



Taiwan-Asia Semiconductor Corporation

Formerly named: OPTO TECH CORPORATION

Stock Code: 2340

Annual Report

2023



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Annual Report Website / mops.twse.com.tw

TASC Website / www.tascsemi.com

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

Name: Steven Lai Title: Assistant Vice President

Tel: 886-3-5638951 E-mail: Steven.Lai.@tascsemi.com

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

The company

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Tel: 886-3-5638951

Li-hsin Manufactory

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

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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. 2023 Business Results:

(1) Implementation results from 2023 Business Plan:

Factors such as reduced orders resulted from the recession in the consumer electronics market, lower than expected production capacity utilization, and unsatisfactory destocking of major customers' inventories have affected the actual revenue of Taiwan-Asia Group in 2023; As for the subsidiary, "ProAsia Semiconductor Corporation" has completed the construction of the SiC production line and is expected to launch trial mass production in 2024; After the split, "Star Asia Vision Corporation" (formerly known as "Opto System Technologies Inc.") continued to move along the growth track. A summary of the key operating results of the overall group is as follows:

1) The high-speed optocoupler device characteristics verification has been completed and transferred to the mass production stage, and the expansion of the product line has been completed as planned.

2) The development of Flip type and Band-pass sensing components model design has been complete based on the model design and the cooperation with major manufacturers in the United States and South Korea.

3) The development and verification of compound semiconductor visible light sensing device has been completed.

4) The flip-chip technology platform for red light and infrared light emitting devices has been developed and is used in miniaturized high-end packaged sensing, automotive and high-power products.

5) The 500V~650V series packaging products of Si power semiconductor devices have been verified to meet the characteristics to complete the development.

6) The construction and acceptance of the first GaN-on-Si MOCVD epitaxy machine has been completed, and the physical and electrical properties of the self-made 6-inch 650V D-mode GaN HEMT epitaxy wafer have met the standards.

7) GaN HEMT 650V D-mode power device epitaxial vertical breakdown voltage and device characteristics development have been completed.

8) The 8-inch GaN-on-Si dedicated clean room has been upgraded, and the installation and positioning of mini-line equipment has been completed.

9) Completion of the thin film optical design and the verification of thin-film coating equipment.

10) The second-generation engineering sample of the non-invasive continuous detection blood glucose meter has entered the animal and human experiment stage, and the algorithm continues to be optimized to reach the level of medical-grade instruments.

11) Completion of the upgrade of the MES manufacturing execution system of the Innovation Fab and Headquarters, and the improvement of the reporting system related to intelligent auxiliary manufacturing to effectively enhance production and management efficiency.

12) Overall, total 2023 operating revenue reached NT\$3.972 billion, with after-tax net profit of NT\$303,901,000, and earnings per share of NT\$0.70.

(2) 2023 budget implementation status:

Unit: Million pieces

Major Divisions	2023 sales figures	
	Projected	Actual
Light emitting components	13,240	6,162
Sensing components (Including power components)	22,260	17,523
Total	35,500	23,685

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

Unit: NT\$ thousands

Item	2023
Operating revenues	3,972,279
Operating income	78,681
Profit before income tax	300,435
Interest expense	19,516
Ratio of interest expense to operating income (%)	24.80%

Unit: NT\$ thousands ; %

Year/Item		2023
Basic figure	Aggregate liabilities	3,993,809
Financial structure	Equity capital ratio	68.03%
	Liabilities as proportion of assets	31.97%
	Long-term funds as proportion of real estate, factories and equipment	195.10%
Debt servicing capacity	Current ratio	241.73%
	Quick ratio	167.78%
	Times interest earned ratio	16.39

(4) Research and development

- 1) GaN HEMT 650V D-mode power device epitaxial vertical breakdown voltage and device characteristics development.
- 2) Cooperation with international major manufacturers based on their module design to continue to develop sensing devices.
- 3) The development and verification of compound semiconductor visible light sensing device has been completed.
- 4) Non-invasive blood glucose detection technology has been developed, and animal and human experiments and data collection and analysis have begun.
- 5) The thin film optical design has been completed to meet the customer's product application, and the construction of a clean room and the equipment verification of 4 coating equipment have been completed by the end of the same year.
- 6) Subsidiary ProAsia has actively carried out the development and trial production of SiC power devices, and also discussed cooperation and technical exchanges with design companies to enhance the energy of the R&D team.
- 7) Subsidiary Star Asia Vision has been actively developing special designs and processes for hyperboloid displays and control systems to meet the needs of high-end customers in niche markets.

2. Business plan for 2024:

(1) Operations program:

- 1) Vertically integrating the capabilities of various production chains within the group and completing and enriching the supply chain by group division of labor. With the goal of maximizing production resources, the production and shipment momentum has been promoted to create new peaks in the group's revenue.
- 2) Continuous and active development of third-generation semiconductor materials and power devices and enter the mass production to improve production capacity utilization and increase the group's revenue.
- 3) Promoting various product yield improvement plans and continuously improving process stability and equipment automation ratio to grant the group company the technical capabilities of mass-production of high-end application products.
- 4) Upgrading production equipment to be equipped with AI intelligence and automated management operations to accelerate the upgrade and recreation of factory automation; Shortening the production cycle, improving production efficiency, and moving towards a smart semiconductor manufacturing factory with high-efficiency output, paperless digital transformation, and compliance with global ESG standards.

(2) Projected sales volume and basis:

In response to environmental protection needs and the development of the electric vehicle market, the demand for high-frequency and high-voltage power devices has greatly increased, thus driving the emergence of third-generation semiconductor materials such as gallium nitride (GaN) and silicon carbide (SiC). According to research and observation by DIGITIMES Research, current gallium nitride (GaN) power semiconductors are expected to support mid-to-high power and Internet of Vehicles applications in the next 5 to 10 years with the advancement of crystal growth and epitaxy technologies, expand the range of power conversion, and are expected to gradually increase the production capabilities of GaN power semiconductors under medium and high power operating conditions, which can be further applied in end-user fields such as servers, industrial motors and electric vehicles. The Company's projected 2024 operating goals are as follows:

Unit: Million pieces

Major Divisions	2024 projected sales volume
Emission components	7,754
Sensing components	18,967
Total	26,721

(3) Major production & sales policies:

- 1) Sharing the benefits of the production chain, strengthening the inventory management of work in progress and finished products, stabilizing product sales, maintaining the health of the company's capital flow, and ensuring operational needs.
- 2) Extensively collecting new market information, fully communicating with customers on specifications, and strengthening risk assessment and testing during the design stage to reduce the risk of failure caused by poor design, allow new technology products to be launched in advance, and improve profitability.
- 3) Expanding penetration into the wearable market, optimizing product performance and establishing diversified technology platforms for mass production, attracting cooperation from customer industry alliances, and enhancing brand value and product market competitiveness.
- 4) In combination with the ESG strategic direction, a high-frequency, high-voltage, and low-energy device development platform has been developed or the use of recycled materials has been introduced for the development towards key low-carbon emission application fields such as new energy vehicles.

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, the company has been actively moving towards the net-zero carbon emission application market. In addition to continuing with the layout of power devices, it has also expanded the vertical integration of upstream and downstream industrial chains, horizontally integrated manufacturing processes, adopted group division of labor as its development strategy, and successively supported subsidiaries to provide complete industrial supply chain. All members of the group have supported each other to reduce operating costs and provide competitive products. Currently, TASC's D-mode 650V gallium nitride power devices have entered the final stage of verification, and their application areas include machine tools, solar inverters, LED lighting power modules, e-sports NB and other markets. The subsidiary ProAsia is also expected to complete the establishment of 6-inch SiC monthly production capacity of 3,000 pieces in the first quarter of 2024, and accelerate the development and trial production process of the first-generation 1200V SiC power devices. It is actively discussing cooperation and technical exchanges with SiC power device design companies to provide customers with the best and complete high-efficiency power device solutions. According to TrendForce, the SiC power device market output value is expected to reach US\$5.33 billion by 2026. Mainstream applications still rely heavily on electric vehicles and renewable energy. The output value of electric vehicles can reach US\$3.98 billion with a CAGR of approximately 38%; Renewable energy has reached US\$410 million with a CAGR of approximately 19%.

(2) Influences from external competitive environment:

According to reports, due to the sluggish domestic real estate market and overcapacity caused by sluggish consumption in mainland China, the prices of China's export commodities are falling at the fastest speed since 2008. In order to improve the situation, it is expected that mainland China will apply deflation to global exports. Currently, all countries are gearing up to deal with the problem of overcapacity in China. In addition, the decline in Chinese commodity prices will also lead to intensified price competition and pose threats to all walks of life. Facing this challenge, TASC will be more cautious about product layout and development of new products to expand the market, and drive revenue growth via a steady pace.

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 :

With the improvement of the economic environment, people's awareness of health has been gradually emerged. People's emphasis on health management has extended from symptomatic treatment after the onset of disease to fundamental treatment and prevention before the onset of disease, and then to the pursuit of trend tracking and monitoring. Therefore, they rely on various medical devices equipped with both detection and convenience functions, thus leading to the emergence of non-contact wearable health management devices in recent years. According to the statistics from the National Health Administration, the prevalence of diabetes among Taiwanese people over the age of 18 is as high as 11%, and it is estimated that the number of diabetic patients has exceeded 2.5 million; Due to the relaxation of medical regulations and the frequent injection of blood glucose multiple times a day, manufacturers have been prompted to develop more convenient detection and control methods, thus making smart wearables a market which various manufacturers are actively pursuing. TASC has cooperated with terminal medical equipment suppliers and Taipei Medical University Hospital to integrate advanced optical modules, AI algorithms and big data analysis to move towards non-contact digital blood glucose management. Currently it has made major breakthroughs and entered the IRB animal and human testing stage. It is hoped that samples can be delivered in 2024 to bring new revenue to the company in the future.

(4) Influences from the overall operating environment :

Mainland China, the largest exporter, will begin to export deflation to the world. This will make more and more people choose to delay consumption, thus weakening market demand and further worsening market demand which was seriously damaged by the epidemic. The economy may continue to shrink and form a vicious cycle. Facing this situation, TASC Group will continue to organize the group's division of labor to reduce operating costs, create more competitive products, and actively develop diversified products to seek more opportunities to meet various challenges.

Looking forward to 2024, the semiconductor industry will face the recession of the consumer electronics market in 2023 and the export deflation in mainland China in 2024. TASC will cautiously face all these challenges. Thanks to the support from all employees, customers, suppliers and shareholders, we will adhere to TASC's core values of "study hard, think hard, work hard, and create the world's best products" and continue to create higher profits for the group.

Chairman:

H.T. Wang

President:

Champion Yi

Head of Accounting:

Amy Wu

II 、 Company Profile

1.Date of Incorporation: December 21st, 1983

2.Company History:

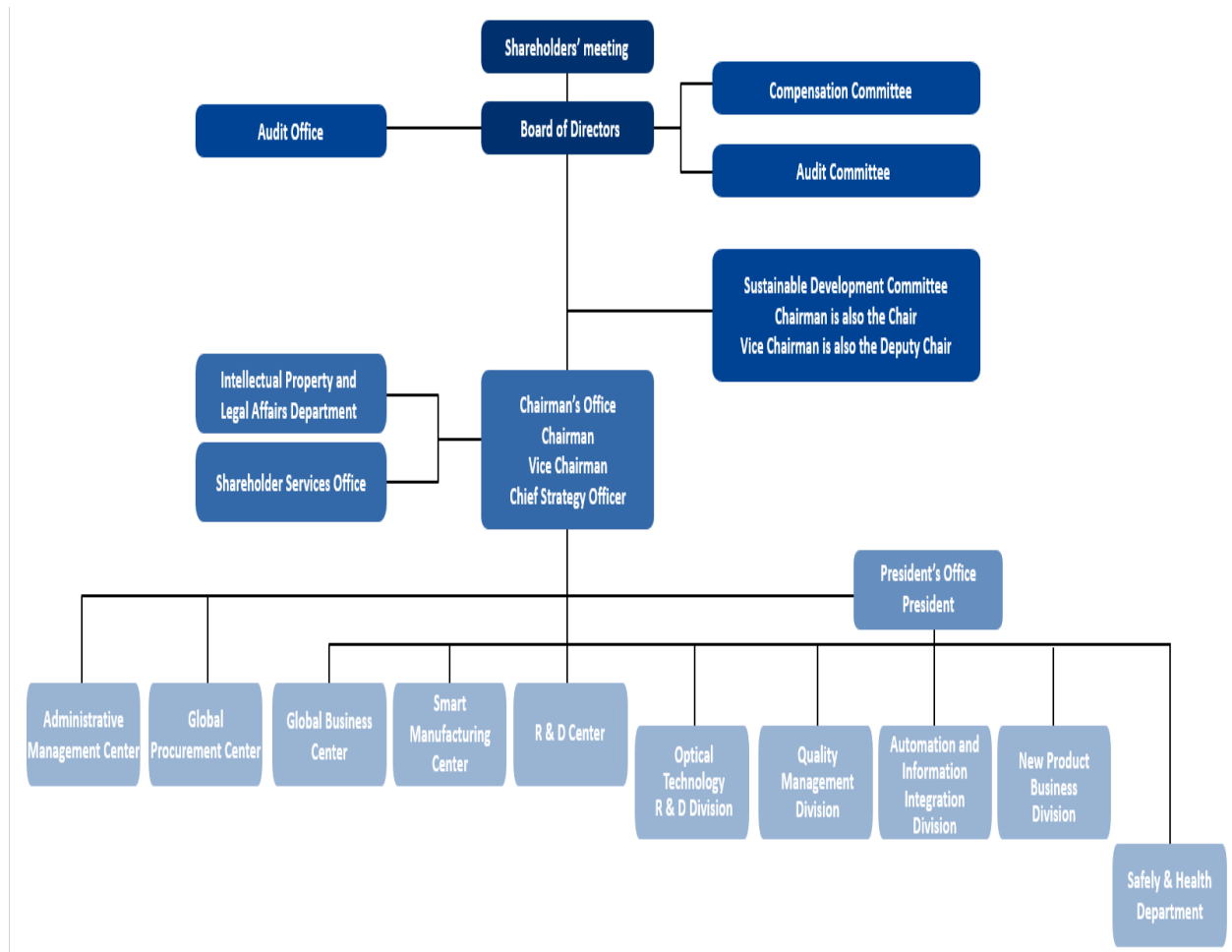
12/1983	Company was founded
01/1984	Bank of Communications invested our company, and we began factory construction and equipment installation.
06/1984	Test run began.
07/1984	The production and sales of LED chips began
02/1986	Operation broke even
09/1987	The development of high brightness LED chip was 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
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“STAR ASIA VISION CORPORATION”
03/2022	Hsinchu Science Park Bureau approved the establishment and registration of the subsidiary “ProAsia Semiconductor Corporation” in Hsinchu Science Park.
01/2023	The Company completed the division of subsidiary companies Everyung Investment Ltd. and Shaoxing Opus Optoelectronics Technology Co., Ltd.
06/2023	The Company completed the dissolution and liquidation of its subsidiary Bright Investment International Ltd.
09/2023	The Ministry of Economic Affairs approved the founding of subsidiary "GASC" and "UASC".
11/2023	Acquired ISO 27001 management system certification.

III 、 Corporate Governance Report

1. Organization:

(1) Organizational Chart

Taiwan-Asia Semiconductor Corporation



(2) Major Corporate Functions

A. Sustainable Development 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 Procurement Center

- Comprehensive management of company's procurement-related plans, policies and systems.
- Supervision of the operations of all the units under the Global Procurement Center.
- Supervision of the implementation of work standards, process specifications, policies and systems of the procurement system.
- Supervision of the procurement organization development planning and budget planning.
- Matters related to the scope of responsibilities of the Global Procurement Center.

F. 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.

G. 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.

H. 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.

I. 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.

J. 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.

K. 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.

L. New Product Business Division

- Formulation of the achievement indicators and objectives of the group's self-established production capacity and outsourcing business.
- Establishment and operation of the group's packaging and testing supply chain.
- Establishment and operation of the group's module supply chain.
- Establishment and operation of the group's wafer outsourced processing supply chain.

M. 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.

N. Safety&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

Mar .30, 2024

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	9,396	0.00	0	0.00	Dept. of Chemistry, National Changhua University of Education. Chairman of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	Chairperson of the Corporate Sustainability Committee of Taiwan- Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	None	None	None	None
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).	Executive Director / Vice Director of the Second Business Division of Nichia Corporation. / 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). Director of TASC Medical Charity Foundation	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	102,000	0.02	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 Wan Zun Guang Investment Co., Ltd. Chairman of Ho Chung Investment Co.,Ltd. Chairman of United-Asia Semiconductor Corporation Chairman of Gan-Asia Semiconductor Corporation Director of River Asset Co., LTD. Director of ProAsia Semiconductor Corporation Chief Strategy Officer of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	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	
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. President of Nichia Shanghai Corporation. President of Nichia Hongkong Corporation. Director of Shenzhen Optics innovation vision tech. Co., LTD.	None	None	None	None
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. Associate Dean of Medicine, Taipei Medical University	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, 2023

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, 2023

Name of Institutional Shareholders	Major Shareholders	Ratio of shareholding (%)
Nichia Corp.	日亜持株組合	13.2
	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

Qualification Name	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	● Industry related work experience ● Engineering Technology and Strategic Management			✓		✓	✓	✓	✓	✓	✓	✓	✓	0
Tsun-Chia Tai	● Industry related work experience ● Engineering Technology and Strategic Management			✓			✓	✓		✓	✓	✓	✓	0
Kuo-Kuang Li	● Industry related work experience ● Legal, Medicine and Strategic Management			✓		✓	✓	✓	✓	✓	✓	✓	✓	0
Ishigami Koji (Nichia Taiwan Corp.)	● Industry related work experience ● Business and Strategic Management			✓			✓	✓		✓	✓	✓		0
Shih-Kuang, Tsai	● Industry related work experience ● Financial Accounting and Strategic Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	4
Chen-Tung, Lai	● Industry related work experience ● Legal and Strategic Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chien-Chih, Wu	● Industry related work experience ● Medicine, educate and Strategic Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	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 2023, 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

Mar.30, 2024

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	0	0.00	Dept. of Chemistry, National Changhua University of Education. Chairman of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	Chairman of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	None	None	None	None
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).	Executive Director / Vice Director of the Second Business Division of Nichia Corporation. / 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). Director of TASC Medical Charity Foundation.	None	None	None	None
Chief Strategy Officer	R.O.C.	Kuo-Kuang Li	Male	2021.10.21	0	0.00	102,000	0.02	0	0.00	Graduate 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 Ho Chung Investment Co.,Ltd. Chairman of Wan Zun Guang Investment Co., Ltd. Chairman of United-Asia Semiconductor Corporation. Chairman of Gan-Asia Semiconductor Corporation. Director of River Asset Co., LTD. Director of ProAsia Semiconductor Corporation Director of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH 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	
President	R.O.C.	Champion Yi	Male	2022.04.01	200,000	0.05	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.	Director of Ho Chung Investment Co.,Ltd. Director of River Asset Co., LTD.	None	None	None	None
Senior Vice President & Chief of Staff	R.O.C.	Tzu-Chun Lin	Female	2021.01.01	374,805	0.09	0	0.00	0	0.00	National HsinChu Commercial Vocational High School. Administration Management Center Senior Vice President of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	Director of ProAsia Semiconductor Corporation	None	None	None	None
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	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	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	
Chairman	H.T.Wang	0	0	0	0	17,153	17,153	2,976	2,976	20,129 6.55%	20,129 6.55%	35,956	35,956	5,464	5,464	2,494	0	2,494	0	64,043 20.85%	64,043 20.85%	12,602
Vice Chairman	Tsun-Chia Tai																					
Director	Kuo-Kuang Li																					
Director	Nichia Taiwan Corp. Rep. of legal person: Ishigami Koji																					
Independent Director	Shih-Kuang Tsai																					
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	Tsun-Chia Tai 、 Kuo-Kuang Li 、 Nichia Taiwan Corp. 、 Shih-Kuang Tsai 、 Chen-Tung Lai 、 Chien-Chih Wu	Tsun-Chia Tai 、 Kuo-Kuang Li 、 Nichia Taiwan Corp. 、 Shih-Kuang Tsai 、 Chen-Tung Lai 、 Chien-Chih Wu	Nichia Taiwan Corp. 、 Shih-Kuang Tsai 、 Chen-Tung Lai 、 Chien-Chih Wu	Nichia Taiwan Corp. 、 Shih- Kuang Tsai 、 Chen-Tung Lai 、 Chien-Chih Wu
NT\$3,500,000 ~ NT\$5,000,000	H.T.Wang	H.T.Wang	-	-
NT\$5,000,000 ~ NT\$10,000,000	-	-	-	-
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
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	42,687	42,687	6,386	6,386	9,384	9,384	3,477	0	3,477	0	61,934 20.16%	61,934 20.16%	11,587
Vice Chairperson of the Corporate Sustainability Committee	Tsun-Chia Tai													
Chief Strategy Officer	Kuo-Kuang Li													
President	Champion Yi													
Senior Vice President & Chief of Staff	Tzu-Chun Lin													
Senior Vice President & Chief Operating Officer	Jason Tsai													
Vice President & Chief Technology Officer	Heng-Kuang Lin (Note 2)													
Vice President	Gao Zhiting(Note 3)													

Note1: Fill in the information on the 2023-year remuneration of managers above the deputy general manager and above as of the end of 2023.

Note2: Heng-Kuang Lin served as Vice President and Chief Technology Officer on May 5, 2023.

Note3: Gao Zhiting served as Vice President on May 5, 2023, resigned as Vice President on May 9, 2023. The remuneration was disclosed in 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	Gao Zhiting	Gao Zhiting
NT\$1,000,000 ~ NT\$2,000,000	-	-
NT\$2,000,000 ~ NT\$3,500,000	Jason Tsai 、Heng-Kuang Lin	Jason Tsai 、Heng-Kuang Lin
NT\$3,500,000 ~ NT\$5,000,000	-	-
NT\$5,000,000 ~ NT\$10,000,000	Kuo-Kuang Li 、Champion Yi 、Tzu-Chun Lin	Kuo-Kuang Li 、Champion Yi 、Tzu-Chun Lin
NT\$10,000,000 ~ NT\$15,000,000	-	-
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	3,598	3,598	1.17%
	Vice Chairperson of the Corporate Sustainability Committee	Tsun-Chia Tai				
	Chief Strategy Officer	Kuo-Kuang Li				
	President	Champion Yi				
	Senior Vice President & Chief of Staff	Tzu-Chun Lin				
	Senior Vice President & Chief Operating Officer	Jason Tsai				
	Vice President & Chief Technology Officer (Note 2)	Heng-Kuang Lin				
	Head of Financing & Accounting & Chief Financial Officer	Amy Wu				
	Corporate Governance Officer(Note3)	Corrie Teng				

Note1: Fill in the information of incumbents as of the end of 2023.

