithography
- |
- Diffusing
- |
- Drain Photolithography
- |
- Diffusing
- |
- Photolithography
- |
- Metal sputtering
- |
- Photolithography
- |
- Protection laypr deposition
- |
- Grinding
- |
- Back metal deposition
- |
- Testing
- |
- Visual inspection
- |
- Stocking

(B) Silicon wafer (Sic)

- SiC substrate
- |
- SiC epitaxy
- |
- Epiwafer inspection
- |
- Start of wafer process
- |
- Diffusing
- |
- Photolithography
- |
- Etching
- |
- Ion implantation
- |
- Thin film
- |
- Grinding
- |
- Back plating
- |
- Testing
- |
- Product entry



(C) System product (LED Display)



### (3) Supply Status of Main Materials

Product Group	Major Raw Materials	Source of Supply	Supply Situation
Light emitting devices	GaAs, GaAlAs, GaP, GaAsP, AlInGaN wafers	Japan, Korea, Taiwan, China	Sufficient
Sensor devices	Silicon wafer	Japan, Taiwan, China	Sufficient
Power component	Silicon wafer, GaN epi-wafer	Japan, Taiwan, China	Sufficient
System product	Chip, control IC, circuit board	Japan, Taiwan, China, U.S.A.	Sufficient

### (4) Major Suppliers and Clients

A. Major Clients to which products have been sold:

(A) Major Clients in the Last Two Calendar Years

Unit: NT\$ thousands

Item	2021				2022				2023 (As of March 31)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Client A	326,822	5.32	-	Client A	615,658	13.59	-	Client A	118,557	14.25	-
2	Client B	1,105,200	17.99	-	Client B	517,856	11.43	-	Client B	123,620	14.86	-
3	Others	4,711,221	76.69	-	Others	3,396,263	74.98	-	Others	589,711	70.89	-
	Net Sale	6,143,243	100.00		Net Sale	4,529,777	100.00		Net Sale	831,888	100.00	

(B) Explanation of reasons of any change, increase or decrease: Due to changes in product portfolio in the current period.

B. Major Suppliers to which products have been purchased:

(A) Major Suppliers in the Last Two Calendar Years

Unit: NT\$ thousands

Item	2021				2022				2023 (As of March 31)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Supplier A	370,828	15.38	-	Supplier A	207,712	11.28	-	Supplier A	8,934	2.67	-
2	Supplier B	72,143	2.99	-	Supplier B	48,013	2.61	-	Supplier B	51,703	15.43	-
3	Supplier C	15,080	0.63	-	Supplier C	15,018	0.82	-	Supplier C	39,541	11.80	-
4	Others	1,952,169	81.00	-	Others	1,570,463	85.29	-	Others	234,972	70.10	-
	Net purchase	2,410,220	100.00		Net purchase	1,841,206	100.00		Net purchase	335,150	100.00	

(B) Explanation of reasons of any change, increase or decrease: Due to revenue drop.

### (5) Production in the Last Two Years

Unit: NT\$ thousands/Thousand pieces

Output	2021			2022		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Major Products						
Light emitting devices	31,000,000	12,778,349	1,150,522	31,000,000	8,227,443	770,039
Sensor devices	33,600,000	29,509,265	2,119,569	33,600,000	18,359,854	1,490,165
System product	-	-	404,053	-	-	540,631
Packaging Products	288,995	150	241,728	243,207	103,433	154,448
Other products	-	-	-	-	-	-
Total	64,888,995	42,287,764	3,915,872	64,843,207	26,690,730	2,955,283

Note: System products vary, with different types, so there is no meaning to compare the quantity.

### (6) Shipments and Sales in the Last Two Years

Unit: NT\$ thousands/Thousand pieces

Shipments & Sales	2021				2022			
	Local		Export		Local		Export	
Major Products	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Light emitting devices	2,978,271	373,375	10,654,466	1,117,783	1,780,432	215,048	6,107,037	679,443
Sensor devices	4,430,367	1,055,989	25,948,104	2,500,485	2,464,598	806,243	15,307,100	1,581,759
System product	4	282,802	310	495,110	8	292,863	260	684,675
Packaging Products	35,197	59,939	79,658	246,418	26,021	57,019	88,244	199,318
Other products	1	8,929	6	2,413	-	3,091	1	10,318
Total	7,443,840	1,781,034	36,682,544	4,362,209	4,271,059	1,374,264	21,502,642	3,155,513

Note: System products vary, with different types of compounds to be sold, so there is no meaning to compare the quantity.

## 3. Human Resources

Mar. 31, 2023

Year		2021	2022	As of Mar. 31, 2023
Number of Employees	Management personnel	244	256	237
	Technology personnel	265	275	277
	Direct personnel	603	508	445
	Total	1,112	1,039	959
Average Age		39.79	40.70	40.50
Average Years of Service		11.14	9.82	9.36
Education	Ph.D.	0.82	1.25	1.46
	Masters	8.45	12.99	16.16
	Bachelor's Degree	56.47	54.67	57.14
	Senior High School	24.55	23.10	21.59
	Below Senior High School	9.71	7.99	3.65

#### 4.Environmental Protection Expenditure:

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including labor inspection results found in violation of the Labor Standards Act, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions):No losses due to environmental pollution including compensation and sanctions occurred in 2022.

#### 5.Labor Relations

##### (1)A variety of employee welfare measures, studies, training and retirement system taken by the company and the implementation status, and the progress made for agreements with employees and protection of employee rights and interests.

###### A. Employee welfare measures and the implementation status:

(A)Taiwan-Asia Semiconductor Corporation began production in July 1984, and, based on the Rules Governing Organization of Employees' Welfare Committee decreed by the Ministry of the Interior, Taiwan-Asia Semiconductor Corporation set up its employees' welfare committee on August 7, 1984 to carry out various welfare matters. Our current welfare measures, such as local and foreign travel activities, annual physical examinations, birthday gift coupons, presents given for festivals, wedding, funeral and childbirth subsidies and employee counseling, have all been literally executed in accordance with our status and employees' demands.

(B)Other than the labor insurance and national health insurance, Taiwan-Asia Semiconductor Corporation has also purchased group life insurance, casualty insurance, serious disease, hospitalization insurance and cancer medical insurance for its employees at its expense. At the same time, our company and employees will each pay 50% of the spouse's and children's insurance fee. Our employees will be responsible for 100% of their parents' insurance fee.

###### B. Employee studies and training:

(A)Taiwan-Asia Semiconductor Corporation has gone to great lengths to cultivate its employees. Based on the perspectives on lifetime learning and career development education training, resources are continuously invested every year in personnel's talent cultivation. HR units conduct annual 'training needs assessment' and 'course analysis & planning' based on the strategic goals of the organization and the needs of various units. In order to encourage employees to learn and enhance their learning motivations, the company also actively creates an atmosphere in which colleagues teach each other through teamwork, thereby building up an environment for learning, sharing and innovating. Moreover, enriched courses and diverse learning channels are also provided for employees to grow and demonstrate their talents.

(B)The company's education and training system can be divided into four categories: managerial training, professional training, Self-development training and joint training. And appropriate training courses are provided according to the professional skills required for different ranks:

	General employee	Supervisor / Vice Manager	Manager /Vice Manager	High-ranking management such as Deputy Assistant General Manager, Vice President (included)
Management trainig				High-ranking director training
			Medium level director training	
Professional training	General management training		Basic director training	
	Basic skill training		Advanced skill training	
Self-Development training Common training	Languages, computer and etc training. Company policy and mission and employee ethics training. Quality control training, new employees' training, security and health training and etc.			

(C) Taiwan-Asia Semiconductor Corporation 2022 education training courses came in four major categories. A total of 2,918 employees participated in the training courses, which included the ones held by Taiwan-Asia Semiconductor Corporation, various competent authorities, the CPA firm and the industry. The following are the categories of the training courses and the training execution status:

Program category	Number of classes	Number of total people	Total hours	Total fee
Environmental safety and health	120	781	3,307	300,145
Professional program	49	1,744	2,594	214,410
General knowledge	95	344	2,475	51,650
Management	3	49	320	131,045
Total	267	2,918	8,696	697,250

C. Implementation status of the retirement system:

Taiwan-Asia Semiconductor Corporation set up a supervisory committee of workers' retirement reserve on November 19, 1986 to supervise labor retirement reserve related contribution and payment. In conjunction with the new system of the Labor Standards Act enacted on July 1, 2005, our old employees are allowed to have the optional choice while the new entrants shall follow the new system. In addition, Taiwan-Asia Semiconductor Corporation has also instituted its own retirement system, which is better than what is regulated in the Labor Standards Act, and reported it to the competent authorities for approval and future reference. In order to reward employees for their professional services and to stabilize their retirement life, when the Company's employees meet the retirement qualifications, if the employees voluntarily stay and the company thinks it is necessary, they can also apply for an extension of their job tenures.

D. Labor-management agreements: None.

E. Employee behavior and ethics rules:

Taiwan-Asia Semiconductor Corporation uses the exclusive stamp of "service discipline" included in its working rules to discipline its employees' behavior and ethics. The following articles are the excerpt from the working rules of the industry attendants:

Chapter 3 Service discipline

Article 18: Employees shall be devoted to their work, follow Taiwan-Asia Semiconductor Corporation's regulations and obey reasonable command from respective ranks of superiors. They are not allowed to be delinquent and give feign compliance. On the other hand, all ranks of superiors shall guide the employees in an obliging and earnest manner.

- Article 19: Inside Taiwan-Asia Semiconductor Corporation, employees shall work hard, well protect public property, reduce wear and tear, enhance quality and increase production. Outside the company, they shall keep trade or task secrets. Do not make any authorized statement which could result in damage to company's reputation.
- Article 20: Employees shall directly report to their immediate superior. Bypassing immediate superior to report is not allowed. However, it is not limited to the emergency or special situation.
- Article 21: After enrollment and proper task assignment, employees are not allowed to use any excuse to request changes.
- Article 22: Employees are not allowed to leave their posts without permission during the working hours.
- Article 23: Without permission, employees are not allowed to bring their friends or relatives into the working site.
- Article 24: Employees are not allowed to bring contraband goods or the ones irrelevant to production into the working site.
- Article 25: Without permission, employees are not allowed to bring public property out of the factory. In the case that the public property is required to be brought out of the factory, the employee shall process the required procedure before bringing it out of the factory.

- Article 26: Employees shall not take advantage of their authority to benefit themselves or others.
- Article 27: Employees are not allowed to engage in the business same as or similar to Taiwan-Asia Semiconductor Corporation's.
- Article 28: Employees shall not have the violating behavior, such as receiving entertainment treats, presents, kickbacks or other illegal benefits.
- Article 29: Employees shall abide by occupational safety and health laws and regulations and Taiwan-Asia Semiconductor Corporation's regulations, protect the working site, keep the environment clean and safe, and prevent occurrence of theft, fires or other natural disasters.
- Article 30: Employees shall wear work uniforms along with I.D. badges at work as regulated. The original work uniform and I.D. badge shall be returned to Taiwan-Asia Semiconductor Corporation when they are changed or re-issued or the employee leaves his or her job.
- Article 31: Employees are not allowed to discretionarily read the documents, correspondence and account books not in their charge. They shall also not to present the documents in their charge to the persons irrelevant to the task.
- Article 32: When getting off work, employees shall tidy away all the used tools before leaving the working site. In case of working on shift, the employees shall clearly hand over the work to the next shift employees before departing the working site.
- Article 33: Except for the errand-running leave, employees shall follow the regulated working time to work and leave on time, and clock in and out accordingly.

F. Measures taken to protect the working environment and employees' personal safety:

(A) Environment safety and health management meeting company management system policy:

(a) Well-rounded quality together with sustainable ecology concept and establishment of a friendly workplace

Optotech has placed a high premium on the well-rounded quality for its products, environment and safety and health issues. In addition to continuously improving the efficiency of its process and operation activities, it has also banned or cut down on environmentally hazardous substances. As a whole, TASC has been devoted to fulfilling energy efficiency and waste reduction as an enterprise citizen, promotion of health management, protection of physical and mental health of our employees, and creation of environment for sustainable lives.

(b) Present management efficiency through self-discipline with promotion of communication and participation

By using internal education training and communication, TASC has made every effort with high standard self-discipline to enhance its employees' perception of product quality, prohibition from use of environmentally hazardous substances, and environmental safety and health. With education and fulfillment of product and environmental safety and health related laws and regulations, Optotech has come a long way to produce the products which even surpass customers' expectations. Moreover, TASC has even showcased its overall management efficiency by presenting its internal safety and unpolluted environment.

(B) Concrete safety and health management measures

(a) Hazard appraisal, risk evaluation and countermeasures

The high and low risks identified after risk assessments implemented by various units should be under control via various approaches such as restriction, replacement, engineering control, and administrative management in order to prevent the occurrence of accident. The progress of execution of subsequent control measures should be tracked by Occupational Safety and Health Committee in order to protect the health of staff and company property.

(b) Health management

In accordance with the “Labor Health Protection Regulations”, Taiwan-Asia Semiconductor Corporation has provided health examinations for the employees involved in the general operation and special hazardous operation respectively. For the working personnel having to touch ionizing radiation, organic solvents, specific chemical substances and provide services for long-term night shift workers, Taiwan-Asia Semiconductor Corporation has provided with many items of the special health examination. The results of the special health examination will be graded for management. Other than the items required to be included in the health examination as regulated in the statutory laws and regulations, Taiwan-Asia Semiconductor Corporation has also additionally included other items, such as cancer detection, abdominal echo, blood urine index test, liver and kidney function test, etc, in the annual health examination. It shows that what Taiwan-Asia Semiconductor Corporation has provided for its employees’ health is better than the items regulated in laws and regulations. To give more care for its employees’ health, Taiwan-Asia Semiconductor Corporation has also cooperated with the hospital to provide its employees with free services of health consultation, ultrasound check-ups for women's health, maternal health risk assessment and consultation, abnormal workload-induced disease prevention assessment and consultation, and human factor risk assessment and consultation, etc. to implement personal health management.

(c) Operation environment testing

In accordance with the “Regulations Governing Implementation of Labor Operation Environment Testing”, Taiwan-Asia Semiconductor Corporation has conducted chemical factor and physical factor operation environment testing. The chemical factors include organic solvents, specific chemical substances, and heavy metal ,whereas the physical factor refers to noise, for which Taiwan-Asia Semiconductor Corporation has entrusted a qualified operation environment testing agency to test and inspect if the noise is within the standard regulated in statutory laws and regulations. In the case that irregularity is found, We will proceed with project management and give remediation, so as to protect employees’ health.

(d) Hazard prevention education training

To have employees better understand the danger resulting from hazardous factors in various kinds of operations and the prevention measures, Taiwan-Asia Semiconductor Corporation has periodically or non-periodically held hazard prevention education training. The education training teaches employees how to prevent hazard other than wearing required protection devices, and reinforce their occupational safety and health professional knowledge. In so doing, the risk of occupational disasters in the working environment will be greatly reduced.

(e) Contractor management

As stipulated in Career safety and health related laws and regulations, the undertaking construction unit shall process safety and health operation control, in which, in addition to the hazard notification given by the contractor on the site and education training, general work permission and special operation shall also be controlled. Furthermore, when working on the high risk operation, the safety and health personnel shall be designated to oversee and ensure safety of the construction operation all the way through. Also, the task safety protection schedule shall be submitted, examined and approved before going into operation. In order to fulfill contractor’s safety and health supervision, Taiwan-Asia Semiconductor Corporation has laid down related operation controls and promoted safety and health related experiences for all the units and employees to refer to accordingly.

(f) Automatic examination

In accordance with the “Labor Safety and Health Organizational Management and Automatic Examination Regulations”, Taiwan-Asia Semiconductor Corporation has laid down an annually automatic examination schedule for routine examinations of the hazardous machines and equipment in the factory zone, in which other than the items and frequency as regulated in laws and regulations, other examination items required by respective units for hazardous prevention have been added and a surveillance and audit mechanism has been executed, so as to prevent accidents from happening.

(g) Safety and health round checks

In order to carry out the safety and health management system and establish the mechanism for the safety and health personnel to make round checks of the factory zone and give mobile checks of the operation status in the factory zone so as to effectively prevent accidents from happening or reduce the frequency of accident occurrence, in addition to monitoring the surrounding operation environment, the safety and health personnel shall come to assist in emergency rescue for the accidents occurring in the factory zone, so property loss and personnel casualties can be reduced.

(h) Radiation protection management

To ensure the actual execution of routine detection and inspection work, avoid anomaly of the equipment and resulting in radiation damage of operating personnel, workers are required to wear ionizing radiation armband during work and attend radiation operation medical checks in order to specifically grasp operating personnel’s health condition.

(i) Unlawful infringement in the workplace

The company’s Workplace Unlawful Infringement Policy is formulated to establish a friendly workplace and to create a workplace culture of safety, dignity, non-discrimination, mutual respect & tolerance and equal opportunities. The company has set up internal grievance/reporting channels and unlawful infringement processing mechanisms, which are propagated to employees through education & training and announcements, etc. Moreover, risk assessment of workplace unlawful infringements is regularly performed to ensure the safety of personnel in the factory.

G. Current labor relations

- (a) Based on the conviction of taking good care of its employees, Taiwan-Asia Semiconductor Corporation has provided its employees with various welfare benefits, retirement system and management system regulated in the Labor Standards Act or better than what are regulated the Act. Also, Taiwan-Asia Semiconductor Corporation has mostly handled its labor issues by mutual coordination and communication, so its employees have high sense of coherence to Taiwan-Asia Semiconductor Corporation, its labor relationship is based on mutual respect and understanding, and there is no labor dispute.
- (b) CS Bright Corporation, a subsidiary of Taiwan-Asia Semiconductor Corporation, is currently in the liquidation stage, and there are still some labor-management matters to be clarified. However, it has no impact on the Corporation's overall operation.

**(2) Loss resulting from labor disputes in the latest year and before the annual report was published, and disclosure of estimated losses for the current (including labor inspection results found in violation of the Labor Standards Act, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions) and future periods and the countermeasures to be taken:**

There had been no labor dispute occurring to Taiwan-Asia Semiconductor Corporation in the latest year and before the annual report was published.

## 6. Information Security Management

- A. Describe the information security risk management structure, the information security policy, the specific management plan and the resources invested in the information security management, etc.:

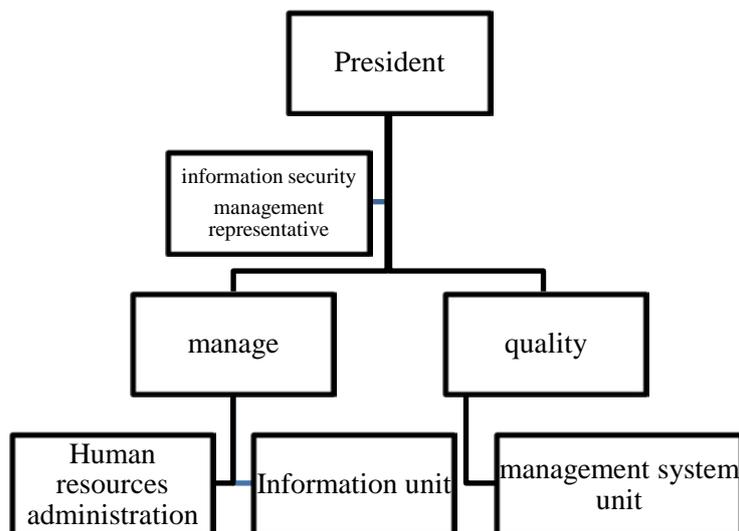
### I. Information Security Risk Management

#### a. Enterprise Information Security Governance Organization

TASC established an "Enterprise Information Security Organization" in 2020 to coordinate the formulation, implementation, risk management and compliance review of information security and protection related policies. Information security related issues and directions.

In order to implement the information security strategy set by the enterprise information security organization, TASC ensures the internal compliance with information security-related standards, procedures and regulations. The information security management representative serves as the chairman and holds a monthly information security report to review and decide on information security and information protection. Guidelines and policies to implement the effectiveness of information security management measures.

#### b. Information Security Organizational Structure



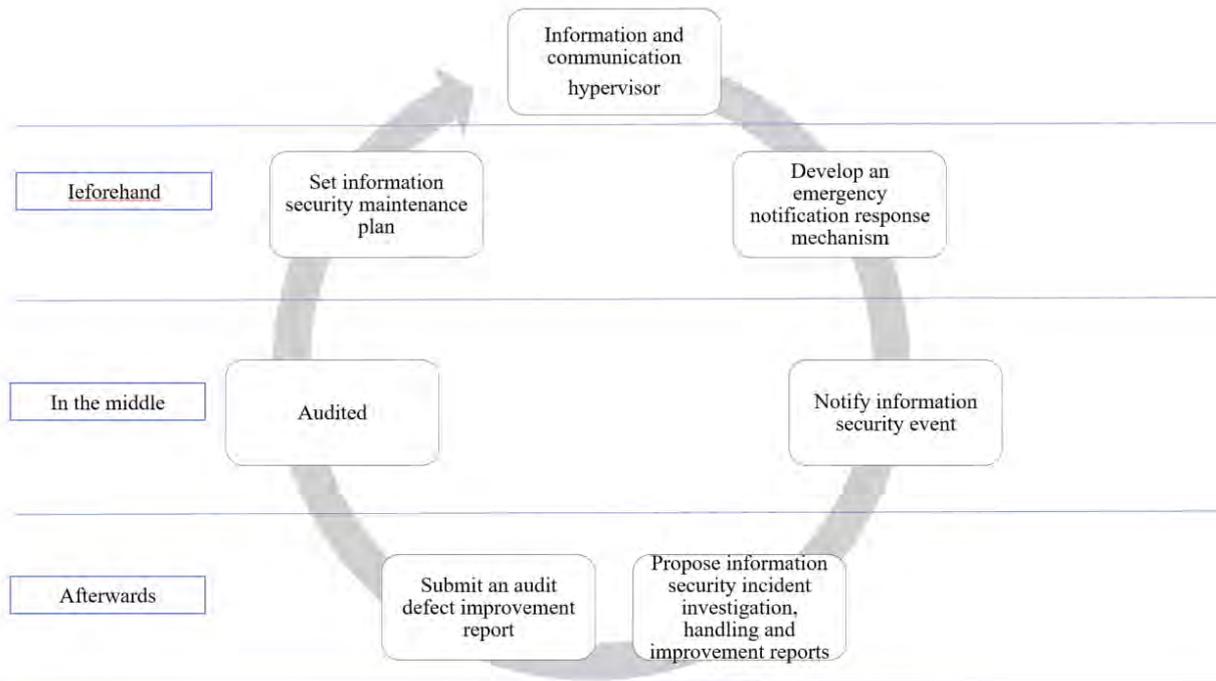
### II. Information Security Policy

#### a. Enterprise Information Security Management Strategy and Architecture

Information Security Management System implementation principles : The implementation of the information security management system shall be based on the cycle mode of planning (Plan), implementation (Do), verification (Check) and continuous improvement (Action), in the spirit of coming full circle and making progress step by step, so to ensure the effectiveness and continuity of information security, and implement security protection in 14 areas of the information security management system according to the scopes.

Information Security Policy: The company's information security objectives are to ensure the confidentiality, integrity, availability and compliance of the core system management business (ie high availability information systems and related management activities). And define and measure quantitative indicators of information security performance according to various levels and functions to confirm the implementation status of the information security management system and whether the information security objectives are achieved, and consider internal and external issues and stakeholders through risk assessment meetings or other types of meetings Panoramic analysis is required.

b. Enterprise Information Security Risk Management and Continuous Improvement Framework

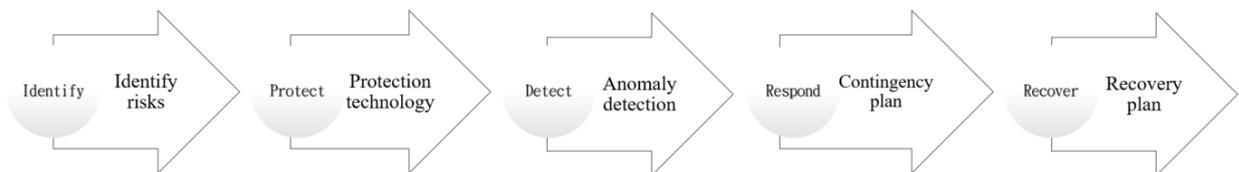


II. Information Security Management Plan

Based on the following information security framework, formulate an overall information security standard blueprint and implement risk management and control.

Carry out inventory of information assets, identify important information assets, conduct risk assessment, formulate information security risk management strategies, and implement information security governance. Use information technology to carry out various identification and access control, carry out document security control protection for the company's important confidential documents, and establish a firewall to prevent external intrusion.

Continuous daily security detection and event management, establish abnormal alarm processing procedures, and avoid external continuous penetration risks. Formulate an emergency response plan, conduct emergency response drills every year, and pay attention to the communication of information security incidents and the response of stakeholders. Formulate a recovery plan to ensure that disaster losses are reduced in the event of an information security incident, and operations can be restored as soon as possible.



### III. Information Security Management Resource

TASC information security measures to promote implementation results in 2023:

The new coronavirus epidemic continues to affect the operation of enterprises. Considering the need for remote work, the relevant IT software requirements include: VPN (remote connection), Citrix (application and desktop virtualization), multi-factor authentication (MFA), TEAMS (video conferencing) Meeting).

Assess the information system life cycle and information security risks, and plan the CIM (Computer Integrated Manufacturing Automation System), IPS (Intellectual Property Management System), SRM (Supplier Relationship Management System), HRM (Human Resources Management System), RPA (Robotic Process Automation), IP PBX (Internet Protocol PBX), etc. a number of CIM information system update and introduction plans.

TASC has established comprehensive network and computer-related information security protection measures, including personnel security management, computer security management, network security management, and storage security management. However, external threats are changing with each passing day, and important enterprises such as related manufacturing and company operations cannot be guaranteed. The system can completely avoid network attacks from outside.

In addition, in order to strengthen the protection of confidential documents related to important customer business, TASC has introduced an automatic encryption and decryption system for email attachments between heavy customers, in order to protect the company's important documents and avoid the risk of leakage.

TASC attaches great importance to the protection of intellectual property rights and trade secrets, and introduces the certification of Taiwan Intellectual Property Management System (TIPS). It incorporates R&D logs, R&D processes, patent and trademark management, and contract operation management into systematic management, and internally corresponds to the amendment to the management regulations and procedures, so as to implement hierarchical protection of confidential documents.

#### B. In the most recent year and up to the date of publication of this Annual Report, Loss from Major Information Security Incidents, Potential Impact, and Corresponding Response Measures

Information security is a continuous improvement of risk management. In 2023, there was no cyber attack or information security incident that affected the company's business and operations. In 2023, a dedicated information security unit have been established to implement the information security management mechanism in accordance with legal compliance requirements.