Note2: Heng-Kuang Lin served as Vice President and Chief Technology Officer on May 5, 2023.

Note3: Corrie Teng Resigned as Head of Corporate Governance on January 1, 2024.

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.

Item Title	Ratio of total remuneration to net income			
	2023		2022	
	TASC	Companies in the consolidated financial statements	TASC	Companies in the consolidated financial statements
Director	6.55%	6.55%	7.45%	7.45%
President & Vice President	20.16%	20.16%	20.89%	20.89%

- 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 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 8 meetings of 14th board of directors were held in 2023. The attendance of director were as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	H.T.Wang	8	0	100%	
Vice Chairman	Tsun-Chia Tai	8	0	100%	
Director	Kuo-Kuang Li	8	0	100%	
Director	Nichia Taiwan Corp. Rep. of legal person: Ishigami Koji	8	0	100%	
Independent Director	Shih-Kuang,Tsai	8	0	100%	
Independent Director	Chen-Tung,Lai	8	0	100%	
Independent Director	Chien-Chih,Wu	8	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 17th meeting of the fourteenth term Board of Directors on February 22,2023: For Q4 bonuses of the Company's managers,Director Kuo-Kuang Li have recused themselves due to conflicts of interest. After inquiry by the chairman, the remaining directors present had no objections and passed the resolution.
- (2) The 18th meeting of the fourteenth term Board of Directors on May 5, 2023: 2022 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: 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 Tsun-Chia Tai 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.
- (3) The 18th meeting of the fourteenth term Board of Directors on May 5, 2023: 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.
- (4) The 22th meeting of the thirteenth term Board of Directors on November 7, 2023: 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.
- (5) The 23th meeting of the thirteenth term Board of Directors on December 27, 2023: For 40th anniversary 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.
- (6) The 23th meeting of the thirteenth term Board of Directors on December 27, 2023: 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, 2023	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. (6) Participation in sustainable management (ESG)
		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 "Sustainable Development Committee" to help board of directors to fulfill its responsibility of supervision.

(2) Audit Committee:

A total of 7 meetings of 3rd Audit Committee were held in 2023. The attendance of director were as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Independent Director	Shih-Kuang Tsai	7	0	100%	
Independent Director	Chen-Tung Lai	7	0	100%	
Independent Director	Chien-Chih Wu	7	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
2023/02/22 The 13 th meeting of the third term	Preparation of financial report and operation report of our company in 2022.	None.
	Proposed the liquidation of the Company's overseas company.	
	Preparation of "Internal Control System" in 2022.	
	Approval of Proposed the liquidation of the Company's overseas company.	
	Approval of purchase of additional equipment by the Company.	
	Evaluation of the independence and suitability and appointment of CPAs by the Company in 2023.	
	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.	
	The company was engaged in trading of derivative financial products.	
2023/05/05 The 14 th meeting of the third term	The company purchased additional auxiliary equipment related to silicon-based gallium nitride power devices (hereinafter referred to as GaN).	
	The company applied to lease industrial land from Tongluo Science Park.	
	Preparation of the distribution of 2022 retained earnings.	
	Cooperating with the future stock listing plan of the subsidiary, Opto System Technologies Inc. (hereinafter referred to as "Opto System"), the company shall carry out the stock release operation for Opto System and give up participating in the cash capital increase plan of Opto System.	
	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".	
	Preparation of financial report of our company in 2023Q1.	
	It was planned to formulate the general principles for the non-confirmation service policy pre-approved by the company.	
	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.	
2023/06/14 The 15 th meeting of the third term	Proposed to apply for mid- to long-term financing limit from financial institutions.	
	It was planned to obtain the right-of-use assets of business real estate from related parties by the subsidiary, SAVC.	
	It was planned to obtain asset acquisition proposal by the subsidiary, SAVC.	
	It was planned to participate in film investment of SKY FILMS International Culture Co., Ltd. by the subsidiary, River Asset Co., Ltd..	

	Proposed the capital loan for the subsidiary - PASC.	
	Proposed to apply for mid- to long-term financing limit from financial institutions.	
2023/08/02 The 16 th meeting of the third term	Preparation of financial report of our company in 2023Q2.	
	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.	
	It was planned to dispose of the equity of Luzhu Development Co., Ltd.	
	The proposal for new company founding based on the investment of subsidiary Ho Chung Investment.	
	Proposed to indirectly increase capital by cash for the subsidiary, ProAsia Semiconductor Corporation.	
2023/10/04 The 17 th meeting of the third term	Proposed to apply for mid- to long-term financing limit from financial institutions.	
2023/11/07 The 18 th meeting of the third term	It was planned to obtain asset acquisition proposal by the subsidiary,PASC.	
	Subsidiary PASC (hereinafter referred to as ProAsia Semiconductor) planned to apply to "Yushan Commercial Bank" for extension of the short-term credit line and request the company to promise that the endorsement amount will remain unchanged.	
	Subsidiary PASC (hereinafter referred to as ProAsia Semiconductor) planned to apply for a short-term comprehensive credit line from a financial institution.	
	SubsidiarySAVC(hereinafter referred to as Star Asia Vision) planned to apply for a mid-term credit line from a financial institution.	
	Preparation of financial report of our company in 2023Q3.	
	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.	
	It was planned to add "Operational Procedures for Preparation and Verification of Sustainability Reports".	
	It was planned to add the Company's internal control system and internal audit implementation rules.	
2023/12/27 The 19 th meeting of the third term	2023 audit plan of our company.	
	It was planned to sign a short/medium term credit line with Chang Hwa Commercial Bank.	
	It was planned to pass the price of stock release, stock subscription schedules and other related matters of "Star Asia Vision Corporation"	
	Proposed to indirectly increase capital by cash for the subsidiary, ProAsia Semiconductor Corporation.	
	Proposed to apply for financing limit from financial institutions by the subsidiary,SAVC.	

None.

- (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 2023, 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 1062 employees completed the ethical management courses, achieving a promotion rate of 100%. 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			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
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).	None
(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 "Sustainable Development 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 2023. The result of the performance review will serve as the reference for remuneration payment and selection of directors. In 2023 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, (6) Participation in sustainable management (ESG). 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 2023 evaluation results:</p> <p>(1) Board of Directors internal self-evaluation: The company not only surely evaluates the company's operating policies and provides specific professional advice, but also continues to learn new topics to improve the company's implementation of sustainable operations. The entire board of directors has been in good and efficient operation.</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>	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?	V		<p>(3) Performance evaluation of the functional committees: In 2023, 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' 2023 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 Audit quality indicator report. 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		<p>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 and resigned on December 31, 2023. On December 27, 2023, the company's board of directors approved the appointment of Project Assistant Vice President Lily Chen as the company's new 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.</p> <p>(8) Other Important Information Regarding Corporate Governance A. Program and training of manager (page 55-56).</p>	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

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	
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
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(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 https://www.tascsemi.com for its shareholders and the public to refer to.	None
(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)?	V		(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.	
(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?	V		(3) The Company's 2023 consolidated and parent-company-only financial report was announced and filed on February 27, 2024; the first, second and third quarter of 2023 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.	
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)?	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</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>execution is in good shape.</p> <p>(4) Directors’ and supervisors’ training records:</p> <table><tr><th>Title</th><th>Name</th><th>Course</th><th>Training hours</th></tr><tr><td>Chairman</td><td>H.T.Wang</td><td>- Practical discussion on trade secrets. - TCFD&SBTi development and directors' authorities.</td><td>3 3</td></tr><tr><td>Director</td><td>Tsun-Chia Tai</td><td>- Practical discussion on trade secrets. - TCFD&SBTi development and directors' authorities.</td><td>3 3</td></tr><tr><td>Director</td><td>Kuo-Kuang Li</td><td>- Practical discussion on trade secrets. - TCFD&SBTi development and directors' authorities.</td><td>3 3</td></tr><tr><td>Director</td><td>Ishigami Koji</td><td>- Practical discussion on trade secrets. - TCFD&SBTi development and directors' authorities.</td><td>3 3</td></tr><tr><td rowspan="5">Independent Director</td><td rowspan="5">Shih-Kuang Tsai</td><td>- Discussion on practical cases of ethical management and anti-bribery management system.</td><td>3</td></tr><tr><td>- Introduction to ESG for dummies</td><td>3</td></tr><tr><td>- A brief discussion on the impact of sustainable development action plans and assurance agency management measures on the accountant industry.</td><td>3</td></tr><tr><td>- Evaluation of "Price Rationality Opinion" and "Current Fair Price" under the new Business Mergers and Acquisitions Act.</td><td>4</td></tr><tr><td>- Investment grade sustainability report.</td><td>3</td></tr><tr><td rowspan="2">Independent Director</td><td rowspan="2">Chen-Tung Lai</td><td>- Greenhouse Gas Inventory and Introduction of ISAE 3410</td><td>3</td></tr><tr><td>- Money Laundering Prevention Practices and Development Trends - Taking the Financial Industry as an Example.</td><td>3</td></tr><tr><td>Independent Director</td><td>Chien-Chih Wu</td><td>- Practical discussion on trade secrets. - TCFD&SBTi development and directors' authorities.</td><td>3 3</td></tr></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 2023 reached USD 13,000,000.</p>	Title	Name	Course	Training hours	Chairman	H.T.Wang	- Practical discussion on trade secrets. - TCFD&SBTi development and directors' authorities.	3 3	Director	Tsun-Chia Tai	- Practical discussion on trade secrets. - TCFD&SBTi development and directors' authorities.	3 3	Director	Kuo-Kuang Li	- Practical discussion on trade secrets. - TCFD&SBTi development and directors' authorities.	3 3	Director	Ishigami Koji	- Practical discussion on trade secrets. - TCFD&SBTi development and directors' authorities.	3 3	Independent Director	Shih-Kuang Tsai	- Discussion on practical cases of ethical management and anti-bribery management system.	3	- Introduction to ESG for dummies	3	- A brief discussion on the impact of sustainable development action plans and assurance agency management measures on the accountant industry.	3	- Evaluation of "Price Rationality Opinion" and "Current Fair Price" under the new Business Mergers and Acquisitions Act.	4	- Investment grade sustainability report.	3	Independent Director	Chen-Tung Lai	- Greenhouse Gas Inventory and Introduction of ISAE 3410	3	- Money Laundering Prevention Practices and Development Trends - Taking the Financial Industry as an Example.	3	Independent Director	Chien-Chih Wu	- Practical discussion on trade secrets. - TCFD&SBTi development and directors' authorities.	3 3	
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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.																																														
(1) Whether the company has established standards for operations related to financial business with others, the content should include management procedures for purchase and sale relationships, acquisition or disposal of assets and other transactions, and relevant major transactions should be submitted to the board of directors for approval, and must be approved by the shareholders' meeting or Report: The company has agreed to the relevant measures and will formulate detailed regulations for the acquisition or disposal of asset transactions by individual related parties..																																														
(2) Whether the company has formulated and disclosed on the company website internal regulations that prohibit directors or employees and other insiders from using unpublished information in the market to buy and sell securities. The content includes (but is not limited to) directors are not allowed to do so thirty days before the annual financial report is announced, and Trade its stocks during the closed period of the fifteen days before the announcement of each quarterly financial report, and explain the implementation situation: In 2013, the company expanded the scope of insider trading promotion targets from directors to employees, and disclosed relevant regulations on the company website.																																														

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

A. Information of the remuneration committee member

Identity	Conditions		Independent status	Number of other public companies in which the individual is concurrently serving as the Remuneration Committee member
	Name	Professional qualifications and experience		
Independent Director	Shih-Kuang Tsai	Please refer to C. Disclosure of information on professional qualifications of directors and independence of independent directors on page 14 for the relevant content.	(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. (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.	4
Independent Director	Chen-Tung Lai		(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
Independent Director	Chien-Chih Wu			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 4 Remuneration Committee meetings were held in 2023. 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	4	0	100%	Convener
Committee Member	Chen-Tung Lai	4	0	100%	Committee Member
Committee Member	Chien-Chih Wu	4	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.

3.2023 Main points of discussion by the Remuneration Committee:

Date /Meeting	Resolution	the Company's (the board of directors') handling of Remuneration Committee's opinion
2023/02/22 The 11 st meeting of the fifth term	Q4 performance bonus of the managers of the Company. Preparation of remuneration for board directors and supervisors of our company in 2022.	None
2023/05/05 The 12 nd meeting of the fifth term	The allocation plans for board directors and supervisors of our company in 2022. The allocation plans for Managers bonuses and remuneration for employees of our company. Appointment of managers of the Company.	
2023/11/07 The 13 nd meeting of the fifth term	Interim bonus for managers of the Company.	
2023/12/27 The 14 nd meeting of the fifth term	The proposal of change of the company's corporate governance officer. 40th anniversary bonus for the company's manager. Year-end bonus for managers of the Company.	

(5)Fulfillment of Sustainable Development and Its Gaps with the Sustainable Development Best PracticePrinciples 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 7 functional groups under the " Sustainable Development Committee " under the Board of Directors of the company, which are divided into operation risk group,manufacturing management group,corporate governance 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 " Sustainable Development Committee " consists of the chairman as the Chairperson, the vice chairman as the vice Chairperson, and the president serves as the director-general, and the executive directors of each working group are appointed by the director-general, and formulates the sustainable vision, sustainable mission, sustainable policy, and sustainable management policy ,the short, medium and long-term goals of each group for the current year, the stakeholders of the current year, and the sustainable issues of concern of the current year and issues of sustainable concern for the current year; the "Sustainable Development Committee " reports the implementation results of Sustainable Developmen to the board of directors at least once a year.</p> <p>In order to implement the sustainable development policy, the company's board of directors changed the name of the "Corporate Sustainability Committee" to the "Sustainable Development Committee" on December 27, 2023, adjusted the organizational structure of the committee and formulated the "Organizational Rules of the Sustainability Development Committee", and reported to the board of directors on the practice and countermeasures for sustainable development in 2023. 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 2023: economy, environment and society from January to December 2023. 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</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	
			consolidated report. 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 211-212 of the Annual Report for the risk assessment and corresponding measures for 2023.	
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 Sustainable Development 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	

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) 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>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.</p> <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> <div><div>Unit: tons of CO2e</div><table><tr><th>Year</th><th>Category 1</th><th>Category 2</th><th>Category 3</th><th>Total emissions</th></tr><tr><td>2022</td><td>2,190</td><td>32,788</td><td>6,253</td><td>41,231</td></tr><tr><td>2023</td><td>2,822</td><td>32,799</td><td>7,006</td><td>42,627</td></tr></table></div> <p>(The data in 2023 is only preliminary, and will be verified by a third party on June 2024.)</p> <p>Completed ISO 140641-1 third party verification in 2022.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, 16 energy-saving programs have been improved in 2022 and 2023 years. The main emission reduction measures include secondary chilled water temperature adjustment, MAU air supply static pressure reduction and frequency reduction, and replacement of old chillers, UPS replacement, installation of variable frequency drives for air conditioning units, and added photovoltaic systems, etc. which reduced carbon emissions by about 1,526.435 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 set up photovoltaic and energy storage systems. The construction of the photovoltaic system has been completed in 2023, and the energy storage system is expected to be completed in 2024.</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><tr><th>Waste types</th><th></th><th>2022</th><th>2023</th></tr><tr><td rowspan="2">General</td><td>Outsourcing</td><td>150.1</td><td>148.77</td></tr><tr><td>Reuse</td><td>278.72</td><td>375.29</td></tr><tr><td rowspan="2">Hazardous</td><td>Outsourcing</td><td>174.82</td><td>81.12</td></tr><tr><td>Reuse</td><td>167.58</td><td>183.42</td></tr></table>	Year	Category 1	Category 2	Category 3	Total emissions	2022	2,190	32,788	6,253	41,231	2023	2,822	32,799	7,006	42,627	Waste types		2022	2023	General	Outsourcing	150.1	148.77	Reuse	278.72	375.29	Hazardous	Outsourcing	174.82	81.12	Reuse	167.58	183.42
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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																
			<table><tr><td>Waste - Subtotal</td><td>771.22</td><td>788.6</td></tr><tr><td>Recycling, reuse- Subtotal</td><td>58%</td><td>71%</td></tr></table> <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>The increase in the ratio of recycling in 2023 is mainly due to the increase in the overall ratio of recycling of the Headquarters. The non-combustible wastes and waste wood produced during the construction of the Headquarters last year were commissioned to recycling service providers for treatment. In addition, recycling service providers were sought for changing the treatment of hazardous waste solvents from incineration to physical treatment.</p> <p>C. Water</p> <p>Water consumption in the last 2 years:</p> <p style="text-align: right;">Unit: Ten thousand metric tons</p> <table><tr><th>Year</th><th>Total water consumption- Headquarters</th><th>Total water consumption- Innovation Fab</th></tr><tr><td>2022</td><td>16.5</td><td>126.5</td></tr><tr><td>2023</td><td>16.14</td><td>125.8</td></tr></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. In 2023, the diversion of organic wastewater sources within the Headquarters was implemented to exclude the discharge from machines which did not meet the recycling standards. The actual implementation of biological treatment improvements can increase the volume of total recycled water. It is expected that the monthly volume of recycled water can be increased to 1,500 tons. Based on the properties of cutting and grinding wastewater, it can be effectively recycled by simply removing solid grinding powder. In 2023, the barrel connection pipeline originally designed for the recycling and reuse of cutting and grinding wastewater has been optimized to achieve an increase in the recycling rate; In 2023, a total of 840 thousand tons of water was recycled by the Headquarters, and the water recycling rate of the entire factory has reached 87.5%, which is in line with the recycling standards of Hsinchu Science Park Administration. Environment friendly.</p>	Waste - Subtotal	771.22	788.6	Recycling, reuse- Subtotal	58%	71%	Year	Total water consumption- Headquarters	Total water consumption- Innovation Fab	2022	16.5	126.5	2023	16.14	125.8	
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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 2023, we will implement the following labor management policies:</p> <table><tr><th>Policy objectives</th><th>Execution plan</th></tr><tr><td>Employee communication meetings are held more than 15 times a year</td><td>Provide diverse and open two-way communication channels, including 4 employer-employee meetings, 4 Occupational Safety Committee meetings, 4 Welfare Committee meetings, and 4 foreign labor meeting there were a total of 16 sessions, 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 96%</td><td>Promotion was completed in November 2023, 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><tr><td>Provide a safe and healthy</td><td>TASC has adopted a total quality approach to products, the</td></tr></table>	Policy objectives	Execution plan	Employee communication meetings are held more than 15 times a year	Provide diverse and open two-way communication channels, including 4 employer-employee meetings, 4 Occupational Safety Committee meetings, 4 Welfare Committee meetings, and 4 foreign labor meeting there were a total of 16 sessions, 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 96%	Promotion was completed in November 2023, 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.	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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		work environment	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. 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	

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>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:</p> <p>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.</p> <p>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> <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</p>	

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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			<p>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：</p> <table> <tr> <th>Year</th> <th>Education and training trips</th> <th>Education and training hours</th> </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> <tr> <td>2023</td> <td>479</td> <td>1,437</td> </tr> </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.</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 2023 the company implemented 282 monitoring points in the factory and 284 in the innovation factory. Points are in compliance with regulatory requirements.</p> <table> <tr> <th rowspan="2">Monitoring Substances</th> <th colspan="2">The number of sampling points for each site</th> <th colspan="2">Compliance with regulations</th> </tr> <tr> <th>Li-hsin Manufactory</th> <th>Chuangxin Manufactory</th> <th>conform</th> <th>incompatible</th> </tr> <tr> <td>Organic solvents</td> <td>47</td> <td>53</td> <td>V</td> <td></td> </tr> <tr> <td>specific chemical substances</td> <td>62</td> <td>48</td> <td>V</td> <td></td> </tr> <tr> <td>heavy metal</td> <td>10</td> <td>27</td> <td>V</td> <td></td> </tr> <tr> <td>other kind</td> <td>9</td> <td>8</td> <td>V</td> <td></td> </tr> </table>	Year	Education and training trips	Education and training hours	2021	1,259	4,537	2022	661	1,983	2023	479	1,437	Monitoring Substances	The number of sampling points for each site		Compliance with regulations		Li-hsin Manufactory	Chuangxin Manufactory	conform	incompatible	Organic solvents	47	53	V		specific chemical substances	62	48	V		heavy metal	10	27	V		other kind	9	8	V		
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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					
			carbon dioxide		85	86	V	
			noise		69	62	V	
			total		282	284		
			C.Change of management: The Company has established an environmental, health and safety change management system to ensure that all changes can be identified for hazards and assessed for risks in advance, and appropriate control measures are taken based on the assessment results to maintain a safe condition for processes, activities, or services and reduce the risk of disasters. A total of 114 amendments were processed in 2023.					
			Type				Number of pieces in 2023	
			Pollution prevention facilities				1	
			Raw materials (added chemicals)				25	
			Production equipment				84	
			Plant facilities				2	
			Change of region				2	
Total				114				
D.Equipment security management: 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 2023, 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.								
Check item				Check frequency				
				per month	quarterly	every half year	Per year	
Gas leak detector						V		
Exhaust Low Flow Alarm Device							V	

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																																						
			<table><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></td><td></td><td>V</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></table>				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
			Fire Detector (UV/IR)				V																																		
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			Overvoltage protection				V																																		
			Liquid level detector		V																																				
			shut boy				V																																		
			Warning Light				V																																		
			(4) Does the company provide its employees with career development and training sessions?	V		<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> <p>F.The number of fires in the current year, the number of fatalities and injuries, the ratio of the number of fatalities and injuries to the total number of employees, and related improvement measures in response to fires: The company did not have any fire incidents in 2023. In order to improve the emergency response capabilities of production line personnel in the early stage of fire extinguishing, the company carried out small-scale fire drills in production lines from 2023 to 2024. A total of 37 drills were conducted in 2023 to train 185 people. The training will continue in 2024 to strengthen overall emergency response capabilities.</p>																																			
						(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 86-87 of this annual report.																																			
(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&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																																									
(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																																								

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>operations.</p> <p>B.Customer Privacy</p> <p>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</p> <p>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.</p> <p>(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.</p> <p>(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> <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>	

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 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 2023. Supplier 100% meets the following conditions.</p>	
			<p>Procurement and Supplier Management</p> <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>	
			<p>Supplier audit</p> <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>	
			<p>Supplier training</p> <p>The company will hold training from time to time, through different forms of guidance and communication, to effectively improve the performance of environmental protection and safety and health and comply with international standards, courses include workplace hygiene, employee health, fire maintenance, carbon inventory, climate change, regulatory risks and professional ethics Wait.</p> <p>Implement the practice of anti-corruption and promote the</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		
				<div>signing activity of "Supplier Employee Practice Ethics Agreement".</div> <div>Supplier Forum with praise</div> <div>The company holds a supplier conference every year. In addition to conveying the company's sustainable philosophy and goals, the meeting also particularly commends suppliers who have performed outstandingly and contributed outstandingly in four aspects: quality improvement, cost reduction, delivery assurance, and sustainable performance. business.</div>	
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?	√		<div>The company follows the GRI Standards issued by the Global Reporting Initiatives (GRI) in 2021 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 Sustainable Development Report is disclosed.</div> <div>Whether the sustainability report prepared by the company has been verified by a third party: The Company's 2023 sustainability report will appoint Great Certification was commissioned to verify the rationality, appropriateness and correctness of the sustainability report and related data and report contents. It is currently in the planning of implementation stage, and the verification report will be disclosed in detail in the appendix of this Report.</div>		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. 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 Ministry of Environment's website starting from 2023 in accordance with national policies. 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.					

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. 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 2023, we promoted Taiwanese films in 2023 (The Abandoned, Workers) 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 & Chairty 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:</p> <p>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) Climate-related information for listed and OTC companies:

1. Implementation status of climate-related information

Item	Implementation status			
<p>1. Describe the supervision and governance of climate-related risks and opportunities by the board of directors and the management.</p> <p>2. Describe how the identified climate risks and opportunities impact the company's business, strategy and finance (short-term, medium-term, and long-term).</p>	<p>1. In order to promote the sustainable development of Taiwan-Asia, the board of directors is the highest supervisory unit for climate-related issues. Under it there is a Corporate Sustainability Committee, with the Chairman as the chairperson and the Vice Chairman as the vice chairperson, to evaluate and manage the financial impact of climate-related issues and to report to the board of directors regularly. The Corporate Sustainability Committee has established various functional groups, with supervisors at or above the relevant department level as members, to formulate management measures and strategic directions and to promote the implementation of sustainability actions of various departments.</p> <p>2. As domestic and foreign stakeholders are increasingly paying attention to climate change, opportunities and risks of climate issues affecting the Company's business, strategy, and financial aspects are as follows:</p>			
	Influence of climate risks		Risk	Opportunity
	Operation	Short-term	Production capacity reduction or production interruption due to transportation difficulties or supply chain disruptions.	Increased demand for low-carbon merchandises.
		Mid-term	Climate disasters increase the risk of supply chain anomalies or disruption.	Increased demand for low-carbon merchandises. Continuous investment of resources in developing energy-saving products and technologies.
		Long-term	Customers are demanding lower carbon emissions or commitment to join SBTi or other climate initiatives.	Promote carbon reduction measures, adopt new technologies to gain customer trust, and improve product advantages.
	Strategy	Short-term	Increased operating costs due to transformation.	Promote measures to increase revenue and reduce expenditure to improve internal management efficiency.
		Mid-term	Regulatory requirements are becoming increasingly stringent; operating costs continue to increase; and bottlenecks of energy-saving technology may emerge.	Promote energy management, formulate energy-saving plans to meet customer expectations, and continue to invest resources in developing energy-saving products.
		Long-term	Steer the business direction with low-carbon transformation goals.	Monitor the overall development trends of suppliers, strengthen cooperative relationships, and establish a sustainable supply chain.
	Financial	Short-term	Increased raw material procurement costs and imposition of carbon fee have increased the Company's operating costs.	Develop energy-saving and carbon-reduction plans, reduce water use and consumption, and strengthen supply chain cooperation.
		Mid-term	Renewable energy regulations and other related requirements are increasingly stringent, while replacing old equipment and expanding investment in research and development technology will inflate costs.	Continuous investment of resources in developing energy-saving services and technologies to expand revenue base.
		Long-term	Energy-saving technology has reached a bottleneck, while external green power needs to be purchased which will increase operating costs.	Find future investment targets with potential to increase investment returns.
	Note: Short term is for within the next three years, medium term is for three to five years, and long term is for five to ten years.			
3. Describe the financial impact of extreme climate events and transition actions.	3. Through the survey analyzes the potential financial impact of extreme climate events and transformation actions to TASC.			
	Types of climate risks	Duration of impact	Climate risk factors	Potential financial impact
	Transformation risk	Mid-term	Policies and regulations Renewable energy regulations have been tightened Carbon emissions disclosure requirements have been increased Imposition of carbon fee	Increase of operating costs Increase of energy costs
		Short-term	Technology Replace existing products and services with low-carbon	The return on investment in low-carbon technologies

Item	Implementation status															
			merchandises Investment in new technology is failed Low carbon technology transformation costs	Decline in demand for existing products and services												
		Long -term	Market Prices of raw material products rise Customer requirements for low-carbon products	Increase of operating costs Increase of energy costs												
	Physical risk	Short-term	Immediacy Typhoon, flood	Production capacity reduction or production interruption due to transportation difficulties or supply chain disruptions Damage to factory buildings leads to increased construction costs												
		Long-term	Long-term Rise of sea-level Rise of average temperature													
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	4. Risk Management: The risk management team under the Sustainable Development Committee oversees financial, information, procurement, factory affairs, etc. Based on organizational responsibilities, company strategic goals, annual major themes, etc. the team conducts risk identification to analyze potential risks and opportunities in the internal and external environment, formulates an implementation plan, and adjusts practices on a rolling basis through an annual review mechanism to achieve continuous improvement. <div><div>Risk Identification</div><div>➡</div><div>Risk management and evaluation</div><div>➡</div><div>Strategy formulation</div><div>➡</div><div>Implementation and review</div></div>															
5. If the scenario analysis is used to assess resilience of climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used shall be specified.	5. The Company currently does not adopt scenario analysis and evaluation.															
6. If there is a transformation plan in response to the management of climate-related risks, the content of the plan and the indicators and objectives used to identify and manage physical and transition risks shall be specified.	6. The company formulates a transformation plan through scenario analysis of climate risks and climate opportunities to increase the company's resilience against climate change risks. For its detailed indicators and objectives. <table><tr><th>Plan</th><th>Index</th><th>Target</th></tr><tr><td>Promote energy management systems</td><td>Annual average power saving rate of the entire factory</td><td>Headquarters · Innovation Fab >1%</td></tr><tr><td>Set up solar power generation</td><td>Renewable energy consumption</td><td>Power generation in 2025: 371,200kWh</td></tr><tr><td>Water recycling</td><td>Plant-wide water recycling rate</td><td>To be achieved in 2025 Water recycling rate of the entire Headquarters≥ 70% (monthly) Water recycling rate of the entire Innovation Fab≥ 30% (monthly)</td></tr></table>				Plan	Index	Target	Promote energy management systems	Annual average power saving rate of the entire factory	Headquarters · Innovation Fab >1%	Set up solar power generation	Renewable energy consumption	Power generation in 2025: 371,200kWh	Water recycling	Plant-wide water recycling rate	To be achieved in 2025 Water recycling rate of the entire Headquarters≥ 70% (monthly) Water recycling rate of the entire Innovation Fab≥ 30% (monthly)
Plan	Index	Target														
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Water recycling	Plant-wide water recycling rate	To be achieved in 2025 Water recycling rate of the entire Headquarters≥ 70% (monthly) Water recycling rate of the entire Innovation Fab≥ 30% (monthly)														
7. If internal carbon pricing is used as a planning tool, the basis for the pricing shall be specified.	7. In order to achieve the objective of sustainable operation, the company continues to promote energy conservation and carbon reduction to be in line with national policies. In the near future, we will plan and establish an energy management system and formulate short, medium and long-term carbon reduction objectives. In the future, we will refer to the government's carbon fee collection policy and pricing method to evaluate the feasibility of the company's internal carbon fee price.															

Item	Implementation status
<p>8. If climate-related objectives are set, information such as the activities covered, the scope of greenhouse gas emissions, the planning schedule, and annual achievement progress shall be specified; If carbon offsets or renewable energy certificates (RECs) are used to achieve relevant objectives, the source and quantity of the offset carbon reduction credits or the number of renewable energy certificates (RECs) shall be specified.</p> <p>9. Greenhouse gas inventory and assurance, reduction objectives, strategies and specific action plans</p>	<p>8. The company has set the objectives for carbon offsets or renewable energy certificates (RECs). For the source and quantity of carbon reduction credits related to offsets or the number of renewable energy certificates (RECs), please refer to the table in aforementioned 6. Indicators and Objectives.</p> <p>9. Please refer to Appendix 1-1-1, 1-1-2 and 1-2.</p>

1-1 The company's greenhouse gas inventory and assurance status in the last two years

1-1-1 Greenhouse Gases Inventory Information

Specify the emission volume (metric tons CO₂e), intensity (metric tons CO₂e/million NTD) and data coverage of greenhouse gases in the past two years.

The scope of Taiwan-Asia Semiconductor's inventory includes Category 1, Category 2, and Category 3 (Type 4) of Headquarters and Innovation Fab.

Year	2022	2023
Emission Volume (metric tons CO ₂ e)	41,232.689	42,628.042
Intensity (metric tons CO ₂ e/million NTD)	9.10	10.73

(The data for 2023 is only preliminary and will be verified by a third party in 113.06)

Greenhouse gas emission volume in 2022: Scope 1 emission volume is 2,190.4120 metric tons CO₂e, scope 2 emission volume is 32,788.9656 metric tons CO₂e, and scope 3 emission volume is 6,253.3114 metric tons CO₂e.

Greenhouse gas emission volume in 2023: Scope 1 emission volume is 2822.4443 metric tons CO₂e, scope 2 emission volume is 32,799.2180 metric tons CO₂e, and scope 3 emission volume is 7006.3800 metric tons CO₂e.

The company's greenhouse gas emission is mainly greenhouse gases generated in Scope 2, accounting for approximately 70-80% of the total emission volume.

1-1-2 Greenhouse Gas Assurance Information

Specification of the assurance situation in the last two years as of the publication date of the annual report, including the scope of assurance, the assurance organization, the criteria for assurance and the opinion of assurance.

In 2022, a third-party verification of greenhouse gas was conducted by SGS Taiwan in accordance with ISO 140641-1:2018 to verify Taiwan-Asia's greenhouse gas emission volume in 2022. The factory area includes the Headquarters and the Innovation Fab, and the types of greenhouse gases emitted include CO₂ and CH₄, N₂O, HFCs, PFCs, SF₆, NF₃. The global warming potential refers to the global warming potential of the IPCC 2007 Fourth Assessment Report, and the source of the emission factor of direct greenhouse gas emissions is the Greenhouse Gas Emission Factor Management Table 6.0.4 of the Environmental Protection Administration of the Executive Yuan. The secondary database was cited from the product carbon footprint information network and the input energy and electricity was based on the 2021 electricity emission factor of 0.509 kg carbon dioxide equivalent/kWh announced by the Bureau of Energy of the Ministry of Economic Affairs in 2022. The verification conclusion is that, the greenhouse gas emission volume for the period from January 1 to December 31, 2022 is 41,232.689 metric tons of carbon dioxide equivalent and the carbon dioxide emission volume of biomass fuel are 0.0000 metric tons of carbon dioxide equivalent. Greenhouse gas emission volume in 2023 will be subject to third-party verification in June 2024.

1-2 Greenhouse gas reduction objectives, strategies and specific action plans

Specification of the greenhouse gas reduction base year and its data, reduction objectives, strategies, specific action plans and achievement of reduction objectives.

The company's greenhouse gas inventory base year is 2020, with total emission volume of 52,479.765 metric tons of CO₂e. To be in compliance with the Bureau of Energy's requirement for an annual average power saving rate of >1%, the Innovation Fab and the Headquarters arrange and promote energy-saving plans every year. In 2022, the company promoted 9 plans with the reduction of 716.07 metric tons of CO₂e, and in 2023, it promoted 10 plans with the reduction of a total of 775.24 metric tons of CO₂e.

(7) 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>	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 a probity commitment clause ,containing the terms of compliance with business integrity policy and the right to terminate the contract whenever the transaction counterpart involves in any unethical behavior. Furthermore, to improve the ethical management and ensure its implementation, employees have signed the Commitment to Ethical Conduct, and they are all required to receive external education and training from the Investigation Bureau on corporate corruption eradication, as well as from external lawyers on employee integrity and breach of fiduciary duty. Internally, the Intellectual Property and Legal Affairs Department will conduct courses on integrity promotion for new employees.</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	
(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?	V		(2) The company designates the Sustainable Development 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 27, 2023.	
(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 “Trade Secrets” in 2023 and the coverage was 100%. 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

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(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.	
4.Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V		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.	None
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. Taiwan-Asia Semiconductor Corporation announces the importance of integrity to all of its Directors, Managers, and employees every year. The 2023 ethical management promotion theme is “Trade Secrets”. 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.				
6.Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies). 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.				

(8) 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
- Sustainable Development Committee Articles of Association

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.

(9) 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	2023/03/30	The Institute of Internal Auditors-Chinese Taiwan	Production Cycle Practices and Key Points of Audit	6
		2023/05/09	Accounting Research and Development Foundation	Audit Practice Research on Enterprise Cost and Value Creation	6

Title	Name	Date or program /training	Organizing unit	Program Name	Hours
Head of Accounting	Amy Wu	2023/09/11-2023/09/12	Accounting Research and Development Foundation	Professional Development Course for Accounting Supervisors of Issuers, Securities Firms, and Securities Exchanges	12
Corporate Governance Officer	Corrie Teng	2023/05/11	Taiwan Stock Exchange Corporation	”Advanced Seminar on Practices for Directors and Supervisors (Including Independent Directors) and Corporate Governance Officers - Challenges and Opportunities of Sustainable Development Paths and Introduction of Greenhouse Gas Inventory”.	3
		2023/05/11	Taiwan Stock Exchange Corporation	“Advanced Seminar on Practices for Directors and Supervisors (Including Independent Supervisors) and Corporate Governance Officers- Trends and Challenges to International Financial Information Security Supervision”.	3
		2023/11/03	Taiwan Corporate Governance Association	Litigation and Beyond Litigation - How to Write a Good Dispute Resolution Clause in a Contract?	3
		2023/11/24	Taiwan Corporate Governance Association	Unveiling Behind-the-Scenes Promoter of Corporate Governance: Operating practices of corporate governance personnel	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’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.

(10) Internal Control System:

A. Internal control statement: (P.59)

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

(11) 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.

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

A. Major resolutions made in the 2023 regular shareholders' meeting:

Major Resolutions	Implementation Status
Approval of the 2022 business report and financial statements.	- The Company operating revenue was NT\$4.53 billion, and net Income was NT\$0.36 billion in 2022. The gain was NT\$0.82 per share.
Approval of the distribution of 2022 retained earnings.	- Ex-dividend record date is 2023.07.24 and issued a cash dividend at 2023.08.11. The distribution of a NT\$1.00000000 cash dividend per common share.
Approval of TASC has to deals with the shares release of subsidiary, "SAVC" and waived participation in the cash capital increase plan.	- 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
2023	<ul style="list-style-type: none"> - Approval of 2023 annual Capital expenditures and budget of our company. - Approval of remuneration for board directors and supervisors and remuneration for employees of our company in 2022. - Approval of financial report and operation report of our company in 2022. - Approval of determination of matters related to shareholders' meeting. - Approval of Proposed the liquidation of the Company's overseas company. - Approval of resolved to revise the "Corporate Governance Best Practice Principles". - Approval of "Internal Control System" of our company in 2022. - Approval of purchase of additional equipment by the Company. - Evaluation of the independence and suitability and appointment of CPAs by the Company in 2023. - 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. - Approval of the company's purchase of additional auxiliary equipment related to silicon-based gallium nitride power devices (hereinafter referred to as GaN). - Approval of the company's application for leasing industrial land in Tongluo Science Park through our company. - Approval of the distribution of 2022 retained earnings. - Approval of TASC has to deals with the shares release of subsidiary, "SAVC" and waived participation in the cash capital increase plan. - Approval of resolved to revise the determination of matters related to shareholders' meeting in 2022. - 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". - Approval of the company's manager appointment case. - Approval of preparation of financial report of our company in 2023Q1. - Approval of the formulation of the general principles of the company's pre-approved non-confirmation service policy. - 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. - Approval of the subsidiary,SAVC obtain the right-of-use assets of business real estate from related parties. - Approval of the proposal of acquiring assets through its subsidiary-SAVC. - Approval of the participation in the investment in SKY FILMS International Culture Co., Ltd. By the subsidiary River Asset Co., Ltd. (hereinafter referred to as River Asset). - Approval of proposed the capital loan for the subsidiary - PASC. - Approval of preparation of financial report of our company in 2023Q2. 	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"> - 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. - Approval of disposal of the equity of Luzhu Development Co., Ltd.. - Approval of The proposal for new company founding based on the investment of subsidiary Hezhong Investment Co., Ltd.. - Approval of indirectly increase capital by cash for the subsidiary, ProAsia Semiconductor Corporation. - Approval of the subsidiary,PASC to obtain asset acquisition proposal. - Approval of the subsidiary,PASC(hereinafter referred to as ProAsia Semiconductor) planned to apply to "Yushan Commercial Bank" for extension of the short-term credit line and request the company to promise that the endorsement amount will remain unchanged. - Approval of the subsidiary,PASC(hereinafter referred to as ProAsia Semiconductor) planned to apply for a short-term comprehensive credit line from a financial institution. - Approval of the subsidiary,SAVC(hereinafter referred to as Star Asia Vision) planned to apply for a mid-term credit line from a financial institution. - Approval of preparation of financial report of our company in 2023Q3. - 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. - Approval of Added the company's "Operation Standards Related to Financial Business Between Related Parties". - Approval of added the "Operating Procedures for Preparation and Verification of Sustainability Reports". - Approval of Revised "Measures for Monitoring Subsidiary Operations". - Approval of added the Company's internal control system and internal audit implementation rules. - Approval of 2023 audit plan of our company. - Approval of Formulated the company's "Organizational Rules of the Sustainable Development Committee" and adjusted the name and organizational structure of the "Corporate Sustainability Committee". - Approval of Revised the company's "Corporate Governance Best Practice Principles". - Approval of Revised the company's "Hierarchical Responsibility Measures" - Approval of change of the company's "Corporate Governance Manager" - Approval of the proposal for stock release price and stock subscription schedule of "Star Asia Vision Corporation" - Approval of indirectly increase capital by cash for the subsidiary, ProAsia Semiconductor Corporation. 	
2024	<ul style="list-style-type: none"> - Approval of the distribution of 2023 retained earnings. - Approval of purchase of additional equipment by the Company. - Approval of remuneration for board directors and supervisors and remuneration for employees of our company in 2023. - Approval of financial report and operation report of our company in 2023. - Approval of determination of matters related to shareholders' meeting. - Approval of elected All Directors (including Independent Directors)of the Company. - Approval of Board of Directors approved release of non-competition restrictions for managerial officer - Approval of TASC has to deals with the shares release of subsidiary,"PASC" and waived participation in the cash capital increase plan. - Approval of “Internal Control System” of our company in 2023. - Evaluation of the independence and suitability and appointment of CPAs by the Company in 2024. 	

Year	Major Resolutions	Implementation Status
	- Approval of Formulated the company's "Organizational Rules of the Sustainable Development Committee" and adjusted the name and organizational structure of the "Corporate Sustainability Committee".	
	- Approval of Manager renewal case.	

Taiwan-Asia Semiconductor Corporation Statement of Internal Control System

Date: February 27, 2024

Based on its internal control system in 2023, 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 2023, 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 2023 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 27, 2024, 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

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

(14) 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
Corporate Governance Officer	Corrie Teng	2022.05.06	2024.01.01	Resign

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	2023.01.01-2023.12.31	3,990	1,980	5,970	The service content of non-audit fees includes tax audits 、 sustainability report counseling and assurance services, and operating process flow automation establishment consulting services.

(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 certificat: None.

6.Replacement of CPA

(1) Regarding the former CPA : None.

(2) Regarding the successor 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	2023		As of Mar.30, 2024	
			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.	0	0	0	0
		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	0	0	0	0
	Senior Vice President & Chief of Staff	Tzu-Chun Lin	0	0	0	0
	Senior Vice President & Chief of Operation	Jason Tsai	0	0	0	0
	Vice President & Chief Technology Officer	Heng-Kuang Lin(Note1)	0	0	0	0
	Head of Financing and Accounting & Chief Financial Officer	Amy Wu	0	0	0	0
	Corporate Governance Officer	Corrie Teng(Note2)	0	0	0	0
	Corporate Governance Officer	Yin-Rui Chen(Note3)	0	0	-	-
Major Shareholders	Major shareholders holding more than 10% of the shares	Nichia Taiwan Corp.	0	0	0	0

Note1: 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.

Note2: Corrie Teng stepped down Corporate Governance Officer on January 1, 2024. The change of equity is the information at the time of resigning.

Note3: Yin-Rui Chen serves as Corporate Governance Officer on January 1, 2024. The change of equity is the information at the time of taking office.

(2) Shares Trading with Related Parties: None.

(3) Shares Pledge with Related Parties: None.

9.Relationship among the Top Ten Shareholders

Mar.30, 2024

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	6,111,023	1.39	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	5,163,266	1.18	0	0.00	0	0.00	None	None	
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	4,606,987	1.05	0	0.00	0	0.00	None	None	
Taishin International Bank Employee Stock Ownership Trust Account of TASC	3,873,632	0.88	0	0.00	0	0.00	None	None	
UBS Norwegian central bank investment account	3,727,081	0.85	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	2,752,000	0.63	0	0.00	0	0.00	None	None	
The Business Department of Standard Chartered International Commercial Bank is entrusted to perform custody service for the investment in iShares Core MSCI Emerging Markets ETF (IEMG)	2,343,000	0.53	0	0.00	0	0.00	None	None	

10.Ownership of Shares in Affiliated Enterprises:

Dec. 31, 2023;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	4.55	4,000,000	18.18	5,000,000	22.73

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 2023 and up to the publication date of the annual report.