### 7. Important Contracts

Mar. 31, 2023

Agreement	Counterparty	Period	Main contents	Restrictions
Lease of land	Science Park Administration	2010.11.25 ~ 2029.12.31	Rental of land of Ke-Guan Sec.	Limited to the use for the target business
Lease of land	Science Park Administration	2017.06.16 ~ 2037.06.15	Rental of land of the 3 <sup>rd</sup> phase of the Park	Limited to the use for the target business
Split-up of the Company's	Opto System Technologies Inc.	2021.09.23 ~ 2022.12.31	Split-up of the Company's system operation business group	-

## VI、Financial Information

### 1. Five-Year Financial Summary

#### (1) Condensed Balance Sheet - IFRSs

##### A. Condensed Balance Sheet (Consolidated)- IFRSs

Unit: NT\$ thousands

Item		Year	Five-Year Financial Summary (Note1)					Financial data as of Mar. 31, 2023 (Note2)
		2018	2019	2020	2021	2022		
Current assets			5,973,084	5,957,852	6,306,500	7,683,483	5,349,736	5,202,992
Property, Plant and Equipment			3,071,603	2,909,127	2,705,133	2,664,220	2,661,914	2,471,523
Intangible assets			8,840	14,229	14,318	14,040	19,009	15,417
Other assets			1,140,805	1,424,936	1,615,476	1,983,616	2,524,148	2,996,704
Total assets			10,194,332	10,306,144	10,641,427	12,345,359	10,554,807	10,686,636
Current liabilities	Before distribution		2,126,506	1,694,700	1,733,564	2,246,692	1,528,754	1,371,094
	After distribution		2,349,225	1,694,700	2,248,491	3,562,561	1,967,377	1,809,717
Non-current liabilities			536,978	1,343,128	1,214,537	401,149	516,659	706,925
Total liabilities	Before distribution		2,663,484	3,037,828	2,948,101	2,647,841	2,045,413	2,078,019
	After distribution		2,886,203	3,037,828	3,463,028	3,963,710	2,484,036	2,516,642
Equity attributable to shareholders of the parent			7,527,207	7,264,675	7,689,689	9,693,884	8,509,394	8,608,617
Capital stock			4,454,386	3,786,228	3,786,228	4,386,228	4,386,228	4,386,228
Capital surplus			702,521	702,965	703,108	1,489,822	1,507,368	1,433,379
Retained earnings	Before distribution		2,141,427	2,519,185	3,095,023	3,434,444	2,557,139	2,627,099
	After distribution		1,918,708	2,519,185	2,580,096	2,118,575	2,118,516	2,188,476
Other equity interest			253,376	279,469	187,351	438,344	82,829	186,081
Treasury stock			(24,503)	(23,172)	(82,021)	(54,954)	(24,170)	(24,170)
Non-controlling interest			3,641	3,641	3,637	3,634	-	-
Total equity	Before distribution		7,530,848	7,268,316	7,693,326	9,697,518	8,509,394	8,608,617
	After distribution		7,308,129	7,268,316	7,178,399	8,381,649	8,070,771	8,169,994

Note1: The financial data of latest 5 years have been audited and certified by CPAs.

Note2: The financial data of the 1st quarter of 2023 have been approved by CPAs.

B. Condensed Balance Sheet (Unconsolidated) - IFRSs

Unit: NT\$ thousands

Item		Year	Five-Year Financial Summary (Note)				
			2018	2019	2020	2021	2022
Current assets			5,685,900	5,714,524	6,044,925	7,000,111	3,735,431
Property, plant and equipment			2,898,912	2,759,452	2,568,311	2,537,066	2,508,190
Intangible assets			8,569	13,958	14,046	14,040	17,910
Other assets			1,377,389	1,666,171	1,853,486	2,633,457	3,509,250
Total assets			9,970,770	10,154,105	10,480,768	12,184,674	9,770,781
Current liabilities	Before distribution		1,916,007	1,546,572	1,576,556	2,089,684	964,946
	After distribution		2,138,726	1,546,572	2,091,483	3,405,553	1,403,569
Non-current liabilities			527,556	1,342,858	1,214,523	401,106	296,441
Total liabilities	Before distribution		2,443,563	2,889,430	2,791,079	2,490,790	1,261,387
	After distribution		2,666,282	2,889,430	3,306,006	3,806,659	1,700,010
Capital			4,454,386	3,786,228	3,786,228	4,386,228	4,386,228
Capital reserves			702,521	702,965	703,108	1,489,822	1,507,368
Retained earnings	Before distribution		2,141,427	2,519,185	3,095,023	3,434,444	2,557,139
	After distribution		1,918,708	2,519,185	2,580,096	2,118,575	2,118,516
Other Equity Adjustments			253,376	279,469	187,351	438,344	82,829
Treasury stocks			(24,503)	(23,172)	(82,021)	(54,954)	(24,170)
Total equity	Before distribution		7,527,207	7,264,675	7,689,689	9,693,884	8,509,394
	After distribution		7,304,488	7,264,675	7,174,762	8,378,015	8,070,771

Note: The financial data of latest 5 years have been audited and certified by CPAs.

## (2) Condensed Statement of Comprehensive Income -IFRSs

### A. Condensed Statement of Comprehensive Income (Consolidated) -IFRSs

Unit: NT\$ thousands

Year Item	Five-Year Financial Summary (Note1)					Financial data as of Mar. 31, 2023 (Note2)
	2018	2019	2020	2021	2022	
Operating revenue	5,364,610	5,418,004	5,590,046	6,143,243	4,529,777	831,888
Gross profit	1,621,872	1,638,329	1,643,558	1,976,779	1,214,378	156,990
Income from operations	738,007	740,157	689,147	1,010,788	383,070	(38,600)
Non-operating income and expenses	41,988	46,428	(69,391)	1,891	63,706	106,711
Income before tax	779,995	786,585	619,756	1,012,679	446,776	68,111
Net income (Loss)	653,141	604,635	575,129	829,373	360,464	69,960
Other comprehensive income (income after tax)	-	-	-	-	-	-
Total comprehensive income	653,141	604,635	575,129	829,373	360,464	69,960
Net income attributable to shareholders of the parent	264,514	21,935	(91,413)	275,630	(277,416)	103,252
Net income attributable to non-controlling interest	917,655	626,570	483,716	1,105,003	83,048	173,212
Comprehensive income attributable to Shareholders of the parent	653,107	604,633	575,133	829,371	360,465	69,960
Comprehensive income attributable to non-controlling interest	34	2	(4)	2	(1)	-
Earnings per share	917,622	626,570	483,720	1,105,006	83,049	173,212
	33	-	(4)	(3)	(1)	-
	1.47	1.45	1.52	2.11	0.82	0.16

Note1: The financial data have been audited and certified by CPAs.

Note2: The financial data of the 1st quarter of 2023 have been approved by CPAs.

### B. Condensed Statement of Comprehensive Income (Unconsolidated) -IFRSs

Unit: NT\$ thousands

Year Item	Five-Year Financial Summary (Note)				
	2018	2019	2020	2021	2022
Operating revenue	5,060,329	5,144,198	5,337,870	5,847,971	3,569,717
Gross profit	1,526,900	1,560,727	1,572,618	1,893,016	985,998
Income from operations	709,570	733,329	689,915	992,506	343,457
Non-operating income and expenses	73,835	44,541	(75,511)	15,583	88,329
Income before tax	783,405	777,870	614,404	1,008,089	431,786
Net income (Loss)	653,107	604,633	575,133	829,371	360,465
Other comprehensive income (income after tax)	-	-	-	-	-
Total comprehensive income	653,107	604,633	575,133	829,371	360,465
Earnings per share	264,515	21,937	(91,413)	275,635	(277,416)
	917,622	626,570	483,720	1,105,006	83,049
	1.47	1.45	1.52	2.11	0.82

Note: The financial data have been audited and certified by CPAs.

### (3) Auditors' Opinions from 2018 to 2022

Year	CPA's Name	Auditing Opinion	Remark
2018	Yu-Kuan Lin, Charles Lai,	Unqualified opinions	
2019	Yu-Kuan Lin, Charles Lai,	Unqualified opinions	
2020	Yu-Kuan Lin, Charles Lai,	Unqualified opinions	
2021	Tsai-Yen Chiang, Charles Lai,	Unqualified opinions	
2022	Chin-Yuan Chen, Tung-Feng Lee,	Unqualified opinions	

## 2. Five-Year Financial Analysis

### (1) Consolidated Financial Analysis – Based on IFRS

#### A. Financial Analysis (Consolidated) –IFRS

Item	Year	Financial analysis in the past five years					Financial data as of Mar. 31, 2023
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt Ratio	26.13	29.48	27.70	21.45	19.38	19.45
	Ratio of long-term capital to property, plant and equipment	262.66	296.01	329.29	379.05	339.08	376.92
Solvency (%)	Current ratio	280.89	351.56	363.79	341.99	349.94	379.48
	Quick ratio	217.04	275.75	295.73	280.91	263.45	285.87
	Interest earned ratio (times)	29.94	24.68	24.39	64.66	40.08	24.72
Operating performance	Accounts receivable turnover (times)	3.32	3.46	3.58	4.16	4.32	4.23
	Average collection period	110	105	102	88	84	86
	Inventory turnover (times)	3.08	2.94	3.30	3.44	2.63	2.19
	Accounts payable turnover (times)	5.14	5.43	5.45	5.33	5.05	6.17
	Average days in sales	119	124	111	106	139	167
	Property, plant and equipment turnover (times)	1.80	1.81	1.99	2.29	1.70	1.30
	Total assets turnover (times)	0.53	0.53	0.53	0.53	0.40	0.31
Profitability	Return on total assets (%)	6.72	6.16	5.69	7.33	3.23	2.72
	Return on stockholders' equity (%)	8.85	8.17	7.69	9.54	3.96	3.27
	Pre-tax income to paid-in capital (%)	17.51	20.77	16.37	23.09	10.19	1.55
	Profit ratio (%)	12.17	11.16	10.29	13.50	7.96	8.41
	Earnings per share (NT\$)	1.47	1.45	1.52	2.11	0.82	0.16
Cash flow	Cash flow ratio (%)	34.79	85.68	52.19	77.28	98.79	5.87
	Cash flow adequacy ratio (%)	96.04	107.15	121.51	138.84	109.49	120.17
	Cash reinvestment ratio (%)	0.85	7.09	5.14	6.37	1.07	0.44
Leverage	Operating leverage	1.85	1.85	1.98	1.66	2.37	-2.67
	Financial leverage	1.04	1.05	1.04	1.02	1.03	0.93

Analysis of financial ratio change in the last two years :

1. Interest protection multiples and ratio of pre-tax income to share capital: mainly due to the decrease in profit before tax in the current period.
2. Inventory turnover and average inventory turnover days: mainly due to the decrease in cost of goods sold in the current period.
3. Property, plant, and equipment turnover and total assets turnover: mainly due to the decrease in net sales in the current period.
4. Return on assets, return on equity, net profit margin, and earnings per share: mainly due to the decrease in profit after tax in the current period.
5. Cash flow ratio: mainly due to the decrease in current liabilities in the current period.
6. Cash flow adequacy ratio and cash reinvestment ratio: mainly due to the decrease in cash inflow from operating activities in the current period and the increase in cash dividends in the current period.
7. Degree of operating leverage: mainly due to the decrease in operating profit in the current period.

Note 1: The financial data of latest 5 years have been audited and certified by CPAs.

Note 2: The financial data of the 1<sup>st</sup> quarter of 2023 were calculated based on the financial statements audited by CPAs.

## B. Financial Analysis (Unconsolidated) –IFRS

Item		Financial analysis in the past five years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio	24.51	28.46	26.63	20.44	12.91
	Ratio of long-term capital to property, plant and equipment	277.85	311.93	346.70	397.90	351.08
Solvency (%)	Current ratio	296.76	369.50	383.43	334.98	387.11
	Quick ratio	227.27	288.30	307.86	272.12	274.16
	Interest earned ratio (times)	43.11	29.64	29.38	89.20	57.54
Operating performance	Accounts receivable turnover (times)	3.19	3.35	3.49	4.04	3.60
	Average collection period	114	109	105	90	101
	Inventory turnover (times)	2.97	2.84	3.22	3.38	2.30
	Accounts payable turnover (times)	5.11	5.40	5.45	5.32	4.74
	Average days in sales	123	129	113	108	159
	Property, plant and equipment turnover (times)	1.81	1.82	2.00	2.29	1.42
	Total assets turnover (times)	0.52	0.51	0.52	0.52	0.33
Profitability	Return on total assets (%)	6.81	6.22	5.74	7.40	3.34
	Return on stockholders' equity (%)	8.86	8.18	7.69	9.54	3.96
	Pre-tax income to paid-in capital (%)	17.59	20.54	16.23	22.98	9.84
	Profit ratio (%)	12.91	11.75	10.77	14.18	10.10
	Earnings per share (NT\$)	1.47	1.45	1.52	2.11	0.82
Cash flow	Cash flow ratio (%)	38.36	95.62	53.63	89.97	107.97
	Cash flow adequacy ratio (%)	96.56	108.70	121.11	147.23	116.07
	Cash reinvestment ratio (%)	0.83	7.38	4.90	7.23	-1.54
Leverage	Operating leverage	1.81	1.80	1.92	1.63	2.24
	Financial leverage	1.03	1.04	1.03	1.01	1.02

Analysis of financial ratio change in the last two years :

1. Debt asset ratio: Mainly due to the decrease in liabilities in the current period.
2. Interest protection multiples and ratio of pre-tax income to share capital: mainly due to the decrease in net income before tax in the current period.
3. Inventory turnover and average inventory turnover days: mainly due to the decrease in cost of goods sold in the current period.
4. Property, plant, and equipment turnover and total assets turnover: mainly due to the decrease in net sales in the current period.
5. Return on assets, return on equity, net profit margin, and earnings per share: mainly due to the decrease in profit after tax in the current period.
6. Cash flow ratio: mainly due to the decrease in current liabilities in the current period
7. Cash flow adequacy ratio and cash reinvestment ratio: mainly due to the decrease in net cash flow from operating activities in the current period and the increase in cash dividends in the current period.
8. Degree of operating leverage: mainly due to the decrease in operating profit in the current period.

Note :financial data of latest 5 years have been audited and certified by CPAs.

## 1. Financial structure

(1) Ratio of liabilities to assets = Total liabilities / Total assets

(2) Ratio of long-term capital to Property, plant and equipment = ( Total equity + Non-current liabilities ) / Net Property, plant and equipment

## 2. Solvency

(1) Current ratio = Current assets / Current liabilities

(2) Quick ratio = ( Current assets – Inventory – Prepaid expenses ) / Current liabilities

(3) Times interest earned = Profit before income tax and Interest expense / Interest expenses of the period

## 3. Operation ability

(1) Receivables (including accounts receivable and notes receivable from business) turnover ratio = Net sales / Balance of average receivables (including accounts receivable and notes receivable from business)

(2) Average collection period (days) = 365 / Receivables turnover ratio

(3) Inventory turnover ratio = Sales cost / Average inventory

(4) Payables (including accounts payable and notes payable from business) turnover ratio = Sales cost / Balance of average payables (including accounts payable and notes payable from business)

(5) Inventory turnover in days = 365 / Inventory turnover ratio

(6) Property, plant and equipment turnover ratio = Net sales / Net average property, plant and equipment

(7) Total assets turnover ratio = Net sales / Average total assets

## 4. Profitability

(1) Return on assets = [ After-tax profit or loss + Interest expense × ( 1 – Tax rate ) ] / Average Total assets

(2) Return on shareholders' equity = After-tax profit or loss / Net average total equity

(3) Net profit ratio = After-tax profit or loss / Net sales

(4) EPS = ( Equity attributable to owners of parent – Dividends of preferred stock ) / Weighted average shares issued

## 5. Cash flows

(1) Cash flows ratio = Net cash flows of operating activities / Current liabilities

(2) Net cash flow adequacy ratio = Net cash flows of operating activities in latest 5 years / (Capital expense + Increase in inventories + Cash Dividends) in latest 5 years

(3) Cash re-investment ratio = (Net cash flows of operating activities – Cash Dividends) / (Gross of property, plant and equipment + Long-term investments + Other non-current assets + Operational funds)

## 6. Leverage:

(1) Degree of operational leverage = (Net operating income – Variable operating costs and expenses) / Operating profit

(2) Degree of financial leverage = Operating profit / (Operating profit – Interest expense)

### **3. Audit Committee's Review Report for the Most Recent Year**

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

To: The General Meeting of Shareholders as of year 2023

The Board of Directors has prepared the Company's 2022 business report, financial statements, and proposal for allocation of profits. The CPAs Chin-Yuan Chen and Tung-Feng Lee of Deloitte & Touche was retained to audit Taiwan-Asia Semiconductor Corporation's financial statements and has issued an audit report relating to the financial statements. The business report, financial statements, and profit allocation proposal have been reviewed by the Audit Committee and no irregularities were found. We hereby report as above according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please kindly approve.

Taiwan-Asia Semiconductor Corporation

Chairman of the Audit Committee: Shih-Kuang Tsai

May. 5, 2023

**4.Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021, and Independent Auditors' Report**

**OPTO TECH CORPORATION AND SUBSIDIARIES**

**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, 2022 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  
(Former Name: Opto Tech Corporation)

February 22, 2023

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Taiwan-Asia Semiconductor Corporation  
(Former Name: Opto Tech Corporation)

### Opinion

We have audited the accompanying consolidated financial statements of Taiwan-Asia Semiconductor Corporation (Former Name: Opto Tech Corporation) and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheet as of December 31, 2022 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2022 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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, 2022. Accordingly, these matters were addressed in our audit of the consolidated financial statements 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, 2022 is described as follows:

#### The Occurrence of Operating Revenue

The Group is engaged in the manufacture and sales of semiconductor components as well as research and development, design, manufacture and sales of systems products. Sales revenue from customers accounted for a significant proportion of the total operating revenue in 2022. The sales revenue of significant customers was deemed as a key audit matter. Refer to Notes 4 and 23 to the Group's consolidated financial statements for the related revenue recognition policies and information.

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

1. We obtained a thorough understanding of the Group's policies on recognizing sales revenue, evaluated the design of the internal controls related to the occurrence of sales revenue, and determined whether the

controls had been implemented.

2. We performed detailed verification tests on the selected samples of sales revenue, and checked transaction vouchers, subsequent collections as well as future sales returns to confirm the occurrence of sales revenue.
3. We sent accounts receivable confirmation letter to significant counterparty, investigated the reason and tested reconciling items made by the Company if the result in confirmation reply did not correspond to records, or tested collections after the balance sheet date if no confirmation reply was received.
4. We evaluated days sales outstanding of accounts receivable in the credit term.

### **Other Matter**

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

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

The Group's consolidated financial statements for the year ended December 31, 2021 were audited by other auditor, which provided an unmodified opinion.

### **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, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 22, 2023

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**  
(Former Name: Opto Tech Corporation)

**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 3,014,578	29	\$ 3,467,411	28
Financial assets at fair value through profit or loss - current (Note 7)	65,175	1	714,461	6
Financial assets at amortized cost - current (Notes 9 and 31)	120,666	1	820,785	7
Notes receivable (Note 23)	1,642	-	4,883	-
Trade receivables (Notes 10 and 23)	789,924	7	1,270,884	10
Trade receivables from related parties (Notes 23 and 30)	16,433	-	15,015	-
Other receivables (Note 25)	15,131	-	16,027	-
Inventories (Note 11)	1,248,748	12	1,269,993	10
Other current assets	<u>77,439</u>	<u>1</u>	<u>104,024</u>	<u>1</u>
Total current assets	<u>5,349,736</u>	<u>51</u>	<u>7,683,483</u>	<u>62</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Note 7)	109,096	1	112,528	1
Financial assets at fair value through other comprehensive income - non-current (Note 8)	1,069,816	10	1,037,218	8
Investments accounted for using the equity method (Note 13)	61,690	1	65,646	1
Property, plant and equipment (Notes 14 and 30)	2,661,914	25	2,664,220	22
Right-of-use assets (Note 15)	202,218	2	216,448	2
Investment properties (Note 16)	399,307	4	399,307	3
Intangible assets (Note 17)	19,009	-	14,040	-
Deferred tax assets (Note 25)	24,400	-	46,348	-
Prepayment for equipment	621,506	6	72,150	1
Other non-current assets	<u>36,115</u>	<u>-</u>	<u>33,971</u>	<u>-</u>
Total non-current assets	<u>5,205,071</u>	<u>49</u>	<u>4,661,876</u>	<u>38</u>
<b>TOTAL</b>	<u>\$10,554,807</u>	<u>100</u>	<u>\$12,345,359</u>	<u>100</u>

(Continued)

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
(Former Name: Opto Tech Corporation)

**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	2022		2021	
	Amount	%	Amount	%
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 18)	\$ 137,196	1	\$ 334,047	3
Contract liabilities - current (Note 23)	213,295	2	83,611	1
Trade payables	432,446	4	783,125	6
Trade payables to related parties (Note 30)	36,162	-	60,499	-
Other payables (Notes 19 and 30)	587,892	6	765,708	6
Current tax liabilities (Note 25)	98,351	1	186,710	2
Provisions - current (Note 20)	1,210	-	6,831	-
Lease liabilities - current (Notes 15 and 30)	17,195	-	19,103	-
Other current liabilities	<u>5,007</u>	-	<u>7,058</u>	-
Total current liabilities	<u>1,528,754</u>	<u>14</u>	<u>2,246,692</u>	<u>18</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 18)	195,695	2	-	-
Provisions - non-current (Note 20)	24,505	-	19,068	-
Deferred tax liabilities (Note 25)	50,475	-	33,178	-
Lease liabilities - non-current (Notes 15 and 30)	189,330	2	199,148	2
Net defined benefit liability - non-current (Note 21)	54,591	1	146,775	1
Other non-current liabilities	<u>2,063</u>	-	<u>2,980</u>	-
Total non-current liabilities	<u>516,659</u>	<u>5</u>	<u>401,149</u>	<u>3</u>
Total liabilities	<u>2,045,413</u>	<u>19</u>	<u>2,647,841</u>	<u>21</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Ordinary shares	<u>4,386,228</u>	<u>42</u>	<u>4,386,228</u>	<u>35</u>
Capital surplus	<u>1,507,368</u>	<u>14</u>	<u>1,489,822</u>	<u>12</u>
Retained earnings				
Legal reserve	872,379	8	786,944	6
Special reserve	-	-	2,423	-
Unappropriated earnings	<u>1,684,760</u>	<u>16</u>	<u>2,645,077</u>	<u>22</u>
Total retained earnings	<u>2,557,139</u>	<u>24</u>	<u>3,434,444</u>	<u>28</u>
Other equity	<u>82,829</u>	<u>1</u>	<u>438,344</u>	<u>4</u>
Treasury shares	<u>(24,170)</u>	-	<u>(54,954)</u>	-
Total equity attributable to owners of the Company	8,509,394	81	9,693,884	79
<b>NON-CONTROLLING INTERESTS</b>	<u>-</u>	-	<u>3,634</u>	-
Total equity	<u>8,509,394</u>	<u>81</u>	<u>9,697,518</u>	<u>79</u>
<b>TOTAL</b>	<u>\$10,554,807</u>	<u>100</u>	<u>\$12,345,359</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 22, 2023)

(Concluded)

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
(Former Name: Opto Tech Corporation)

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 30)	\$ 4,529,777	100	\$ 6,143,243	100
OPERATING COSTS (Notes 11, 24 and 30)	<u>3,315,399</u>	<u>73</u>	<u>4,166,464</u>	<u>68</u>
GROSS PROFIT	<u>1,214,378</u>	<u>27</u>	<u>1,976,779</u>	<u>32</u>
OPERATING EXPENSES (Notes 10, 24, 27 and 30)				
Selling and marketing expenses	106,214	2	120,338	2
General and administrative expenses	573,562	13	703,121	11
Research and development expenses	143,734	3	140,334	2
Expected credit loss on trade receivables	<u>7,798</u>	<u>-</u>	<u>2,198</u>	<u>-</u>
Total operating expenses	<u>831,308</u>	<u>18</u>	<u>965,991</u>	<u>15</u>
PROFIT FROM OPERATIONS	<u>383,070</u>	<u>9</u>	<u>1,010,788</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES (Notes 13, 24 and 30)				
Interest income	15,566	-	9,179	-
Other income	30,589	-	55,393	1
Other gains and losses	34,534	1	(40,966)	(1)
Finance costs	(11,491)	-	(17,226)	-
Share of profit or loss of subsidiaries and associates	<u>(5,492)</u>	<u>-</u>	<u>(4,489)</u>	<u>-</u>
Total non-operating income	<u>63,706</u>	<u>1</u>	<u>1,891</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	446,776	10	1,012,679	17
INCOME TAX EXPENSE (Note 25)	<u>86,312</u>	<u>2</u>	<u>183,306</u>	<u>3</u>
NET PROFIT FOR THE PERIOD	<u>360,464</u>	<u>8</u>	<u>829,373</u>	<u>14</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	97,517	2	31,220	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(338,339)	(7)	238,220	4

(Continued)

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
(Former Name: Opto Tech Corporation)

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Share of the other comprehensive income (loss) of associates accounted for using the equity method	\$ (1,516)	-	\$ -	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>(36,646)</u>	<u>(1)</u>	<u>1,779</u>	<u>-</u>
	<u>(278,984)</u>	<u>(6)</u>	<u>271,219</u>	<u>4</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	1,556	-	4,751	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>12</u>	<u>-</u>	<u>(340)</u>	<u>-</u>
	<u>1,568</u>	<u>-</u>	<u>4,411</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>(277,416)</u>	<u>(6)</u>	<u>275,630</u>	<u>4</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>\$ 83,048</u>	<u>2</u>	<u>\$ 1,105,003</u>	<u>18</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 360,465	8	\$ 829,371	14
Non-controlling interests	<u>(1)</u>	<u>-</u>	<u>2</u>	<u>-</u>
	<u>\$ 360,464</u>	<u>8</u>	<u>\$ 829,373</u>	<u>14</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 83,409	2	\$ 1,105,006	18
Non-controlling interests	<u>(1)</u>	<u>-</u>	<u>(3)</u>	<u>-</u>
	<u>\$ 83,408</u>	<u>2</u>	<u>\$ 1,105,003</u>	<u>18</u>
<b>EARNINGS PER SHARE (Note 26)</b>				
Basic	<u>\$ 0.82</u>		<u>\$ 2.11</u>	
Diluted	<u>\$ 0.82</u>		<u>\$ 2.09</u>	

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

(With Deloitte & Touche auditors' report dated February 22, 2023)

(Concluded)

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
(Former Name: Opto Tech Corporation)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company (Notes 22 and 27)												Non-controlling Interests	Total Equity
	Ordinary Shares		Retained Earnings					Other Equity		Treasury Shares	Total			
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Loss (Gain) on Financial Assets at Fair Value Through Other Comprehensive Income					
BALANCE, JANUARY 1, 2021	378,623	\$ 3,786,228	\$ 703,108	\$ 729,360	\$ 3,743	\$ 2,361,920	\$ 3,095,023	\$ (4,063)	\$ 191,414	\$ 187,351	\$ (82,021)	\$ 7,689,689	\$ 3,637	\$ 7,693,326
Appropriation of the 2020 earnings														
Legal reserve	-	-	-	57,584	-	(57,584)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(1,320)	1,320	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(514,927)	(514,927)	-	-	-	-	(514,927)	-	(514,927)
Adjustments to share of change in equity of subsidiaries	-	-	(4,105)	-	-	(571,191)	(571,191)	-	-	-	-	(514,927)	-	(514,927)
Net profit for the year ended December 31, 2021	-	-	-	-	-	829,371	829,371	-	-	-	-	829,371	2	829,373
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	24,977	24,977	4,416	246,242	250,658	-	275,635	(5)	275,630
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	854,348	854,348	4,416	246,242	250,658	-	1,105,006	(3)	1,105,003
Adjustments of capital surplus for the Company's cash dividends	-	-	1,051	-	-	-	-	-	-	-	-	1,051	-	1,051
Cash capital increase	60,000	600,000	775,800	-	-	-	-	-	-	-	-	1,375,800	-	1,375,800
Share-based payment transaction	-	-	13,968	-	-	-	-	-	-	-	189,475	203,443	-	203,443
Stock repurchased	-	-	-	-	-	-	-	-	-	-	(162,408)	(162,408)	-	(162,408)
Disposals of investments in subsidiaries and associates accounted for using the equity method	-	-	-	-	-	-	-	335	-	335	-	335	-	335
BALANCE, DECEMBER 31, 2021	438,623	4,386,228	1,489,822	786,944	2,423	2,645,077	3,434,444	688	437,656	438,344	(54,954)	9,693,884	3,634	9,697,518
Appropriation of the 2021 earnings														
Legal reserve	-	-	-	85,435	-	(85,435)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(2,423)	2,423	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,315,869)	(1,315,869)	-	-	-	-	(1,315,869)	-	(1,315,869)
Net profit (loss) for the year ended December 31, 2022	-	-	-	-	-	360,465	360,465	-	-	-	-	360,465	(1)	360,464
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	78,099	78,099	1,568	(357,083)	(355,515)	-	(277,416)	-	(277,416)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	438,564	438,564	1,568	(357,083)	(355,515)	-	83,049	(1)	83,048
Share-based payment transaction	-	-	17,354	-	-	-	-	-	-	-	30,784	48,138	-	48,138
Adjustments of capital surplus for the Company's cash dividends	-	-	2,264	-	-	-	-	-	-	-	-	2,264	-	2,264
Changes in equity from investments in associates accounted for using the equity method	-	-	608	-	-	-	-	-	-	-	-	608	-	608
Disposals of investments accounted for using the equity method	-	-	(5,112)	-	-	-	-	-	-	-	-	(5,112)	(3,633)	(8,745)
Changes in percentage of ownership interests in subsidiaries	-	-	2,432	-	-	-	-	-	-	-	-	2,432	-	2,432
BALANCE, DECEMBER 31, 2022	438,623	\$ 4,386,228	\$ 1,507,368	\$ 872,379	\$ -	\$ 1,684,760	\$ 2,557,139	\$ 2,256	\$ 80,573	\$ 82,829	\$ (24,170)	\$ 8,509,394	\$ -	\$ 8,509,394

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

(With Deloitte & Touche auditors' report dated February 22, 2023)

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
(Former Name: Opto Tech Corporation)

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars)

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 446,776	\$ 1,012,679
Adjustments for:		
Depreciation expenses	422,209	454,344
Amortization expenses	18,365	18,122
Expected credit loss recognized on trade receivables	7,798	2,198
(Gain) loss on fair value change of financial assets and liabilities at fair value through profit or loss	59,993	(39,404)
Interest expenses	11,431	15,908
Interest income	(15,566)	(9,179)
Dividend income	(23,903)	(18,763)
Compensation cost of employee share options	31,818	105,473
Share of loss of associates accounted for using the equity method	5,492	4,489
(Gain) loss on disposal of property, plant and equipment	(4,669)	234
(Gain) loss on disposal of investment	(15,953)	1,591
Impairment loss on non-financial assets	-	77,577
Gain on lease termination	(31)	-
Changes in operating assets and liabilities		
Acquisition of financial assets at fair value through profit or loss	600,552	(360,975)
Notes receivable	3,241	3,990
Trade receivables	473,162	361,831
Trade receivables from related parties	(1,418)	1,865
Other receivables	879	4,782
Inventories	21,245	(114,404)
Other current assets	26,951	(77,387)
Other non-current assets	6,771	3,370
Contract liabilities	129,684	-
Notes payable	-	(1,757)
Trade payables	(350,679)	117,199
Trade payables to related parties	(24,337)	8,579
Other payables	(178,151)	148,048
Provisions	(184)	3,058
Other current liabilities	(2,051)	39,829
Net defined benefit liabilities	4,908	(8,618)
Cash generated from operations	<u>1,654,333</u>	<u>1,754,679</u>
Interest received	15,306	8,588
Dividend received	23,903	18,763
Interest paid	(11,096)	(17,290)
Income tax paid	<u>(172,161)</u>	<u>(28,606)</u>
Net cash generated from operating activities	<u>1,510,285</u>	<u>1,736,134</u>

(Continued)

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
(Former Name: Opto Tech Corporation)

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars)

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (370,936)	\$ (15,000)
Purchase of financial assets at amortized cost	(20,017)	(797,975)
Proceeds from recovery of financial assets at amortized cost on maturity	720,136	-
Payment for long-term investments at equity	-	(70,000)
Proceeds from disposal of long-term investments at equity	7,074	3,663
Payments for property, plant and equipment	(396,501)	(469,120)
Proceeds from disposal of property, plant and equipment	4,708	144
Increase in refundable deposits	(8,915)	(5,969)
Proceeds from disposal of intangible assets	(23,334)	(17,844)
Payments for equipment	<u>(549,356)</u>	<u>(68,207)</u>
Net cash used in investing activities	<u>(637,141)</u>	<u>(1,440,308)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term borrowings	(196,851)	103,289
Proceeds from (repayment of) long-term borrowings	195,695	(811,515)
(Decrease) increase in refundable deposits	(917)	2,111
Payment of the principal portion of lease liabilities	(18,932)	(19,732)
Payment of dividends	(1,313,605)	(513,876)
Treasury shares transferred to employees	16,320	97,970
Proceeds from issuance of new shares	-	1,375,800
Payments for buy-back of ordinary shares	<u>-</u>	<u>(162,408)</u>
Net cash generated from (used in) financing activities	<u>(1,318,290)</u>	<u>71,639</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>(7,687)</u>	<u>(215)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(452,833)</b>	<b>367,250</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b><u>3,467,411</u></b>	<b><u>3,100,161</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b><u>\$ 3,014,578</u></b>	<b><u>\$ 3,467,411</u></b>

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

(With Deloitte & Touche auditors' report dated February 22, 2023)

(Concluded)

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**(Former Name: Opto Tech Corporation)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

**1. GENERAL INFORMATION**

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

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

**2. THE AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements were authorized for issue by the board of directors on February 22, 2023.

**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 “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Company and entities controlled by the Company (collectively referred to as the “Group”).

b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

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

- c. The IFRSs issued by IASB, but not yet endorsed and issued into effect by the FSC

<u>New, Revised or Amended 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
Amendments to IFRS 16 “Leases Liability in a Sale and leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current liabilities with contractual terms”	January 1, 2024

Note 1: Unless stated otherwise, the above New, Revised or Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 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 IFRSs as endorsed and issued into effect by the FSC.

- b. Basis of presentation

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

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

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve 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 twelve months after the reporting period.

Current liabilities include:

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

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

d. Basis of consolidation

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

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

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

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

See Note 12, Tables 6 and 7 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 measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

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

g. Investment in associates

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

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

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

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

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

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

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

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

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the

carrying amount of the asset is recognized in profit or loss.

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

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 29.

ii. Financial assets at amortized cost

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

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable at amortized cost, trade receivables, other receivables, investments in debt instruments and other financial assets, are measured at amortized

cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss. Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain

or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

m. Provisions

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

n. Revenue recognition

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

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

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. 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.

s. Taxation

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. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions based on historical experience and other factors that are considered to be relevant about the related information that are not readily apparent from other sources. Actual results may differ from these estimates.

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

**6. CASH AND CASH EQUIVALENTS**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 172	\$ 169
Checking accounts and demand deposits	980,976	1,127,782
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	1,512,430	1,976,460
Repurchase agreements collateralized by bonds	<u>521,000</u>	<u>363,000</u>
	<u>\$ 3,014,578</u>	<u>\$ 3,467,411</u>

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

	<u>December 31</u>	
	2022	2021
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	\$ 44,846	\$ 143,072
Mutual funds	<u>20,329</u>	<u>571,389</u>
	<u>\$ 65,175</u>	<u>\$ 714,461</u>
<u>Financial assets - non-current</u>		
Non-derivative financial assets		
Unlisted shares	<u>\$ 109,096</u>	<u>\$ 112,528</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	2022	2021
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 279,063	\$ 250,693
Unlisted shares	84,474	241,382
Private-placement funds	<u>75,000</u>	<u>-</u>
	438,537	492,075
Foreign investments		
Unlisted shares	<u>631,279</u>	<u>545,143</u>
	<u>\$ 1,069,816</u>	<u>\$ 1,037,218</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>	
	2022	2021
<u>Current</u>		
Time deposits with original maturity of more than 3 months	\$ 97,396	\$ 797,975
Restricted time deposit	<u>23,270</u>	<u>22,810</u>
	<u>\$ 120,666</u>	<u>\$ 820,785</u>

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

## 10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	2022	2021
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 805,957	\$ 1,279,119
Less: Allowance for impairment loss	<u>(16,033)</u>	<u>(8,235)</u>
	<u>\$ 789,924</u>	<u>\$ 1,270,884</u>

The average credit period of sales of goods was 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 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.

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, 2022

	Not Past Due	Past Due Less than 180 Days	Past Due 181 to 360 Days	Over 361 Days	Total
Expected credit loss rate	0.48%	13.11%	-	100.00%	
Gross carrying amount	\$ 753,717	\$ 45,811	\$ -	\$ 6,429	\$ 805,957
Loss allowance (Lifetime ECLs)	(3,596)	(6,008)	-	(6,429)	(16,033)
Amortized cost	<u>\$ 750,121</u>	<u>\$ 39,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 789,924</u>

#### December 31, 2021

	Not Past Due	Past Due Less than 180 Days	Past Due 181 to 360 Days	Over 361 Days	Total
Expected credit loss rate	-	-	-	100.00%	
Gross carrying amount	\$ 1,261,728	\$ 9,156	\$ -	\$ 8,235	\$ 1,279,119
Loss allowance (Lifetime ECLs)	-	-	-	(8,235)	(8,235)
Amortized cost	<u>\$ 1,261,728</u>	<u>\$ 9,156</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,270,884</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 8,235	\$ 8,020
Add: Net remeasurement of loss allowance	7,798	2,198
Less: Amounts written off	-	(1,983)
Balance at December 31	<u>\$ 16,033</u>	<u>\$ 8,235</u>

## 11. INVENTORIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Finished goods	\$ 281,707	\$ 243,965
Work in progress	263,129	380,873
Raw materials	703,912	645,155
	<u>\$ 1,248,748</u>	<u>\$ 1,269,993</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Cost of inventories sold	\$ 3,288,957	\$ 4,178,187
Loss on decline (gain on reversal) in market value	26,442	(11,723)
	<u>\$ 3,315,399</u>	<u>\$ 4,166,464</u>

The reversals of previous write-downs resulted from an increase in net realizable value of the products.

## 12. SUBSIDIARIES

### **Subsidiaries Included in the Consolidated Financial Statements**

Investor	Investee	Nature of Activities	<u>Proportion of Ownership</u>		Remark
			<u>December 31</u>		
			<u>2022</u>	<u>2021</u>	
The Company	Ho Chung Investment Co., Ltd. ("Ho Chung Investment")	Investment business	100.00%	100.00%	-
The Company	CS Bright Corporation ("CSB")	Manufacturing and selling of LED and electronic products	-	99.87%	a.
The Company	Bright Investment International Ltd. ("Bright")	Holding company	100.00%	100.00%	a.
The Company	Everyung Investment Ltd. ("Everyung")	Holding company	50.00%	50.00%	-
The Company	River Asset Co., Ltd. ("River Asset")	Investment business	100.00%	100.00%	-
The Company	Opto Tech Corporation ("Opto Tech")	Manufacturing and selling of lighting equipment	100.00%	100.00%	b.
The Company	Wan Zun Guang Investment Co., Ltd. ("Wan Zun Guang")	Investment business	100.00%	-	c.
Bright	Everyung Investment Ltd. ("Everyung")	Holding company	50.00%	50.00%	-
Everyung	Opto Plus Technology Co., Ltd. ("Opto Plus")	Manufacturing and selling of LED and electronic products	100.00%	100.00%	-
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	100.00%	-	d.

Remarks:

- a. The board of directors of the Company resolved the liquidation of foreign subsidiary, CS Bright Corporation (CSB), on September 10, 2020. The effective date was set on December 31, 2020, and the liquidation process was completed on September 19, 2022. The share equity of Bright Investment International Ltd. which was held by CSB was transferred to the Company on April 22, 2021.
- b. The subsidiary - Opto System Technologies Inc. is a wholly-owned subsidiary established by the Company on September 16, 2021, and has been included in the consolidated financial statements since the date of acquisition. The first extraordinary shareholders' meeting approved the transfer of the relevant business of the Company's system business group. The base date for the spillover was January 28, 2022. Opto System Technologies Inc. changed its name to Opto Tech Corporation approved by the board of directors Opto Tech Corporation on September 22, 2022.
- c. The subsidiary - Wan Zun Guang Investment Co., Ltd. is a wholly-owned subsidiary established by the Company on January 19, 2022, and has been included in the consolidated financial statements since the date of acquisition.
- d. The subsidiary - ProAsia Semiconductor Corporation Ltd. is a wholly-owned subsidiary established by the subsidiary - Wan Zun Guang Investment Co., Ltd. of Company on March 30, 2022, and has been included in the consolidated financial statements since the date of acquisition.
- e. The consolidated financial statements of the subsidiary have been audited by an accountant during the same period.

### 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

#### Investments in Associates

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Individual non-material associates		
New Smart Technology Co., Ltd.	\$ <u>61,690</u>	\$ <u>65,646</u>

#### Aggregate Information of Associates That Are Not Individually Material

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
The Group's share of:		
Loss from continuing operations for the year	\$ <u>(5,492)</u>	\$ <u>(4,489)</u>
Total comprehensive income (loss) for the year	\$ <u>(6,996)</u>	\$ <u>(4,494)</u>

The share of profit and other comprehensive income (loss) of investments accounted for using the equity method are recognized according to the financial report that has been auditor by the auditors; For the business activities, main business location, country information and the registration of the abovementioned affiliated enterprises, please refer to Table 6 "Information on investees".

## 14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and Equipment	Utility Facilities	Pollution Prevention Facilities	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment Under Installation	Total
<b>Cost</b>									
Balance at January 1, 2022	\$ 2,047,020	\$ 5,443,283	\$ 1,063,703	\$ 731,271	\$ 12,758	\$ 89,523	\$ 1,962,107	\$ 395,135	\$11,744,800
Additions	2,190	6,820	140	2,760	-	3,787	11,810	368,994	396,501
Disposals	-	(96,508)	(26,518)	-	(830)	(5,356)	(940)	-	(130,152)
Reclassification	5,170	247,967	1,600	6,212	146	18,371	5,844	(282,540)	2,770
Effect of foreign currency exchange differences	3,696	2,417	-	-	38	148	-	-	6,299
Balance at December 31, 2022	<u>\$ 2,058,076</u>	<u>\$ 5,603,979</u>	<u>\$ 1,038,925</u>	<u>\$ 740,243</u>	<u>\$ 12,112</u>	<u>\$ 106,473</u>	<u>\$ 1,978,821</u>	<u>\$ 481,589</u>	<u>\$12,020,218</u>
<b>Accumulated depreciation and impairment</b>									
Balance at January 1, 2022	\$ 1,253,751	\$ 4,554,057	\$ 951,225	\$ 612,179	\$ 8,929	\$ 71,172	\$ 1,629,267	\$ -	\$ 9,080,580
Disposals	-	(96,469)	(26,518)	-	(830)	(5,356)	(940)	-	(130,113)
Depreciation expense	60,398	245,609	17,592	11,878	1,305	9,934	53,979	-	400,695
Reclassification	-	-	-	-	-	2,770	-	-	2,770
Effect of foreign currency exchange differences	2,205	2,012	-	-	35	120	-	-	4,372
Balance at December 31, 2022	<u>\$ 1,316,354</u>	<u>\$ 4,705,209</u>	<u>\$ 942,299</u>	<u>\$ 624,057</u>	<u>\$ 9,439</u>	<u>\$ 78,640</u>	<u>\$ 1,682,306</u>	<u>\$ -</u>	<u>\$ 9,358,304</u>
Carrying amounts at December 31, 2022	<u>\$ 741,722</u>	<u>\$ 898,770</u>	<u>\$ 96,626</u>	<u>\$ 116,186</u>	<u>\$ 2,673</u>	<u>\$ 27,833</u>	<u>\$ 296,515</u>	<u>\$ 481,589</u>	<u>\$ 2,661,914</u>
<b>Cost</b>									
Balance at January 1, 2021	\$ 2,041,199	\$ 5,444,530	\$ 1,050,132	\$ 707,319	\$ 13,288	\$ 81,650	\$ 1,937,717	\$ 114,523	\$11,390,358
Additions	4,270	12,225	3,026	2,460	-	2,705	7,122	437,312	469,120
Disposals	-	(112,105)	-	(738)	(539)	(4,867)	-	-	(118,249)
Reclassification	-	97,214	10,545	22,230	-	9,983	17,268	(156,700)	540
Effect of foreign currency exchange differences	1,551	1,419	-	-	9	52	-	-	3,031
Balance at December 31, 2021	<u>\$ 2,047,020</u>	<u>\$ 5,443,283</u>	<u>\$ 1,063,703</u>	<u>\$ 731,271</u>	<u>\$ 12,758</u>	<u>\$ 89,523</u>	<u>\$ 1,962,107</u>	<u>\$ 395,135</u>	<u>\$11,744,800</u>
<b>Accumulated depreciation and impairment</b>									
Balance at January 1, 2021	\$ 1,194,000	\$ 4,313,329	\$ 931,593	\$ 597,978	\$ 8,104	\$ 69,191	\$ 1,571,030	\$ -	\$ 8,685,225
Disposals	-	(111,859)	-	(738)	(539)	(4,735)	-	-	(117,871)
Depreciation expense	58,858	273,232	19,632	14,939	1,358	6,664	58,237	-	432,920
Impairment losses	-	77,577	-	-	-	-	-	-	77,577
Reclassification	-	540	-	-	-	-	-	-	540
Effect of foreign currency exchange differences	893	1,238	-	-	6	52	-	-	2,189
Balance at December 31, 2021	<u>\$ 1,253,751</u>	<u>\$ 4,554,057</u>	<u>\$ 951,225</u>	<u>\$ 612,179</u>	<u>\$ 8,929</u>	<u>\$ 71,172</u>	<u>\$ 1,629,267</u>	<u>\$ -</u>	<u>\$ 9,080,580</u>
Carrying amounts at December 31, 2021	<u>\$ 793,269</u>	<u>\$ 889,226</u>	<u>\$ 112,478</u>	<u>\$ 119,092</u>	<u>\$ 3,829</u>	<u>\$ 18,351</u>	<u>\$ 332,840</u>	<u>\$ 395,135</u>	<u>\$ 2,664,220</u>

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

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

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amounts</u>		
Land	\$ 198,297	\$ 208,202
Buildings	-	2,318
Transportation equipment	2,479	3,838
Office equipment	<u>1,442</u>	<u>2,090</u>
	<u>\$ 202,218</u>	<u>\$ 216,448</u>

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	<u>\$ 8,241</u>	<u>\$ 1,717</u>
Depreciation charge for right-of-use assets		
Land	\$ 16,925	\$ 15,316
Buildings	1,352	2,318
Transportation equipment	2,589	2,511
Office equipment	<u>648</u>	<u>1,279</u>
	<u>\$ 21,514</u>	<u>\$ 21,424</u>

### b. Lease liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amounts</u>		
Current	<u>\$ 17,195</u>	<u>\$ 19,103</u>
Non-current	<u>\$ 189,330</u>	<u>\$ 199,148</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Land	1.797%	1.797%
Buildings	-	1.797%
Transportation equipment	0.785%-1.797%	1.088%-1.797%
Office equipment	1.088%-1.797%	1.088%-1.797%

### c. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	<u>\$ 9,384</u>	<u>\$ 8,798</u>
Total cash outflow for leases	<u>\$ (31,551)</u>	<u>\$ (32,612)</u>

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

	<b>Completed Investment Property</b>
<u>Cost</u>	
Balance at January 1, 2022 and December 31, 2022	<u>\$ 399,307</u>
<u>Cost</u>	
Balance at January 1, 2021 and December 31, 2021	<u>\$ 399,307</u>

On December 31, 2022 and 2021, the fair value of investment properties was \$410,640, which based on the market evidence on transaction price of similar property and publicly announced present value.

## 17. INTANGIBLE ASSETS

	<b>Software</b>
<u>Cost</u>	
Balance at January 1, 2022	\$ 31,902
Additions	23,334
Disposals	<u>(5,450)</u>
Balance at December 31, 2022	<u>\$ 49,786</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2022	\$ 17,862
Amortization expense	18,365
Disposals	<u>(5,450)</u>
Balance at December 31, 2022	<u>\$ 30,777</u>
Carrying amount at December 31, 2022	<u>\$ 19,009</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 40,624
Additions	17,844
Disposals	<u>(26,566)</u>
Balance at December 31, 2021	<u>\$ 31,902</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2021	26,306
Amortization expense	18,122
Disposals	<u>(26,566)</u>
Balance at December 31, 2021	<u>\$ 17,862</u>
Carrying amount at December 31, 2021	<u>\$ 14,040</u>

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

Computer software	1-10 years
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## 18. BORROWINGS

### a. Short-term borrowings

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
<u>Unsecured borrowings</u>		
Bank loans	<u>\$ 137,196</u>	<u>\$ 334,047</u>

The range of weighted average effective interest rate on bank loans was 0.63%-5.87% and 0.60%-5.00% per annum as of December 31, 2022 and 2021, respectively.

### b. Long-term borrowings

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
<u>Unsecured borrowings</u>		
Bank loans	<u>\$ 195,695</u>	<u>\$ -</u>

1) The long-term borrowings will mature on September 15, 2029. The range of effective interest rate on bank loans was 0.875% per annum as of December 31, 2022.

2) In view of financial planning, the Company paid off the long-term borrowings which expired on February 20, 2022 in advance on October 21, 2021.

## 19. OTHER LIABILITIES

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Payable for salaries and bonus	\$ 143,515	\$ 272,930
Payable for employees' compensation	129,474	189,670
Payable for remuneration of directors	29,096	63,674
Others	<u>285,807</u>	<u>239,434</u>
	<u>\$ 587,892</u>	<u>\$ 765,708</u>

## 20. PROVISIONS

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Warranties	\$ 1,210	\$ 6,831
<u>Non-current</u>		
Warranties	\$ 24,505	\$ 19,068

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

## 21. RETIREMENT BENEFIT PLANS

### a. Defined benefit plans

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

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

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

### b. Defined contribution plan

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

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

	<u>December 31</u>	
	2022	2021
Present value of defined benefit obligation	\$ 303,001	\$ 450,675
Fair value of plan assets	<u>(248,410)</u>	<u>(303,900)</u>
Net defined benefit liability	<u>\$ 54,591</u>	<u>\$ 146,775</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability (Asset)</b>
Balance at January 1, 2021	\$ 551,918	\$ (365,305)	\$ 186,613
Service costs			
Current service cost	6,111	-	6,111
Net interest expense (income)	<u>2,146</u>	<u>(1,417)</u>	<u>729</u>
Recognized in profit or loss	<u>8,257</u>	<u>(1,417)</u>	<u>6,840</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability (Asset)</b>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (8,389)	\$ (8,389)
Actuarial loss - changes in demographic assumptions	943	-	943
Actuarial loss - changes in financial assumptions	(18,871)	-	(18,871)
Actuarial loss - experience adjustments	<u>(6,611)</u>	<u>1,847</u>	<u>(4,764)</u>
Recognized in other comprehensive income	<u>(24,539)</u>	<u>(6,542)</u>	<u>(31,081)</u>
Contributions from the employer	<u>-</u>	<u>(6,030)</u>	<u>(6,030)</u>
Benefits paid	<u>(84,961)</u>	<u>(75,394)</u>	<u>(9,567)</u>
Balance at December 31, 2021	<u>450,675</u>	<u>(303,900)</u>	<u>146,775</u>
Service costs			
Current service cost	7,775	-	7,775
Past service cost	(336)	-	(336)
Net interest expense (income)	<u>3,270</u>	<u>(2,248)</u>	<u>1,022</u>
Recognized in profit or loss	<u>10,709</u>	<u>(2,248)</u>	<u>8,461</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(25,740)	(25,740)
Actuarial loss - changes in demographic assumptions	71	-	71
Actuarial loss - changes in financial assumptions	(20,086)	-	(20,086)
Actuarial loss - experience adjustments	<u>(51,337)</u>	<u>-</u>	<u>(51,337)</u>
Recognized in other comprehensive income	<u>(71,352)</u>	<u>(25,740)</u>	<u>(97,092)</u>
Contributions from the employer	<u>-</u>	<u>(3,553)</u>	<u>(3,553)</u>
Benefits paid	<u>(87,031)</u>	<u>87,031</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 303,001</u>	<u>\$ (248,410)</u>	<u>\$ 54,591</u>

(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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate	1.15%-1.35%	0.50%-0.75%
Expected rate of salary increase	3.00%	3.00%

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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Discount rate		
0.250% increase	<u>\$ (7,804)</u>	<u>\$ (12,756)</u>
0.250% decrease	<u>\$ 8,103</u>	<u>\$ 13,275</u>
Expected rate of salary increase		
0.250% increase	<u>\$ (7,951)</u>	<u>\$ (12,947)</u>
0.250% decrease	<u>\$ 7,699</u>	<u>\$ 12,512</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>	
	<u>2022</u>	<u>2021</u>
The expected contributions to the plan for the one year	<u>\$ 3,037</u>	<u>\$ 4,500</u>
The average duration of the defined benefit obligation		
Managers	4 years	3 years
Regular employees	11 years	11 years

## 22. EQUITY

### a. Share capital - ordinary shares

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
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>

In accordance with paragraph 7, Article 43-6 of Securities and Exchange Act, private placements of securities can be conducted subsequently within one year after the date that shareholders made their resolution as approved by the Board of Directors on March 18, 2021, which has not yet been approved at the shareholders' meeting. Taking into consideration capital market condition, the Company discontinued the private replacement of securities as approved by the shareholders in 2020.

To meet the strategic cooperation needs of the Company's long-term development, strengthen the Company's competitiveness and introduce strategic investors, the Company raised additional cash by issuing 60 million new shares at the price of \$22.93 per share, totaling \$1,375,800 thousand as approved by the board of directors on July 1, 2021. All proceeds from shares issued have been collected. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares. The effective date for the aforesaid cash capital increase was set on August 30, 2021, the registration was completed on September 9, 2021.