Share Type	Authorized Capital		
	Issued Shares	Un-issued Shares	Total
Common stock (the shares of companies listed in Taiwan)	378,622,846	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

Mar. 30, 2024

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	14	234	89,908	166	90,322
Shareholding (shares)	0	4,502,967	99,838,042	281,157,235	53,124,602	438,622,846
Percentage	0.00%	1.03%	22.76%	64.10%	12.11%	100.00%

(3) Shareholding Distribution Status (Common Shares)

Mar. 30, 2024

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	45,041	5,395,470	1.23%
1,000 ~ 5,000	35,543	73,696,355	16.80%
5,001 ~ 10,000	5,248	41,056,770	9.36%
10,001 ~ 15,000	1,606	20,625,462	4.70%
15,001 ~ 20,000	905	16,709,609	3.81%
20,001 ~ 30,000	762	19,416,119	4.43%
30,001 ~ 40,000	357	12,799,892	2.92%
40,001 ~ 50,000	202	9,401,553	2.14%
50,001 ~ 100,000	369	26,362,991	6.01%
100,001 ~ 200,000	165	23,623,561	5.39%
200,001 ~ 400,000	70	18,724,217	4.27%
400,001 ~ 600,000	12	5,654,640	1.29%
600,001 ~ 800,000	12	8,353,367	1.90%
800,001 ~ 1,000,000	6	5,851,406	1.33%
1,000,001 or over	24	150,951,434	34.42%
Total	90,322	438,622,846	100.00%

(4) List of Major Shareholders

Mar. 30, 2024

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	6,111,023	1.39%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	5,163,266	1.18%
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	4,606,987	1.05%
Taishin International Bank Employee Stock Ownership Trust Account of TASC	3,873,632	0.88%
UBS Norwegian central bank investment account	3,727,081	0.85%
Meisheng Investment Co., Ltd.	3,250,027	0.74%
Morgan Securities I I	2,752,000	0.63%
The Business Department of Standard Chartered International Commercial Bank is entrusted to perform custody service for the investment in iShares Core MSCI Emerging Markets ETF (IEMG)	2,343,000	0.53%

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

Items		2022	2023	01/01/2024 - 03/31/2024
Market Price per Share	Highest Market Price	73.20	58.30	46.55
	Lowest Market Price	30.40	33.55	39.00
	Average Market Price	43.56	43.36	42.74
Net Worth per Share	Before Distribution	19.44	19.00	-
	After Distribution	18.43	18.50	-
Earnings per Share	Weighted Average Shares	437,384,925	437,853,588	-
	Diluted Earnings Per Share	0.82	0.70	-
Dividends per Share	Cash Dividends	1.00	0.50	-
	Stock Dividends	-	-	-
		-	-	-
	Accumulated Undistributed Dividends	-	-	-
Return on Investment	Price / Earnings Ratio (Note 1)	53.12	61.94	-
	Price / Dividend Ratio (Note 2)	43.56	86.72	-
	Cash Dividend Yield Rate(Note 3)	2.30%	1.15%	-

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 2023 was approved by the Board of Directors on April 11, 2024.

Note 3: The publication date is April 15, 2024, and Information for the Q1 of 2024 is not included.

Note 4: Price / Earnings Ratio = Average Market Price / Earnings per Share

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

Note 6: 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 2023 surplus appropriation proposal was resolved by the Board of Directors on April 11, 2024 to distribute a cash dividend of NT\$ 0.5 per share, and formulate a surplus distribution table as shown below. The 2023 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 2023

Unit : NT\$ dollars

Item	Amount
Undistributed earnings at the beginning of year.	1,202,280,729
Plus: After-tax profit of the year.	307,212,419
Plus: Actuarial gains and losses of current fiscal year.	(5,790,506)
Plus: Disposal of equity instruments measured at fair value through other comprehensive profit or loss.	96,488
Subtotal.	301,518,401
Less: Allocated legal earning reserve.	(30,151,840)
Plus: Rotating special reserves.	0
Distributable retained earnings.	1,473,647,290
Cash dividends to shareholders.	(219,311,423)
Undistributed surplus at year end.	1,254,335,867

(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 2023 Approved in Board of Directors Meeting:

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

Unit : NT\$ dollars

Employees' Remuneration	\$34,306,106
Director Remuneration	\$17,153,053
Total	\$51,459,159

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

D. Information of 2023 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	50,812,447	50,812,447	0	None	None
Director Remuneration	25,406,223	25,406,223	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: None.

V 、Operational Highlights

1.Business Activitie

(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	2023 revenue, net	Ratio %
Light emitting devices	667,944	16.82
Sensor devices	2,161,745	54.42
System product	1,114,040	28.05
Packaging Products	21,700	0.55
Other	6,850	0.16
Total	3,972,279	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 opticalcoupler applications such as home appliances and consumer electronics. In response to the advent of the industrial automation era, ordinary opticalcouplers will be transformed into high-speed opticalcouplers, 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 opticalcouplers 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 SiC SBD and MOSFET. 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, energy storage equipment, 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.

STAR AISA VISION CORPORATION are mainly divided into three segments. The first one is the design, manufacturing, sales, and installation of LED display screen products, which are used in out-of-home advertising and innovative display services such as special shape and naked-eye 3D. The business targets include end users, regional agents, engineering companies, etc. We increase the added value of products with high-end specifications, high quality, high reliability and other features, insist on being Made in Taiwan, and make full use of the capabilities of local high-quality engineering personnel and the surrounding complete supply chain. In addition to standard products, we also provide customized design and manufacturing services for individual projects, attracting customers with mid- to high-end application needs in the market. The second one is the special lighting products, with façade lighting applications in architectural lighting as the main field. Related applications require a high degree of software and hardware integration and system planning capabilities. The service mainly targets global architectural lighting designers and offices. In conjunction with their lighting designs, we develop customized products to materialize the designers' creativity. This is a small and diverse niche application market that also requires a high degree of supply chain integration and rapid product development and manufacturing capabilities, which is Star Asia's dedicated business model. The last is the VMS in-vehicle information system, which is mainly used in carriers and stations of various public transportation (such as MRT). We usually work with engineering mechanical and electrical integration manufacturers on it, since it requires a high degree of software and hardware integration design capabilities and the highest quality product reliability.

D. New products development

(A) Light emitting devices

a. Development of high-Brightness LED.	b. Development of high power IR LED custom product group.
c. NIR / SWIR LED of wearable device.	d. Plant LED lighting.

(B) Sensor devices

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

(C) Power components

a. Development of Si MOSFET components.	b. Development of FRED components.
c. Development of TVS components.	d. Development of automotive high voltage zener components.
e. Development of GaN HEMT components.	f. Development of SiC-MOSFET components.
g. Development of SiC-JBS components.	h. 1200V/1700V MOSFET power components.
i. 1200V/1700V power diode components.	j. High efficiency groove type MOSFET power components.
k. Super junction technology and ultra high voltage power components.	l. Over 2200V ultra high voltage MOSFET power components.
m. 6500V ultra high voltage IGBT power switching components.	

(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.Development of Flip Chip LED epitaxy and chip processes.	b. Optical coating technology development.
c.Development of GaN HEMT power component epi-wafers.	d.Development of SiC epitaxy and chip production processes.

(2)Industry Overview:

A. Current status and future development:

According to the analysis of the TrendForce 2024 infrared sensing market research report, with the strategic planning of end product brands, various key issues - (under-screen) 3D sensing, under-screen distance sensors, biological sensing (skin sensors, Photoplethysmography), smart cockpit/advanced driving assistance system-driver/occupant monitoring system, autonomous driving, industrial/logistics transportation/home appliance automation, and smart city, will be launched steadily in 2024-2028.

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%. With the massive growth of the electric vehicle market, there has been a huge demand for charging energy and the construction of charging devices. At present, global energy development is moving towards the use of clean energy. The demand for clean energy like solar energy and wind power is increasing day by day. At the same time, in order to increase the efficiency of energy use, there is a huge demand for energy storage devices. These new energy applications are all application fields of SiC high-voltage, high-power, and high-efficiency power components.

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 manufacturing plant 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 (3)Major IC design houses, 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 flexibly adjusted and customized. Combining our own epitaxy production and wafer manufacturing capabilities, we can reduce wafer manufacturing costs for customers and provide customers with stable epi-wafer materials. We also work with customers to create profits in a win-win situation 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. New demands for smart sensing are increasing day by day, especially in response to the demands for smart living in an aging society. Among them, smart life further drives sensing needs such as metaverse, virtual reality expansion, smart care, personalized experience, digital governance, and smart cities. In addition, in the industrial field, machine vision and high-speed signal transmission optical couplers 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, charging devices, new energy, and industrial machinery. In high-power applications, high-efficiency silicon carbide (SiC) power components with ultra-high voltage resistance and ultra-low on-resistance can better demonstrate the functions of energy conservation and carbon reduction. Therefore, the size of the power device market is highly positively correlated with the global economic development situation. In addition to being resistant to high voltage, high temperature, and low resistance, GaN also has excellent electrical and thermal conductivity, small size, and low energy consumption, making it widely used in fields such as transformers and chargers. Fast charging for consumer mobile phones and laptops will be the main application areas of gallium nitride at present. In the medium and long term, medium-voltage applications such as industrial equipment, data centers and electric vehicles (EVs) will be the main driving force for the growth of GaN.

➤ 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. Fast charging for consumer mobile phones and laptops is the main application area of gallium nitride (GaN) at present. In the medium and long term, medium-voltage applications such as industrial equipment, data centers and electric vehicles will be the main driving force for the growth of GaN. 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. In terms of SiC components, our main competitors are the major world-class IDMs. Currently, these IDMs are actively participating in the development of application fields including solar energy, energy storage system devices, new energy vehicles, and industrial power management, where the market demand for silicon carbide is expanding rapidly. In the future, the Company will also dedicate itself to the field of new energy applications, recruit Taiwan's abundant top semiconductor talents, develop products that can compete with those of major manufacturers in various countries, and make good use of Taiwan's cost competitiveness in the semiconductor supply chain to maximize the Group's synergy. In the face of price competition from Chinese manufacturers, we will accelerate product technology development schedule, develop advanced technology products to set our product performance apart from that of the competing Chinese companies, so to avoid the low-price market and enter the blue ocean market for high-price products.

(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)
2023	231,231

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 Innovation Fab:

(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

- 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.
- 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 Headquarters 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 niche LED plant lighting products to meet the needs of the planting market.
 - (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 the integration of structural design and internal process capabilities, the luminous efficiency of plant lighting LEDs is improved to achieve the competitive advantage of high efficiency and energy saving, meeting the needs of the plant market to improve planting results.
 - (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 Headquarters:

(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, industrial automation and In-vehicle.

- (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.
- (e) Based on actual customer application needs, we cooperate with R&D to conduct simulations and experimental trials, optimize the structural design of bandpass in different bands, and complete the development of Band-pass sensing component products.

(C) Performance and achievement

- (a) The development and customer certification of high-voltage ESD protection components for vehicles have been completed, and they have been officially introduced into mass production and shipped stably.
- (b) The development of APD products for different customer specifications has been completed and is undergoing customer certification; new market demands for diverse applications will continue to be developed.
- (c) The characteristics of high-speed optocoupler devices meet the customer goals and have been transferred to the mass production stage, expanding the existing product line.
- (d) Wearable sensing components: Their development has been completed and certified by major wearable device end customers; meanwhile, mass production has been stabilized and optimization and customization continues. The development is still underway with the goal of providing more high-performance products on the market.
- (e) Based on the existing sensing technology and process capabilities, we cooperated with major manufacturers in the United States and South Korea to complete the development of Flip type and Band-pass sensing components based on their model design, which passed the initial characteristic verification. We also continue to develop related application performance testing platforms to make them fit the design thinking of end users to improve the sample success rate.
- (f) (10) The preliminary process capability verification of the establishment of the technology platform for Fast Recovery Epitaxial Diode (FRED) components has been completed through collaboration with the customer, and has entered the trial production stage.

➤ 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) The development and verification of compound semiconductor visible light sensing device has been completed.
- (b) Completed the development and verification of the high temperature characteristics surface-emitting laser components.
- (c) The development of near-infrared long-wavelength IR LED and MPD epitaxy and chip has been completed.
- (d) The GaN HEMT 650VD-mode power device epitaxial vertical breakdown voltage and device characteristics development have been completed.

➤ 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 being in line with the customers has been completed by the end of 2023, and will continue to be updated and maintained; at the end of the same year, the construction of clean room and device verification of four coating devices was completed.
- (b) Development of non-invasive blood sugar test technology: We have been cooperating with customers with strong medical testing competitiveness in product development. The system has begun animal and human experiments and data collection and analysis. Our alliance is expected to submit the A+ forward-looking research proposal in early 2024 to obtain research and development expenditure subsidies.

➤ 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. At present, there are units such as the R&D Department, Operations and Manufacturing Department, Operations and Engineering Department, Quality and Reliability Assurance Department, Administration Department, Environmental Safety and Health Office and Business Department. Among them, the Operations and Manufacturing Department is responsible for planning and optimizing the product manufacturing process; the Operations and Engineering Department is responsible for the maintenance and

management of clean rooms, equipment, and processes; the R&D department covers epitaxy R&D, process technology development, product model development, etc.; the Quality and Reliability Assurance Department is responsible for businesses including controlling the product production environment, product quality, and raw material quality. In the future, we will rely on these units to produce high-quality products to meet the needs of all customers.

(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) 1200V SiC diode production process flow planning, simulation, design, the technical platform was established and the foundry business was launched.
- (b) 1200V SiC MOSFET production process flow planning, simulation, design, the technical platform was established and the foundry business was launched.
- (c) 1700V SiC diode production process flow planning, simulation, design, the technical platform was established and the foundry business was launched.
- (d) 1700V SiC MOSFET production process flow planning, simulation, design, the technical platform was established and the foundry business was launched.

➤ **Subsidiary- STAR ASIA VISION CORPORATION:**

(A) Organization

- (a) it was divided into STAR ASIA VISION CORPORATION, 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.: Stadium display screen system.
- (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 red light, in which Taiwan-Asia Semiconductor Corporation is responsible for producing epitaxial dies.

- (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 and acceptance and product trial production stage of the Company's 100% subsidiary ProAsia Semiconductor, in addition to actively preparing for the 2024 Q4 production capacity of 3,000 pieces monthly, 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. In the early stage, we entered mass production with the first-generation 1200V SBD/JBS products, and simultaneously developed the first-generation 1200V MOSFET and the second-generation 1700V SBD/JBS and 1700V MOSFET products to strive for a shorter customer certification time and enter mass production mode as soon as possible. Currently, we have entered small batch mass production mode.
- (E) The Company has had a solid foundation in epitaxy and discrete device manufacturing technology in the past, and will expand and strengthen cooperation with upstream IC design houses and downstream packaging, testing and products for customers to perform verification. The Company will use GaN-based third-generation semiconductor power devices as its main products. Compared with silicon-based components, they can offer lower losses, higher speeds and the passive components can be effectively downsized, thereby downsizing the overall power module. In the future, we will combine sapphire substrates and silicon carbide substrates to develop high-frequency, high-voltage, and lower energy consumption device development platforms to serve a wide range of OEM and ODM customers.

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.
- (D) At present, the market demand for SiC is rapidly expanding in the fields of solar energy, energy storage, new energy vehicles, and industrial power supplies. In the future, ProAsia will strengthen its efforts in these fields and recruit Taiwan's top semiconductor talents to establish upstream SiC slicing and polishing, epitaxial wafer, wafer manufacturing and downstream packaging and testing services, vertically integrating upstream and downstream into the Group to achieve the purpose of providing customers with one-stop services, making good use of Taiwan's cost competitiveness in the semiconductor supply chain to maximize the Group's synergy.

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 2023 are as follows:

Unit: NT\$ thousands

Item	Year	2023	
		Subtotal	Total
Operating income from import of domestic region (i.e. Taiwan)		1,206,655	1,206,655
Operating income from export of domestic region (i.e. Taiwan)			
Europe		21,493	
America		624,066	
Southeast Asia		1,600,875	
Northeast Asia		437,488	
Other areas (not reaching 10%)		81,702	
Operating income from export			2,765,624
Net operating income			3,972,279

B. Market Share:

In 2023, due to factors such as weak end demand for electronics, unanticipated inventory adjustments, and China's economic downturn, Taiwan's parts and components industries including PCB, passive components, display panels, sensing components, energy components, and LED components all performed poorly in 2023. It is feared that the total output value of the six major electronic components will decline for two consecutive years. Looking forward to 2024, inventories in various industries will gradually reach safe levels and major markets such as mobile phones, computers, and semiconductors will enter the recovery stage. The capacity utilization rate of component manufacturers is expected to gradually rise to more than 90%, leading the industry to show a U-shaped reversal. 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 opticalcouplers will be transformed from the original home appliance and consumer electronics markets into high-speed opticalcouplers, entering the industrial communication field that focuses more on data transmission, it has also entered further into the field of electric vehicle charging stations, so as to expand the revenue growth momentum to react to the economic recovery in 2024, and in response to the increasing trend of electric vehicles and related clean energy, there is a large demand for high-efficiency power component products 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) Short-wave infrared (SWIR) has a wavelength between 1,050-2,500nm and can detect the bands of water, sugar, alcohol and other elements. It is quite suitable for wearable device health sensing applications. The market has been looking forward to introducing blood glucose measurement functions into smart watch products. Once the technology makes a breakthrough, SWIR applications will be expanded.
- (E) In order to improve the global greenhouse effect, countries have formulated increasingly stringent regulations on automobile gas emissions, which has led to the rapid expansion of demand for electric vehicles. This trend has stimulated a large demand for related automotive electronics, while re-establishing the power and energy system, generating large amounts of clean energy and increasing the requirements for high-efficiency energy conversion components. As a result, SiC high-efficiency power components will have unlimited business opportunities in the next few decades.

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 wafer and epitaxy manufacturing, wafer manufacturing technology 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 as well as large existing potential customer base with whom we have on-going collaboration. 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 and power of the third-generation semiconductor energy efficiency industry, we have devoted our efforts to develop power of the third-generation semiconductor 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 strong competitive advantage 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) 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.

- (b) Market capacity is greater than terminal demand

With the continuous expansion of wafer production capacity in various countries around the world, 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. With TASC’s inherent epitaxial capacity and ProAsia Semiconductor’s profound technical experience, we will with great speed, develop products with more advanced technology and higher efficiency than that of Chinese competitors, as well as better mass production and stable quality, to overcome this problem.

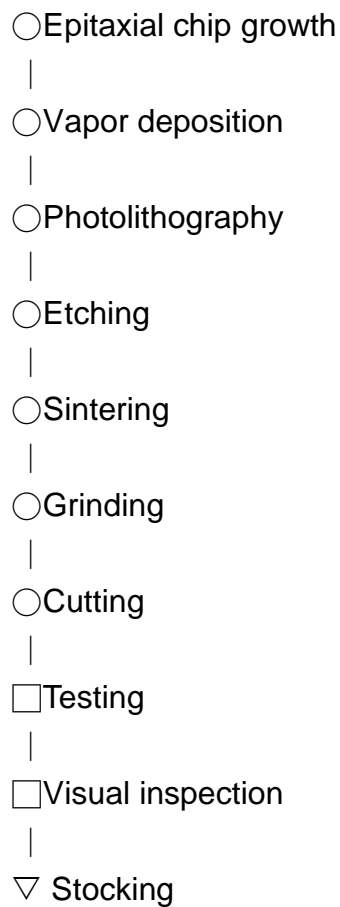
(2)The Production Procedures of Main Products

A. Important applications

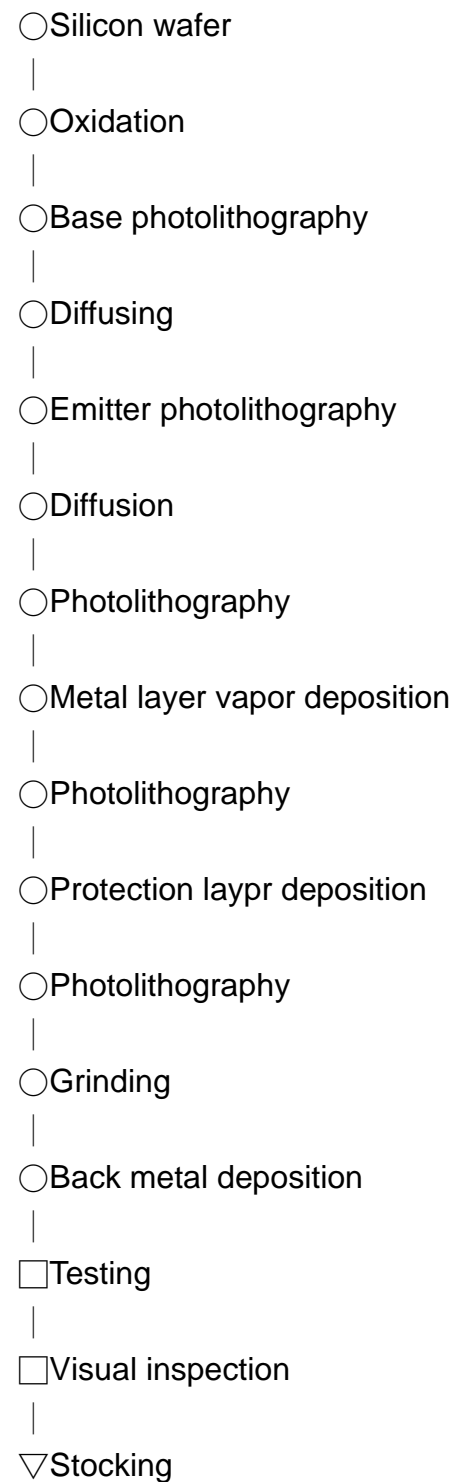
Product Name		Important applications
Light Emitting Device	LED chip	Full color LED, digital display, Dot-Matrix display, light source display for fax machine, indicating devices for consumer products such as household appliance, communication and computers, indoor lighting, car lights and tail lights, 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	GaN HEMT	3C product fast charger, Switch power supplies, Telecom servers,Power factor correction, on-board chargers, automobiles, solar inverters and energy storage systems.
	SBD	Telecom servers, power factor correction, on-board chargers, automobiles, solar inverters and energy storage systems.
	MOSFET	Switch power supplies, traction inverters, solar inverters, electric vehicles, Electric vehicle charging stations and energy storage systems, in-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)