### b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
May be used to offset a deficit, distributed, as cash dividends, or		
Arising from issuance of common share	\$ 1,336,850	\$ 1,335,892
Arising from treasury share transactions	90,621	74,225
<u>May only be used to offset a deficit (2)</u>		
Changes in percentage of ownership interests in subsidiaries	79,289	79,705
Share of changes in capital surplus of associates or joint ventures	<u>608</u>	<u>-</u>
	<u>\$ 1,507,368</u>	<u>\$ 1,489,822</u>

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

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

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

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

The appropriations of 2021 and 2020 earnings are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Legal reserve	\$ 85,435	\$ 57,584
Reversal of special reserve	\$ (2,423)	\$ (1,320)
Cash dividends	\$ 1,315,869	\$ 514,927
Cash dividends per share (NT\$)	\$ 3.00	\$ 1.39

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

On March 18, 2021, the distribution of 2020 cash dividends was approved by the board of directors. The provision of legal reserve and special reserve had been approved in the shareholders' meetings on July 1, 2021.

The appropriations of 2022 earnings will be proposed by the board of directors in 2023.

- d. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares</b>	<b>Shares Held by</b>	<b>Total</b>
	<b>Transferred to Employees (In Thousands of Shares)</b>	<b>Subsidiaries (In Thousands of Shares)</b>	<b>(In Thousands of Shares)</b>
Number of shares at January 1, 2022	1,305	755	2,060
Decrease during the period	<u>(1,264)</u>	<u>-</u>	<u>(1,264)</u>
Number of shares at December 31, 2022	<u>41</u>	<u>755</u>	<u>796</u>
Number of shares at January 1, 2021	2,327	755	3,082
Increase during the period	6,566	-	6,566
Decrease during the period	<u>(7,588)</u>	<u>-</u>	<u>(7,588)</u>
Number of shares at December 31, 2021	<u>1,305</u>	<u>755</u>	<u>2,060</u>

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

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>December 31, 2022</u>			
Ho Chung Investment	755	\$ 23,172	\$ 25,466
<u>December 31, 2021</u>			
Ho Chung Investment	755	23,172	53,648

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

### 23. REVENUE

	<u>For the Year Ended December 31</u>		
	2022	2021	2021
Revenue from contracts with customers			
Revenue from sale of goods	<u>\$ 4,529,777</u>	<u>\$ 6,143,243</u>	
a. Contract balances			
	<b>December 31,</b>	<b>December 31,</b>	<b>January 1,</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
Notes receivable	\$ 1,642	\$ 4,883	\$ 8,873
Trade receivables (Note 10)	805,957	1,279,119	1,642,933
Trade receivables to related parties	<u>16,433</u>	<u>15,015</u>	<u>16,880</u>
	<u>\$ 824,032</u>	<u>\$ 1,299,017</u>	<u>\$ 1,668,686</u>
Contract liabilities			
Sale of goods	<u>\$ 213,295</u>	<u>\$ 83,611</u>	<u>\$ 44,086</u>

b. The credit risk management of contract assets and trade receivables is the same, refer to Note 36.

### 24. NET PROFIT

a. Interest income			
		<u>For the Year Ended December 31</u>	
		2022	2021
Bank deposits		\$ 13,243	\$ 6,705
Resale bonds		768	661
Financial assets at amortized cost		1,552	1,805
Others		<u>3</u>	<u>8</u>
		<u>\$ 15,566</u>	<u>\$ 9,179</u>
b. Other income			
		<u>For the Year Ended December 31</u>	
		2022	2021
Rental income		\$ 515	\$ 80
Dividend income		23,903	18,763
Others		<u>6,171</u>	<u>36,550</u>
		<u>\$ 30,589</u>	<u>\$ 55,393</u>
c. Other gains and losses			
		<u>For the Year Ended December 31</u>	
		2022	2021
Fair value changes of financial assets and financial liabilities			
Financial assets mandatorily classified as at FVTPL		\$ (59,993)	\$ 39,404
Gain (loss) on disposal of property, plant and equipment		4,669	(234)
Gain (loss) on disposal of investments		15,953	(1,591)
Net foreign exchange gains		74,347	302
Impairment loss on disposal of property, plant and equipment		-	(77,577)
Gain on changes in lease term		31	-
Others		<u>(473)</u>	<u>(1,270)</u>
		<u>\$ 34,534</u>	<u>\$ (40,966)</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on bank loans	\$ 8,196	\$ 11,985
Interest on finance leases	<u>3,235</u>	<u>4,082</u>
	11,431	16,067
Less: Amounts included in the cost of qualifying assets	<u>-</u>	<u>(159)</u>
	11,431	15,908
Other finance costs	<u>60</u>	<u>1,318</u>
	<u>\$ 11,491</u>	<u>\$ 17,226</u>

Information on capitalized interest is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Capitalized interest amount	<u>\$ -</u>	<u>\$ 159</u>
Capitalization rate	-	0.10%-0.53%

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
An analysis of depreciation by function		
Operating costs	\$ 361,704	\$ 408,149
Operating expenses	<u>60,505</u>	<u>46,195</u>
	<u>\$ 422,209</u>	<u>\$ 454,344</u>
An analysis of amortization by function		
Operating costs	\$ 7,257	\$ 9,095
Operating expenses	<u>11,108</u>	<u>9,027</u>
	<u>\$ 18,365</u>	<u>\$ 18,122</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Wages and salaries	\$ 906,961	\$ 1,238,143
Labor and health insurance fees	78,043	86,573
Post-employment benefits		
Defined contribution plans	33,927	33,825
Defined benefit plans	8,461	6,840
Share-based payments		
Equity-settled	31,818	105,473
Other employee benefits	<u>18,689</u>	<u>20,953</u>
Total employee benefits expense	<u>\$ 1,077,899</u>	<u>\$ 1,491,807</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 600,172	\$ 879,506
Operating expenses	<u>477,727</u>	<u>612,301</u>
	<u>\$ 1,077,899</u>	<u>\$ 1,491,807</u>

g. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, if the Company has profit during the year, the Company shall distribute bonus to the employees that account for 10%-15% and pay remuneration to the directors that shall not be higher than 5% of the total distributed amount. If the Company has an accumulated deficit, earnings should be used to cover losses. Employees' compensation can be distributed in the form of shares or in cash. Qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The shareholders' meeting on July 1, 2021 approved the amendment to the Company's Articles of Incorporation, and revised the employee remuneration ratio to 10%-20% based on profitability, and the directors' remuneration ratio to no more than 10%. The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021, were as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Employees' compensation	10%	15%
Remuneration of directors	5%	5%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Employees' compensation	\$ 50,812	\$ 187,978
Remuneration of directors	25,406	62,659

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the ended 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## h. Gains or losses on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Foreign exchange gains	\$ 154,838	\$ 53,829
Foreign exchange losses	(80,491)	(53,527)
	<u>\$ 74,347</u>	<u>\$ 302</u>

**25. INCOME TAXES**

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 100,550	\$ 187,738
Undistributed surplus earnings	105	273
Adjustments for prior year	(16,942)	1,335
	83,713	189,346
Deferred tax		
In respect of the current year	2,599	(6,040)
Income tax expense recognized in profit or loss	<u>\$ 86,312</u>	<u>\$ 183,306</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax	\$ 446,776	\$ 1,012,679
Income tax expense calculated at the statutory rate	\$ 69,751	\$ 214,248
Nondeductible expenses in determining taxable income	7,237	1,533
Tax-exempt income	27,890	(16,682)
Income tax on unappropriated earnings	105	273
Adjustments for prior years' tax	(16,942)	1,335
Investment tax credits used in the current year	(15,180)	(23,363)
Unrecognized deductible temporary differences	13,451	5,962
Income tax expense recognized in profit or loss	<u>\$ 86,312</u>	<u>\$ 183,306</u>

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Deferred tax</u>		
In respect of the current year		
Translation of the financial statements of foreign operations	\$ (17,228)	\$ 8,022
Remeasurement on defined benefit plans	<u>(19,418)</u>	<u>(6,243)</u>
Total income tax recognized in other comprehensive income	<u>\$ (36,646)</u>	<u>\$ 1,779</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax assets		
Tax refund receivable	<u>\$ 88</u>	<u>\$ 12</u>
Current tax liabilities		
Income tax payable	<u>\$ 98,351</u>	<u>\$ 186,710</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, 2022

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

For the year ended December 31, 2021

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit plans	\$ 27,405	\$ (1,642)	\$ (6,243)	\$ 19,520
Inventory write-downs	7,005	(4,920)	-	2,085
Valuation allowance	-	1,172	-	1,172
Provisions	4,568	612	-	5,180
Impairment losses	7,630	10,361	-	17,991
Others	<u>1,729</u>	<u>(1,329)</u>	<u>-</u>	<u>400</u>
	<u>\$ 48,337</u>	<u>\$ 4,254</u>	<u>\$ (6,243)</u>	<u>\$ 46,348</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain or losses on financial assets	\$ 41,200	\$ -	\$ (8,022)	\$ 33,178
Others	<u>1,786</u>	<u>(1,786)</u>	<u>-</u>	<u>-</u>
	<u>\$ 42,986</u>	<u>\$ (1,786)</u>	<u>\$ (8,022)</u>	<u>\$ 33,178</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>2022</u>	<u>2021</u>
Loss carryforwards	\$ <u>36,202</u>	\$ <u>10,332</u>
Deductible temporary differences	\$ <u>135,431</u>	\$ <u>130,381</u>

- f. Income tax assessments

The income tax returns of the Company, Ho Chung Investment and River Asset through 2020 have been assessed by the tax authority.

The income tax returns of Opto Tech have not been assessed by the tax authorities because Opto Tech was established in 2021.

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

Opto Plus has completed the income tax declaration by the local tax authority according to the deadline.

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

## 26. EARNINGS PER SHARE

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

### Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Earnings used in the computation of basic and diluted earnings per share	\$ <u>360,465</u>	\$ <u>829,371</u>

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Weighted average number of ordinary shares outstanding in computation of basic earnings per share (in thousands)	437,385	393,116
Effect of potentially dilutive ordinary shares employees' compensation (in thousands)	<u>2,013</u>	<u>3,563</u>
Weighted average number of ordinary shares outstanding in computation of diluted earnings per share (in thousands)	<u>439,398</u>	<u>396,679</u>

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

## 27. SHARE-BASED PAYMENT ARRANGEMENTS

- a. For the year ended December 31, 2022, the Group's share-based payment arrangements were as follows:

Type of Arrangement	Grant Date	Quantity Granted	Contract Period	Vesting Conditions
Treasury stock transferred to employees	2022.04.22	978	-	Vested immediately
Treasury stock transferred to employees	2022.07.05	286	-	Vested immediately

### For the year ended December 31, 2021

Type of Arrangement	Grant Date	Quantity Granted	Contract Period	Vesting Conditions
Treasury stock transferred to employees	2021.07.20	7,588	-	Vested immediately

Transfer restriction is no transfer within two years.

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

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

For the year ended December 31, 2022

Type of Arrangement	Grant Date	Stock Price	Exercise Price	Expected Price Volatility	Expected Option Life	Expected Dividends	Risk-free Interest Rate	Fair Value Per Unit
Treasury stock transferred to employees	2022.04.22	43.55	12.95	37.26%	0.06 year	-	0.59%	25.2046
Treasury stock transferred to employees	2022.07.05	40.20	12.95	41.55%	0.019 year	-	0.72%	21.715

For the year ended December 31, 2021

Type of Arrangement	Grant Date	Stock Price	Exercise Price	Expected Price Volatility	Expected Option Life	Expected Dividends	Risk-free Interest Rate	Fair Value Per Unit
Treasury stock transferred to employees	2021.7.20	31.60	12.95	40.63%	0.01-0.02 year	-	0.12%	13.91

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Equity-settled	<u>\$ 31,818</u>	<u>\$ 105,473</u>

## 28. 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, 2022 and 2021, the gearing ratios were (46.02%) and (47.73%), respectively.

## 29. FINANCIAL INSTRUMENTS

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

The management considers that the carrying amounts of financial instruments that are not measured at fair value in the 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, 2022

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

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 143,072	\$ -	\$ -	\$ 143,072
Unlisted shares	-	-	112,528	112,528
Mutual funds	<u>571,389</u>	<u>-</u>	<u>-</u>	<u>571,389</u>
	<u>\$ 714,461</u>	<u>\$ -</u>	<u>\$ 112,528</u>	<u>\$ 826,989</u>
Financial assets at FVTOCI				
Listed shares	\$ 250,693	\$ -	\$ -	\$ 250,693
Unlisted shares	-	-	786,525	786,525
	<u>\$ 250,693</u>	<u>\$ -</u>	<u>\$ 786,525</u>	<u>\$ 1,037,218</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, 2022

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

For the year ended December 31, 2021

	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2021	\$ 106,990	\$ 698,209	\$ 805,199
Recognized in profit or loss (included in other gains and losses)	5,538	-	5,538
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	<u>-</u>	<u>88,316</u>	<u>88,316</u>
Balance at December 31, 2021	<u>\$ 112,528</u>	<u>\$ 786,525</u>	<u>\$ 899,053</u>

## 3) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

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

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

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

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

	Fair Value at December 31, 2021	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Non-derivative financial assets					
Unlisted shares	\$ 786,525	Market comparable companies	Price to book-value ratio multiple	3.05	The higher the multiple, the higher the fair value
			Price to earnings ratio multiple	11.72-18.9	The higher the multiple, the higher the fair value
			Enterprise value multiple	13.22-15.71	The higher the multiple, the higher the fair value
			Discount for lack of volatility	30%-35%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	112,528	Net asset value	Discount for lack of volatility	19.25%	The higher the discount for lack of marketability, the lower the fair value

c. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 174,271	\$ 826,989
Financial assets at amortized cost (1)	3,985,021	5,612,737
Financial assets at FVTOCI	1,069,816	1,037,218
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	1,391,454	1,946,359

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, trade receivables, trade receivables to related parties, other receivables, refundable deposits and other financial assets.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, trade payables, trade payables to related parties, other payables, long-term borrowings, guarantee deposits received and other financial liabilities.

d. Financial risk management objectives and policies

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

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

## 1) Market risk

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

### a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Notes 34.

#### Sensitivity analysis

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

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

	<b>USD Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit or loss	\$ (11,520)	\$ (4,872)

	<b>CNY Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit or loss	\$ (220)	\$ (675)

	<b>JPY Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit or loss	\$ (43)	\$ 244

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

### b) Interest rate risk

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 2,154,096	\$ 3,160,245
Financial liabilities	359,574	567,194
Cash flow interest rate risk		
Financial assets	980,976	1,127,782
Financial liabilities	199,194	13,887

#### Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A sensitivity rate of 1%

increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would decrease/increase by \$7,818 thousand and \$11,139 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, 2022 and 2021 would have increased/decreased by \$1,743 thousand and \$8,270 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, 2022 and 2021 would have increased/decreased by \$10,698 thousand and \$10,372 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 counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The credit risk on liquid funds and derivatives was limited because the counterparties are reputable banks.

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, 2022 and 2021, 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, 2022

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

Additional information about the maturity analysis for lease liabilities:

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

December 31, 2021

	Less than 1 Year	1-2 Years	2-3 Years	3-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,609,332	\$ -	\$ -	\$ -	\$ -
Lease liabilities	22,847	19,398	18,285	35,639	150,536
Variable interest rate liabilities	13,887	-	-	-	-
Fixed interest rate liabilities	<u>320,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,966,555</u>	<u>\$ 19,398</u>	<u>\$ 18,285</u>	<u>\$ 35,639</u>	<u>\$ 150,536</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>\$ 22,847</u>	<u>\$ 73,322</u>	<u>\$ 78,792</u>	<u>\$ 71,744</u>	<u>\$ -</u>	<u>\$ -</u>

## b) Financing facilities

	<u>December 31</u>	
	2022	2021
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 332,891	\$ 555,386
Amount unused	<u>4,154,029</u>	<u>2,462,724</u>
	<u>\$ 4,486,920</u>	<u>\$ 3,018,110</u>

**30. 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 (Note 1)
Nichia Corp.	Investor that has significant influence over the Group (Note 1)
Giga Epitaxy Technology Corp.	Other related party (Note 2)
VML TECHNOLOGIES B.V.	Associate (Note 3)
New Smart Technology Co., Ltd.	Associate
TASC Health Care & Charity Foundation	Other related party

Note 1: The shareholders of the Company during their meeting resolved to issue ordinary shares for capital increase through a private placement on July 1, 2021. The entity became an investor which accounted for its investment in the Company using the equity method after the effective date (August 30, 2021) for capital increase; Nichia Corp. is the parent company of Nichia Taiwan Corp.

Note 2: It was no longer a related party of the Company after the Company resigned as director on February 28, 2021.

Note 3: The subsidiary - Ho Chung Investment disposed of its ownership of VML TECHNOLOGIES B.V. on November 30, 2021. The Company is not a related party of the Company starting from the date.

b. Operating revenue

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Associates	\$ -	\$ 23,475
Investor that has significant influence over the Group	252,130	83,287
Other related parties	-	241,763
	<u>\$ 252,130</u>	<u>\$ 348,525</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

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Investors that have significant influence over the Group	\$ 115,648	\$ 48,797
Other related parties	-	94,122
	<u>\$ 115,648</u>	<u>\$ 142,919</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

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
Trade receivables to related parties	Investors that have significant influence over the Group	<u>\$ 16,433</u>	<u>\$ 15,015</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
Trade payables to related parties	Investors that have significant influence over the Group	<u>\$ 36,162</u>	<u>\$ 60,499</u>
Other payables to related parties	Investors that have significant influence over the Group	<u>\$ -</u>	<u>\$ 210</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

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Related parties	<u>\$ 121,110</u>	<u>\$ 246,567</u>

g. Prepayments

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Investors that have significant influence over the Group	<u>\$ 500</u>	<u>\$ -</u>

h. Lease arrangements

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Rental expenses	Investors that have significant influence over the Group	\$ 3,900	\$ 800
	Other related parties	-	1,600
		<u>\$ 3,900</u>	<u>\$ 2,400</u>
Interest expenses	Investors that have significant influence over the Group	\$ 15	\$ 16
	Other related parties	-	46
		<u>\$ 15</u>	<u>\$ 62</u>

Line Item	Related Party Category/Name	December 31	
		2022	2021
Lease liabilities	Investors that have significant influence over the Group	\$ -	\$ 2,180

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

i. Other

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Rental revenue	Associate	\$ 240	\$ -
Donation expense	Opto Medical Public Welfare Foundation	\$ 35,000	\$ 50,000
Labor expense	Associate	\$ 17,300	\$ 20,000

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

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

j. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 104,038	\$ 189,653
Post-employment benefits	4,882	296
	<u>\$ 108,920</u>	<u>\$ 189,949</u>

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

### 31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2022	2021
Demand deposits (included in financial assets at amortized cost - current)	<u>\$ 23,270</u>	<u>\$ 22,810</u>

### 32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group as of December 31, 2022 were as follows:

- a. As of December 31, 2022 and 2021, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$23,661 thousand and \$50,622 thousand, respectively.

b. Unrecognized commitments were as follows:

	<u>December 31</u>	
	2022	2021
Acquisition of property, plant and equipment	\$ 1,021,014	\$ 124,460

c. As of December 31, 2022 and 2021, the guarantees provided by the Company through banks amounted to approximately \$54,629 thousand and \$142,591 thousand, respectively.

### 33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- The Company disposed of its subsidiaries Everyung Investment Ltd. and Opto Plus Technology Co., Ltd. on January 31, 2023.
- In order to follow the operation plan and reduce the maintenance cost of overseas companies, the board of directors of the Company resolved the liquidation of overseas subsidiary, Bright Investment International LTD., on February 22, 2023.

### 34. 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, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 43,712	30.66 (USD:NTD)	\$ 1,340,210
JPY	279,495	0.2304 (JPY:NTD)	64,395
CNY	5,014	4.383 (CNY:NTD)	21,976
USD	1,243	6.9669 (USD:CNY)	38,173
JPY	1,808	0.0527 (JPY:CNY)	420
<u>Financial liabilities</u>			
Monetary items			
USD	7,361	30.76 (USD:NTD)	226,424
JPY	258,109	0.2344 (JPY:NTD)	60,501

#### December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 38,914	27.63 (USD:NTD)	\$ 1,075,194
JPY	333,627	0.2385 (JPY:NTD)	79,570
CNY	15,222	4.4319 (CNY:NTD)	67,462
USD	477	6.3720 (USD:CNY)	13,203
JPY	1,771	0.0553 (JPY:CNY)	426
<u>Financial liabilities</u>			
Monetary items			
USD	20,517	27.73 (USD:NTD)	568,936
JPY	430,400	0.2425 (JPY:NTD)	104,372
USD	738	6.3720 (USD:CNY)	20,428

The Group is mainly exposed to CNY. The following are the functional currencies of the entities in the Group, the exchange rates between the functional currencies and the presentation currency, and the significant realized and unrealized foreign exchange gains (losses).

<u>For the Year Ended December 31</u>					
		<u>2022</u>			<u>2021</u>
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)	
NTD	1 (NTD:NTD)	\$ 72,465	1 (NTD:NTD)	\$ 1,818	
CNY	4.4218 (CNY:NTD)	<u>1,882</u>	4.3413 (CNY:NTD)	<u>(1,516)</u>	
		<u>\$ 74,347</u>		<u>\$ 302</u>	

### 35. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions:
  - 1) Financing provided to others: Table 1.
  - 2) Endorsements/guarantees provided: Table 2.
  - 3) Marketable securities held (excluding investments in subsidiaries and associates): Table 3.
  - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
  - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
  - 9) Trading in derivative instruments: None.
  - 10) Intercompany relationships and significant intercompany transactions: Table 5.
- 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: Table 7.
  - 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: Tables 1 and 2.
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
    - c) The amount of property transactions and the amount of the resultant gains or losses
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
    - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
    - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 8.

### 36. OPERATING SEGMENT INFORMATION

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

a. Segment revenues and results:

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

	LED and Silicon Send or Chips Group	Displays and Lighting Group	Packaging Business Group	Other Segment	Consolidated
<u>For the year ended December 31, 2022</u>					
Revenue from external customers	<u>\$ 3,481,498</u>	<u>\$ 791,943</u>	<u>\$ 256,336</u>	<u>\$ -</u>	<u>\$ 4,529,777</u>
Segment income	<u>\$ 373,914</u>	<u>\$ 90,855</u>	<u>\$ 3,994</u>	<u>\$ (21,987)</u>	<u>\$ 446,776</u>
<u>For the year ended December 31, 2021</u>					
Revenue from external customers	<u>\$ 5,049,639</u>	<u>\$ 787,247</u>	<u>\$ 306,357</u>	<u>\$ -</u>	<u>\$ 6,143,243</u>
Segment income	<u>\$ 1,055,148</u>	<u>\$ (109,426)</u>	<u>\$ 9,910</u>	<u>\$ 57,047</u>	<u>\$ 1,012,679</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, 2022 and 2021.

b. Total segment assets and liabilities

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

c. Revenue from major products and services

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
LED components	\$ 894,492	\$ 1,491,158
Sensor components	2,388,001	3,556,474
Displays and Lighting products	977,538	777,912
Packaging products	256,336	306,357
Others	<u>13,410</u>	<u>11,342</u>
	<u>\$ 4,529,777</u>	<u>\$ 6,143,243</u>

d. Geographical information

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

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

	<u>Revenue from External Customers</u>		<u>Non-current Assets</u>	
	<u>For the Year Ended December 31</u>		<u>December 31</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Taiwan	\$ 1,374,264	\$ 1,781,034	\$ 3,795,797	\$ 3,298,420
China	1,213,167	1,994,784	117,625	130,332
Others	<u>1,942,346</u>	<u>2,367,425</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,529,777</u>	<u>\$ 6,143,243</u>	<u>\$ 3,913,422</u>	<u>\$ 3,428,752</u>

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

e. Information on major customers

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Customer A	\$ 615,658	\$ 326,822
Customer B	<u>517,856</u>	<u>1,105,200</u>
	<u>\$ 1,133,514</u>	<u>\$ 1,432,022</u>

TABLE 1

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**(Former Name: Opto Tech Corporation)**  
**FINANCING PROVIDED TO OTHERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limits (Note 4)	Note
													Item	Value			
1	Taiwan-Asia Semiconductor Corporation	Opto Plus Technology Co., Ltd.	Other receivables - related parties	Y	\$ 101,336	\$ 96,894	\$ -	-	b	\$ -	Payment borrowings	\$ -	-	\$ -	\$ 850,939	\$ 3,403,758	
2	Taiwan-Asia Semiconductor Corporation	ProAsia Semiconductor Corporation	Other receivables - related parties	Y	500,000	500,000	-	-	b	-	Purchase equipment	-	-	-	850,939	3,403,758	

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

Note 2: Funding nature:

a. Business associate clients marked a.

b. Clients needing short-term loans marked b.

Note 3: Limit on loans granted to a single party, which has the needs of short-term financing with the Company should not exceed 10% of the Company's latest net asset value (\$8,509,394 thousand × 10% = \$850,939 thousand). Besides, limit on loans granted to a single party, which has business relationship with the subsidiaries should not exceed total amount that the two sides trade in the recent six-month period.

Note 4: Total amount of loans of the Company should not exceed 40% of the net value of the Company's latest net asset value, and total amount of loans of the subsidiaries should not exceed 20% of the net values of the subsidiaries' latest net asset values (\$8,509,394 thousand × 40% = \$3,403,758 thousand).

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

TABLE 2

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**(Former Name: Opto Tech Corporation)**  
**ENDORSEMENTS/GUARANTEES PROVIDED**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

(In Thousands of New Taiwan Dollars)

No. (Note)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/Guarantee Given on Behalf of Each Party	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	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	Subsidiary	\$ 1,701,879	\$ 1,400,000	\$ 1,400,000	\$ 195,694	\$ -	16.45	\$ 4,254,697	Y	N	N	
		Opto Tech Corporation	Subsidiary	1,701,879	11,982	11,982	3,531	-	0.14	4,254,697	Y	N	N	
		Opto Plus Technology Co., Ltd.	Subsidiary	1,701,879	112,595	-	-	-	-	4,254,697	Y	N	Y	

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

a. \$8,509,394 thousand × 20% = \$1,701,879 thousand.

b. \$8,509,394 thousand × 50% = \$4,254,697 thousand.

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**(Former Name: Opto Tech Corporation)**  
**MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)**  
**DECEMBER 31, 2022**

(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, 2022			
				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	124,000	\$ -	-	\$ -
	Lu Zhu Development Co., Ltd.	-	Financial assets at FVTPL - non-current	13,808,725	109,096	6.38	109,096
	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	631,279	0.45	631,279
	Viking Tech Corporation.	-	Financial assets at FVTOCI - non-current	2,873,994	111,512	2.45	111,512
	Giga Epitaxy Technology Corp.	The Company is the director of this company.	Financial assets at FVTOCI - non-current	4,950,491	-	15.00	-
	Shin-Etsu Opto Electronic Co., Ltd.	The Company is the director of this company.	Financial assets at FVTOCI - non-current	2,000,000	84,474	10.00	84,474
	Fubon Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	250,000	13,775	0.00	13,775
	<u>Mutual funds</u>						
	Jih Sun Money Market fund	-	Financial assets at FVTPL - current	1,348,881	20,329	-	20,329
<u>Private fund</u>							
Wisdom Capital Limited Partnership	-	Financial assets at FVTOCI - non-current	-	75,000	-	75,000	
Ho Chung Investment Co., Ltd.	<u>Shares</u>						
	Taiwan-Asia Semiconductor Corporation	Parent company	Financial assets at FVTPL - current	754,543	25,466	0.17	25,466
	Singbao International Co., Ltd.	-	Financial assets at FVTOCI - non-current	6,800,000	153,776	15.35	153,776
River Asset Co., Ltd.	<u>Shares</u>						
	Leadtrend Tech. Corp.	-	Financial assets at FVTPL - current	844,557	44,846	1.48	44,846

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

Note 2: The information on investment in subsidiaries, please refer to Tables 6 and 7.