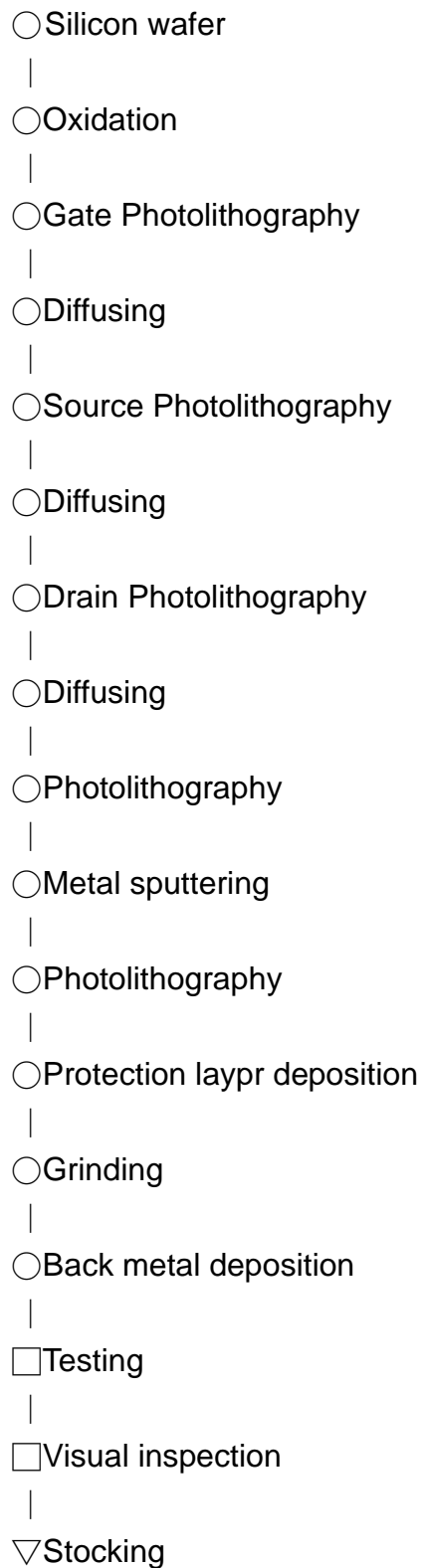


(B) Sensor device (Phototransistor chip)

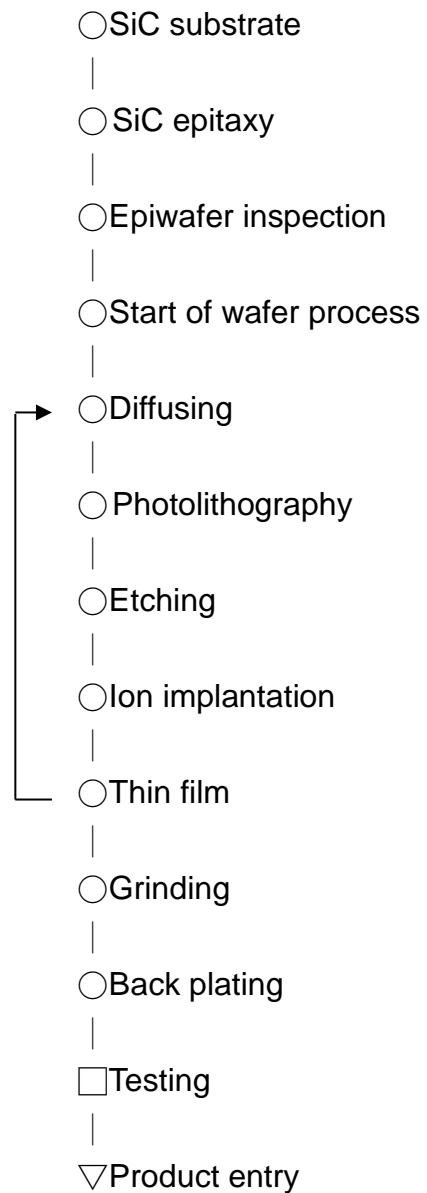


(A) Power components

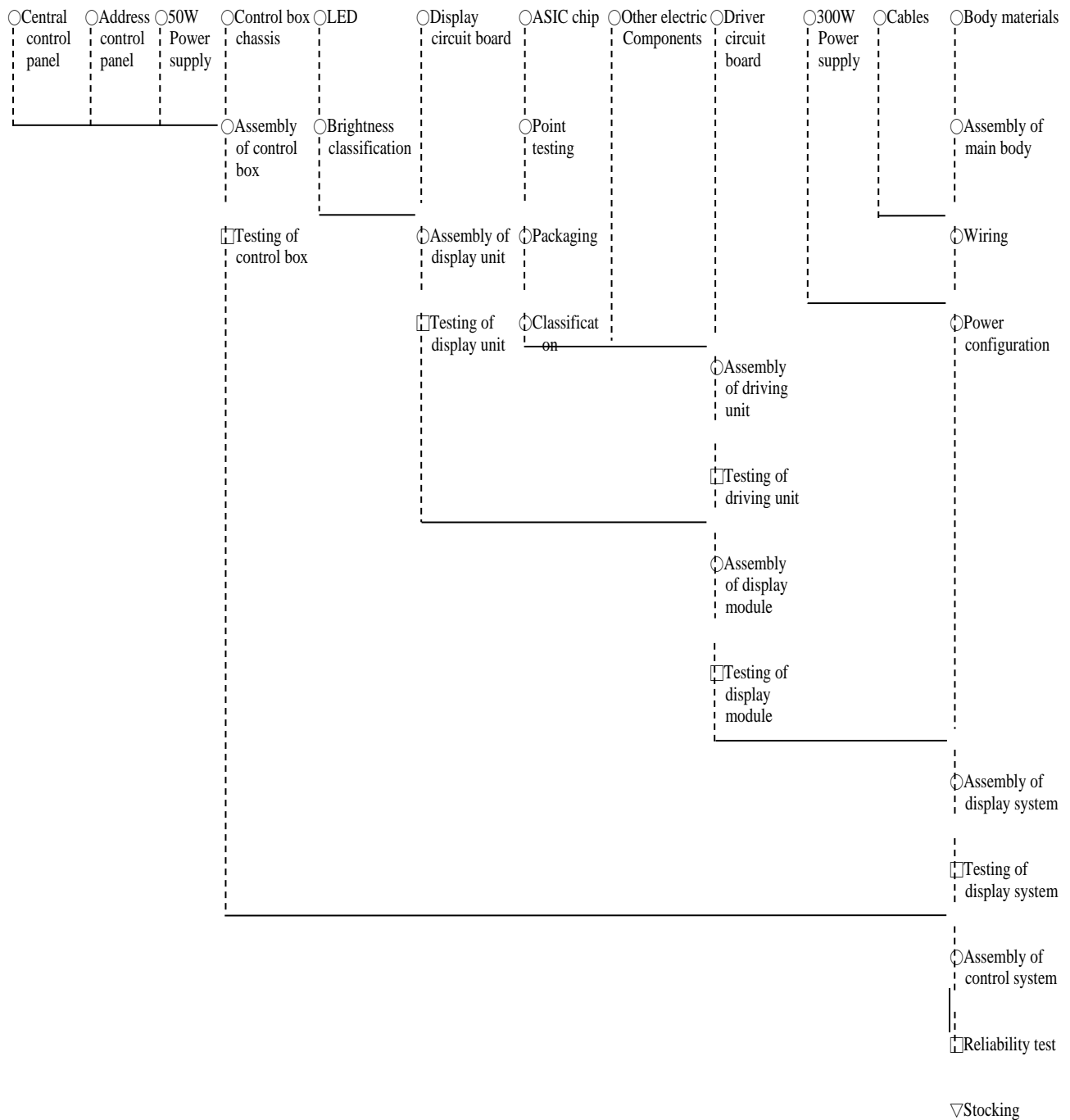
(Metal Oxygen Half Field Effect Transistor)



(B) Silicon wafer (SiC)



(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

	2022				2023			
Item	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Client A	615,658	13.59	-	Client A	551,736	13.89	-
2	Client B	517,856	11.43	-	Client B	454,692	11.45	-
3	Others	3,396,263	74.98	-	Others	2,965,851	74.66	-
	Net Sale	4,529,777	100.00		Net Sale	3,972,279	100.00	

(B)Explanation of reasons of any change, increase or decrease:No major changes.

B. Major Suppliers to which products have been purchased:

(A)Major Suppliers in the Last Two Calendar Years

Unit: NT\$ thousands

	2022				2023			
Item	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Supplier A	207,712	11.28	-	Supplier A	230,582	13.60	-
2	Others	1,633,494	88.72	-	Others	1,464,647	86.40	-
	Net purchase	1,841,206	100.00		Net purchase	1,695,229	100.00	

(B)Explanation of reasons of any change, increase or decrease: No major changes.

(5) Production in the Last Two Years

Unit: NT\$ thousands/Thousand pieces

Year Output	2022			2023		
Major Products	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Light emitting devices	31,000,000	8,227,443	770,039	31,000,000	5,989,763	563,024
Sensor devices	33,600,000	18,359,854	1,490,165	33,600,000	17,113,140	1,200,600
System product	-	-	540,631	-	-	773,842
Packaging Products	243,207	103,433	154,448	9,097	2,716	6,359
Other products	-	-	-	-	-	-
Total	64,843,207	26,690,730	2,955,283	64,609,097	23,105,619	2,543,825

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

Year	2022				2023			
Shipments & Sales	Local		Export		Local		Export	
Major Products	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Light emitting devices	1,780,432	215,048	6,107,037	679,443	1,019,702	111,567	5,142,198	556,377
Sensor devices	2,464,598	806,243	15,307,100	1,581,759	1,894,154	628,796	15,629,266	1,532,949
System product	8	292,863	260	684,675	8	463,532	-	650,508
Packaging Products	26,021	57,019	88,244	199,318	-	-	10,138	21,700
Other products	-	3,091	1	10,318	-	2,760	-	4,090
Total	4,271,059	1,374,264	21,502,642	3,155,513	2,913,864	1,206,655	20,781,602	2,765,624

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, 2024

Year		2022	2023	As of Mar. 31, 2024
Number of Employees	Management personnel	256	239	238
	Technology personnel	275	368	368
	Direct personnel	508	456	471
	Total	1,039	1,063	1,077
Average Age		40.70	39.89	40.17
Average Years of Service		9.82	8.36	8.29
Education	Ph.D.	1.25	1.51	1.49
	Masters	12.99	20.23	21.08
	Bachelor's Degree	54.67	55.97	54.87
	Senior High School	23.10	18.91	19.41
	Below Senior High School	7.99	3.39	3.16

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 2023.

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,monthly birthday celebration subsidy,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 training				High-ranking director training
			Medium level director training	
	General management training	Basic director training		
Professional training		Advanced skill training		
	Basic 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 2023 education training courses came in four major categories.

A total of 3,973 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	174	942	4,630	485,340
Professional program	75	1,825	7,460	202,620
General knowledge	162	1,055	3,854	4,360
Management	5	151	417	124,410
Total	416	3,973	16,361	816,730

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.:

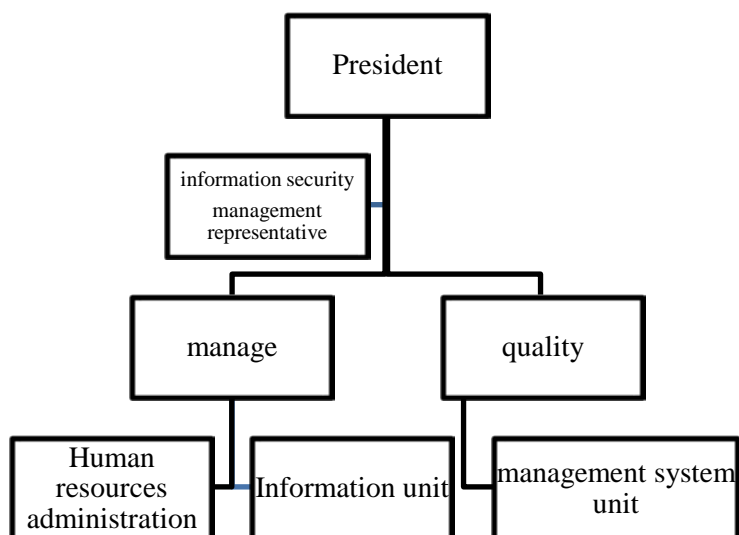
I. Information Security Risk Management

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



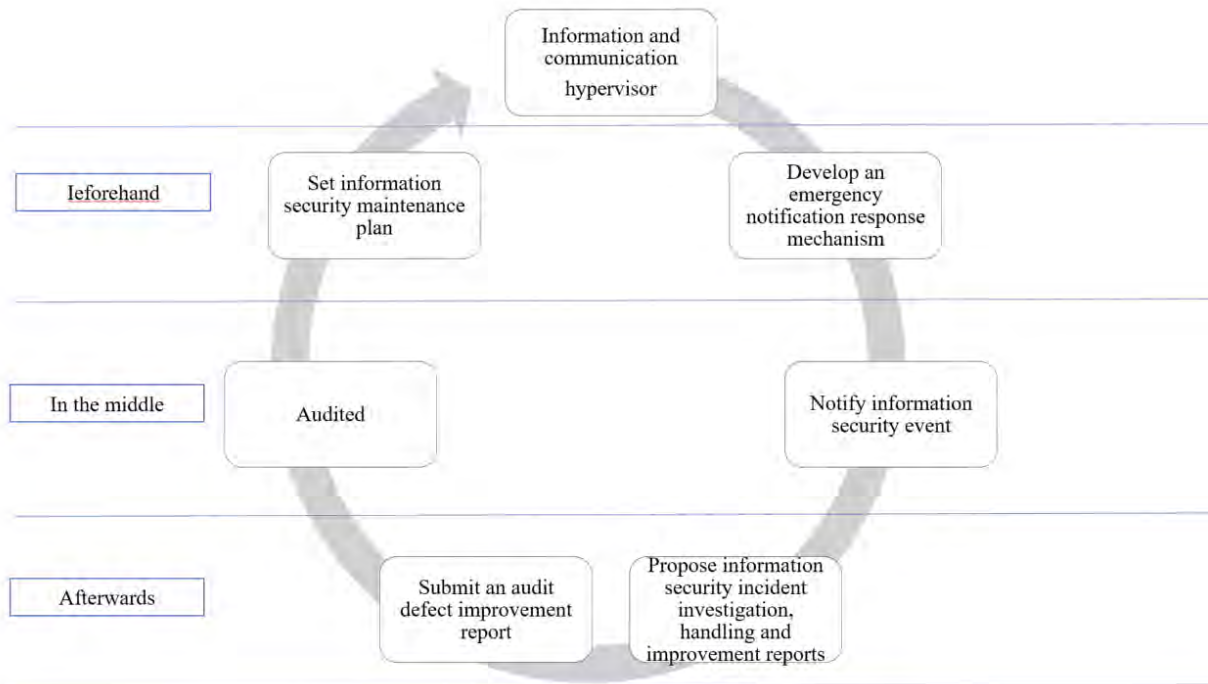
II. Information Security Policy

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.

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

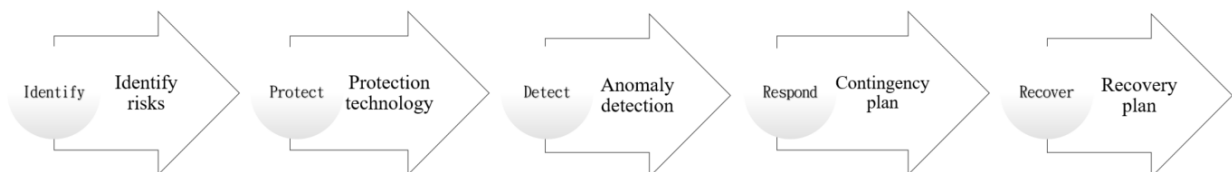


III. Information Security Management Plan

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.



IV.Information Security Management Resource

TASC information security measures to promote implementation results in 2024:

TASC has established comprehensive network and computer-related information security protection measures, at the same time, the ISO 27001 management system was introduced and the ISO/IEC 27001:2013 certificate was obtained. External threats are changing rapidly, therefore, we joined the information security information sharing organizations “Science Park Information Sharing and Analysis Center (SP-ISAC)” and “Taiwan Computer Emergency Response Team / Coordination Center (TWCERT/CC)” to obtain information security early warning, information on information security threats and vulnerabilities, and perform real-time security updates on each system to reduce the risk of external network attacks.

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, 2024

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 rd phase of the Park	Limited to the use for the target business

VI、Financial Information

1. Five-Year Financial Summary

(1) Condensed Balance Sheet - IFRSs

A. Condensed Balance Sheet (Consolidated)- IFRSs

Unit: NT\$ thousands

Year Item		Five-Year Financial Summary (Note1)				
		2019	2020	2021	2022	2023
Current assets		5,957,852	6,306,500	7,683,483	5,345,417	4,804,510
Property, Plant and Equipment		2,909,127	2,705,133	2,664,220	2,661,914	5,384,198
Intangible assets		14,229	14,318	14,040	19,009	35,378
Other assets		1,424,936	1,615,476	1,983,616	2,528,467	2,267,843
Total assets		10,306,144	10,641,427	12,345,359	10,554,807	12,491,929
Current liabilities	Before distribution	1,694,700	1,733,564	2,246,692	1,528,754	1,987,519
	After distribution	1,694,700	2,248,491	3,562,561	1,967,377	2,206,830
Non-current liabilities		1,343,128	1,214,537	401,149	516,659	2,006,290
Total liabilities	Before distribution	3,037,828	2,948,101	2,647,841	2,045,413	3,993,809
	After distribution	3,037,828	3,463,028	3,963,710	2,484,036	4,213,120
Equity attributable to shareholders of the parent		7,264,675	7,689,689	9,693,884	8,509,394	8,320,508
Capital stock		3,786,228	3,786,228	4,386,228	4,386,228	4,386,228
Capital surplus		702,965	703,108	1,489,822	1,507,368	1,475,787
Retained earnings	Before distribution	2,519,185	3,095,023	3,434,444	2,557,139	2,420,033
	After distribution	2,519,185	2,580,096	2,118,575	2,118,516	2,200,722
Other equity interest		279,469	187,351	438,344	82,829	61,632
Treasury stock		(23,172)	(82,021)	(54,954)	(24,170)	(23,172)
Non-controlling interest		3,641	3,637	3,634	-	177,612
Total equity	Before distribution	7,268,316	7,693,326	9,697,518	8,509,394	8,498,120
	After distribution	7,268,316	7,178,399	8,381,649	8,070,771	8,278,809

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

B. Condensed Balance Sheet (Unconsolidated) - IFRSs

Unit: NT\$ thousands

Item \ Year		Five-Year Financial Summary (Note)				
		2019	2020	2021	2022	2023
Current assets		5,714,524	6,044,925	7,000,111	3,735,431	3,506,790
Property, plant and equipment		2,759,452	2,568,311	2,537,066	2,508,190	3,360,570
Intangible assets		13,958	14,046	14,040	17,910	16,259
Other assets		1,666,171	1,853,486	2,633,457	3,509,250	3,841,153
Total assets		10,154,105	10,480,768	12,184,674	9,770,781	10,724,772
Current liabilities	Before distribution	1,546,572	1,576,556	2,089,684	964,946	1,428,081
	After distribution	1,546,572	2,091,483	3,405,553	1,403,569	1,647,392
Non-current liabilities		1,342,858	1,214,523	401,106	296,441	976,183
Total liabilities	Before distribution	2,889,430	2,791,079	2,490,790	1,261,387	2,404,264
	After distribution	2,889,430	3,306,006	3,806,659	1,700,010	2,623,575
Capital		3,786,228	3,786,228	4,386,228	4,386,228	4,386,228
Capital reserves		702,965	703,108	1,489,822	1,507,368	1,475,787
Retained earnings	Before distribution	2,519,185	3,095,023	3,434,444	2,557,139	2,420,033
	After distribution	2,519,185	2,580,096	2,118,575	2,118,516	2,200,722
Other Equity Adjustments		279,469	187,351	438,344	82,829	61,632
Treasury stocks		(23,172)	(82,021)	(54,954)	(24,170)	(23,172)
Total equity	Before distribution	7,264,675	7,689,689	9,693,884	8,509,394	8,320,508
	After distribution	7,264,675	7,174,762	8,378,015	8,070,771	8,101,197

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)				
	2019	2020	2021	2022	2023
Operating revenue	5,418,004	5,590,046	6,143,243	4,529,777	3,972,279
Gross profit	1,638,329	1,643,558	1,976,779	1,214,378	930,431
Income from operations	740,157	689,147	1,010,788	383,070	78,681
Non-operating income and expenses	46,428	(69,391)	1,891	63,706	221,754
Income before tax	786,585	619,756	1,012,679	446,776	300,435
Net income (Loss)	604,635	575,129	829,373	360,464	303,901
Other comprehensive income (income after tax)	-	-	-	-	-
Total comprehensive income	604,635	575,129	829,373	360,464	303,901
Net income attributable to shareholders of the parent	21,935	(91,413)	275,630	(277,416)	(25,983)
Net income attributable to non-controlling interest	626,570	483,716	1,105,003	83,048	277,918
Comprehensive income attributable to Shareholders of the parent	604,633	575,133	829,371	360,465	307,212
Comprehensive income attributable to non -controlling interest	2	(4)	2	(1)	(3,311)
Earnings per share	626,570	483,720	1,105,006	83,049	281,229
	-	(4)	(3)	(1)	(3,311)
	1.45	1.52	2.11	0.82	0.70

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

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

Unit: NT\$ thousands

Year Item	Five-Year Financial Summary (Note)				
	2019	2020	2021	2022	2023
Operating revenue	5,144,198	5,337,870	5,847,971	3,569,717	3,224,871
Gross profit	1,560,727	1,572,618	1,893,016	985,998	696,103
Income from operations	733,329	689,915	992,506	343,457	85,798
Non-operating income and expenses	44,541	(75,511)	15,583	88,329	201,968
Income before tax	777,870	614,404	1,008,089	431,786	287,766
Net income (Loss)	604,633	575,133	829,371	360,465	307,212
Other comprehensive income (income after tax)	-	-	-	-	-
Total comprehensive income	604,633	575,133	829,371	360,465	307,212
Earnings per share	21,937	(91,413)	275,635	(277,416)	(25,983)
	626,570	483,720	1,105,006	83,049	281,229
	1.45	1.52	2.11	0.82	0.70

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

(3) Auditors' Opinions from 2019 to 2023

Year	CPA's Name	Auditing Opinion	Remark
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	
2023	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

Year Item		Financial analysis in the past five years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt Ratio	29.48	27.70	21.45	19.38	31.97
	Ratio of long-term capital to property, plant and equipment	296.01	329.29	379.05	339.08	195.10
Solvency (%)	Current ratio	351.56	363.79	341.99	349.94	241.73
	Quick ratio	275.75	295.73	280.91	263.45	167.78
	Interest earned ratio (times)	24.68	24.39	64.66	40.08	16.39
Operating performance	Accounts receivable turnover (times)	3.46	3.58	4.16	4.32	3.96
	Average collection period	105	102	88	84	92
	Inventory turnover (times)	2.94	3.30	3.44	2.63	2.34
	Accounts payable turnover (times)	5.43	5.45	5.33	5.05	5.82
	Average days in sales	124	111	106	139	156
	Property, plant and equipment turnover (times)	1.81	1.99	2.29	1.70	0.99
	Total assets turnover (times)	0.53	0.53	0.53	0.40	0.34
Profitability	Return on total assets (%)	6.16	5.69	7.33	3.23	2.77
	Return on stockholders' equity (%)	8.17	7.69	9.54	3.96	3.57
	Pre-tax income to paid-in capital (%)	20.77	16.37	23.09	10.19	6.85
	Profit ratio (%)	11.16	10.29	13.50	7.96	7.65
	Earnings per share (NT\$)	1.45	1.52	2.11	0.82	0.70
Cash flow	Cash flow ratio (%)	85.68	52.19	77.28	98.79	15.96
	Cash flow adequacy ratio (%)	107.15	121.51	138.84	109.49	74.32
	Cash reinvestment ratio (%)	7.09	5.14	6.37	1.07	1.60
Leverage	Operating leverage	1.85	1.98	1.66	2.37	8.04
	Financial leverage	1.05	1.04	1.02	1.03	1.33

Analysis of financial ratio change in the last two years :

1. Liabilities to assets ratio: mainly due to the increase in liabilities in the current period.
2. Ratio of long-term funds to real estate, plant and equipment, turnover rate of real estate, plant and equipment: mainly due to the increase in fixed assets.
3. Current ratio and quick ratio: mainly due to the increase in equipment payable.
4. 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.
5. Cash flow ratio, Cash flow adequacy ratio and cash reinvestment ratio: mainly due to the decrease in cash inflow from operating activities in the current period.
6. Degree of operating leverage and financial 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.