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

TABLE 4

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
(Former Name: Opto Tech Corporation)  
**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)	
			Purchases /Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total
Taiwan-Asia Semiconductor Corporation	Nichia Corp.	The Company is the parent company of Nichia Taiwan Corp.	Sales	\$(252,130)	(5.57)	Collect receivables in 45 days after acceptance	\$ -	-	\$ 16,433	1.99

TABLE 5

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
(Former Name: Opto Tech Corporation)  
**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**  
**FOR THE YEAR ENDED DECEMBER 31, CY**

(Amounts in Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	Taiwan-Asia Semiconductor Corporation	ProAsia Semiconductor Corporation Opto Tech Corporation	a	Right-of-use assets	\$ 44,611	Note 5	0.42
			a	Rental income	11,000	Note 5	0.24
1	Opto Tech Corporation	Taiwan-Asia Semiconductor Corporation	b	Operating revenue	21,986	Note 5	0.49
		Taiwan-Asia Semiconductor Corporation	b	Trade receivables	12,503	Note 5	0.12

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- a. Parent company is "0".
- b. The subsidiaries are numbered in order starting from "1".

Note 2: Relationship between transaction company and counterparty is classified into the following six categories:

- a. Parent company to subsidiary.
- b. Subsidiary to parent company.
- c. Subsidiary to subsidiary

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The material transactions be listed by the material principle of Company.

Note 5: The sales prices and payment terms of intercompany sales are not significantly different from those to third parties. For other intercompany transactions, prices and terms are determined in accordance with mutual agreements.

Note 6: The disclosure standard requires above \$10,000 thousand for the transaction amount. Only assets and revenue are disclosed, related transactions are not disclosed.

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**(Former Name: Opto Tech Corporation)**  
**INFORMATION ON INVESTEEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2022	December 31, 2021	Shares	%	Carrying Amount			
Taiwan-Asia Semiconductor Corporation	Ho Chung Investment Co., Ltd.	Taiwan	Investment business	\$ 400,000	\$ 258,348	40,000,000	100.00	\$ 268,354	\$ (25,965)	\$ (47)	(Note 1)
	CS Bright Corporation	Taiwan	Manufacture and sales of displays, SMD lamps and other LED related products	-	50,170	-	-	-	(926)	(925)	(Note 1)
	Bright Investment International Ltd.	British Virgin Islands	Investment business	171,332	171,332	5,100,000	100.00	57,196	2,051	2,051	(Note 1)
	Everyung Investment Ltd.	Samoa	Investment business	42,343	42,343	5,000,000	50.00	56,632	4,005	2,002	(Note 1)
	River Asset Co., Ltd.	Taiwan	Investment business	400,000	400,000	40,000,000	100.00	340,594	(63,355)	(63,355)	(Note 1)
	Opto Tech Corporation	Taiwan	Manufacture and sales of lighting equipment	201,000	1,000	20,100,000	100.00	259,533	58,533	58,533	
	New Smart Technology Co., Ltd.	Taiwan	Automatic control equipment engineering business	14,000	14,000	1,000,000	4.55	12,338	16,825	(1,098)	(Note 1)
Wan Zun Guang Investment Co., Ltd.	Taiwan	Investment business	750,000	-	75,000,000	100.00	713,741	(36,259)	(36,259)	(Note 1)	
River Asset Investment Co., Ltd.	New Smart Technology Co., Ltd.	Taiwan	Automatic control equipment engineering business	56,000	56,000	4,000,000	18.18	49,352	16,825	(4,394)	(Note 1)
Bright Investment International Ltd.	Everyung Investment Ltd.	Samoa	Investment business	168,421	168,421	5,000,000	50.00	56,716	4,005	2,003	(Note 1)
Wan Zun Guang Investment Co., Ltd.	ProAsia Semiconductor Corporation	Taiwan	Development, manufacture and sales of silicon-based semiconductor power components and silicon carbide compound semiconductor power components	700,000	-	70,000,000	100.00	704,019	(35,981)	(35,981)	(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 amount was eliminated upon consolidation, excluding New Smart Technology Co., Ltd.

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**(Former Name: Opto Tech Corporation)**  
**INFORMATION ON INVESTMENTS IN MAINLAND CHINA**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

(In Thousands of New Taiwan Dollars)

Investee Company in Mainland China	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
Opto Plus Technology Co., Ltd.	Manufacture and sales of LED and electronic products	\$ 317,341	b	\$ 317,341	\$ -	\$ -	\$ 317,341	\$ 4,005	100	\$ 4,005	\$ 113,431	\$ -	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$317,341	\$317,849	\$5,105,636

Note 1: Three investing methods:

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

Note 2: The calculation is based on the financial statements of the investee company that have been audited by an accountant during the same period and the Company's shareholding ratio.

Note 3: The amount was eliminated upon consolidation.

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**(Former Name: Opto Tech Corporation)**  
**INFORMATION OF MAJOR SHAREHOLDERS**  
**DECEMBER 31, 2022**

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

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

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

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Taiwan-Asia Semiconductor Corporation  
(Former Name: Opto Tech Corporation)

### Opinion

We have audited the accompanying financial statements of Taiwan-Asia Semiconductor Corporation (former name: Opto Tech Corporation) (the "Corporation"), which comprise the balance sheet as of December 31, 2022 and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

### Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion 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 financial statements for the year ended December 31, 2022. Accordingly, these matters were addressed in our audit of the 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 Corporation's financial statements for the year ended December 31, 2022 is described as follows:

#### The Occurrence of Operating Revenue

The Corporation is engaged in the manufacture and sales of semiconductor components as well as research and development, design, manufacture and sales of systems products. Sales revenue from customers accounted for a significant proportion of the total operating revenue in 2022. The sales revenue of significant customers was deemed as a key audit matter. Refer to Notes 4 and 22 to the Corporation's financial statements for the related revenue recognition policies and information.

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

1. We obtained a thorough understanding of the Corporation's policies on recognizing sales revenue, evaluated the design of the internal controls related to the occurrence of sales revenue, and determined whether the controls had been implemented.

2. We performed detailed verification tests on the selected samples of sales revenue, and checked transaction vouchers, subsequent collections as well as future sales returns to confirm the occurrence of sales revenue.
3. We sent accounts receivable confirmation letter to significant counterparty, investigated the reason and tested reconciling items made by the Corporation if the result in confirmation reply did not correspond to records, or tested collections after the balance sheet date if no confirmation reply was received.
4. We evaluated days sales outstanding of accounts receivable in the credit term.

#### **Other Matter**

We did not audit the financial statements of certain investees of the Corporation as of and for the year ended December 31, 2022 which were reflected in the accompanying financial statements using the equity method of accounting, but such financial statements were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included in the Corporation's financial statements for such investments, is based solely on the reports of other auditors. The aforementioned equity-method investments that were not audited by the auditor amounted to NT\$12,338 thousand as of December 31, 2022, which represented 0.13% of the Corporation's total assets. The Corporation's share of the comprehensive income (loss) of such associates amounted to NT\$(1,399) thousand for the year ended December 31, 2022, which represented (1.68%) of the Corporation's total comprehensive income.

The Corporation's financial statements for the year ended December 31, 2021 were audited by other auditor, which provided an unmodified opinion.

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

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 22, 2023

#### Notice to Readers

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

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

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION**  
(Former Name: Opto Tech Corporation)

**BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash (Note 6)	\$ 1,767,703	18	\$ 3,017,141	25
Financial assets at fair value through profit or loss - current (Note 7)	20,329	-	571,389	4
Current financial assets at amortized cost (Notes 9 and 30)	120,206	1	820,785	7
Notes receivable (Note 22)	1,642	-	4,883	-
Trade receivables (Notes 10 and 22)	707,162	7	1,236,081	10
Trade receivables from related parties (Notes 22 and 29)	16,433	-	19,062	-
Other receivables (Note 29)	11,172	-	15,739	-
Inventories (Note 11)	1,028,746	11	1,215,045	10
Other current assets	<u>62,038</u>	<u>1</u>	<u>99,986</u>	<u>1</u>
Total current assets	<u>3,735,431</u>	<u>38</u>	<u>7,000,111</u>	<u>57</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Note 7)	109,096	1	112,528	1
Financial assets at fair value through other comprehensive income - non-current (Note 8)	916,040	9	1,037,218	9
Investments accounted for using the equity method (Note 12)	1,708,388	18	720,010	6
Property, plant and equipment (Notes 13 and 29)	2,508,190	26	2,537,066	21
Right-of-use assets (Note 14)	198,474	2	213,270	2
Investment properties (Note 15)	399,307	4	399,307	3
Intangible assets (Note 16)	17,910	-	14,040	-
Deferred tax assets (Note 24)	18,292	-	46,348	-
Prepayment for equipment	135,691	2	72,150	1
Other non-current assets	<u>23,962</u>	<u>-</u>	<u>32,626</u>	<u>-</u>
Total non-current assets	<u>6,035,350</u>	<u>62</u>	<u>5,184,563</u>	<u>43</u>
<b>TOTAL</b>	<u>\$ 9,770,781</u>	<u>100</u>	<u>\$12,184,674</u>	<u>100</u>

(Continued)

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION**  
(Former Name: Opto Tech Corporation)

**BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 17)	\$ 137,196	1	\$ 245,367	2
Contract liabilities - current (Note 22)	2,396	-	76,070	1
Trade payables	267,470	3	741,958	6
Trade payables to related parties (Note 29)	19,753	-	61,224	-
Other payables (Notes 18 and 29)	439,577	5	749,651	6
Current tax liabilities (Note 24)	77,420	1	182,792	2
Provisions - current (Note 19)	352	-	6,831	-
Lease liabilities - current (Note 14)	16,909	-	19,103	-
Other current liabilities	<u>3,873</u>	<u>-</u>	<u>6,688</u>	<u>-</u>
Total current liabilities	<u>964,946</u>	<u>10</u>	<u>2,089,684</u>	<u>17</u>
<b>NON-CURRENT LIABILITIES</b>				
Provisions - non-current (Note 19)	414	-	19,068	-
Deferred tax liabilities (Note 24)	50,406	-	33,178	-
Lease liabilities - non-current (Note 14)	189,017	2	199,148	2
Net defined benefit liabilities - non-current (Note 20)	54,591	1	146,775	1
Other non-current liabilities	<u>2,013</u>	<u>-</u>	<u>2,937</u>	<u>-</u>
Total non-current liabilities	<u>296,441</u>	<u>3</u>	<u>401,106</u>	<u>3</u>
Total liabilities	<u>1,261,387</u>	<u>13</u>	<u>2,490,790</u>	<u>20</u>
<b>EQUITY</b>				
Ordinary shares	<u>4,386,228</u>	<u>45</u>	<u>4,386,228</u>	<u>36</u>
Capital surplus	<u>1,507,368</u>	<u>15</u>	<u>1,489,822</u>	<u>12</u>
Retained earnings				
Legal reserve	872,379	9	786,944	6
Special reserve	-	-	2,423	-
Unappropriated earnings	<u>1,684,760</u>	<u>17</u>	<u>2,645,077</u>	<u>22</u>
Total retained earnings	<u>2,557,139</u>	<u>26</u>	<u>3,434,444</u>	<u>28</u>
Other equity	<u>82,829</u>	<u>1</u>	<u>438,344</u>	<u>4</u>
Treasury stocks	<u>(24,170)</u>	<u>-</u>	<u>(54,954)</u>	<u>-</u>
Total equity	<u>8,509,394</u>	<u>87</u>	<u>9,693,884</u>	<u>80</u>
<b>TOTAL</b>	<u>\$ 9,770,781</u>	<u>100</u>	<u>\$12,184,674</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 22, 2023)

(Concluded)

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION**  
(Former Name: Opto Tech Corporation)

**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 22 and 29)	\$ 3,569,717	100	\$ 5,847,971	100
OPERATING COSTS (Notes 11, 23 and 29)	<u>2,583,719</u>	<u>72</u>	<u>3,954,955</u>	<u>68</u>
GROSS PROFIT	985,998	28	1,893,016	32
UNREALIZED PROFIT FROM SALES	(84)	-	(441)	-
REALIZED PROFIT SALES	<u>441</u>	<u>-</u>	<u>98</u>	<u>-</u>
NET OPERATING MARGIN	<u>986,355</u>	<u>28</u>	<u>1,892,673</u>	<u>32</u>
OPERATING EXPENSES (Notes 10, 23 and 29)				
Selling and marketing expenses	71,304	2	106,456	2
General and administrative expenses	474,803	13	667,120	11
Research and development expenses	89,182	3	124,393	2
Expected credit loss reversed on trade receivables	<u>7,609</u>	<u>-</u>	<u>2,198</u>	<u>-</u>
Total operating expenses	<u>642,898</u>	<u>18</u>	<u>900,167</u>	<u>15</u>
PROFIT FROM OPERATIONS	<u>343,457</u>	<u>10</u>	<u>992,506</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 23)	12,398	-	8,083	-
Other income (Notes 23 and 29)	40,882	1	46,973	1
Other gains and losses (Note 23)	81,784	2	(70,323)	(1)
Finance costs (Notes 23 and 29)	(7,637)	-	(12,675)	-
Share of profit or loss of subsidiaries and associates accounted for using the equity method (Note 12)	<u>(39,098)</u>	<u>(1)</u>	<u>43,525</u>	<u>-</u>
Total non-operating income	<u>88,329</u>	<u>2</u>	<u>15,583</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	431,786	12	1,008,089	17
INCOME TAX EXPENSE (Note 24)	<u>71,321</u>	<u>2</u>	<u>178,718</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>360,465</u>	<u>10</u>	<u>829,371</u>	<u>14</u>

(Continued)

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION**  
(Former Name: Opto Tech Corporation)

**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	\$ 97,517	3	\$ 31,220	1
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(196,178)	(6)	238,220	4
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(143,677)	(4)	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	<u>(36,646)</u>	<u>(1)</u>	<u>1,779</u>	<u>-</u>
	<u>(278,984)</u>	<u>(8)</u>	<u>271,219</u>	<u>5</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	1,556	-	4,756	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	<u>12</u>	<u>-</u>	<u>(340)</u>	<u>-</u>
	<u>1,568</u>	<u>-</u>	<u>4,416</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(277,416)</u>	<u>(8)</u>	<u>275,635</u>	<u>5</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 83,049</u>	<u>2</u>	<u>\$ 1,105,006</u>	<u>19</u>
<b>EARNINGS PER SHARE (Note 25)</b>				
Basic	<u>\$ 0.82</u>		<u>\$ 2.11</u>	
Diluted	<u>\$ 0.82</u>		<u>\$ 2.09</u>	

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

(With Deloitte & Touche auditors' report dated February 22, 2023)

(Concluded)

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION**  
(Former Name: Opto Tech Corporation)

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars)

	Ordinary Shares (Note 21)		Retained Earnings (Note 21)				Other Equity (Note 21)			Treasury Stocks	Total Equity	
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			Total
BALANCE, JANUARY 1, 2021	378,623	\$3,786,228	\$ 703,108	\$ 729,360	\$ 3,743	\$2,361,920	\$3,095,023	\$ (4,063)	\$ 191,414	\$ 187,351	\$ (82,021)	\$7,689,689
Appropriation of the 2020 earnings												
Legal reserve	-	-	-	57,584	-	(57,584)	-	-	-	-	-	-
Special reverse	-	-	-	-	(1,320)	1,320	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(514,927)	(514,927)	-	-	-	-	(514,927)
	-	-	-	57,584	(1,320)	(571,191)	(514,927)	-	-	-	-	(514,927)
Adjustments of capital surplus for the Company's cash dividends	-	-	1,051	-	-	-	-	-	-	-	-	1,051
Changes in percentage of ownership interests in subsidiaries	-	-	(4,105)	-	-	-	-	-	-	-	-	(4,105)
Net profit for the year ended December 31, 2021	-	-	-	-	-	829,371	829,371	-	-	-	-	829,371
Other comprehensive income (loss) for the year ended December 31, 2021												
net of income tax	-	-	-	-	-	24,977	24,977	4,416	246,242	250,658	-	275,635
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	854,348	854,348	4,416	246,242	250,658	-	1,105,006
Cash capital increase	60,000	600,000	775,800	-	-	-	-	-	-	-	-	1,375,800
Stock repurchased	-	-	-	-	-	-	-	-	-	-	(162,408)	(162,408)
Treasury shares transferred to employees	-	-	13,968	-	-	-	-	-	-	-	189,475	203,443
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	-	335	-	335	-	335
BALANCE, DECEMBER 31, 2021	438,623	4,386,228	1,489,822	786,944	2,423	2,645,077	3,434,444	688	437,656	438,344	(54,954)	9,693,884
Appropriation of the 2021 earnings												
Legal reserve	-	-	-	85,435	-	(85,435)	-	-	-	-	-	-
Special reverse	-	-	-	-	(2,423)	2,423	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,315,869)	(1,315,869)	-	-	-	-	(1,315,869)
	-	-	-	85,435	(2,423)	(1,398,881)	(1,315,869)	-	-	-	-	(1,315,869)
Change in capital surplus from investment in associates accounted for using the equity method	-	-	608	-	-	-	-	-	-	-	-	608
Net profit for year ended December 31, 2022	-	-	-	-	-	360,465	360,465	-	-	-	-	360,465
Other comprehensive loss for year ended December 31, 2022, net of income tax	-	-	-	-	-	78,099	78,099	1,568	(357,083)	(355,515)	-	(277,416)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	438,564	438,564	1,568	(357,083)	(355,515)	-	83,049
Treasury shares transferred to employees	-	-	17,354	-	-	-	-	-	-	-	30,784	48,138
Adjustments of capital surplus for the Company's cash dividends	-	-	2,264	-	-	-	-	-	-	-	-	2,264
Disposal of investments accounted for using the equity method	-	-	(5,112)	-	-	-	-	-	-	-	-	(5,112)
Changes in percentage of ownership interests in subsidiaries	-	-	2,432	-	-	-	-	-	-	-	-	2,432
BALANCE, DECEMBER 31, 2022	438,623	\$4,386,228	\$1,507,368	\$ 872,379	\$ -	\$1,684,760	\$2,557,139	\$ 2,256	\$ 80,573	\$ 82,829	\$ (24,170)	\$8,509,394

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

(With Deloitte & Touche auditors' report dated February 22, 2023)

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION**  
**(Former Name: Opto Tech Corporation)**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars)

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 431,786	\$ 1,008,089
Adjustments for:		
Depreciation expense	392,301	436,030
Amortization expense	17,560	17,850
Expected credit loss reversed on trade receivables	7,609	2,198
(Gain) loss on fair value change of financial assets and liabilities at fair value through profit or loss	9,492	(7,307)
Interest expense	7,637	11,429
Interest income	(12,398)	(8,083)
Dividend income	(21,331)	(13,643)
Share-based payments	31,818	105,473
Impairment loss on non-financial assets	-	77,577
Share of profit of subsidiaries and associates accounted for using the equity method	39,098	(43,525)
(Gain) loss on disposal of property, plant and equipment	(4,669)	164
(Gain) loss on disposal of investment	(15,953)	-
Unrealized sales profit	84	441
Realized sales profit	(441)	(98)
Gain on lease termination	(31)	-
Changes in operating assets and liabilities		
Acquisition of financial assets at fair value through profit or loss	552,826	(250,000)
Notes receivable	3,241	3,990
Trade receivables	419,946	364,101
Trade receivables from related parties	2,629	1,947
Other receivables	4,354	3,316
Inventories	14,719	(88,195)
Other current assets	23,683	(34,720)
Other non-current assets	4,025	3,370
Contract liabilities	24,058	(40,297)
Trade payables	(406,273)	114,442
Trade payables to related parties	(41,471)	5,194
Other payables	(303,337)	153,451
Provisions	160	3,058
Other current liabilities	(2,815)	80,861
Net defined benefit liabilities	4,908	(8,757)
Cash generated from operations	<u>1,183,215</u>	<u>1,898,356</u>
Interest received	12,611	8,717
Dividends received	21,331	13,643
Interest paid	(7,237)	(12,801)
Income tax paid	<u>(168,054)</u>	<u>(27,761)</u>
 Net cash generated from operating activities	 <u>1,041,866</u>	 <u>1,880,154</u>

(Continued)

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION**  
(Former Name: Opto Tech Corporation)

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars)

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive	\$ (75,000)	\$ (15,000)
Purchase of financial assets at amortized cost	(19,557)	(797,975)
Disposal of financial assets at amortized cost	720,136	-
Acquisition of investments accounted for using equity method	(1,137,012)	(428,232)
Net cash generated from disposal of subsidiaries	152,092	-
Acquisition of property, plant and equipment	(377,639)	(461,285)
Proceeds from disposal of property, plant and equipment	4,708	82
Increase in deposits-out	(548)	(5,010)
Acquisition of intangible assets	(22,641)	(17,844)
Payments for equipment	(63,541)	(68,207)
Dividends received from subsidiaries	24,435	-
Net cash outflow on segmentation	<u>(69,422)</u>	<u>-</u>
Net cash used in investing activities	<u>(863,989)</u>	<u>(1,793,471)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term borrowings	(108,171)	105,444
Payment of long-term borrowings	-	(811,515)
(Decrease) increase in refundable deposits	(924)	2,197
Payment of the principal portion of lease liabilities	(18,671)	(19,732)
Dividends paid	(1,315,869)	(514,927)
Proceeds from issuance of shares	-	1,375,800
Treasury shares transferred to employees	16,320	97,970
Stock repurchased	<u>-</u>	<u>(162,408)</u>
Net cash generated from (used in) financing activities	<u>(1,427,315)</u>	<u>72,829</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,249,438)</b>	<b>159,512</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b><u>3,017,141</u></b>	<b><u>2,857,629</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b><u>\$ 1,767,703</u></b>	<b><u>\$ 3,017,141</u></b>

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

(With Deloitte & Touche auditors' report dated February 22, 2023)

(Concluded)

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION**  
**(Former Name: Opto Tech Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

**1. GENERAL INFORMATION**

Taiwan-Asia Semiconductor Corporation (Former Name: Opto Tech Corporation) (the “Corporation”) was established in December 1983. The shares of the Corporation have been traded on the Taiwan Stock Exchange since May 2, 1995. The Corporation primarily engaged in the manufacture and sales of semiconductor components as well as research and development, design, manufacture and sales of systems products.

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

**2. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were authorized for issue by the board of directors on February 22, 2022.

**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 “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Corporation.

- b. The IFRSs endorsed by the FSC for application starting from 2023

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)
Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.	
Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.	
Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.	

As of the date the financial statements were issued, the Corporation is continuously assessing the possible impact of the application of other standards and interpretations on the Corporation’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

<u>New, Revised or Amended 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
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Contractual Terms”	January 1, 2024

Note 1: Unless stated otherwise, the above New, Revised or Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

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

- b. Basis of presentation

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

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

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

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and

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

Current liabilities include:

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

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

d. Foreign currencies

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

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

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

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

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

e. Inventories

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

f. Investment in subsidiaries

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

Subsidiaries are the entities controlled by the Corporation.

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

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

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

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

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

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

g. Investment in associates

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

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

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

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

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

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

are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

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

h. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

i. Investment properties

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment, right-of-use asset, intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation

estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is evaluated based on present value of estimated future cash flows, discounted at the current market-determined rate, and certain risk assumptions which impact future cash flows. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

#### 1. Financial instruments

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

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

##### 1) Financial assets

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

##### a) Measurement category

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

##### i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

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 28.

##### ii. Financial assets at amortized cost

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

m. Provisions

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

n. Revenue recognition

Revenue from the sale of goods

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

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

o. Leasing

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

1) The Corporation as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Corporation as lessee

The Corporation recognizes right-of-use assets and lease liabilities for all leases at the

commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

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

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

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

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

p. Borrowing costs

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

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

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

q. Notes and accounts payable

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

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined contribution retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur, or when the plan amendment or curtailment occurs. Remeasurement, comprising actuarial

gains and losses, effect of changes to asset ceiling and return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

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

s. 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 Law, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

2) Deferred tax

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

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

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

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

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

3) Current tax and deferred tax for the year

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

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

In the application of the Corporation's accounting policies, management is required to make judgments, estimates and assumptions based on historical experience and other factors that are considered to be relevant about the related information that are not readily apparent from other sources. Actual results may differ from these estimates.

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

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Checking accounts and demand deposits	\$ 507,413	\$ 698,182
Cash equivalents (investments with original maturities of less than 3 months) time deposits	739,290	1,955,959
Repurchase agreements collateralized by bonds	<u>521,000</u>	<u>363,000</u>
	<u>\$ 1,767,703</u>	<u>\$ 3,017,141</u>

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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>\$ 20,329</u>	<u>\$ 571,389</u>
<u>Financial assets - non-current</u>		
Non-derivative financial assets		
Unlisted shares	<u>\$ 109,096</u>	<u>\$ 112,528</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 125,287	\$ 250,693
Unlisted shares	84,474	241,382
Private-placement funds	<u>75,000</u>	<u>-</u>
	284,761	492,075
Foreign investments		
Unlisted shares	<u>631,279</u>	<u>545,143</u>
	<u>\$ 916,040</u>	<u>\$ 1,037,218</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 Corporation's strategy of holding these investments for long-term purposes.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Time deposits with original maturity of more than 3 months		
Gross carrying amount	\$ 97,396	\$ 797,975
Restricted time deposit	<u>22,810</u>	<u>22,810</u>
	<u>\$ 120,206</u>	<u>\$ 820,785</u>

Information relating to credit risk of financial assets at amortized cost is provided in Note 30.

## 10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	2022	2021
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 723,006	\$ 1,244,316
Less: Allowance for impairment loss	<u>(15,844)</u>	<u>(8,235)</u>
	<u>\$ 707,162</u>	<u>\$ 1,236,081</u>

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

The Corporation measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix 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.

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

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

### December 31, 2022

	Not Past Due	Past Due Less than 180 Days	Past Due 181 to 360 Days	Over 361 Days	Total
Expected credit loss rate	0.51%	90.98%	-	100%	
Gross carrying amount	\$ 710,181	\$ 6,396	\$ -	\$ 6,429	\$ 723,006
Loss allowance (Lifetime ECL)	<u>(3,596)</u>	<u>(5,819)</u>	<u>-</u>	<u>(6,429)</u>	<u>(15,844)</u>
Amortized cost	<u>\$ 706,585</u>	<u>\$ 577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 707,162</u>

### December 31, 2021

	Not Past Due	Past Due Less than 180 Days	Past Due 181 to 360 Days	Over 361 Days	Total
Expected credit loss rate	-	-	-	100%	
Gross carrying amount	\$ 1,227,726	\$ 8,355	\$ -	\$ 8,235	\$ 1,244,316
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,235)</u>	<u>(8,235)</u>
Amortized cost	<u>\$ 1,227,726</u>	<u>\$ 8,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,236,081</u>

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

	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 8,235	\$ 8,020
Add: Net remeasurement of loss allowance	7,609	2,198
Less: Amounts written off	<u>-</u>	<u>(1,983)</u>
Balance at December 31	<u>\$ 15,844</u>	<u>\$ 8,235</u>

## 11. INVENTORIES

	<u>December 31</u>	
	2022	2021
Finished goods	\$ 252,478	\$ 212,063
Work in progress	181,796	366,069
Raw materials	<u>594,472</u>	<u>636,913</u>
	<u>\$ 1,028,746</u>	<u>\$ 1,215,045</u>

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Cost of inventories sold	\$ 2,566,849	\$ 3,954,379
Loss on decline in market value	<u>16,870</u>	<u>576</u>
	<u>\$ 2,583,719</u>	<u>\$ 3,954,955</u>

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Investments in subsidiaries	\$ 1,696,050	\$ 706,881
Investments in associates	<u>12,338</u>	<u>13,129</u>
	<u>\$ 1,708,388</u>	<u>\$ 720,010</u>

### a. Investments in subsidiaries

<b>Name of Subsidiaries</b>	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Ho Chung Investment Co., Ltd. (“Ho Chung Investment”)	\$ 268,354	\$ 21,286
CS Bright Corporation (“CSB”)	-	149,578
Bright Investment International Ltd.(“Bright”)	57,196	54,368
River Asset Co., Ltd. (“River Asset”)	340,594	427,155
Opto Tech Corporation (“Opto Tech”)	259,533	1,000
Wan Zun Guang Investment Co., Ltd. (“Wan Zun Guang”)	713,741	-
Everyung Investment Ltd. (“Everyung”)	<u>56,632</u>	<u>53,494</u>
	<u>\$ 1,696,050</u>	<u>\$ 706,881</u>

By the Corporation were as follows:

<b>Name of Subsidiaries</b>	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Ho Chung Investment	100.00%	100.00%
CSB (1)	-	99.87%
Bright	100.00%	100.00%
Everyung	50.00%	50.00%
River Asset	100.00%	100.00%
Opto Plus (2)	100.00%	100.00%
Wan Zun Guang (3)	100.00%	-

- 1) The board of directors of the Corporation resolved the liquidation of foreign subsidiary, CS Bright Corporation (CSB), on September 10, 2020. The effective date was set on December 31, 2020, and the liquidation process was completed on September 19, 2022. The share equity of Bright Investment International Ltd. which was held by CSB had been transferred to the Corporation on April 22, 2021.
- 2) The subsidiary - Opto System Technologies Inc. is a wholly-owned subsidiary established by the Corporation on September 16, 2021, and has been included in the consolidated financial statements since the date of acquisition. The first extraordinary shareholders’ meeting approved the transfer of the relevant business of the Corporation’s system business group. The base date for the spillover was January 28, 2022. Opto System Technologies Inc. changed its name to Opto Tech Corporation approved by the board of directors Opto Tech Corporation on September 22, 2022.

The division is as follows:

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

3) The subsidiary - Wan Zun Guang Investment Co., Ltd. is a wholly-owned subsidiary established by the Corporation on January 19, 2022.

b. Investments in associates

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Individual non-material associates		
New Smart Technology Co., Ltd.	<u>\$ 12,338</u>	<u>\$ 13,129</u>

Aggregate information of associates that are not individually material

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
The Corporation's share of:		
Profit/(loss) from continuing operations for the year	<u>\$ (1,098)</u>	<u>\$ (870)</u>
Total comprehensive income (loss) for the year	<u>\$ (1,399)</u>	<u>\$ (871)</u>

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

The share of profit and loss and other comprehensive gains and losses of subsidiaries and associates that adopted the equity method in 2022 and 2021 is recognized on the basis of the financial statements of each subsidiary for the same period as verified by accountants.

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

### 13. PROPERTY, PLANT AND EQUIPMENT

#### Assets Used by the Corporation

	Buildings	Machinery and Equipment	Utility Facilities	Pollution Prevention Facilities	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment Under Installation	Total
<u>Cost</u>									
Balance at January 1, 2022	\$ 1,796,149	\$ 5,284,855	\$ 1,063,703	\$ 731,271	\$ 11,356	\$ 79,385	\$ 1,962,106	\$ 395,135	\$11,323,960
Additions	2,190	4,288	140	2,760	-	1,639	11,810	354,812	377,639
Disposals	-	(67,612)	(26,518)	-	-	(1,937)	(940)	-	(97,007)
Spillover	-	(113,339)	(566)	-	(4,920)	(1,620)	(5,050)	-	(125,495)
Reclassification	5,170	247,967	1,600	6,212	146	18,371	5,844	(282,540)	2,770
Balance at December 31, 2022	<u>\$ 1,803,509</u>	<u>\$ 5,356,159</u>	<u>\$ 1,038,359</u>	<u>\$ 740,243</u>	<u>\$ 6,582</u>	<u>\$ 95,838</u>	<u>\$ 1,973,770</u>	<u>\$ 467,407</u>	<u>\$11,481,867</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2022	\$ 1,102,139	\$ 4,421,548	\$ 951,225	\$ 612,179	\$ 7,757	\$ 62,779	\$ 1,629,267	\$ -	\$ 8,786,894
Disposals	-	(67,573)	(26,518)	-	-	(1,937)	(940)	-	(96,968)
Depreciation expense	51,301	227,156	17,541	11,877	941	8,560	53,752	-	371,128
Spillover	-	(80,820)	(219)	-	(4,486)	(756)	(3,866)	-	(90,147)
Reclassification	-	-	-	-	-	2,770	-	-	2,770
Balance at December 31, 2022	<u>\$ 1,153,440</u>	<u>\$ 4,500,311</u>	<u>\$ 942,029</u>	<u>\$ 624,056</u>	<u>\$ 4,212</u>	<u>\$ 71,416</u>	<u>\$ 1,678,213</u>	<u>\$ -</u>	<u>\$ 8,973,677</u>
Carrying amounts at December 31, 2022	<u>\$ 650,069</u>	<u>\$ 855,848</u>	<u>\$ 96,330</u>	<u>\$ 116,187</u>	<u>\$ 2,370</u>	<u>\$ 24,422</u>	<u>\$ 295,557</u>	<u>\$ 467,407</u>	<u>\$ 2,508,190</u>

	Buildings	Machinery and Equipment	Utility Facilities	Pollution Prevention Facilities	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment Under Installation	Total
<b>Cost</b>									
Balance at January 1, 2021	\$ 1,793,199	\$ 5,223,295	\$ 1,050,132	\$ 707,320	\$ 11,895	\$ 69,576	\$ 1,937,717	\$ 114,523	\$10,907,657
Additions	2,950	7,664	3,026	2,460	-	751	7,122	437,312	461,285
Disposals	-	(43,317)	-	(739)	-	(925)	(1)	-	(44,982)
Reclassification	-	97,213	10,545	22,230	(539)	9,983	17,268	(156,700)	-
Balance at December 31, 2021	<u>\$ 1,796,149</u>	<u>\$ 5,284,855</u>	<u>\$ 1,063,703</u>	<u>\$ 731,271</u>	<u>\$ 11,356</u>	<u>\$ 79,385</u>	<u>\$ 1,962,106</u>	<u>\$ 395,135</u>	<u>\$11,323,960</u>
<b>Accumulated depreciation and impairment</b>									
Balance at January 1, 2021	\$ 1,052,115	\$ 4,121,949	\$ 931,593	\$ 597,978	\$ 7,059	\$ 57,622	\$ 1,571,030	\$ -	\$ 8,339,346
Disposals	-	(43,071)	-	(739)	-	(925)	(1)	-	(44,736)
Impairment losses	-	77,577	-	-	-	-	-	-	77,577
Depreciation expense	50,024	264,554	19,632	14,940	1,237	6,082	58,238	-	414,707
Reclassification	-	539	-	-	(539)	-	-	-	-
Balance at December 31, 2021	<u>\$ 1,102,139</u>	<u>\$ 4,421,548</u>	<u>\$ 951,225</u>	<u>\$ 612,179</u>	<u>\$ 7,757</u>	<u>\$ 62,779</u>	<u>\$ 1,629,267</u>	<u>\$ -</u>	<u>\$ 8,786,894</u>
Carrying amounts at December 31, 2021	<u>\$ 694,010</u>	<u>\$ 863,307</u>	<u>\$ 112,478</u>	<u>\$ 119,092</u>	<u>\$ 3,599</u>	<u>\$ 16,606</u>	<u>\$ 332,839</u>	<u>\$ 395,135</u>	<u>\$ 2,537,066</u>

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

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

#### 14. LEASE ARRANGEMENTS

##### a. Right-of-use assets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amounts</u>		
Land	\$ 195,174	\$ 205,024
Buildings	-	2,318
Transportation equipment	1,858	3,838
Office equipment	<u>1,442</u>	<u>2,090</u>
	<u>\$ 198,474</u>	<u>\$ 213,270</u>

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	<u>\$ 7,381</u>	<u>\$ 1,717</u>
Depreciation charge for right-of-use assets		
Land	\$ 16,822	15,215
Buildings	1,352	2,318
Transportation equipment	2,351	2,511
Office equipment	<u>648</u>	<u>1,279</u>
	<u>\$ 21,173</u>	<u>\$ 21,323</u>

##### b. Lease liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amounts</u>		
Current	<u>\$ 16,909</u>	<u>\$ 19,103</u>
Non-current	<u>\$ 189,017</u>	<u>\$ 199,148</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Land	1.797%	1.797%
Buildings	-	1.797%
Transportation equipment	1.088%-1.797%	1.088%-1.797%
Office equipment	1.088%-1.797%	1.088%-1.797%

c. Other lease information

	<u>For the Year Ended December 31</u>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	<u>\$ 6,714</u>	<u>\$ 7,648</u>
Total cash outflow for leases	<u>\$ (28,614)</u>	<u>\$ (31,462)</u>

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

## 15. INVESTMENT PROPERTIES

	<b>Completed Investment Property</b>
<u>Cost</u>	
Balance at January 1, 2022 and December 31, 2022	<u>\$ 399,307</u>
<u>Cost</u>	
Balance at January 1, 2021 and December 31, 2021	<u>\$ 399,307</u>

On December 31, 2022 and 2021, the fair value of investment properties was \$410,640, which based on the market evidence on transaction price of similar property and publicly announced present value.

## 16. INTANGIBLE ASSETS

	<b>Software</b>
<u>Cost</u>	
Balance at January 1, 2022	\$ 31,902
Additions	22,641
Disposals	(5,450)
Spillover	<u>(1,904)</u>
Balance at December 31, 2022	<u>\$ 47,189</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2022	\$ 17,862
Amortization expense	17,560
Disposals	(5,450)
Spillover	<u>(693)</u>
Balance at December 31, 2022	<u>\$ 29,279</u>
Carrying amount at December 31, 2022	<u>\$ 17,910</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 40,080
Additions	17,844
Disposals	<u>(26,022)</u>
Balance at December 31, 2021	<u>\$ 31,902</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2021	\$ 26,034
Amortization expense	17,850
Disposals	<u>(26,022)</u>
Balance at December 31, 2021	<u>\$ 17,862</u>
Carrying amount at December 31, 2021	<u>\$ 14,040</u>

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

Computer software	1-10 years
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## 17. BORROWINGS

### Short-term borrowings

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Unsecured borrowings</u>		
Bank loans (NTD)	\$ <u>137,196</u>	\$ <u>245,367</u>

The range of weighted average effective interest rate on bank loans was 0.63%-5.87% and 0.60%-1.34% per annum as of December 31, 2022 and 2021, respectively.

## 18. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Payable for salaries and bonus	\$ 120,513	\$ 263,327
Payable for employees' compensation	118,405	187,978
Payable for remuneration of directors	25,406	62,659
Others	<u>175,253</u>	<u>235,687</u>
	\$ <u>439,577</u>	\$ <u>749,651</u>

## 19. PROVISIONS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Warranties	\$ <u>352</u>	\$ <u>6,831</u>
<u>Non-current</u>		
Warranties	\$ <u>414</u>	\$ <u>19,068</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 Corporation's obligations for warranties under local sale of goods legislation. The estimate had been made on the basis of historical warranty trends and may vary as a result of other events affecting product quality.

## 20. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

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

### b. Defined benefit plans

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Law is operated by the government of the Republic of China ("ROC"). Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes amounts equivalent to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation will make up the difference in one or more instalments. The pension fund is entrusted to the Labor Fund Operation Bureau of the Ministry of Labor, and the Corporation has no right to influence the investment management strategy.

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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Present value of defined benefit obligation	\$ 303,001	\$ 450,675
Fair value of plan assets	<u>(248,410)</u>	<u>(303,900)</u>
Net defined benefit liability	\$ <u>54,591</u>	\$ <u>146,775</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability (Asset)</b>
Balance at January 1, 2021	<u>\$ 550,210</u>	<u>\$ (363,458)</u>	<u>\$ 186,752</u>
Service costs			
Current service cost	6,111	-	6,111
Net interest expense (income)	<u>2,146</u>	<u>(1,417)</u>	<u>729</u>
Recognized in profit or loss	<u>8,257</u>	<u>(1,417)</u>	<u>6,840</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,389)	(8,389)
Actuarial loss - changes in demographic assumptions	943	-	943
Actuarial loss - changes in financial assumptions	(18,871)	-	(18,871)
Actuarial loss - experience adjustments	<u>(4,903)</u>	<u>-</u>	<u>(4,903)</u>
Recognized in other comprehensive income	<u>(22,831)</u>	<u>(8,389)</u>	<u>(31,220)</u>
Contributions from the employer	<u>-</u>	<u>(6,030)</u>	<u>(6,030)</u>
Benefits paid	<u>(84,961)</u>	<u>75,394</u>	<u>(9,567)</u>
Balance at December 31, 2021	<u>450,675</u>	<u>(303,900)</u>	<u>146,775</u>
Service costs			
Current service cost	7,775	-	7,775
Past service cost	(336)	-	(336)
Net interest expense (income)	<u>3,270</u>	<u>(2,248)</u>	<u>1,022</u>
Recognized in profit or loss	<u>10,709</u>	<u>(2,248)</u>	<u>8,461</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(25,740)	(25,740)
Actuarial loss - changes in demographic assumptions	71	-	71
Actuarial loss - changes in financial assumptions	(20,086)	-	(20,086)
Actuarial loss - experience adjustments	<u>(51,337)</u>	<u>-</u>	<u>(51,337)</u>
Recognized in other comprehensive income	<u>(71,352)</u>	<u>(25,740)</u>	<u>(97,092)</u>
Contributions from the employer	<u>-</u>	<u>(3,553)</u>	<u>(3,553)</u>
Benefits paid	<u>(87,031)</u>	<u>87,031</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 303,001</u>	<u>\$ (248,410)</u>	<u>\$ 54,591</u>

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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate	1.15%-1.35%	0.50%-0.75%
Expected rate of salary increase	3.00%	3.00%

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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Discount rate		
0.250% increase	<u>\$ (7,804)</u>	<u>\$ (12,756)</u>
0.250% decrease	<u>\$ 8,103</u>	<u>\$ 13,275</u>
Expected rate of salary increase		
0.250% increase	<u>\$ (7,951)</u>	<u>\$ (12,947)</u>
0.250% decrease	<u>\$ 7,699</u>	<u>\$ 12,512</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>	
	<u>2022</u>	<u>2021</u>
The expected contributions to the plan for the one year	<u>\$ 3,037</u>	<u>\$ 4,500</u>
The average duration of the defined benefit obligation		
Managers	4 years	3 years
Regular employees	11 years	11 years

## 21. EQUITY

### a. Share capital - ordinary shares

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Number of shares authorized (in thousands)	<u>1,000,000</u>	<u>1,000,000</u>
Amount of shares authorized	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>438,623</u>	<u>438,623</u>
Amount of shares issued	<u>\$ 4,386,228</u>	<u>\$ 4,386,228</u>

In accordance with paragraph 7, Article 43-6 of Securities and Exchange Act, private placements of securities can be conducted subsequently within one year after the date that shareholders made their resolution as approved by the Board of Directors on March 18, 2021, which has not yet been approved at the shareholders' meeting. Taking into consideration capital market condition, the Corporation discontinued the private replacement of securities as approved by the shareholders in 2020.

To meet the strategic cooperation needs of the Corporation's long-term development, strengthen the Corporation's competitiveness and introduce strategic investors, the Corporation raised additional cash by issuing 60,000 thousand new shares at the price of \$22.93 per share, totaling \$1,375,800 thousand as approved by the board of directors on July 1, 2021. All proceeds from shares issued have been collected. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares. The effective date for the aforesaid cash capital increase was set on August 30, 2021, the registration was completed on September 9, 2021.

### b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to share capital (1)</u>		
Arising from issuance of common share	\$ 1,336,850	\$ 1,335,892
Arising from treasury share transactions	90,621	74,225
<u>May be used to offset a deficit only (2)</u>		
Arising from changes in percentage of ownership interest in subsidiaries	79,289	79,705
Arising from changes in equity from investments in associates for using the equity method	<u>608</u>	<u>-</u>
	<u>\$ 1,507,368</u>	<u>\$ 1,489,822</u>

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

Under the dividend policy in the Corporation's Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside 10% of the remaining profit as a legal reserve, setting aside amounts to a special reserve in accordance with the laws and regulations, and then allowing for other special reserves and a distribution of dividends to be recommended by the board of directors. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to "employees' compensation and remuneration of directors" in Note 23, (7).

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

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

The appropriations of 2021 and 2020 earnings are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Legal reserve	\$ 85,435	\$ 57,584
Reversal of special reserve	\$ (2,423)	\$ (1,320)
Cash dividends	\$ 1,315,869	\$ 514,927
Cash dividends per share (NT\$)	\$ 3.00	\$ 1.39

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

On March 18, 2021, the distribution of 2020 cash dividends was approved by the board of directors. The provision of legal reserve and special reserve had been approved in the shareholders' meeting on July 1, 2021.

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

- d. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares</b>	<b>Shares Held by</b>	<b>Total</b>
	<b>Transferred to Employees (In Thousands of Shares)</b>	<b>Subsidiaries (In Thousands of Shares)</b>	<b>(In Thousands of Shares)</b>
Number of shares at January 1, 2022	1,305	755	2,060
Decrease during the period	<u>(1,264)</u>	<u>-</u>	<u>(1,264)</u>
Number of shares at December 31, 2022	<u>41</u>	<u>755</u>	<u>796</u>
Number of shares at January 1, 2021	2,327	755	3,082
Increase during the period	6,566	-	6,566
Decrease during the period	<u>(7,588)</u>	<u>-</u>	<u>(7,588)</u>
Number of shares at December 31, 2021	<u>1,305</u>	<u>755</u>	<u>2,060</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, 2022</u>			
Ho Chung Investment	755	\$ 23,172	\$ 25,466
<u>December 31, 2021</u>			
Ho Chung Investment	755	23,172	53,648

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

## 22. OPERATING REVENUE

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers	<u>\$ 3,569,717</u>	<u>\$ 5,847,971</u>

### a. Contact balances

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Notes receivable	\$ 1,642	\$ 4,883	\$ 8,873
Trade receivables (Note 10)	723,006	1,244,316	1,610,400
Trade receivables to related parties	<u>16,433</u>	<u>19,062</u>	<u>21,009</u>
	<u>\$ 741,081</u>	<u>\$ 1,268,261</u>	<u>\$ 1,640,282</u>
Contract liabilities	<u>\$ 2,396</u>	<u>\$ 76,070</u>	<u>\$ 35,773</u>

### b. The detail of revenue from contracts with customers:

	<u>LED and Silicon Send or Chips Group</u>	<u>Displays and Lighting Group</u>	<u>Total</u>
Year of 2022			
Revenue from contracts with customers	<u>\$ 3,482,675</u>	<u>\$ 87,042</u>	<u>\$ 3,569,717</u>
Year of 2021			
Revenue from contracts with customers	<u>\$ 5,060,724</u>	<u>\$ 787,247</u>	<u>\$ 5,847,971</u>

## 23. NET PROFIT (LOSS) AND OTHER COMPREHENSIVE INCOME

### a. Net profit:

#### 1) Interest income

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Bank deposits	\$ 10,075	\$ 5,609
Resale bonds	768	661
Financial assets at amortized cost	1,552	1,805
Others	<u>3</u>	<u>8</u>
	<u>\$ 12,398</u>	<u>\$ 8,083</u>

#### 2) Other income

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Rental income	\$ 13,915	\$ 80
Dividend income	21,331	13,643
Others	<u>5,636</u>	<u>33,250</u>
	<u>\$ 40,882</u>	<u>\$ 46,973</u>

3) Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ (9,492)	\$ 7,307
Disposition of investment benefits	15,953	-
Loss on disposal of property, plant and equipment	4,669	(164)
Impairment loss on property, plant and equipment	-	(77,577)
Net foreign exchange benefits	70,799	911
Lease termination benefits	31	-
Others	(176)	(800)
	<u>\$ 81,784</u>	<u>\$ (70,323)</u>

4) Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on bank loans	\$ 4,408	\$ 7,506
Interest on finance leases	<u>3,229</u>	<u>4,082</u>
	7,637	11,588
Less: Amounts included in the cost of qualifying assets	<u>-</u>	<u>(159)</u>
	7,637	11,429
Other finance costs	<u>-</u>	<u>1,246</u>
	<u>\$ 7,637</u>	<u>\$ 12,675</u>

Information on the capitalization of interest is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest capitalized amount	<u>\$ -</u>	<u>\$ 159</u>
Interest capitalized interest rate	-	0.10%-0.53%

5) Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
An analysis of depreciation by function		
Operating costs	\$ 338,966	\$ 395,802
Operating expenses	<u>53,335</u>	<u>40,228</u>
	<u>\$ 392,301</u>	<u>\$ 436,030</u>
An analysis of amortization by function		
Operating costs	\$ 7,239	\$ 9,094
Operating expenses	<u>10,321</u>	<u>8,756</u>
	<u>\$ 17,560</u>	<u>\$ 17,850</u>

6) Employee benefits

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Wages and salaries	\$ 722,791	\$ 1,130,580
Labor and health insurance fees	63,490	81,392
Post-employment benefits		
Defined contribution plans	24,899	29,743
Defined benefit plans	8,461	6,840
Share-based payments		
Equity-settled	31,818	105,473
Other employee benefits	<u>15,506</u>	<u>59,799</u>
Total employee benefits expense	<u>\$ 866,965</u>	<u>\$ 1,413,827</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 505,759	\$ 833,910
Operating expenses	<u>361,206</u>	<u>579,917</u>
	<u>\$ 866,965</u>	<u>\$ 1,413,827</u>

7) Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, if the Company has profit during the year, the Company shall distribute bonus to the employees that account for 10%-15% and pay remuneration to the directors that shall not be higher than 5% of the total distributed amount. If

the Company has an accumulated deficit, earnings should be used to cover losses. Employees' compensation can be distributed in the form of shares or in cash. Qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The shareholders' meeting on July 1, 2021 approved the amendment to the Company's Articles of Incorporation, and revised the employee remuneration ratio to 10%-20% based on profitability, and the directors' remuneration ratio to no more than 10%. The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021, were as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Employees' compensation	10%	15%
Remuneration of directors	5%	5%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
	<b>Cash</b>	<b>Cash</b>
Employees' compensation	\$ 50,812	\$ 187,978
Remuneration of directors	25,406	62,659

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the ended 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

8) Gains or losses on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Foreign exchange gains	\$ 128,361	\$ 52,043
Foreign exchange losses	(57,562)	(51,132)
	<u>\$ 70,799</u>	<u>\$ 911</u>

## 24. INCOME TAXES

a. Income tax recognized in profit or loss

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 79,624	\$ 183,815
Income tax on unappropriated earnings	-	232
Adjustments for prior years	(16,941)	537
	<u>62,683</u>	<u>184,584</u>
Deferred tax		
In respect of the current year	<u>8,638</u>	<u>(5,866)</u>
Income tax expense recognized in profit or loss	<u>\$ 71,321</u>	<u>\$ 178,718</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax	\$ 431,786	\$ 1,008,089
Income tax expense calculated at the statutory rate	\$ 86,357	\$ 201,618
Nondeductible expenses in determining taxable income	4,829	1,533
Tax-exempt income	5,046	(10,701)
Investment tax credits used in the current year	(15,180)	(23,363)
Income tax on unappropriated earnings	-	232
Unrecognized deductible temporary differences	7,210	8,862
Adjustments for prior years' tax	(16,941)	537
Income tax expense recognized in profit or loss	<u>\$ 71,321</u>	<u>\$ 178,718</u>

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Deferred tax</u>		
In respect of the current year		
Fair value changes of financial assets at FVTOCI	\$ (17,228)	\$ 8,022
Remeasurement on defined benefit plans	<u>(19,418)</u>	<u>(6,243)</u>
Total income tax recognized in other comprehensive income	<u>\$ (36,646)</u>	<u>\$ 1,779</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax liabilities		
Income tax payable	<u>\$ 77,420</u>	<u>\$ 182,792</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, 2022

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<b>Deferred Tax Assets</b>				
Temporary differences				
Inventory write-downs	\$ 2,085	\$ 556	\$ -	\$ 2,641
Provisions	5,180	(5,027)	-	153
Impairment losses	17,991	(7,495)	-	10,496
Valuation allowance	1,172	1,649	-	2,821
Defined benefit plans	19,520	982	(19,418)	1,084
Others	400	697	-	1,097
	<u>\$ 46,348</u>	<u>\$ (8,638)</u>	<u>\$ (19,418)</u>	<u>\$ 18,292</u>
<b>Deferred Tax Liabilities</b>				
Temporary differences				
Unrealized gain or losses on financial assets	<u>\$ 33,178</u>	<u>\$ -</u>	<u>\$ 17,228</u>	<u>\$ 50,406</u>

For the year ended December 31, 2021

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<b>Deferred Tax Assets</b>				
Temporary differences				
Inventory write-downs	\$ 7,005	\$ (4,920)	\$ -	\$ 2,085
Provisions	4,568	612	-	5,180
Impairment losses	7,630	10,361	-	17,991
Valuation allowance	-	1,172	-	1,172
Defined benefit plans	27,516	(1,753)	(6,243)	19,520
Others	1,768	(1,368)	-	400
	<u>\$ 48,487</u>	<u>\$ 4,104</u>	<u>\$ (6,243)</u>	<u>\$ 46,348</u>

(Continued)

<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Unrealized gain or losses on financial assets	\$ 41,200	\$ -	\$ (8,022)	\$ 33,178
Others	<u>1,762</u>	<u>(1,762)</u>	<u>-</u>	<u>-</u>
	<u>\$ 42,962</u>	<u>\$ (1,762)</u>	<u>\$ (8,022)</u>	<u>\$ 33,178</u>

(Concluded)

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

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Deductible temporary differences	<u>\$ 135,431</u>	<u>\$ 130,381</u>

- f. Income tax assessments

The Corporation's income tax returns through 2020 have been examined by the tax authority.