B. Financial Analysis (Unconsolidated) –IFRS

<div> <div>Year</div> <div>Item</div> </div>		Financial analysis in the past five years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt Ratio	28.46	26.63	20.44	12.91	22.42
	Ratio of long-term capital to property, plant and equipment	311.93	346.70	397.90	351.08	276.64
Solvency (%)	Current ratio	369.50	383.43	334.98	387.11	245.56
	Quick ratio	288.30	307.86	272.12	274.16	156.11
	Interest earned ratio (times)	29.64	29.38	89.20	57.54	26.60
Operating performance	Accounts receivable turnover (times)	3.35	3.49	4.04	3.60	3.60
	Average collection period	109	105	90	101	101
	Inventory turnover (times)	2.84	3.22	3.38	2.30	2.26
	Accounts payable turnover (times)	5.40	5.45	5.32	4.74	7.00
	Average days in sales	129	113	108	159	162
	Property, plant and equipment turnover (times)	1.82	2.00	2.29	1.42	1.10
	Total assets turnover (times)	0.51	0.52	0.52	0.33	0.31
Profitability	Return on total assets (%)	6.22	5.74	7.40	3.34	3.09
	Return on stockholders' equity (%)	8.18	7.69	9.54	3.96	3.65
	Pre-tax income to paid-in capital (%)	20.54	16.23	22.98	9.84	6.56
	Profit ratio (%)	11.75	10.77	14.18	10.10	9.53
	Earnings per share (NT\$)	1.45	1.52	2.11	0.82	0.70
Cash flow	Cash flow ratio (%)	95.62	53.63	89.97	107.97	23.69
	Cash flow adequacy ratio (%)	108.70	121.11	147.23	116.07	101.88
	Cash reinvestment ratio (%)	7.38	4.90	7.23	-1.54	-0.54
Leverage	Operating leverage	1.80	1.92	1.63	2.24	5.62
	Financial leverage	1.04	1.03	1.01	1.02	1.15

Analysis of financial ratio change in the last two years :

1. Debt asset ratio: Mainly due to the increase in liabilities in the current period.
2. Ratio of long-term funds to real estate, plant and equipment, turnover rate of real estate, plant and equipment: mainly due to the increase in fixed assets.
3. Current ratio and quick ratio: mainly due to the increase in loans, accounts payable and equipment payable.
4. 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.
5. Accounts payable turnover: mainly due to the increase in accounts payable.
6. Property, plant, and equipment turnover and total assets turnover: mainly due to the decrease in net sales in the current period.
7. Cash flow ratio: mainly due to the decrease in current liabilities in the current period.
8. Cash flow adequacy ratio and cash reinvestment ratio: mainly due to the decrease in net cash flow from operating activities in the current period.
9. 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 2024

The Board of Directors has prepared the Company's 2023 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

April. 11, 2024

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, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

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

February 27, 2024

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

The Occurrence of Operating Revenue

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

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

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

Other Matter

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a

material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2024

Notice to Readers

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

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

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

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,994,383	16	\$ 3,014,578	29
Financial assets at fair value through profit or loss - current (Notes 7 and 30)	92,273	1	65,175	1
Financial assets at amortized cost - current (Notes 9 and 32)	23,360	-	120,666	1
Contract assets - current (Note 23)	1,700	-	2,883	-
Notes receivable (Note 23)	1,171	-	1,642	-
Trade receivables (Notes 10 and 23)	1,177,915	9	782,722	7
Trade receivables from related parties (Notes 23 and 31)	23,976	-	16,433	-
Other receivables (Note 31)	14,417	-	15,131	-
Inventories (Note 11)	1,348,681	11	1,248,748	12
Other current assets (Notes 25 and 31)	<u>126,634</u>	<u>1</u>	<u>77,439</u>	<u>1</u>
Total current assets	<u>4,804,510</u>	<u>38</u>	<u>5,345,417</u>	<u>51</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 7 and 30)	20,000	-	109,096	1
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 30)	1,110,803	9	1,069,816	10
Investments accounted for using the equity method (Note 13)	63,987	1	61,690	1
Contract assets - non-current (Note 23)	2,619	-	4,319	-
Property, plant and equipment (Notes 14 and 31)	5,384,198	43	2,661,914	25
Right-of-use assets (Note 15)	210,813	2	202,218	2
Investment properties (Note 16)	399,307	3	399,307	4
Intangible assets (Note 17)	35,378	-	19,009	-
Deferred tax assets (Notes 4 and 25)	57,912	1	24,400	-
Prepayment for equipment (Note 31)	371,620	3	621,506	6
Other non-current assets	<u>30,782</u>	<u>-</u>	<u>36,115</u>	<u>-</u>
Total non-current assets	<u>7,687,419</u>	<u>62</u>	<u>5,209,390</u>	<u>49</u>
TOTAL	<u>\$ 12,491,929</u>	<u>100</u>	<u>\$ 10,554,807</u>	<u>100</u>

(Continued)

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

(Formerly Named Opto Tech Corporation)

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	2023		2022	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 390,000	3	\$ 137,196	1
Contract liabilities - current (Note 23)	97,936	1	213,295	2
Trade payables	536,764	4	432,446	4
Trade payables to related parties (Note 31)	39,441	1	36,162	-
Other payables (Note 19)	817,715	7	587,892	6
Other payables to related parties (Note 31)	23,332	-	-	-
Current tax liabilities (Notes 4 and 25)	25,150	-	98,351	1
Provisions - current (Note 20)	2,651	-	1,210	-
Lease liabilities - current (Notes 15 and 31)	23,197	-	17,195	-
Current portion of long-term liabilities (Note 18)	25,695	-	-	-
Other current liabilities	5,638	-	5,007	-
Total current liabilities	1,987,519	16	1,528,754	14
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	1,669,961	13	195,695	2
Provisions - non-current (Note 20)	19,758	-	24,505	-
Deferred tax liabilities (Notes 4 and 25)	25,061	-	50,475	-
Lease liabilities - non-current (Notes 15 and 31)	195,967	2	189,330	2
Net defined benefit liability - non-current (Notes 4 and 21)	67,004	1	54,591	1
Deferred revenue - non-current (Note 28)	23,230	-	-	-
Other non-current liabilities	5,309	-	2,063	-
Total non-current liabilities	2,006,290	16	516,659	5
Total liabilities	3,993,809	32	2,045,413	19
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	4,386,228	35	4,386,228	42
Capital surplus	1,475,787	12	1,507,368	14
Retained earnings				
Legal reserve	916,235	7	872,379	8
Unappropriated earnings	1,503,798	12	1,684,760	16
Total retained earnings	2,420,033	19	2,557,139	24
Other equity	61,632	1	82,829	1
Treasury shares	(23,172)	-	(24,170)	-
Total equity attributable to owners of the Company	8,320,508	67	8,509,394	81
NON-CONTROLLING INTERESTS	177,612	1	-	-
Total equity	8,498,120	68	8,509,394	81
TOTAL	<u>\$12,491,929</u>	<u>100</u>	<u>\$10,554,807</u>	<u>100</u>

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

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

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

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

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

(Continued)

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

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

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

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

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

(Concluded)

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

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

(Concluded)

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

(Formerly Named Opto Tech Corporation)

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

1. GENERAL INFORMATION

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

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

2. THE APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on February 27, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

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

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

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)
Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.	
Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.	

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

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

- b. Basis of presentation

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

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

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

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

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

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

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

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

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

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

e. Foreign currencies

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

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

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

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

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

f. Inventories

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

g. Investment in associates

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

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

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

attributable to the Group.

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

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

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

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

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

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

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

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

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

- c) Derecognition of financial assets

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

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

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

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

The repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Corporation's own equity instruments.
- 3) Financial liabilities
 - a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.
 - b) Derecognition of financial liabilities

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

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

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

 - 1) Revenue from the sale of goods comes from sales of semiconductor components. Sales of semiconductor components are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. Contract assets are recognized concurrently. Any amounts previously recognized as contract assets are reclassified to trade receivables when the remaining obligations are performed.
 - 2) The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.
- o. Leases

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

 - 1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

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

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

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

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

p. Borrowing costs

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

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

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

q. Notes and accounts payable

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

r. Government grants

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

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined contribution retirement benefit plans are determined using the projected unit credit method.

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

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

t. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current tax and deferred tax for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CASH AND CASH EQUIVALENTS

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

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

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

9. FINANCIAL ASSETS AT AMORTIZED COST

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

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

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

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

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

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

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

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

December 31, 2023

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

December 31, 2022

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

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

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

11. INVENTORIES

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

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

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

12. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

			Proportion of Ownership		
			December 31		
Investor	Investee	Nature of Activities	2023	2022	Remark
The Company	Ho Chung Investment Co., Ltd. (“Ho Chung Investment”)	Investment business	100.00%	100.00%	-
The Company	CS Bright Corporation (“CSB”)	Manufacturing and selling LED and electronic products	-	-	Note 1
The Company	Bright Investment International Ltd.(“Bright”)	Holding company	-	100.00%	Note 2
The Company	Everyung Investment Ltd. (“Everyung”)	Holding company	-	50.00%	Note 3
The Company	River Asset Co., Ltd. (“River Asset”)	Investment business	100.00%	100.00%	-
The Company	Star Asia Vision Corporation (“Star Asia”)	Manufacturing and selling lighting equipment	90.95%	100.00%	Notes 4 and 7
The Company	Wan Zun Guang Investment Co., Ltd. (“Wan Zun Guang”)	Investment business	100.00%	100.00%	Note 5
Bright	Everyung Investment Ltd. (“Everyung”)	Holding company	-	50.00%	Note 3
Everyung	Opto Plus Technology Co., Ltd. (“Opto Plus”)	Manufacturing and selling LED and electronic products	-	100.00%	Note 3
Wan Zun Guang	ProAsia Semiconductor Corporation Ltd. (“ProAsia”)	Development, manufacture and sales of silicon-based semiconductor power components and silicon carbide compound semiconductor power components	88.26%	100.00%	Notes 6 and 8
Ho Chung investment	United-Asia Semiconductor Corporation (“United-Asia”)	Assembling and testing electronic parts	100.00%	-	Notes 9 and 11
Ho Chung investment	Gan-Asia Semiconductor Corporation (“Gan-Asia”)	Manufacturing electronic parts	100.00%	-	Notes 10 and 11

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

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

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

a. Consideration received

**Everyung Investment
Ltd. and Its Subsidiaries**

Cash and cash equivalents	\$ 130,503
Total consideration received	<u>\$ 130,503</u>

b. Analysis of assets and liabilities loss of control

**Everyung Investment
Ltd. and Its Subsidiaries**

Current assets	
Cash and cash equivalents	\$ 64,045
Trade receivables	34,414
Inventories	21,875
Other current assets	6,567
Non-current assets	
Property, plant and equipment	115,013
Right-of-use assets	3,140
Current liabilities	
Accounts payable	(31,789)
Other accounts payable	(96,451)
Other current liabilities, others	<u>(4,330)</u>
Disposal of net assets	<u>\$ 112,484</u>

c. Gain on disposal of subsidiaries

**Everyung Investment
Ltd. and Its Subsidiaries**

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

d. Net cash inflow on disposals of subsidiaries

**Everyung Investment
Ltd. and Its Subsidiaries**

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

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

Note 5: Wan Zun Guang is a wholly owned subsidiary established by the Company on January 19, 2022, and it has been included in the consolidated financial statements since the date of acquisition. In addition, on August 15, 2023, Wan Zun Guang Investment Co., Ltd. issued 47,000 thousand ordinary shares with a par value of NT\$10, which were fully subscribed by the Company this time.

Note 6: ProAsia is a wholly owned subsidiary established by Wan Zun Guang Investment Co., Ltd., a subsidiary of Company, on March 30, 2022, and it has been included in the consolidated financial statements since the date of acquisition.

Note 7: Star Asia, a subsidiary, issued employee stock options on July 24, 2023, for a total of 2,000 thousand employee stock options, such that the shareholding percentage of the Company was reduced to 90.95%.

Note 8: The Group failed to subscribe to the cash capital increase equity of PorAsia according to the shareholding percentage on August 25, 2023; therefore, its shareholding percentage fell from 100% to 88.26%.

Note 9: Ho Chung is a wholly owned subsidiary established by United-Asia Semiconductor Corporation, a subsidiary of Company, on September 8, 2023, and it has been included in the consolidated financial statements since the date of acquisition.

Note 10: Ho Chung is a wholly owned subsidiary established by Gan-Asia Semiconductor Corporation, a subsidiary of Company, on September 8, 2023, and it has been included in the consolidated financial statements since the date of acquisition.

Note 11: The calculation of United-Asia and Gan-Asia is based on the financial statements that have not been audited by an accountant. However, in the opinion of the Company's management, the unaudited financial statements of the investee company will not have a significant influence.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

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

Aggregate Information of Associates That Are Not Individually Material

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

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

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

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and Equipment	Utility Facilities	Pollution Prevention Facilities	Transportation Equipment	Office Equipment	Other Equipment	Leasehold Improvements	Construction in Progress and Equipment Under Installation	Total
<u>Cost</u>										
Balance at January 1, 2023	\$2,058,076	\$5,603,979	\$1,038,925	\$ 740,243	\$ 12,112	\$ 106,473	\$1,978,821	\$ -	\$ 481,589	\$12,020,218
Additions	1,582	14,550	2,070	8,760	1,421	6,016	8,724	4,182	2,901,736	2,949,041
Disposals	-	(227,509)	-	-	(756)	(111)	(94)	-	-	(228,470)
Capitalized interest	-	-	-	-	-	-	-	-	6,329	6,329
Disposal of subsidiary	(256,703)	(135,473)	-	-	(1,454)	(7,125)	-	-	-	(400,755)
Reclassification	2,290	265,156	56,215	598	256	21,530	49,343	23,665	(68,596)	350,457
Effect of foreign currency exchange differences	2,136	1,177	-	-	6	59	-	-	-	3,378
Balance at December 31, 2023	<u>\$1,807,381</u>	<u>\$5,521,880</u>	<u>\$1,097,210</u>	<u>\$ 749,601</u>	<u>\$ 11,585</u>	<u>\$ 126,842</u>	<u>\$2,036,794</u>	<u>\$ 27,847</u>	<u>\$3,321,058</u>	<u>\$14,700,198</u>
<u>Accumulated depreciation and impairment</u>										
Balance at January 1, 2023	\$1,316,354	\$4,705,209	\$ 942,299	\$ 624,057	\$ 9,439	\$ 78,640	\$1,682,306	\$ -	\$ -	\$9,358,304
Disposals	-	(227,490)	-	-	(756)	(111)	(94)	-	-	(228,451)
Depreciation expense	53,145	310,084	19,787	12,763	1,087	16,046	54,060	2,510	-	469,482
Disposal of subsidiary	(165,044)	(114,176)	-	-	(513)	(6,009)	-	-	-	(285,742)
Effect of foreign currency exchange differences	1,363	990	-	-	3	51	-	-	-	2,407
Balance at December 31, 2023	<u>\$1,205,818</u>	<u>\$4,674,617</u>	<u>\$ 962,086</u>	<u>\$ 636,820</u>	<u>\$ 9,260</u>	<u>\$ 88,617</u>	<u>\$1,736,272</u>	<u>\$ 2,510</u>	<u>\$ -</u>	<u>\$9,316,000</u>
Carrying amounts at										
December 31, 2023	<u>\$ 601,563</u>	<u>\$ 847,263</u>	<u>\$ 135,124</u>	<u>\$ 112,781</u>	<u>\$ 2,325</u>	<u>\$ 38,225</u>	<u>\$ 300,522</u>	<u>\$ 25,337</u>	<u>\$3,321,058</u>	<u>\$5,384,198</u>

(Continued)

	Buildings	Machinery and Equipment	Utility Facilities	Pollution Prevention Facilities	Transportation Equipment	Office Equipment	Other Equipment	Leasehold Improvements	Construction in Progress and Equipment Under Installation	Total
<u>Cost</u>										
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	<u>3,696</u>	<u>2,417</u>	<u>-</u>	<u>-</u>	<u>38</u>	<u>148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,299</u>
Balance at December 31, 2022	<u>\$2,058,076</u>	<u>\$5,603,979</u>	<u>\$1,038,925</u>	<u>\$ 740,243</u>	<u>\$ 12,112</u>	<u>\$ 106,473</u>	<u>\$1,978,821</u>	<u>\$ -</u>	<u>\$ 481,589</u>	<u>\$12,020,218</u>
<u>Accumulated depreciation and impairment</u>										
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	<u>2,205</u>	<u>2,012</u>	<u>-</u>	<u>-</u>	<u>35</u>	<u>120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,372</u>
Balance at December 31, 2022	<u>\$1,316,354</u>	<u>\$4,705,209</u>	<u>\$ 942,299</u>	<u>\$ 624,057</u>	<u>\$ 9,439</u>	<u>\$ 78,640</u>	<u>\$1,682,306</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$9,358,304</u>
Carrying amounts at December 31, 2022	<u>\$ 741,722</u>	<u>\$ 898,770</u>	<u>\$ 96,626</u>	<u>\$ 116,186</u>	<u>\$ 2,673</u>	<u>\$ 27,833</u>	<u>\$ 296,515</u>	<u>\$ -</u>	<u>\$ 481,589</u>	<u>\$2,661,914</u>

(Concluded)

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

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amounts</u>		
Land	\$ 179,557	\$ 198,297
Buildings	24,955	-
Transportation equipment	4,996	2,479
Office equipment	948	1,442
Other equipment	<u>357</u>	<u>-</u>
	<u>\$ 210,813</u>	<u>\$ 202,218</u>

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 33,510</u>	<u>\$ 8,241</u>
Depreciation charge for right-of-use assets		
Land	\$ 15,626	\$ 16,925
Buildings	2,772	1,352
Transportation equipment	2,790	2,589
Office equipment	494	648
Other equipment	<u>119</u>	<u>-</u>
	<u>\$ 21,801</u>	<u>\$ 21,514</u>

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

b. Lease liabilities

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

Range of discount rates for lease liabilities was as follows:

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

c. Other lease information

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

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

16. INVESTMENT PROPERTIES

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

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

17. INTANGIBLE ASSETS

	Software
<u>Cost</u>	
Balance at January 1, 2023	\$ 49,786
Additions	23,223
Disposals	(14,486)
Reclassification	<u>15,713</u>
Balance at December 31, 2023	<u>\$ 74,236</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2023	\$ 30,777
Amortization expense	22,567
Disposals	<u>(14,486)</u>
Balance at December 31, 2023	<u>\$ 38,858</u>
Carrying amount at December 31, 2023	<u>\$ 35,378</u>
<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>
Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:	
Computer software	1-10 years

18. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2023	2022
<u>Unsecured borrowings</u>		
Bank loans	<u>\$ 390,000</u>	<u>\$ 137,196</u>
The range of weighted average effective interest rate on bank loans was 1.80%-1.93% and 0.63%-5.87% per annum as of December 31, 2023 and 2022, respectively.		

b. Long-term borrowings

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

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

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

19. OTHER LIABILITIES

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

20. PROVISIONS

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

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

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

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

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

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the

pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

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

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

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2022	<u>\$ 450,675</u>	<u>\$ (303,900)</u>	<u>\$ 146,775</u>
Service costs			
Current service cost	7,775	-	7,775
Past service cost	(336)	-	(336)
Net interest expense (income)	<u>3,270</u>	<u>(2,248)</u>	<u>1,022</u>
Recognized in profit or loss	<u>10,709</u>	<u>(2,248)</u>	<u>8,461</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(25,740)	(25,740)
Actuarial loss - changes in demographic assumptions	71	-	71
Actuarial loss - changes in financial assumptions	(20,086)	-	(20,086)
Actuarial loss - experience adjustments	<u>(51,337)</u>	<u>-</u>	<u>(51,337)</u>
Recognized in other comprehensive income	<u>(71,352)</u>	<u>(25,740)</u>	<u>(97,092)</u>
Contributions from the employer	<u>-</u>	<u>(3,553)</u>	<u>(3,553)</u>
Benefits paid	<u>(87,031)</u>	<u>87,031</u>	<u>-</u>
Balance at December 31, 2022	<u>303,001</u>	<u>(248,410)</u>	<u>54,591</u>
Service costs			
Current service cost	7,451	-	7,451
Past service cost	(65)	-	(65)
Net interest expense (income)	<u>3,888</u>	<u>(3,323)</u>	<u>565</u>
Recognized in profit or loss	<u>11,274</u>	<u>(3,323)</u>	<u>7,951</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,278)	(2,278)
Actuarial loss - changes in demographic assumptions	32	-	32
Actuarial loss - changes in financial assumptions	2,792	-	2,792
Actuarial loss - experience adjustments	<u>6,251</u>	<u>441</u>	<u>6,692</u>
Recognized in other comprehensive income	<u>9,075</u>	<u>(1,837)</u>	<u>7,238</u>
Contributions from the employer	<u>-</u>	<u>(2,776)</u>	<u>(2,776)</u>
Benefits paid	<u>(17,282)</u>	<u>17,282</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 306,068</u>	<u>\$ (239,064)</u>	<u>\$ 67,004</u>

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

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

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

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

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

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

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

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

22. EQUITY

a. Share capital - ordinary shares

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

b. Capital surplus

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

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

c. Retained earnings and dividend policy

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

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

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

The appropriations of 2022 and 2021 earnings are as follows:

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

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

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

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

d. Treasury shares

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

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

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

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

23. REVENUE

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

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

24. NET PROFIT

a. Interest income

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

b. Other income

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

c. Other gains and losses

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

d. Finance costs

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

Information on capitalized interest is as follows:

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

e. Depreciation and amortization

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

f. Employee benefits expense

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

g. Employees' compensation and remuneration of directors

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

Accrual rate

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

Amount

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

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the ended 2022 and 2021.