## 25. EARNINGS PER SHARE

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

### Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	<b>2022</b>	<b>2021</b>
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 360,465</u>	<u>\$ 829,371</u>

### Weighted Average Number of Ordinary Shares Outstanding

	(In Thousands of Shares)	
	<u>For the Year Ended December 31</u>	
	<b>2022</b>	<b>2021</b>
Weighted average number of ordinary shares outstanding used in the computation of basic earnings per share	437,385	393,116
Effect to potentially dilutive ordinary shares		
Employees' compensation	<u>2,013</u>	<u>3,563</u>
Weighted average number of ordinary shares outstanding used in the computation of diluted earnings per share	<u>439,398</u>	<u>396,679</u>

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

## 26. SHARE-BASED PAYMENT ARRANGEMENTS

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

For the year ended December 31, 2022

<b>Type of Arrangement</b>	<b>Grant Date</b>	<b>Quantity Granted</b>	<b>Contract Period</b>	<b>Vesting Conditions</b>
Treasury stock transferred to employees	2022.04.22	978	-	Vested immediately
Treasury stock transferred to employees	2022.07.05	286	-	Vested immediately

For the year ended December 31, 2021

Type of Arrangement	Grant Date	Quantity Granted	Contract Period	Vesting Conditions
Treasury stock transferred to employees	2021.07.20	7,588	-	Vested immediately

Transfer restriction is no transfer within two years.

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

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

For the year ended December 31, 2022

Type of Arrangement	Grant Date	Stock Price	Exercise Price	Expected Price Volatility	Expected Option Life	Expected Dividends	Risk-free Interest Rate	Fair Value Per Unit
Treasury stock transferred to employees	2022.04.22	43.55	12.95	37.26%	0.06 year	-	0.59%	25.2046
Treasury stock transferred to employees	2022.07.05	40.20	12.95	41.55%	0.019 year	-	0.72%	21.715

For the year ended December 31, 2021

Type of Arrangement	Grant Date	Stock Price	Exercise Price	Expected Price Volatility	Expected Option Life	Expected Dividends	Risk-free Interest Rate	Fair Value Per Unit
Treasury stock transferred to employees	2021.07.20	31.60	12.95	40.63%	0.01-0.02 year	-	0.12%	13.91

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Equity-settled	<u>\$ 31,818</u>	<u>\$ 105,473</u>

## 27. CAPITAL MANAGEMENT

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividends paid to shareholders or issue new shares to reduce debt. The Corporation monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity in the consolidated balance sheets plus net debt. As of December 31, 2022 and 2021, the gearing ratios were (23.70%) and (40.04%), respectively.

## 28. FINANCIAL INSTRUMENTS

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

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

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

- 1) Fair value hierarchy

December 31, 2022

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

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Unlisted shares	\$ -	\$ -	\$ 112,528	\$ 112,528
Mutual funds	<u>571,389</u>	<u>-</u>	<u>-</u>	<u>571,389</u>
	<u>\$ 571,389</u>	<u>\$ -</u>	<u>\$ 112,528</u>	<u>\$ 683,917</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares	\$ 250,693	\$ -	\$ -	\$ 250,693
Unlisted shares	<u>-</u>	<u>-</u>	<u>786,525</u>	<u>786,525</u>
	<u>\$ 250,693</u>	<u>\$ -</u>	<u>\$ 786,525</u>	<u>\$ 1,037,218</u>

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

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

For the year ended December 31, 2022

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

For the year ended December 31, 2021

	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Equity Instruments	Equity Instruments	Equity Instruments	
Balance at January 1, 2021	\$ 106,990	\$ 698,209	\$ 805,199
Recognized in profit or loss (included in other gains and losses)	5,538	-	5,538
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	88,316	88,316
Balance at December 31, 2021	<u>\$ 112,528</u>	<u>\$ 786,525</u>	<u>\$ 899,053</u>

## 3) Valuation techniques and inputs applied for Level 3 fair value measurement

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

The market approach uses the value multiples of other similar enterprises in market transactions

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

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

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

	Fair Value at December 31, 2021	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Non-derivative financial assets					
Unlisted shares	\$786,525	Market comparable companies	Price to book-value ratio multiple	3.05	The higher the multiple, the higher the fair value
			Price to earnings ratio multiple	11.72-18.90	The higher the multiple, the higher the fair value
			Enterprise value multiple	13.22-15.71	The higher the multiple, the higher the fair value
			Discount for lack of volatility	30%-35%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	112,528	Net asset value	Discount for lack of volatility	19.25%	The higher the discount for lack of marketability, the lower the fair value

c. Categories of financial instruments

	<u>December 31</u>	
	2022	2021
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 129,425	\$ 683,917
Financial assets at amortized cost (1)	2,641,253	5,130,078
Financial assets at FVTOCI	916,040	1,037,218
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	866,009	1,801,137

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, trade receivables, trade receivables to related parties, other receivables, refundable deposits and other financial assets.
  - 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, trade payables, trade payables to related parties, other payable, guarantee deposits received and other financial liabilities.
- d. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities are set out in Note 33.

Sensitivity analysis

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

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

	<b>USD Impact</b>		<b>CNY Impact</b>		<b>JPY Impact</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>		<b>December 31</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Profit or loss	\$ (7,803)	\$ (4,905)	\$ (218)	\$ (675)	\$ (38)	\$ 248

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

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

b) Interest rate risk

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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Fair value interest rate risk		
Financial assets	\$ 1,380,496	\$ 3,139,744
Financial liabilities	359,574	478,369
Cash flow interest rate risk		
Financial assets	507,413	698,182
Financial liabilities	3,420	13,887

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2022 and 2021 would decrease/increase by \$5,040 thousand and \$6,843 thousand, respectively.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$1,294 thousand and \$6,839 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, 2022 and 2021 would have increased/decreased by \$9,160 thousand and \$10,372 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 counterparty will default on its contractual obligations resulting in financial loss to the Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk which will cause a financial loss to the Corporation due to failure of counterparties to discharge an obligation and financial guarantees provided by the Corporation could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantee issued by the Corporation.

The credit risk on liquid funds and derivatives was limited because the counterparties are reputable banks.

3) Liquidity risk

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

The Corporation relies on bank borrowings are a significant source of liquidity. The Corporation had available unutilized short-term and long-term bank loan facilities set out in (b) below.

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

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

December 31, 2022

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

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

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 19,615</u>	<u>\$ 72,043</u>	<u>\$ 74,597</u>	<u>\$ 58,959</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

	<b>Less than 1 Year</b>	<b>1-2 Years</b>	<b>2-3 Years</b>	<b>3-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$1,552,833	\$ -	\$ -	\$ -	\$ -
Lease liabilities	22,847	19,398	18,285	35,639	150,536
Variable interest rate liabilities	13,887	-	-	-	-
Fixed interest rate liabilities	<u>231,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$1,821,231</u>	<u>\$ 19,398</u>	<u>\$ 18,285</u>	<u>\$ 35,639</u>	<u>\$ 150,536</u>

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

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 22,847</u>	<u>\$ 73,322</u>	<u>\$ 78,792</u>	<u>\$ 71,744</u>	<u>\$ -</u>	<u>\$ -</u>

b) Financing facilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 137,196	\$ 245,367
Amount unused	<u>2,839,524</u>	<u>3,231,073</u>
	<u>\$ 2,976,720</u>	<u>\$ 3,476,440</u>

## 29. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and relationships:

<u>Name of Related Party</u>	<u>Relationship with the Corporation</u>
Opto Plus Technology Co., Ltd.	Subsidiary
Opto Tech Corporation	Subsidiary
ProAsia Semiconductor Corporation Ltd.	Subsidiary
Nichia Corp.	Investor that has significant influence over the Corporation (Note 2)
Nichia Taiwan Corp.	Investor that has significant influence over the Corporation (Note 2)
New Smart Technology Co., Ltd.	Associate
VML TECHNOLOGIES B.V.	Associate (Note 3)
Giga Epitaxy Technology Corp.	Other related party (Note 1)
TASC Health Care & Charity Foundation	Other related party
Note 1: It was no longer a related party of the Corporation after the Corporation resigned as director on February 28, 2021.	
Note 2: The shareholders of the Corporation during their meeting resolved to issue ordinary shares for capital increase through a private placement on July 1, 2021. The entity became an investor which accounted for its investment in the Corporation using the equity method after the effective date (August 30, 2021) for capital increase; Nichia Corp. is the parent company of Nichia Taiwan Corp.	
Note 3: The subsidiary - Ho Chung Investment disposed of its ownership of VML TECHNOLOGIES B.V. on November 30, 2021. The Corporation is not a related party starting from the date.	

b. Operating revenue

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiaries	\$ 1,177	\$ 11,085
Investors that have significant influence over the Corporation	252,130	83,287
Associates	-	23,475
Other related party	-	241,763
	<u>\$ 253,307</u>	<u>\$ 359,610</u>

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

c. Purchases of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiaries	\$ 12,462	\$ 2,749
Investors that have significant influence over the Corporation	34,722	48,797
Other related parties	-	94,122
	<u>\$ 47,184</u>	<u>\$ 145,668</u>

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

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

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>December 31</u>	
		<u>2022</u>	<u>2021</u>
Trade receivables from related parties	Subsidiaries	\$ -	\$ 4,047
	Investors that have significant influence over the Corporation	<u>16,433</u>	<u>15,015</u>
		<u>\$ 16,433</u>	<u>\$ 19,062</u>
Other receivables from related parties	Subsidiaries	<u>\$ 445</u>	<u>\$ -</u>

The outstanding trade receivables from related parties are unsecured. For the 2022 and 2021, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2022	2021
Trade payables to related parties	Subsidiaries	\$ 12,543	\$ 725
	Investors that have significant influence over the Corporation	7,210	60,499
		<u>\$ 19,753</u>	<u>\$ 61,224</u>
Other payables to related parties	Investors that have significant influence over the Corporation	<u>\$ -</u>	<u>\$ 210</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	
	2022	2021
Related parties	<u>\$ 121,110</u>	<u>\$ 246,567</u>

g. Lease arrangements

Related Party Category/Name	December 31	
	2022	2021
<u>Rental expenses</u>		
Investors that have significant influence over the Corporation	\$ 1,400	\$ 800
Other related party	-	1,600
	<u>\$ 1,400</u>	<u>\$ 2,400</u>
<u>Interest expenses</u>		
Investors that have significant influence over the Corporation	\$ 15	\$ 46
Other related party	-	16
	<u>\$ 15</u>	<u>\$ 62</u>

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

h. Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Rental revenue	Opto System Technologies Inc.	\$ 11,000	\$ -
	Subsidiaries	2,400	-
	Associate	240	-
		<u>\$ 13,640</u>	<u>\$ -</u>
Donation expense	Opto Medical Public Welfare Foundation	<u>\$ 35,000</u>	<u>\$ 50,000</u>
Labor expense	Associate	<u>\$ 17,300</u>	<u>\$ 20,000</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 Corporation and the recipient.

i. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 97,428	\$ 189,553
Post-employment benefits	4,730	296
	<u>\$ 102,158</u>	<u>\$ 189,849</u>

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

### 30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<u>December 31</u>	
	2022	2021
Demand deposits (included in financial assets at amortized cost - current)	\$ <u>22,810</u>	\$ <u>22,810</u>

### 31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Corporation as of December 31, 2022 were as follows:

- a. As of December 31, 2022 and 2021, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$23,531 thousand and \$50,622 thousand, respectively.

- b. Unrecognized commitments were as follows:

	<u>December 31</u>	
	2022	2021
Acquisition of property, plant and equipment	\$ <u>163,379</u>	\$ <u>124,460</u>

- c. As of December 31, 2022 and 2021, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$36,637 thousand and \$142,591 thousand, respectively.

### 32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- a. The Company disposed of its subsidiaries Everyung Investment Ltd. and Opto Plus Technology Co., Ltd. on January 31, 2023.
- b. In order to follow the operation plan and reduce the maintenance cost of overseas companies, the board of directors of the Company resolved the liquidation of overseas subsidiary, Bright Investment International LTD., on February 22, 2023.

### 33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

#### December 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 32,989	30.66 (USD:NTD)	\$ 1,011,443
JPY	279,183	0.2304 (JPY:NTD)	64,324
CNY	5,014	4.383 (CNY:NTD)	21,796
<u>Financial liabilities</u>			
Monetary items			
USD	7,513	30.76 (USD:NTD)	231,100
JPY	258,109	0.2344 (JPY:NTD)	60,501

#### December 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 38,371	27.63 (USD:NTD)	\$ 1,060,191
JPY	333,627	0.2385 (JPY:NTD)	79,570
CNY	15,222	4.432 (CNY:NTD)	67,462
<u>Financial liabilities</u>			
Monetary items			
USD	20,543	27.73 (USD:NTD)	569,657
JPY	430,400	0.2425 (JPY:NTD)	104,372

Foreign Currencies	For the Year Ended December 31			
	2022		2021	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	<u>\$ 70,799</u>	1 (NTD:NTD)	<u>\$ 911</u>

### 34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

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

b. Information on investees: Table 5.

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6.
- 2) Any of significant transactions with investee companies in mainland China, either directly or indirectly through a company in third area, and their prices, payment terms, and unrealized gains or losses: Tables 1 and 2.
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
  - c) The amount of property transactions and the amount of the resultant gains or losses
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
  - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 7.

TABLE 1

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION**

(Former Name: Opto Tech Corporation)

**FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limits (Note 4)	Note
													Item	Value			
1	Taiwan-Asia Semiconductor Corporation	Opto Plus Technology Co., Ltd.	Other receivables - related parties	Y	\$ 101,336	\$ 96,894	\$ -	-	b	\$ -	Payment borrowings	\$ -	-	\$ -	\$ 850,939	\$ 3,403,758	
2	Taiwan-Asia Semiconductor Corporation	ProAsia Semiconductor Corporation	Other receivables - related parties	Y	500,000	500,000	-	-	b	-	Purchase equipment	-	-	-	850,939	3,403,758	

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

Note 2: Funding nature:

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

 Note 3: Limit on loans granted to a single party, which has the needs of short-term financing with the Company should not exceed 10% of the Company's latest net asset value (\$8,509,394 thousand  $\times$  10% = \$850,939 thousand). Besides, limit on loans granted to a single party, which has business relationship with the subsidiaries should not exceed total amount that the two sides trade in the recent six-month period.

 Note 4: Total amount of loans of the Company should not exceed 40% of the net value of the Company's latest net asset value, and total amount of loans of the subsidiaries should not exceed 20% of the net values of the subsidiaries' latest net asset values (\$8,509,394 thousand  $\times$  40% = \$3,403,758 thousand).

TABLE 2

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION**

(Former Name: Opto Tech Corporation)

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

No. (Note)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/Guarantee Given on Behalf of Each Party (Note)	Maximum Amount Endorsed/Guaranteed During the Period	Outstanding Endorsement/Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/Guaranteed by Collaterals	Ratio of Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/Guarantee Limit (Note)	Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Taiwan-Asia Semiconductor Corporation	ProAsia Semiconductor Corporation	Subsidiary	\$ 1,701,879	\$ 1,400,000	\$ 1,400,000	\$ 195,694	\$ -	16.45	\$ 4,254,697	Y	N	N
		Opto Tech Corporation	Subsidiary	1,701,879	11,982	11,982	3,531	-	0.14	4,254,697	Y	N	N
		Opto Plus Technology Co., Ltd.	Subsidiary	1,701,879	112,595	-	-	-	-	4,254,697	Y	N	Y

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

- a. \$8,509,394 thousand  $\times$  20% = \$1,701,879 thousand.
- b. \$8,509,394 thousand  $\times$  50% = \$4,254,697 thousand.

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION**  
(Former Name: Opto Tech Corporation)

**MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(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, 2022			
				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	\$ -	-	\$ -
	Lu Zhu Development Co., Ltd.	-	Financial assets at FVTPL - non-current	13,808,725	109,096	6.38	109,096
	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	631,279	0.45	631,279
	Viking Tech Corporation.	-	Financial assets at FVTOCI - non-current	2,873,994	111,512	2.45	111,512
	Giga Epitaxy Technology Corp.	The Company is the director of this company.	Financial assets at FVTOCI - non-current	4,950,491	-	15.00	-
	Shin-Etsu Opto Electronic Co., Ltd.	The Company is the director of this company.	Financial assets at FVTOCI - non-current	2,000,000	84,474	10.00	84,474
	Fubon Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	250,000	13,775	0.00	13,775
	<u>Mutual funds</u>						
Jih Sun Money Market fund	-	Financial assets at FVTPL - current	1,348,881	20,329	-	20,329	
<u>Private fund</u>							
Wisdom Capital Limited Partnership	-	Financial assets at FVTOCI - non-current	-	75,000	-	75,000	
Ho Chung Investment Co., Ltd.	<u>Shares</u>						
	Taiwan-Asia Semiconductor Corporation	Parent company	Financial assets at FVTPL - current	754,543	25,466	0.17	25,466
	Singbao International Co., Ltd.	-	Financial assets at FVTOCI - non-current	6,800,000	153,776	15.35	153,776
Rise River Asset Co., Ltd.	<u>Shares</u>						
Leadtrend Tech. Corp.	-	Financial assets at FVTPL - current	844,557	44,846	1.48	44,846	

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

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

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

**TABLE 4**

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION**  
(Former Name: Opto Tech Corporation)

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022**  
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)	
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total
Taiwan-Asia Semiconductor Corporation	Nichia Corp.	The Company is the parent company of Nichia Taiwan Corp.	Sales	\$ (252,130)	(5.57)	Collect receivables in 45 days after acceptance	\$ -	-	\$ 16,433	1.99

**TABLE 5**

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION**  
(Former Name: Opto Tech Corporation)

**INFORMATION ON INVESTEEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)  
FOR THE YEAR ENDED DECEMBER 31, 2022**  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2022	December 31, 2021	Shares	%	Carrying Amount			
Taiwan-Asia Semiconductor Corporation	Ho Chung Investment Co., Ltd. CS Bright Corporation	Taiwan	Investment business	\$ 400,000	\$ 258,348	40,000,000	100.00	\$ 268,354	\$ (25,965)	\$ (47)	(Note)
		Taiwan	Manufacture and sales of displays, SMD lamps and other LED related products	-	50,170	-	-	-	(926)	(925)	(Note)
	British Virgin Islands	Bright Investment International Ltd.	Investment business	171,332	171,332	5,100,000	100.00	57,196	2,051	2,051	(Note)
		Everyung Investment Ltd.	Investment business	42,343	42,343	5,000,000	50.00	56,632	4,005	2,002	(Note)
	River Asset Co., Ltd.	Taiwan	Investment business	400,000	400,000	40,000,000	100.00	340,594	(63,355)	(63,355)	(Note)
	Opto Tech Corporation	Taiwan	Manufacture and sales of lighting equipment	201,000	1,000	20,100,000	100.00	259,533	58,533	58,535	(Note)
	New Smart Technology Co., Ltd. Wan Zun Guang Investment Co., Ltd.	Taiwan	Automatic control equipment engineering business Investment business	14,000 750,000	14,000 -	1,000,000 75,000,000	4.55 100.00	12,338 713,741	16,825 (36,259)	(1,098) (36,259)	(Note) (Note)
River Asset Investment Co., Ltd.	New Smart Technology Co., Ltd.	Taiwan	Automatic control equipment engineering business	56,000	56,000	4,000,000	18.18	49,352	16,825	(4,394)	(Note)
Bright Investment International Ltd.	Everyung Investment Ltd.	Samoa	Investment business	168,421	168,421	5,000,000	50.00	56,716	4,005	2,003	(Note)
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	700,000	-	70,000,000	100.00	704,019	(35,981)	(35,981)	(Note)

Note: The calculation is based on the financial statements of the investee company that have been audited by an accountant during the same period and the Company's shareholding ratio. The adjusted unrealized gross profit and realized gross profit consists of upstream, downstream and sidestream transactions.

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION**  
(Former Name: Opto Tech Corporation)

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(In Thousands of New Taiwan Dollars)

Investee Company in Mainland China	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Opto Plus Technology Co., Ltd.	Manufacture and sales of LED and electronic products	\$ 317,341	b	\$ 317,341	\$ -	\$ -	\$ 317,341	\$ 4,005	100	\$ 4,005	\$ 113,431	\$ -

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$317,341	\$317,849	\$5,105,636

Note 1: Three investing methods:

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

Note 2: The calculation is based on the financial statements of the investee company that have been audited by an accountant during the same period and the Company's shareholding ratio.

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION**  
**(Former Name: Opto Tech Corporation)**

**INFORMATION OF MAJOR SHAREHOLDERS**  
**DECEMBER 31, 2022**

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

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

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

## VII · Review of Financial Conditions, Financial Performance, and Risk Management

### 1. Analysis of Financial Status

Unit: NT\$ thousands

Item	Year	2022	2021	Difference	
				Amount	%
Current Assets		5,349,736	7,683,483	(2,333,747)	(30.37)
Funds and Investments		1,240,602	1,215,392	25,210	2.07
Property, plant and equipment		2,661,914	2,664,220	(2,306)	(0.09)
Other Assets		1,302,555	782,264	520,291	66.51
Total Assets		10,554,807	12,345,359	(1,790,552)	(14.50)
Current Liabilities		1,528,754	2,246,692	(717,938)	(31.96)
Long-term Liabilities		516,659	401,149	115,510	28.79
Total Liabilities		2,045,413	2,647,841	(602,428)	(22.75)
Capital		4,386,228	4,386,228	-	-
Capital reserves		1,507,368	1,489,822	17,546	1.18
Retained Earnings		2,557,139	3,434,444	(877,305)	(25.54)
Other equity interest		82,829	438,344	(355,515)	(81.10)
Treasury stock		(24,170)	(54,954)	30,784	(56.02)
Non-controlling interest		-	3,634	(3,634)	(100.00)
Total shareholders' Equity		8,509,394	9,697,518	(1,188,124)	(12.25)

Analysis of changes in financial ratios:

1. Decrease in current assets: Mainly due to payment of dividends.
2. Increase in long-term investment: Mainly through the increase in advance payment for equipment.
3. Decrease in current liabilities: Mainly due to the decrease in short-term borrowings and accounts payable.
4. Increase in long-term liabilities: Mainly due to long-term borrowings.
5. Decrease in retained earnings: Mainly due to the increase in dividend payment and the decrease in net profit in the current period.
6. Decrease in other equities: Mainly due to the decrease in the evaluation of financial assets.
7. Decrease in treasury stocks: Mainly due to the transfer of treasury shares to employees.
8. Decrease in non-controlling interest: Mainly due to the disposal of non-wholly owned subsidiaries.

### 2. Analysis of Financial Performance

#### (1) Major reason of changes in operating income, operating profit and before-tax profit during latest 2 years

Unit: NT\$ thousands

Item	Year	2022	2021	Increase (Decrease)	Ratio of change %
Operating cost		3,315,399	4,166,464	(851,065)	(20.43)
Gross profit		1,214,378	1,976,779	(762,401)	(38.57)
Operating expense		831,308	965,991	(134,683)	(13.94)
Income from operations		383,070	1,010,788	(627,718)	(62.10)
Non-operating income		63,706	1,891	61,815	3,268.91
Income before tax		446,776	1,012,679	(565,903)	(55.88)
Tax Expense (Benefit)		86,312	183,306	(96,994)	(52.91)
Net income (Loss)		360,464	829,373	(468,909)	(56.54)

Analysis and explanation of changes in ratio of increase or decrease during latest 2 years :

1. Decrease in operating revenue, operating costs, gross profit, and operating profit: Mainly due to the decrease in revenue.
2. Increase in non-operating income: Mainly attributable to the increase in foreign currency exchange gains.
3. Decrease in income tax expenses: Mainly due to the decrease in net profit in the current period.

**(2) Effect of change on the company's future business and future response plans:**

Please refer to P. 1 of the annual report for more details.

**3. Analysis of Cash Flow****(1) Cash Flow Analysis for the Current Year**

Item \ Year	2022	2021	Ratio of increase of decrease %
Cash flow ratio(%)	98.79	77.28	21.51
Cash Flow Adequacy Ratio(%)	109.49	138.84	(29.35)
Cash Reinvestment Ratio(%)	1.07	6.37	(5.30)
Cash flow ratio: Mainly due to the decrease in current liabilities in the current period.			
Cash Flow Adequacy Ratio: Mainly due to the decrease in net cash flow from operating activities in the current period and the increase in cash dividends in the current period.			

**(2) Cash Flow Analysis for the Coming Year**

Unit: NT\$ thousands

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Cash Outflow	Cash Surplus (Deficit)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
3,014,578	8,888,751	8,633,254	3,270,075	—	—
1. Analysis of change in cash flow in the current year:					
- Operating activities: The expectation for continuous operating growth resulted in net cash inflow from operating activities.					
- Investment activities: It is due to the increase in capital expenditure in anticipation of continuous production capacity enhancement and the expected increase in reinvestment.					
- Financing activities: It mainly resulted from cash dividend distribution.					
2. Remedy for cash shortage and its liquidity analysis : None.					

**4. Major Capital Expenditure Items and Source of Capital: None.****5. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year:**

- (1) The Company's 2022 reinvestment losses are mainly losses recognized on financial assets measured at fair value through other comprehensive income.
- (2) TASC will continue to devote its efforts to growing its core business. For its Investment policy, we will place focus on following the product trend to give up and down-stream integration. At the same time, we will persistently supervise and assist its subsidiaries, so as to accelerate its speed to make more profits. In the future, it will be in conjunction with the market's overall trend to timely adjust its product policy and reinforce its investment effects.

**6. Analysis of Risk Management****(1) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures**

Unit: NT\$ thousands

Item	2022	Ratio on net revenue	Ratio on net operating profit
Net interest income or expense	4,135	0.09%	1.08%
Net foreign exchange gain or loss	74,347	1.64%	19.41%
Operating revenue	4,529,777	-	-
Income from operations	383,070	-	-

#### A. Interest rate

Since TASC has good financial status, sound system and good as well as close long term cooperation with its banks, it has obtained better interest rates. At the same time, TASC has closely watched the trend of market interest rates and adjusted its position of its floating rate loans and fixed rate loans at any time when necessary. By taking risks into consideration, TASC will still stably handle its cash management.

#### B. Foreign exchange rates

Given that TASC has the substantive demand for foreign currencies (such as U.S. dollars and Japanese yen, etc.), except for reducing required hedge position through natural hedge, lowering the impact of changes in currency rates on operating gain or loss, we will use spot swap and forward foreign exchange contracts and currency options to hedge the risk resulting from exchange rate volatility.

#### C. Inflation

The quotations provided by TASC for its clients or suppliers are mostly flexibly adjusted according to the market status. Hence, TASC is not significantly affected by inflation. Nevertheless, it will devote its efforts to improve its product structure and production process while continuously executing the cost efficiency plan to counter the problem of inflation.

### **(2) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions:**

#### A. Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments:

TASC has handled its financial affairs with stability, so it has a sound financial base. It does not give high leverage investment.

#### B. Lending or Endorsement Guarantees:

(A) Our endorsement guarantee and capital loans to others are mainly made to meet business requirements of its re-investment companies. Based on the laws and regulations stipulated by Securities and Futures Bureau, TASC has instituted “Procedures for Endorsement and Guarantee” and “Procedures for Lending Funds to Other Parties”, and evaluated and controlled risks through internal responsible units. At the same time, based on the “Regulations Governing Establishment of Internal Control Systems by Public Companies” stipulated by Securities and Futures Bureau, the audit unit of TASC has also laid down relevant systems for management and risk evaluation and regular audits of execution status.

(B) OPTOTECH has currently only endorsed and guaranteed the affiliated enterprises under its control. The endorsement and guarantee items are mostly in the nature of financing, Since its affiliated enterprises have healthy finance and have been stably operating, it has never inflicted any loss from endorsement and guarantee.

#### C. Derivatives Transactions:

(A) TASC has engaged in derivative product trading in accordance with its regulated “Procedures for Acquisition or Disposal Assets”.

(B) The main purpose for TASC to engage in derivative financial product transactions is to hedge our operating and financial risk. TASC assets in US dollar is greater than liabilities, and the NT dollar was depreciation such that there is not losses on exchange.

(C) To meet our future requirements, we will engage in the transactions related to forward foreign exchange and currency swap contracts and options, and adjust its foreign asset and liability positions as needed, so as to hedge the risk resulting from changes in exchange rates.

### (3) Future Research & Development Projects and Corresponding Budget

Unit : NT\$ dollars

Research projects	Present progress	Expected research expenditure in the future	Expected completion schedule	Major factors that will impact future success
Development of high-light LED.	Epitaxial and trial production.	20,000,000	2023/12	Key epitaxial technology development and process.
NIR / SWIR LED of wearable device.	Epitaxial and trial production.	10,000,000	2023/12	Key epitaxial technology development and process.
Development of power MOSFET products.	Under development and design.	2,000,000	2023/12	Product design and product characteristics.
APD product development.	Process adjustment.	1,000,000	2023/12	Product design and process control capability.
Development of FRED Fast Recovery Epitaxial Diode products.	Under development and design.	30,000,000	2023/12	Product design and product characteristics.
Development of wearable sensing device product.	Customer verification is in progress.	2,000,000	2023/12	Product design and process control capability.
Development of TVS transient voltage products.	Customer verification is in progress.	1,000,000	2023/12	Product design and product characteristics.
Development of zener diode products.	Customer verification is in progress.	1,000,000	2023/12	Product design and process control capability.
Development of near-infrared long-wavelength SWIR sensing and light-emitting components.	Executiing.	17,000,000	2023/12	Characteristics and verification of various application modules.
Development of vertical-cavity surface-emitting laser (VCSEL).	Executiing.	38,000,000	2023/12	Application and verification of various wavelengths, luminous power and modes in modules.
Development of GaN HEMT power component epi-wafers.	Executiing.	80,000,000	2023/12	Application Reliability Verification of High Voltage Components.
Process development and design verification process establishment for wide-bandgap power components (GaN and SiC).	Executiing.	900,000,000	2023/12	Yield control of key process modules, establishment of design simulation platform, and integration with subsequent packaging materials or circuits.
Establishment of design, development and verification process for high-performance photo thyristor wafers.	Executiing.	3,000,000	2023/12	Yield Control of Key Process Modules.
Development of optical coating technology.	Executiing.	56,000,000	2023/12	Establish various thin-film optical design and coating process technologies, and formulate advanced detection methods.
Development of non-invasive blood sugar test technology.	Executiing.	6,000,000	2023/12	Mass production of light-emitting and receiving chips of various key wavelengths, mass production of special sensing module packaging, establishment of mass production and special algorithm verification and protection of physiological parameters.
Development of passenger information system for public transportation.	In the process.	2,000,000	2023/12	Carry out the LED information display system design based on the requirements of the rail transportation system contractor.
Lightweight display module.	In the process.	4,000,000	2023/08	Product optimization design is highly differentiated in the market Lightweight and quick installation design.
Next-generation building curtain wall lighting system.	In the process of development and design.	5,000,000	2024/06	Excellent lighting and specifications Intelligent lighting detection system.
Next generation billboard display.	In the process of development and design.	6,000,000	2023/12	Excellent display effect and specifications More energy-saving and lightweight.
Outdoor fully waterproof display	In the process of development and design.	5,000,000	2023/12	Market Differentiation Product Specifications top customer group application products.
Grow lights	In the process of development and design.	2,500,000	2024/06	Market-leading development and design advanced spectrum in the market.
Development of SiC power components	In the process of development and design.	9,400,000	2025/01	Experimental machines and clean rooms required for new product development and verification lines.

**(4) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales:**

TASC has complied with government policies and national laws and regulations. The Management division of TASC has kept abreast of major policies and changes of laws and abided by them. In addition, our business activities and governance directions have also been flexibly and timely adjusted to meet the change of policies, laws and regulations, so as to maintain smooth business operation. By now TASC has not yet been penalized by supervisor by law or supervisory authority, nor has it suffered any major financial or reputational loss.

**(5) Effects of and Response to Changes in Technology (Including information security risks) and in Industry Relating to Corporate Finance and Sales:**

In recent years, many Taiwanese companies have been attacked by hackers. Many cases have shown that hackers have been aiming targets for advanced attacks for quite a long time, causing significant losses for many companies. In response to the endless hacking attacks, besides regular update of the corresponding software and hardware, strengthening employees' information security awareness through related education and training is also essential. For this reason, social media attack drills were implemented for employees of TASC. To prevent unexpected information security attacks, damage recovery drills are carried out regularly within the organization to ensure that after the attack, system operation can be restored within a tolerable period of time.

In order to ensure the independence and legitimacy of technology utilization, on one hand our own R&D team will develop new technologies, on the other hand we aggressively cooperate with various domestic research institutions to develop emerging technologies in order to ensure our leading position in terms of technology; In terms of information security, a strict management mechanism has been formulated and employee training has been strengthened to prevent the information security risks. In addition, to avoid preemptive patent registration of newly developed technology by other peers, we will take the initiative to apply for patents in Europe, US, Japan, and Mainland China right after the completion of new technology development in order to ensure the protection of R&D achievement and business interest while reducing the overall operational risk.

Recently, Taiwan's power supply has been insufficient from time to time, which has affected ProAsia's equipment safety, production plan, and yield. In order to ensure equipment safety and smooth production plans, an uninterruptible power supply system will be installed to reduce the impact of sudden power outages on ProAsia, so as to maintain the maximum production of the plant.

**(6) The impacts of changes to corporate image on the management of corporate crisis, and the corresponding measures:**

The company was renamed TASC in 2021 as a new milestone in its transformation and continuous development in the optoelectronic semiconductor industry. The company also strives to implement its core values to increase employee loyalty and dedication. The improved sense of responsibility on the job is in tune with the company's core values of professionalism, trust, innovation, and flexibility. From the management aspect, our company requires the behaviors of all employees to be in compliance with company's business philosophy by providing customers with high quality product and service. We must all be in compliance with government laws and regulations, and all management regulations and systems of our company must be formulated and amended according to law in order to surely maintain our corporate image.

For the latest year until the publication date of the annual report, there is no incident occurring to affect our corporate image.

**(7) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans:**

As of the publication date of the annual report, TASC had not had any acquisition plan.

**(8) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans:**

In view of business volatility in the industry, the Silicon semiconductor in Fab 2: of TASC gives a production expansion plan in order to meet the market demand, for which, by analyzing the bottleneck area and expanding major production equipment. For GaN, we make full use of the existing silicon power production line equipment to develop process technology in the early stage, and at the same time, we carefully evaluate the purchase of key equipment and plan a 200mm product verification line using Fab2's existing clean room facilities.

Regarding the potential risk after production expansion, other than prudently selecting required hardware for expansion, the Silicon semiconductor in Fab 2: has also carefully observed client order placement status and the world economy as the indicator for risk management. In addition, new product development, market survey and new product application have all been included in the measures to counter the potential risk.

In addition, ProAsia, a 100% owned subsidiary of the Company, invested NT\$2.2 billion in purchasing production equipment and building clean room in 2022. It will invest another NT\$438 million to complete the clean room in 2023, and will conduct trial production of SiC components in Q1 of 2024. In 2025, it will have a production capacity of 2,000 pieces, which will help fill the demand for SiC wafers in the international market. However, recently, due to the influence of international uncertainties, the delivery dates of production machines and raw materials for plant construction have been postponed, which has affected ProAsia's plant construction schedule. In the future, we will continue to negotiate with equipment suppliers to shorten the machine delivery period and plant construction period in order to complete the SiC wafer mass production plan and muscle into the 2025 SiC wafer international market.

**(9) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration:**

A. Our raw materials have all been purchased from more than two suppliers and the individual supplier having the highest supply ratio in terms of the company's procurement only takes up 11.28% of the company's total procurement, so the company does not have the risk resulting from too much concentration of goods purchase on an individual supplier.

B. Our major sales client is an acknowledged firm do not more than taking up 13.59% of our total sales, so TASC does not have the risk resulting from too much sales concentration on an individual client.

**(10) Effects of Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%:**

Before the publication day of the annual report, there had been no mass equity transfer or replacement from our directors, supervisors or major shareholders holding more than 10% of our shares.

**(11) Effects of Risks Relating to and Response to Changes in Control over the Company:**

As of the publication date of latest year annual reports, there had not been such incident occurring to TASC.

**(12) Litigation or Non-litigation Matters:**

As of the publication dates of 2023 and 2022 annual reports, there had not been such incident occurring to TASC.

**(13) Other Major Risks:**

A. This disclosure covers the company's sustainable development performance in major locations from January 2022 to December 2022. The risk assessment boundary is mainly based on the company, and based on the relevance to the operation of the industry and the degree of impact on major topics, the subsidiaries- ProAsia Semiconductor Corporation and OPTO TECH CORPORATION are included in the scope.

B. TASC's Corporate Sustainability Development Committee conducts analysis based on the materiality principles of the sustainability report, communicates with internal and external stakeholders, and integrates assessment data from various departments and subsidiaries to assess material ESG issues and formulate effective Identify, measure, assess, monitor and control risk management policies and take specific action plans to reduce the impact of related risks.

C. TASC's risk management policy defines various risks in accordance with the company's overall

operating policy, and prevents possible losses within an acceptable range to protect the interests of employees, shareholders and partners; and formulates risk management processes. Risk management processes include risk category identification, Risk monitoring, risk reporting and disclosure, risk response.

D. According to the following table of risks faced by the company after the assessment, report to the board of directors at least once a year on the risk items and countermeasures taken in the year.

Sustainable Mission	Major Risk Category	Risk project	Risk Details
E Sustainable Environment	Environment Risk	Climate Change	Abnormal weather, resulting in water shortage, power shortage, flood, etc., may cause interruption of operation.
		Energy Risk	Under the limited environmental resources, maintain the sustainable operation of the enterprise.
S Promote Social Prosperity	Finance Risk	Financial Operation	Changes in interest rates, exchange rates, inflation and taxes.
		Capital Risk	Accounts receivable, investment, mergers and acquisitions, etc. cause the company's capital allocation risk.
	Operational Risk	Information Security	Information system anomalies, information confidentiality, integrity and availability risks, resulting in interruption of operations.
		Human Resources	Manpower shortage, retention of outstanding talents and human rights issues of employees have resulted in a lack of competitiveness in operations.
		Supplier Management	Risks such as raw material safety inventory management, procurement centralization, and supply chain interruption.
		Customer Management	Concentration of sales, product quality management and safety, and customer satisfaction risks.
		Occupational Safety	Occupational accidents, occupational diseases, chemical hazards and statutory infectious diseases may cause interruption of operations.
Intellectual Property	Risks of patent litigation, protection and trade secrets.		
G Implement Corporate Governance	Strategic Risk	Compliance	Changes in policies and regulations will affect the operation strategy and direction.
		Integrity Management	Fraud, corruption, and unfair competition affect the company's operations and reputation risks.

**7.Other Major Events:**None.

## VIII 、 Special Disclosure

### 1.Summary of Affiliated Companies

**(1) Consolidated business report of affiliated enterprises (Base date : Dec. 31, 2022)**

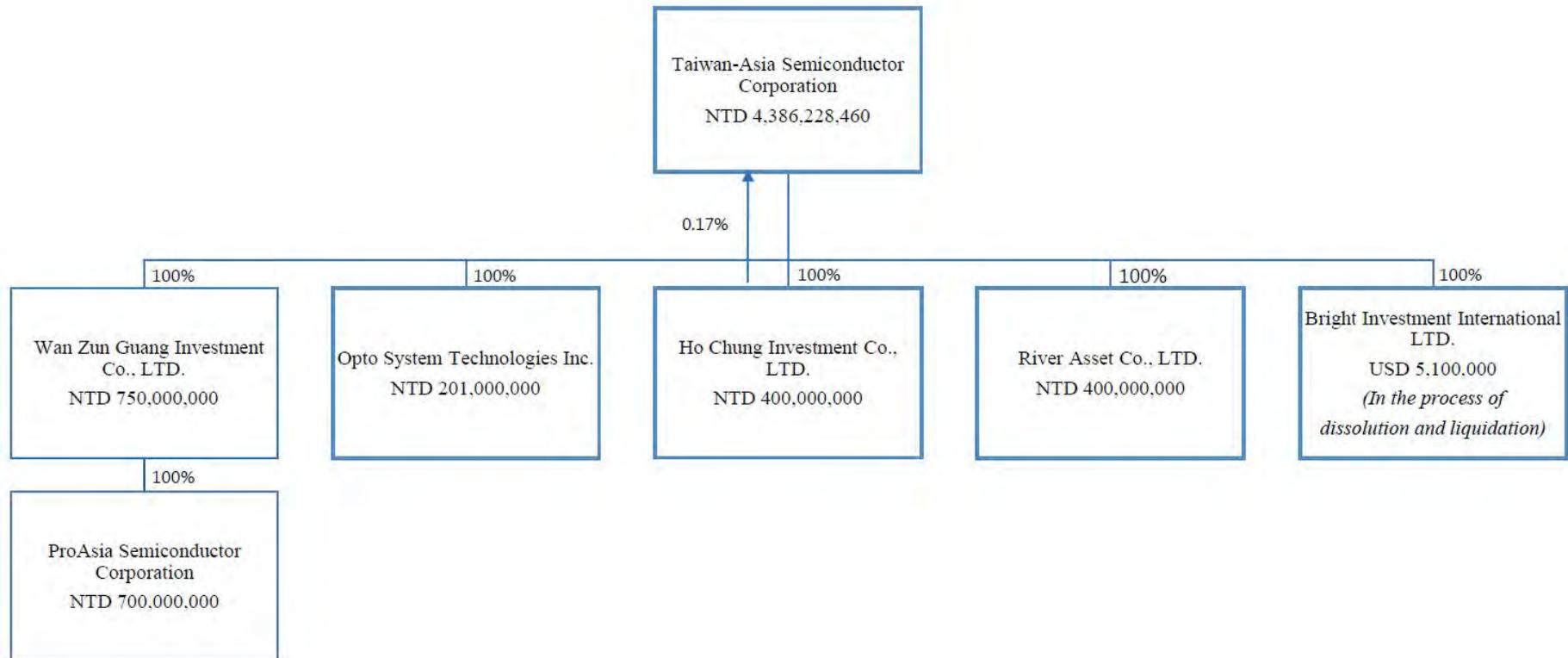
Please refer page 209~214

**(2) Consolidated financial statements of affiliated enterprises:**

Please refer the consolidated financial statements and auditors' report.

**(3) Affiliation report:**None.

A. TASC Subsidiaries Chart



## B.TASC Subsidiaries

Mar. 31, 2023 ; Unit: NT\$ thousands

Company	Date of Incorporation	Place of Registration	Capital Stock	Business Activities
Ho Chung Investment Co.,Ltd.	1998.03.24	2F, No. 363, Sec. 2, Gong-Dao 5 <sup>th</sup> Rd., Hsinchu City	400,000	General investment.
River Asset Management Co., Ltd.	2020.11.25	5F.-3, No. 88, Daxue Rd., East Dist., Hsinchu City , Taiwan (R.O.C.)	400,000	General investment. Real Estate Business.
OPTO TECH CORPORATION.	2021.09.16	8F, No. 1, Li-hsin Rd. V, Hsinchu Science Park, Hsinchu 300094, Taiwan. R.O.C.	201,000	Lighting Equipment Manufacturing. Wired Communication Equipment and Apparatus Manufacturing
Wan Zun Guang Investment Co., Ltd.	2022.01.19	11F., No. 18, Rixing 1st St., Zhubei City, Hsinchu County 302058 , Taiwan (R.O.C.)	750,000	General investment.
ProAsia Semiconductor Corporation	2022.03.30	8F, No. 1, Li-hsin Rd. V, Hsinchu Science Park, Hsinchu 300094, Taiwan. R.O.C.	700,000	Electronics Components Manufacturing Other Chemical Materials Manufacturing
Bright Investment International Ltd.	2002.07.31	Trustnet Chambers,P.O.Box 3444 Road Town,Tortola,British Virgin Islands	171,332	Holding company.

Note1:All amounts involving in foreign currencies were converted into NTD at the exchange rate used for original investments of each company.

Note2:On January 28, 2022, OPTO TECH CORPORATION obtained a split-up capital of 200,000,000 dollars from TASC.

Note3:The Company established a 100% subsidiary on September 16, 2021 -OPTO TECH CORPORATION (formerly: Opto Systems Tech Corporation) and on October 21, 2021, the first extraordinary general meeting passed the split-up and transfer of the relevant business of the Company's "system business group". The record date for the split-up was January 28, 2022.

Note4:On February 22, 2023, TASC passed the resolution of the Board of Directors to carry out the dissolution and liquidation for BRIGHT INVESTMENT INTERNATIONAL LTD.BRIGHT is currently in the process of dissolution and liquidation.

Note5:CS Bright Corporation have dissolved and liquidated on September 19, 2022.

Note6:On January 31, 2023, the company completed the division of subsidiary companies Everyung Investment Ltd. and Shaoxing Opus Optoelectronics Technology Co., Ltd.

C.Data of the shareholders presumed having control or subordinate relationship with the company: None.

D. Businesses and related details covered in the overall affiliated enterprises and their labor division status:

(A) Businesses covered in the overall affiliated enterprises:

They are mainly involved in the manufacturing, sales, and service of sensor semiconductors. A few are related to investment, holding, and international trade.

(B) Business exchange and labor division among respective affiliated enterprises:

(a). Our group's affiliated companies are mainly involved in the manufacturing and sales of sensor semiconductors and related products.

(b). Investment companies mostly follow the group's strategies in order to find suitable investment targets and increase profits for the group.

## E. Rosters of Director, Supervisor and President of TASC Subsidiaries

Mar. 31, 2023

Company	Title	Name	Shareholding	
			Shares	Percentage
Ho Chung Investment Co.,Ltd.	Chairman	Taiwan-Asia Semiconductor Corporation	40,000,000	100.00
		H.T.Wang	-	-
	Director	Taiwan-Asia Semiconductor Corporation	40,000,000	100.00
		Tzu-Chun Lin	-	-
	Director	Taiwan-Asia Semiconductor Corporation	40,000,000	100.00
		Yin-Rui Chen	-	-
Supervisor	Taiwan-Asia Semiconductor Corporation	40,000,000	100.00	
	Sharon Kung	-	-	
River Asset Co., LTD.	Chairman	Taiwan-Asia Semiconductor Corporation	40,000,000	100.00
		Chengyi,Dai	-	-
	Director	Taiwan-Asia Semiconductor Corporation	40,000,000	100.00
		Kuo-Kuang Li	-	-
	Director	Taiwan-Asia Semiconductor Corporation	40,000,000	100.00
		Tzu-Chun Lin	-	-
Supervisor	Taiwan-Asia Semiconductor Corporation	40,000,000	100.00	
	Sharon Kung	-	-	
OPTO TECH CORPORATION	Chairman	Taiwan-Asia Semiconductor Corporation	20,100,000	100.00
		Kuo-Kuang Li	-	-
	Director	Taiwan-Asia Semiconductor Corporation	20,100,000	100.00
		Yin-Rui Chen	-	-
	Director	Taiwan-Asia Semiconductor Corporation	20,100,000	100.00
		Chengyi,Dai	-	-
Supervisor	Taiwan-Asia Semiconductor Corporation	20,100,000	100.00	
	Sharon Kung	-	-	
Wan Zun Guang Investment Co., Ltd.	Chairman	Taiwan-Asia Semiconductor Corporation	75,000,000	100.00
		Kuo-Kuang Li	-	-
	Director	Taiwan-Asia Semiconductor Corporation	75,000,000	100.00
		Yin-Rui Chen	-	-
	Director	Taiwan-Asia Semiconductor Corporation	75,000,000	100.00
		Chengyi,Dai	-	-
Supervisor	Taiwan-Asia Semiconductor Corporation	75,000,000	100.00	
	Sharon Kung	-	-	
ProAsia Semiconductor Corporation	Chairman	Taiwan-Asia Semiconductor Corporation	70,000,000	100.00
		WT Chien	-	-
	Director	Taiwan-Asia Semiconductor Corporation	70,000,000	100.00
		Chengyi,Dai	-	-
	Director	Taiwan-Asia Semiconductor Corporation	70,000,000	100.00
		Jill Kuo	-	-
Supervisor	Taiwan-Asia Semiconductor Corporation	70,000,000	100.00	
	Sharon Kung	-	-	
Bright Investment International Ltd	Director	Taiwan-Asia Semiconductor Corporation	5,100,000	100.00
		H.T.Wang	-	-

## F. Operational Highlights of TASC Subsidiaries

Unit: NT\$ thousands

Name of Enterprise	Capital	Total Assets	Total Liabilities	Net Worth	Operating Income	Operating Profit	Profit / Loss Of The Period (After-Tax)	EPS (NTD) (After-Tax)
Ho Chung Investment Co.,Ltd.	400,000	294,088	268	293,820	0	(216)	(25,965)	(0.65)
CS Bright Corp.	0	0	0	0	0	(989)	(926)	None.
Bright Investment International Limited	171,332	57,196	0	57,196	0	0	2,051	None.
Everyung Investment Ltd.	317,331	113,431	0	113,431	0	0	4,005	None.
Opto Plus Technology Co. Ltd.	317,341	248,549	135,118	113,431	261,625	3,775	4,005	None.
River Asset Co., LTD.	400,000	341,809	1,215	340,594	0	(11,420)	(63,355)	(1.58)
Opto System Technologies Inc.	201,000	716,396	456,863	259,533	726,887	74,224	58,533	2.91
Wan Zun Guang Investment Co., Ltd.	750,000	713,856	115	713,741	0	(338)	(36,259)	(0.48)
ProAsia Semiconductor Corporation	700,000	953,369	249,350	704,019	0	(40,705)	(35,981)	(0.51)

Note1:For all amounts involving in foreign currencies, the capital was converted into NTD at the exchange rate used for original investments of each company, and the rest was converted into NTD at the exchange rate of Dec. 31, 2022.

Note2:CS Bright Corporation have dissolved and liquidated on September 19, 2022.

Note3:On January 31, 2023, the company completed the division of subsidiary companies Everyung Investment Ltd. and Shaoxing Opus Optoelectronics Technology Co., Ltd.

## 2.Private Placement Securities in the Most Recent Years:

Item	1st private placement in 2021 Issue Date:July 7,2021				
Type of private placement securities	Common Shares				
Shareholders' meeting approval date and quantity	July 7,2021 General Meeting of Shareholders Undertake a private placement of ordinary shares by cash capital increase within a quota of not more than 60,000,000 shares once within a year subject to market conditions and the operational requirements of the company				
Basis for determining the price and reasonability	The private placement price determination date is July 1, 2021. The higher calculated price based on two standard calculations will be chosen by the Company. The closing price in the previous day is NT\$25.55, the average closing price in the previous three days is NT\$25.63, the average closing price in the previous five days is NT\$25.47, and the closing price in the previous thirty days is NT\$24.79. According to the principle of two standard calculations, the higher chosen reference price is NT\$25.47. The actual issuance price decided by a shareholders' meeting resolution shall not be less than 90% of the reference price. The private placement price for this instance is NT\$22.93.				
Selection method for specified person(s)	The investor targeted for this private placement in the adopted resolution is limited to the specified person who meets the requirements under Article 43-6 of the Securities and Exchange Act, and who must be a strategic investor.				
Reason for necessity of private placement	Taking into account the timeliness, convenience, issuance costs, and actual needs of the introduction of the strategic investor in raising capital, as well as that the regulation that privately placed securities cannot be freely transferred within three years will ensure the long-term cooperative relationship between the Company and the strategic investor, it is resolved to adopt private placement to raise funds and increase flexibility of the funding source.				
Payment completion date	August 25, 2021 to August 27, 2021				
Specified persons	Legal person subscriber	Qualifications	Subscribed amount	Relationship with the Company	Participation in company operations
	Nichia Taiwan Corporation	Persons that comply with the provisions of Article 43-6 of the Securities and Exchange Act	60,000,000 shares	Corporate director of the Company	Corporate director of the Company
Actual subscription (or conversion) price	NT 1,375,800 thousand				
Actual subscription (or conversion) price and difference with reference price	For this instance, the reference price is NT\$25.47 and the private placement price is NT\$22.93. The actual private placement price is 90.03% of the reference price. The actual issuance price decided by the shareholders' meeting resolution is not be less than 90% of the reference price.				

The effect of private placement on shareholders' rights and interests (e.g. increases accumulated losses...)	With strategic investors' capital injection, knowledge, business, finance, or channel related capabilities and experience, it can reduce the pressure on working capital costs and increase future profitability, which is comparable to the company's competitiveness, operating performance, and long-term development help.				
The status of private placement capital allocation and plan execution progress (Unit: NT\$ thousand)	Estimated allocated amount (First quarter of 2023)	Actual allocated amount (First quarter of 2023)	Accumulated actual allocated amount and the percentage	Unallocated amount and description of purpose	Reasons for being ahead or behind schedule and improve plan
	340,572,988	185,217,819	1,220,444,831 / 88.71%	155,355,169 / The unspent balance will be used for new construction and expansion, replacement of old plant and equipment and repayment of bank loans	Cooperate with the company's operational planning operations
Manifestations of the benefits of private placement	It is beneficial for the Company's competitiveness, operational performance, and long-term development.				

### 3. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years:

Unit: NT\$ thousands ; Shares ; %

Name of subsidiary	Stock capital collected	Fund source	Shareholding ratio of the company	Date of acquisition or disposition	Shares and amount acquired	Shares and amount disposed of	Investment gain (loss)	Shareholdings & amount in the most recent year	Mortgage	Endorsement amount made for the subsidiary	Amount loaned to the subsidiary
Ho Chung Investment Co.,Ltd.	400,000	Self-owned capital	100%	—	—	—	—	754,543 Shares NTD 25,919,000	None	None	None

4. Others Supplementary Events: None.

5. Matters Significantly Influenced on Shareholders' Equity or Securities Price: None.

# Taiwan-Asia Semiconductor Corporation

Chairman:

H.T. Wang

TASC



Taiwan-Asia Semiconductor Corporation  
[www.tascsemi.com](http://www.tascsemi.com)