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

h. Gains or losses on foreign currency exchange

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

25. INCOME TAXES

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

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

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

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

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Translation of the financial statements of foreign operations	\$ 26,190	\$ (17,228)
Remeasurement on defined benefit plans	<u>1,447</u>	<u>(19,418)</u>
Total income tax recognized in other comprehensive income	<u>\$ 27,637</u>	<u>\$ (36,646)</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable (included in other current assets)	<u>\$ 370</u>	<u>\$ 88</u>
Current tax liabilities		
Income tax payable	<u>\$ 25,150</u>	<u>\$ 98,351</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, 2023

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

For the year ended December 31, 2022

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

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

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

- f. Income tax assessments

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

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

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

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

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

26. EARNINGS PER SHARE

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

Net Profit for the Year

	For the Year Ended December 31	
	2023	2022
Earnings used in the computation of basic and diluted earnings per share	\$ 307,212	\$ 360,465
	(Unit: NT\$ Per Share)	
	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares outstanding in computation of basic earnings per share (in thousands)	437,854	437,385
Effect of potentially dilutive ordinary shares employees' compensation (in thousands)	920	2,013
Weighted average number of ordinary shares outstanding in computation of diluted earnings per share (in thousands)	438,774	439,398

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

27. SHARE-BASED PAYMENT ARRANGEMENTS

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

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

For the year ended December 31, 2022

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

Transfer restriction is no transfer within two years.

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

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

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

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

28. GOVERNMENT GRANTS

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

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

29. CAPITAL MANAGEMENT

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

30. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2023

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

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 44,846	\$ -	\$ -	\$ 44,846
Unlisted shares	-	-	109,096	109,096
Mutual funds	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>

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

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

	Financial Assets at FVTPL	Financial Assets at FVTOCI	
Equity Instruments	Equity Instruments	Equity Instruments	Total
Balance at January 1, 2022	\$ 112,528	\$ 786,525	\$ 899,053
Recognized in profit or loss (included in other gains and losses)	(3,432)	-	(3,432)
Recognized in other comprehensive income (included in unrealized valuation 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>

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

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

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

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

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

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

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 112,273	\$ 174,271
Financial assets at amortized cost (1)	3,257,240	3,977,819
Financial assets at FVTOCI	1,110,803	1,069,816

Financial liabilities

Financial liabilities at amortized cost (2)	3,508,217	1,391,454
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- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, trade receivables, trade receivables to related parties, other receivables, refundable deposits and other financial assets.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, trade payables, trade payables to related parties, other payables, long-term borrowings due within one year, long-term borrowings, guarantee deposits received and other financial liabilities.

d. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

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

Sensitivity analysis

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

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

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

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

	JPY Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	\$ 1,011	\$ (43)

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

b) Interest rate risk

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

	For the Year Ended December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 952,378	\$ 2,154,096
Financial liabilities	558,210	359,574
Cash flow interest rate risk		
Financial assets	1,065,365	980,976
Financial liabilities	1,784,840	199,194

Sensitivity analysis

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

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

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

c) Other price risk

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

Sensitivity analysis

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

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

2) Credit risk

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

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

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

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

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

3) Liquidity risk

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

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

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

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

December 31, 2023

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

Additional information about the maturity analysis for lease liabilities:

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

December 31, 2022

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

Additional information about the maturity analysis for lease liabilities:

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

b) Financing facilities

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

31. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and relationships:

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

b. Operating revenue

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

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

c. Purchases of goods

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

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

d. Receivables from related parties

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

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

e. Payables to related parties

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

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

f. Acquisition of property, plant and equipment

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

g. Prepayments

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

h. Lease arrangements

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

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

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

i. Other

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

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

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

j. Compensation of key management personnel

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

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

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

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

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

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

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

34. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 42,313	30.655 (USD:NTD)	\$ 1,297,105
JPY	454,696	0.2152 (JPY:NTD)	97,851
CNY	29,252	4.302 (CNY:NTD)	125,842

Financial liabilities

Monetary items			
USD	6,113	30.755 (USD:NTD)	188,005
JPY	907,488	0.2192 (JPY:NTD)	198,921

December 31, 2022

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

Financial liabilities

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

For the Year Ended December 31

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

36. SEPARATELY DISCLOSED ITEMS

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

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

37. OPERATING SEGMENT INFORMATION

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

a. Segment revenues and results:

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

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

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

b. Total segment assets and liabilities

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

c. Revenue from major products and services

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

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

d. Geographical information

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

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

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

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

e. Information on major customers

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

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

TABLE 1

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

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

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

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

Note 2: Funding nature:

a. Business associate clients marked a.

b. Clients needing short-term loans marked b.

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

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

TABLE 2

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

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

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

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

a. \$8,320,508 thousand × 50% = \$4,160,254 thousand.

b. \$8,320,508 thousand × 20% = \$1,664,101 thousand.

TABLE 3**TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**

(Formerly Named Opto Tech Corporation)

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

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

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

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

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

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

TABLE 4

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

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

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

TABLE 5

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

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

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

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

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

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

TABLE 6

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

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

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

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

Note 1: Three investing methods: a.Direct investment in mainland China. b. Investment made in mainland China through company in third area. c. Other methods.

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

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

TABLE 7

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

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

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

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

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

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

The Occurrence of Operating Revenue

The Corporation is engaged in the manufacture and sale of semiconductor components as well as research and development, design, manufacture and sale of systems products. Sales revenue from customers accounted for a significant proportion of the total operating revenue in 2023. The sales revenue of significant customers was deemed a key audit matter. Refer to Notes 4 and 22 to the Corporation's financial statements for the related revenue recognition policies and information.

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

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

2. We performed detailed verification tests on the selected samples of sales revenue, and we checked transaction vouchers, subsequent collections, as well as future sales returns and confirmed the occurrence of sales revenue.
3. We performed the relevant transaction procedures for the sales returns of significant customers.

Other Matter

We did not audit the financial statements of certain investees of the Corporation as of and for the years ended December 31, 2023 and 2022, which were reflected in the accompanying financial statements using the equity method of accounting, but such financial statements were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included in the Corporation's financial statements for such investments, is based solely on the reports of other auditors. The aforementioned equity-method investments that were not audited by the auditor amounted to NT\$12,797 thousand and NT\$12,338 thousand as of December 31, 2023 and 2022, which represented 0.12% and 0.13% of the Corporation's total assets. The Corporation's share of the comprehensive income (loss) of such associates amounted to NT\$271 thousand and NT\$(1,399) thousand for the years ended December 31, 2023 and 2022, which represented 0.10% and (1.68%) of the Corporation's total comprehensive income.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that

a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2024

Notice to Readers

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

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

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

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

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,096,542	10	\$ 1,767,703	18
Financial assets at fair value through profit or loss				
- current (Note 7)	20,577	-	20,329	-
Current financial assets at amortized cost (Notes 9 and 31)	22,810	-	120,206	1
Notes receivable (Note 22)	1,171	-	1,642	-
Trade receivables (Notes 10 and 22)	1,043,118	10	707,162	7
Trade receivables from related parties (Notes 22 and 30)	23,976	-	16,433	-
Other receivables (Note 30)	16,110	-	11,172	-
Inventories (Note 11)	1,204,555	12	1,028,746	11
Other current assets	<u>77,931</u>	<u>1</u>	<u>62,038</u>	<u>1</u>
Total current assets	<u>3,506,790</u>	<u>33</u>	<u>3,735,431</u>	<u>38</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss				
- non-current (Note 7)	-	-	109,096	1
Financial assets at fair value through other comprehensive income - non-current (Note 8)	906,404	8	916,040	9
Investments accounted for using the equity method (Note 12)	2,107,024	20	1,708,388	18
Property, plant and equipment (Notes 13 and 30)	3,360,570	31	2,508,190	26
Right-of-use assets (Note 14)	185,524	2	198,474	2
Investment properties (Note 15)	399,307	4	399,307	4
Intangible assets (Note 16)	16,259	-	17,910	-
Deferred tax assets (Note 24)	48,551	-	18,292	-
Prepayment for equipment (Note 30)	176,384	2	135,691	2
Other non-current assets	<u>17,959</u>	<u>-</u>	<u>23,962</u>	<u>-</u>
Total non-current assets	<u>7,217,982</u>	<u>67</u>	<u>6,035,350</u>	<u>62</u>
TOTAL	<u>\$10,724,772</u>	<u>100</u>	<u>\$ 9,770,781</u>	<u>100</u>

(Continued)

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

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	2023		2022	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	\$ 390,000	4	\$ 137,196	1
Contract liabilities - current (Note 22)	2,260	-	2,396	-
Trade payables	427,935	4	267,470	3
Trade payables to related parties (Note 30)	7,871	-	19,753	-
Other payables (Note 18)	533,411	5	439,577	5
Other payables to related parties (Note 30)	26,332	-	-	-
Current tax liabilities (Note 24)	17,646	-	77,420	1
Provisions - current (Note 19)	544	-	352	-
Lease liabilities - current (Note 14)	17,631	-	16,909	-
Other current liabilities	<u>4,451</u>	<u>-</u>	<u>3,873</u>	<u>-</u>
Total current liabilities	<u>1,428,081</u>	<u>13</u>	<u>964,946</u>	<u>10</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17 and 27)	698,198	6	-	-
Provisions - non-current (Note 19)	795	-	414	-
Deferred tax liabilities (Note 24)	24,216	-	50,406	-
Lease liabilities - non-current (Note 14)	176,066	2	189,017	2
Net defined benefit liabilities - non-current (Note 20)	67,004	1	54,591	1
Deferred revenue - non-current (Note 27)	4,609	-	-	-
Other non-current liabilities	<u>5,295</u>	<u>-</u>	<u>2,013</u>	<u>-</u>
Total non-current liabilities	<u>976,183</u>	<u>9</u>	<u>296,441</u>	<u>3</u>
Total liabilities	<u>2,404,264</u>	<u>22</u>	<u>1,261,387</u>	<u>13</u>
EQUITY				
Ordinary shares	<u>4,386,228</u>	<u>41</u>	<u>4,386,228</u>	<u>45</u>
Capital surplus	<u>1,475,787</u>	<u>14</u>	<u>1,507,368</u>	<u>15</u>
Retained earnings				
Legal reserve	916,235	8	872,379	9
Unappropriated earnings	<u>1,503,798</u>	<u>14</u>	<u>1,684,760</u>	<u>17</u>
Total retained earnings	<u>2,420,033</u>	<u>22</u>	<u>2,557,139</u>	<u>26</u>
Other equity	<u>61,632</u>	<u>1</u>	<u>82,829</u>	<u>1</u>
Treasury stocks	<u>(23,172)</u>	<u>-</u>	<u>(24,170)</u>	<u>-</u>
Total equity	<u>8,320,508</u>	<u>78</u>	<u>8,509,394</u>	<u>87</u>
TOTAL	<u>\$10,724,772</u>	<u>100</u>	<u>\$ 9,770,781</u>	<u>100</u>

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

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

(Concluded)

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

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 22 and 30)	\$ 3,224,871	100	\$ 3,569,717	100
OPERATING COSTS (Notes 11, 23 and 30)	<u>2,528,852</u>	<u>78</u>	<u>2,583,719</u>	<u>72</u>
GROSS PROFIT	696,019	22	985,998	28
UNREALIZED PROFIT FROM SALES	-	-	(84)	-
REALIZED PROFIT SALES	<u>84</u>	<u>-</u>	<u>441</u>	<u>-</u>
NET OPERATING MARGIN	<u>696,103</u>	<u>22</u>	<u>986,355</u>	<u>28</u>
OPERATING EXPENSES (Notes 10, 23 and 30)				
Selling and marketing expenses	78,032	3	71,304	2
General and administrative expenses	390,144	12	474,803	13
Research and development expenses	142,212	4	89,182	3
Expected credit loss (gain) reversed on trade receivables	<u>(83)</u>	<u>-</u>	<u>7,609</u>	<u>-</u>
Total operating expenses	<u>610,305</u>	<u>19</u>	<u>642,898</u>	<u>18</u>
PROFIT FROM OPERATIONS	<u>85,798</u>	<u>3</u>	<u>343,457</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 23)	20,954	-	12,398	-
Other income (Notes 23 and 30)	54,336	2	40,882	1
Other gains and losses (Note 23)	50,558	1	81,784	2
Finance costs (Notes 23 and 30)	(11,242)	-	(7,637)	-
Share of profit or loss of subsidiaries and associates accounted for using the equity method (Note 12)	<u>87,362</u>	<u>3</u>	<u>(39,098)</u>	<u>(1)</u>
Total non-operating income	<u>201,968</u>	<u>6</u>	<u>88,329</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	287,766	9	431,786	12
INCOME TAX (BENEFIT) EXPENSE (Note 24)	<u>(19,446)</u>	<u>(1)</u>	<u>71,321</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>307,212</u>	<u>10</u>	<u>360,465</u>	<u>10</u>

(Continued)

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

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

	<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	\$ (7,238)	-	\$ 97,517	3
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(99,636)	(3)	(196,178)	(6)
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	55,510	1	(143,677)	(4)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	<u>27,637</u>	<u>1</u>	<u>(36,646)</u>	<u>(1)</u>
	<u>(23,727)</u>	<u>(1)</u>	<u>(278,984)</u>	<u>(8)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(2,246)	-	1,556	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	<u>(10)</u>	<u>-</u>	<u>12</u>	<u>-</u>
	<u>(2,256)</u>	<u>-</u>	<u>1,568</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(25,983)</u>	<u>(1)</u>	<u>(277,416)</u>	<u>(8)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 281,229</u>	<u>9</u>	<u>\$ 83,049</u>	<u>2</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 0.70</u>		<u>\$ 0.82</u>	
Diluted	<u>\$ 0.70</u>		<u>\$ 0.82</u>	

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

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

(Concluded)

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

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

	Ordinary Shares (Note 21)		Retained Earnings (Note 21)					Other Equity (Note 21)				
	Shares (In Thousands)	Amount	Capital Surplus (Note 21)	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Loss (Gain) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Treasury Stocks (Note 21)	Total Equity
BALANCE, JANUARY 1, 2022	438,623	\$4,386,228	\$1,489,822	\$ 786,944	\$ 2,423	\$2,645,077	\$3,434,444	\$ 688	\$ 437,656	\$ 438,344	\$ (54,954)	\$9,693,884
Appropriation of the 2021 earnings												
Legal reserve	-	-	-	85,435	-	(85,435)	-	-	-	-	-	-
Special reverse	-	-	-	-	(2,423)	2,423	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,315,869)	(1,315,869)	-	-	-	-	(1,315,869)
	-	-	-	85,435	(2,423)	(1,398,881)	(1,315,869)	-	-	-	-	(1,315,869)
Change in capital surplus from investment in associates accounted for using the equity method	-	-	608	-	-	-	-	-	-	-	-	608
Net profit (loss) for the year ended December 31, 2022	-	-	-	-	-	360,465	360,465	-	-	-	-	360,465
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	78,099	78,099	1,568	(357,083)	(355,515)	-	(277,416)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	438,564	438,564	1,568	(357,083)	(355,515)	-	83,049
Treasury shares transferred to employees	-	-	17,354	-	-	-	-	-	-	-	30,784	48,138
Adjustment to capital surplus due to payment of dividends to subsidiaries	-	-	2,264	-	-	-	-	-	-	-	-	2,264
Disposals of investments accounted for using the equity method	-	-	(5,112)	-	-	-	-	-	-	-	-	(5,112)
Changes in percentage of ownership interests in subsidiaries	-	-	2,432	-	-	-	-	-	-	-	-	2,432
BALANCE, DECEMBER 31, 2022	438,623	4,386,228	1,507,368	872,379	-	1,684,760	2,557,139	2,256	80,573	82,829	(24,170)	8,509,394
Appropriation of the 2022 earnings												
Legal reserve	-	-	-	43,856	-	(43,856)	-	-	-	-	-	-
Special reverse	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(438,623)	(438,623)	-	-	-	-	(438,623)
	-	-	-	43,856	-	(482,479)	(438,623)	-	-	-	-	(438,623)
Other changes in capital surplus:												
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	2,849	-	-	(909)	(909)	-	-	-	-	1,940
Net profit (loss) for the year ended December 31, 2023	-	-	-	-	-	307,212	307,212	-	-	-	-	307,212
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(5,791)	(5,791)	(2,256)	(17,936)	(20,192)	-	(25,983)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	301,421	301,421	(2,256)	(17,936)	(20,192)	-	281,229
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	1,005	1,005	-	(1,005)	(1,005)	-	-
Treasury shares transferred to employees	-	-	114	-	-	-	-	-	-	-	998	1,112
Adjustment to capital surplus due to payment of dividends to subsidiaries	-	-	755	-	-	-	-	-	-	-	-	755
	-	-	-	-	-	-	-	-	-	-	-	-
Changes in percentage of ownership interests in subsidiaries	-	-	(35,299)	-	-	-	-	-	-	-	-	(35,299)
BALANCE, DECEMBER 31, 2023	\$ 438,623	\$4,386,228	\$1,475,787	\$ 916,235	\$ -	\$1,503,798	\$2,420,033	\$ -	\$ 61,632	\$ 61,632	\$ (23,172)	\$8,320,508

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

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

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

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 287,766	\$ 431,786
Adjustments for:		
Depreciation expense	470,155	392,301
Amortization expense	19,658	17,560
Expected credit (gain) loss on trade receivables	(83)	7,609
(Gain) loss on fair value change of financial assets and liabilities at fair value through profit or loss	(65,583)	9,492
Interest expense	11,242	7,637
Interest income	(20,954)	(12,398)
Dividend income	(25,889)	(21,331)
Compensation cost of employee share options	582	31,818
Share of profit of subsidiaries and associates accounted for using the equity method	(87,362)	39,098
Gain on disposal of property, plant and equipment	(1,581)	(4,669)
Gain loss on disposal of investment	(458)	(15,953)
Unrealized sales profit	-	84
Realized sales profit	(84)	(441)
Gain on lease termination	-	(31)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit	-	552,826
Notes receivable	471	3,241
Trade receivables	(335,873)	419,946
Trade receivables from related parties	(7,543)	2,629
Other receivables	(5,701)	4,354
Inventories	(175,809)	14,719
Other current assets	(15,893)	23,683
Other non-current assets	1,959	4,025
Contract liabilities	(136)	24,058
Trade payables	160,465	(406,273)
Trade payables to related parties	(11,882)	(41,471)
Other payables	93,783	(303,337)
Other payables to related parties	26,332	-
Provisions	573	160
Other current liabilities	578	(2,815)
Net defined benefit liabilities	5,175	4,908
Cash generated from operations	323,908	1,183,215
Interest received	21,717	12,611
Dividends received	76,339	45,766
Interest paid	(14,466)	(7,237)
Income tax paid	(69,140)	(168,054)
Net cash generated from operating activities	338,358	1,066,301

(Continued)

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

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

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive	\$ (90,000)	\$ (75,000)
Purchase of financial assets at amortized cost	-	(19,557)
Disposal of financial assets at amortized cost	97,396	720,136
Proceeds from disposal of financial assets at fair value through profit or loss	174,431	-
Acquisition of investments accounted for using equity method	(470,000)	(1,137,012)
Disposal of long-term equity investments under the equity method	129,468	-
Net cash generated from disposal of subsidiaries	-	152,092
Acquisition of property, plant and equipment	(1,300,704)	(377,639)
Proceeds from disposal of property, plant and equipment	1,581	4,708
(Increase) decrease in refundable deposits	4,044	(548)
Acquisition of intangible assets	(12,657)	(22,641)
Payments for equipment	(45,248)	(63,541)
Net cash outflow on segmentation	<u>-</u>	<u>(69,422)</u>
Net cash used in investing activities	<u>(1,511,689)</u>	<u>(888,424)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	252,804	(108,171)
Proceeds from long-term borrowings	702,188	-
Increase (decrease) in guarantee deposits	3,282	(924)
Payment of the principal portion of lease liabilities	(18,011)	(18,671)
Dividends paid	(438,623)	(1,315,869)
Treasury shares transferred to employees	<u>530</u>	<u>16,320</u>
Net cash generated from (used in) financing activities	<u>502,170</u>	<u>(1,427,315)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(671,161)	(1,249,438)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,767,703</u>	<u>3,017,141</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,096,542</u>	<u>\$ 1,767,703</u>

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

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

(Concluded)

TAIWAN-ASIA SEMICONDUCTOR CORPORATION

(Formerly Named Opto Tech Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. GENERAL INFORMATION

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on February 27, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Corporation.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

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

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

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

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

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of presentation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair values and net defined benefit liabilities that are determined by deducting the fair value of plan assets from the present value of the defined benefit obligation. The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

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

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

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

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

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

e. Inventories

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

f. Investment in subsidiaries

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

Subsidiaries are the entities controlled by the Corporation.

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

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

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

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

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

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Corporation accounts for all amounts previously recognized in other comprehensive

income in relation to that subsidiary on the same basis as would be required if the Corporation had directly disposed of the related assets or liabilities.

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

g. Investment in associates

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

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

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

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

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

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

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

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

h. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

On derecognition of an item of property, plant and equipment, the difference between the sales

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

i. Investment properties

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment, right-of-use asset, intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is evaluated based on present value of estimated future cash flows, discounted at the current market-determined rate, and certain risk assumptions which impact future cash flows. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

m. Provisions

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

n. Revenue recognition

Revenue from the sale of goods

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

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

o. Leasing

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

1) The Corporation as lessor

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

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

2) The Corporation as lessee

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

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

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

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

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

p. Borrowing costs

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

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

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

q. Notes and accounts payable

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

r. Government grants

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

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

t. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current tax and deferred tax for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CASH AND CASH EQUIVALENTS

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

	December 31	
	2023	2022
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 174,406	\$ 125,287
Unlisted shares	106,240	84,474
Private-placement funds	<u>125,425</u>	<u>75,000</u>
	406,071	284,761
Foreign investments		
Unlisted shares	<u>500,333</u>	<u>631,279</u>
	<u>\$ 906,404</u>	<u>\$ 916,040</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>2023</u>	<u>2022</u>
<u>Current</u>		
Time deposits with original maturity of more than 3 months		
Gross carrying amount	\$ -	\$ 97,396
Restricted time deposit	<u>22,810</u>	<u>22,810</u>
	<u>\$ 22,810</u>	<u>\$ 120,206</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>	
	<u>2023</u>	<u>2022</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,058,879	\$ 723,006
Less: Allowance for impairment loss	<u>(15,761)</u>	<u>(15,844)</u>
	<u>\$ 1,043,118</u>	<u>\$ 707,162</u>

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

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

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

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

December 31, 2023

	<u>Not Past Due</u>	<u>Past Due 1 to 30 Days</u>	<u>Past Due 31 to 60 Days</u>	<u>Past Due 61 to 90 Days</u>	<u>Past Due 91 to 120 Days</u>	<u>Over 120 Days</u>	<u>Total</u>
Expected credit loss rate	-	-	-	1.64%	8.62%	100%	
Gross carrying amount	\$ 985,465	\$ 57,536	\$ 5	\$ 61	\$ 58	\$ 15,754	\$ 1,058,879
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>(5)</u>	<u>(15,754)</u>	<u>(15,761)</u>
Amortized cost	<u>\$ 985,465</u>	<u>\$ 57,535</u>	<u>\$ 5</u>	<u>\$ 60</u>	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ 1,043,118</u>

December 31, 2022

	Not Past Due	Past Due 1 to 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0.51%	-	100%	98.73%	-	100%	
Gross carrying amount	\$ 710,181	\$ 538	\$ 2,786	\$ 3,072	\$ -	\$ 6,429	\$ 723,006
Loss allowance (Lifetime ECLs)	<u>(3,596)</u>	<u>-</u>	<u>(2,786)</u>	<u>(3,033)</u>	<u>-</u>	<u>(6,429)</u>	<u>(15,844)</u>
Amortized cost	<u>\$ 706,585</u>	<u>\$ 538</u>	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 707,162</u>

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

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

11. INVENTORIES

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

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

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

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

a. Investments in subsidiaries

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

By the Corporation were as follows:

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

- 1) The board of directors of the Corporation resolved the liquidation of foreign subsidiary, Bright on February 22, 2023. The effective date was set on June 12, 2023, and the liquidation process was completed.
- 2) The Corporation signed the liquidation of Everyung on December 14, 2022, completed the liquidation process, and lost control of the subsidiary on January 31, 2023. For an explanation of the liquidation of Everyung Investment Ltd., refer to Note 12 of the consolidated financial statements of the Corporation for the year ended December 31, 2023.
- 3) The Corporation held the first extraordinary shareholders' meeting on October 21, 2021, and the shareholders approved the transfer of the relevant business of the Corporation's system business group to Opto System Technologies Inc. The base date for the spillover was January 28, 2022. Opto System Technologies Inc. changed its name to Opto Tech Corporation approved by the board of directors Opto Tech Corporation on September 30, 2022. Opto Tech Corporation changed its name to Star Asia Vision Corporation, which was approved by the board of directors of Star Asia Vision Corporation on July 21, 2023.

The division is as follows:

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

- 4) Star Asia, a subsidiary, issued employee stock options on July 24, 2023, for a total of 2,000 thousand employee stock options, such that the shareholding percentage of the Corporation was reduced to 90.95%.
- 5) Wan Zun Guang is a wholly-owned subsidiary established by the Corporation on January 19, 2022. On August 15, 2023, the Corporation also increased the capital of Wan Zun Guang by \$470,000 thousand. As of December 31, 2023, the paid-in capital was \$1,220,000 thousand.

b. Investments in associates

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

Aggregate information of associates that are not individually material

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

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

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

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

13. PROPERTY, PLANT AND EQUIPMENT

Assets Used by the Corporation

	Buildings	Machinery and Equipment	Utility Facilities	Pollution Prevention Facilities	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment Under Installation	Total
<u>Cost</u>									
Balance at January 1, 2023	\$1,803,509	\$5,356,159	\$1,038,359	\$ 740,243	\$ 6,582	\$ 95,838	\$1,973,770	\$ 467,407	\$11,481,867
Additions	1,582	12,446	2,070	8,760	234	3,524	6,477	1,265,611	1,300,704
Disposals	-	(223,264)	-	-	-	(111)	(94)	-	(223,469)
Capitalized interest	-	-	-	-	-	-	-	3,894	3,894
Reclassification	2,290	245,829	56,215	598	-	21,530	47,678	(374,935)	(795)
Balance at December 31, 2023	<u>\$1,807,381</u>	<u>\$5,391,170</u>	<u>\$1,096,644</u>	<u>\$ 749,601</u>	<u>\$ 6,816</u>	<u>\$120,781</u>	<u>\$2,027,831</u>	<u>\$ 1,361,977</u>	<u>\$12,562,201</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2023	\$1,153,440	\$4,500,311	\$ 942,029	\$ 624,056	\$ 4,212	\$ 71,416	\$1,678,213	\$ -	\$8,973,677
Disposals	-	(223,264)	-	-	-	(111)	(94)	-	(223,469)
Depreciation expense	52,378	297,092	19,729	12,764	874	14,888	53,698	-	451,423
Balance at December 31, 2023	<u>\$1,205,818</u>	<u>\$4,574,139</u>	<u>\$ 961,758</u>	<u>\$ 636,820</u>	<u>\$ 5,086</u>	<u>\$ 86,193</u>	<u>\$1,731,817</u>	<u>\$ -</u>	<u>\$9,201,631</u>
Carrying amounts at December 31, 2023	<u>\$ 601,563</u>	<u>\$ 817,031</u>	<u>\$ 134,886</u>	<u>\$ 112,781</u>	<u>\$ 1,730</u>	<u>\$ 34,588</u>	<u>\$ 296,014</u>	<u>\$ 1,361,977</u>	<u>\$3,360,570</u>
<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>

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

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

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Land	\$ 179,557	\$ 195,174
Transportation equipment	4,662	1,858
Office equipment	948	1,442
Other equipment	<u>357</u>	<u>-</u>
	<u>\$ 185,524</u>	<u>\$ 198,474</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 5,782</u>	<u>\$ 7,381</u>
Depreciation charge for right-of-use assets		
Land	\$ 15,617	\$ 16,822
Buildings	-	1,352
Transportation equipment	2,502	2,351
Office equipment	494	648
Other equipment	<u>119</u>	<u>-</u>
	<u>\$ 18,732</u>	<u>\$ 21,173</u>

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

b. Lease liabilities

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

Range of discount rates for lease liabilities was as follows:

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

c. Other lease information

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

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

15. INVESTMENT PROPERTIES

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

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

16. INTANGIBLE ASSETS

	Software
<u>Cost</u>	
Balance at January 1, 2023	\$ 47,189
Additions	12,657
Disposals	(13,207)
Reclassification	<u>5,350</u>
Balance at December 31, 2023	<u>\$ 51,989</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2023	\$ 29,279
Amortization expense	19,658
Disposals	<u>(13,207)</u>
Balance at December 31, 2023	<u>\$ 35,730</u>
Carrying amount at December 31, 2023	<u>\$ 16,259</u>
<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>

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:
Computer software 1-10 years

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
<u>Unsecured borrowings</u>		
Bank loans	\$ 390,000	\$ 137,196
The range of weighted average effective interest rate on bank loans was 1.80%-1.93% and 0.63%-5.87% per annum as of December 31, 2023 and 2022, respectively.		

b. Long-term borrowings

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

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

The loan project for the return to Taiwan for investment is based on the program “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan,” launched by the National Development Fund, Executive Yuan. The maturity dates are between July 15, 2030 and August 15, 2030, and the Company shall repay the principal and interest in an amortized manner on a monthly basis. The interest rate ranges of bank borrowings as of December 31, 2023 was 1.20%-1.475%, respectively.

18. OTHER LIABILITIES

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

19. PROVISIONS

	December 31	
	2023	2022
<u>Current</u>		
Warranties	<u>\$ 544</u>	<u>\$ 352</u>
<u>Non-current</u>		
Warranties	<u>\$ 795</u>	<u>\$ 414</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 plans adopted by the Corporation in accordance with the Labor Standards Act is operated by the government of the Republic of China ("ROC"). Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes amounts equivalent to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation will make up the difference in one or more instalments. The pension fund is entrusted to the Bureau of Labor Funds, Ministry of Labor (the "Bureau"), and the Corporation has no right to influence the investment management strategy.

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

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

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2022	<u>\$ 450,675</u>	<u>\$ (303,900)</u>	<u>\$ 146,775</u>
Service costs			
Current service cost	7,775	-	7,775
Past service cost	(336)	-	(336)
Net interest expense (income)	<u>3,270</u>	<u>(2,248)</u>	<u>1,022</u>
Recognized in profit or loss	<u>10,709</u>	<u>(2,248)</u>	<u>8,461</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(25,740)	(25,740)
Actuarial loss - changes in demographic assumptions	71	-	71
Actuarial loss - changes in financial assumptions	(20,086)	-	(20,086)
Actuarial loss - experience adjustments	<u>(51,337)</u>	<u>-</u>	<u>(51,337)</u>
Recognized in other comprehensive income	<u>(71,352)</u>	<u>(25,740)</u>	<u>(97,092)</u>
Contributions from the employer	<u>-</u>	<u>(3,553)</u>	<u>(3,553)</u>
Benefits paid	<u>(87,031)</u>	<u>87,031</u>	<u>-</u>
Balance at December 31, 2022	<u>303,001</u>	<u>(248,410)</u>	<u>54,591</u>
Service costs			
Current service cost	7,451	-	7,451
Past service cost	(65)	-	(65)
Net interest expense (income)	<u>3,888</u>	<u>(3,323)</u>	<u>565</u>
Recognized in profit or loss	<u>11,274</u>	<u>(3,323)</u>	<u>7,951</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,278)	(2,278)
Actuarial loss - changes in demographic assumptions	32	-	32
Actuarial loss - changes in financial assumptions	2,792	-	2,792
Actuarial loss - experience adjustments	<u>6,251</u>	<u>441</u>	<u>6,692</u>
Recognized in other comprehensive income	<u>9,075</u>	<u>(1,837)</u>	<u>7,238</u>
Contributions from the employer	<u>-</u>	<u>(2,776)</u>	<u>(2,776)</u>
Benefits paid	<u>(17,282)</u>	<u>17,282</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 306,068</u>	<u>\$ (239,064)</u>	<u>\$ 67,004</u>

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

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

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

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

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

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

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

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

21. EQUITY

a. Share capital - ordinary shares

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

b. Capital surplus

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

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

c. Retained earnings and dividend policy

Under the dividend policy in the Corporation's Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside 10% of the remaining profit as a legal reserve, setting aside amounts to a special reserve in accordance with the laws and regulations, and then allowing for other special reserves and a distribution of dividends to be recommended by the board of directors. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to "employees' compensation and remuneration of directors" in Note 23, (7).

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

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

The appropriations of 2022 and 2021 earnings are as follows:

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

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

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

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

d. Treasury shares

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

Related information regarding shares of the 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, 2023</u>			
Ho Chung Investment	755	\$ 23,172	\$ 35,539
<u>December 31, 2022</u>			
Ho Chung Investment	755	23,172	25,466

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

22. OPERATING REVENUE

	For the Year Ended December 31		
	2023	2022	
Revenue from contracts with customers	<u>\$ 3,224,871</u>	<u>\$ 3,569,717</u>	
a. Contract balances			
	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	\$ 1,171	\$ 1,642	\$ 4,883
Trade receivables (Note 10)	1,058,879	723,006	1,244,316
Trade receivables to related parties	<u>23,976</u>	<u>16,433</u>	<u>19,062</u>
	<u>\$ 1,084,026</u>	<u>\$ 741,081</u>	<u>\$ 1,268,261</u>
Contract liabilities			
Sale of goods	<u>\$ 2,260</u>	<u>\$ 2,396</u>	<u>\$ 76,070</u>
b. The detail of revenue from contracts with customers:			
	LED and Silicon Send or Chips Group	Displays and Lighting Group	Total
<u>Year of 2023</u>			
Revenue from contracts with customers	<u>\$ 3,224,871</u>	<u>\$ -</u>	<u>\$ 3,224,871</u>
<u>Year of 2022</u>			
Revenue from contracts with customers	<u>\$ 3,482,675</u>	<u>\$ 87,042</u>	<u>\$ 3,569,717</u>

23. NET PROFIT**Net Profit**

a. Interest income

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

b. Other income

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

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ 65,583	\$ (9,492)
Gain on disposal of investments	458	15,953
Gain on disposal of property, plant and equipment	1,581	4,669
Net foreign exchange gains (losses)	(16,652)	70,799
Lease termination benefits	-	31
Others	<u>(412)</u>	<u>(176)</u>
	<u>\$ 50,558</u>	<u>\$ 81,784</u>

d. Finance costs

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

Information on the capitalization of interest is as follows:

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

e. Depreciation and amortization

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

f. Employee benefits expense

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

g. Employees' compensation and remuneration of directors

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

Accrual rate

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

Amount

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

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and recorded in the following year. There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the ended 2022 and 2021.

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

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 57,709	\$ 128,361
Foreign exchange losses	<u>(74,361)</u>	<u>(57,562)</u>
	<u>\$ (16,652)</u>	<u>\$ 70,799</u>

24. INCOME TAXES

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

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 21,300	\$ 79,624
Adjustments for prior years	<u>(11,934)</u>	<u>(16,941)</u>
	9,366	62,683
Deferred tax		
In respect of the current year	<u>(28,812)</u>	<u>8,638</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ (19,446)</u>	<u>\$ 71,321</u>

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

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

b. Income tax recognized in other comprehensive income

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

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	<u>\$ 17,646</u>	<u>\$ 77,420</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, 2023

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

Deferred tax liabilities

Temporary differences				
Unrealized gain or losses on financial assets	<u>\$ 50,406</u>	<u>\$ -</u>	<u>\$ (26,190)</u>	<u>\$ 24,216</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
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>

Deferred tax liabilities

Temporary differences				
Unrealized gain or losses on financial assets	<u>\$ 33,178</u>	<u>\$ -</u>	<u>\$ 17,228</u>	<u>\$ 50,406</u>

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

	December 31	
	2023	2022
Deductible temporary differences	<u>\$ 142,763</u>	<u>\$ 135,431</u>

f. Income tax assessments

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

25. EARNINGS PER SHARE

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

Net Profit for the Year

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

Weighted Average Number of Ordinary Shares Outstanding

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

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

26. SHARE-BASED PAYMENT ARRANGEMENTS

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

Transfer restriction is no transfer within two years.

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

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Equity-settled	\$ <u>582</u>	\$ <u>31,818</u>

27. GOVERNMENT GRANTS

The Corporation have obtained a government loan of \$329,412 thousand with preferential interest rates under the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan for capital expenditures on equipment purchases. The loan will be repaid in installments over a period of three to seven years. The fair value of the loan is estimated to be \$324,803 thousand based on the market interest rate of 1.2%-1.475% when the loan was taken out. The difference between the amount obtained and the fair value of the loan is in the amount of \$4,609 thousand as a government low-interest loan grant and recognized as unearned revenue.

The unearned revenue is reclassified to profit or loss over the useful life of the relevant assets. Interest expense recognized by the Corporation for the ended December 31, 2023 is \$619 thousand.

28. CAPITAL MANAGEMENT

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividends paid to shareholders or issue new shares to reduce debt. The Corporation monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity in the consolidated balance sheets plus net debt. As of December 31, 2023 and 2022, the gearing ratios were (0.10%) and (23.70%), respectively.

29. FINANCIAL INSTRUMENTS

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

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

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

- 1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ <u>20,577</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>20,577</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares	\$ 174,406	\$ -	\$ -	\$ 174,406
Unlisted shares	-	-	606,573	606,573
Privately offered fund	-	-	125,425	125,425
	\$ <u>174,406</u>	\$ <u>-</u>	\$ <u>731,998</u>	\$ <u>906,404</u>

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>

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

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

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

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

The market approach uses the value multiples of other similar enterprises in market transactions as a reference for evaluating the value of the target enterprise. The theoretical basis is that, if the target enterprise to be evaluated is similar to the similar enterprises that have already traded in the market in terms of operation, market, management, technology and products, then the value of the target enterprise to be evaluated should be similar to that of the analogous enterprise; The asset approach is for each asset and liability on the balance sheet, re-estimate the fair market

value, replacement cost or liquidation value. The assets or liabilities out of the balance sheet, including contingent liabilities, should also be assessed. The total assets minus the total liabilities are the desired equity value.

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

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

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

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 20,577	\$ 129,425
Financial assets at amortized cost (1)	2,216,618	2,641,253
Financial assets at FVTOCI	906,404	916,040
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	2,089,042	866,009

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

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

Sensitivity analysis

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

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

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

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

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

b) Interest rate risk

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

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

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2023 and 2022 would decrease/increase by \$(342) thousand and \$5,040 thousand, respectively.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$206 thousand and \$1,294 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$9,064 thousand and \$9,160 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

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

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

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

3) Liquidity risk

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

The Corporation relies on bank borrowings are a significant source of liquidity. The Corporation had available unutilized short-term and long-term bank loan facilities set out in (b) below.

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

The following table details the Corporation's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been

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

December 31, 2023

	Less than 1 Year	1-2 Years	2-3 Years	3-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$1,000,843	\$ -	\$ -	\$ -	\$ -
Lease liabilities	20,334	19,623	18,977	35,871	115,911
Variable interest rate liabilities	81,104	37,245	75,410	524,750	106,565
Fixed interest rate liabilities	<u>320,179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$1,422,460</u>	<u>\$ 56,868</u>	<u>\$ 94,387</u>	<u>\$ 560,621</u>	<u>\$ 222,476</u>

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

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

December 31, 2022

	Less than 1 Year	1-2 Years	2-3 Years	3-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 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:

	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>\$ 72,043</u>	<u>\$ 74,597</u>	<u>\$ 58,959</u>	<u>\$ -</u>	<u>\$ -</u>

b) Financing facilities

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

30. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and relationships:

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

b. Operating revenue

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

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

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

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

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade payables to related parties	Subsidiaries	\$ -	\$ 12,543
	Investors that have significant influence over the Corporation	<u>7,871</u>	<u>7,210</u>
		<u>\$ 7,871</u>	<u>\$ 19,753</u>
Other payables to related parties	Subsidiaries	\$ 3,000	\$ -
	Associate	<u>23,332</u>	<u>-</u>
		<u>\$ 26,332</u>	<u>\$ -</u>

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

f. Acquisition of property, plant and equipment

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
New Smart Technology Co., Ltd.	<u>\$ 360,924</u>	<u>\$ 121,110</u>

g. Prepayments

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

h. Lease arrangements

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

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

i. Other transactions with related parties

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

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

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

j. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 74,141	\$ 97,428
Post-employment benefits	<u>6,386</u>	<u>4,730</u>
	<u>\$ 80,527</u>	<u>\$ 102,158</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 performance guaranty:

	December 31	
	2023	2022
Demand deposits (included in financial assets at amortized cost - current)	<u>\$ 22,810</u>	<u>\$ 22,810</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- a. As of December 31, 2023 and 2022, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$8,204 thousand and \$23,531 thousand, respectively.
- b. Unrecognized commitments were as follows:

	December 31	
	2023	2022
Acquisition of property, plant and equipment	<u>\$ 323,724</u>	<u>\$ 163,379</u>

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

33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

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

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<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

For the Year Ended December 31				
2023			2022	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	<u>\$ (16,652)</u>	1 (NTD:NTD)	<u>\$ 70,799</u>

35. SEPARATELY DISCLOSED ITEMS

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

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

TABLE 1

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

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

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

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

Note 2: Funding nature:

a. Business associate clients marked a.

b. Clients needing short-term loans marked b.

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

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

TABLE 2

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

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

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

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

a. \$8,320,508 thousand × 50% = \$4,160,254 thousand.

b. \$8,320,508 thousand × 20% = \$1,664,101 thousand.

TABLE 3**TAIWAN-ASIA SEMICONDUCTOR CORPORATION**

(Formerly Named Opto Tech Corporation)

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

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

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

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

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

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

TABLE 4

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

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

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

TABLE 5

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

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

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

Note 1: The calculation is based on the financial statements of the investee company that have been audited by an accountant during the same period and the Company’s shareholding ratio. The adjusted unrealized gross profit and realized gross profit consists of upstream, downstream and sidestream transactions.

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

VII 、 Review of Financial Conditions, Financial Performance, and Risk Management

1. Analysis of Financial Status

Unit: NT\$ thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	4,804,510	5,345,417	(540,907)	(10.12)
Funds and Investments	1,194,790	1,240,602	(45,812)	(3.69)
Property, plant and equipment	5,384,198	2,661,914	2,722,284	102.27
Other Assets	1,108,431	1,306,874	(198,443)	(15.18)
Total Assets	12,491,929	10,554,807	1,937,122	18.35
Current Liabilities	1,987,519	1,528,754	458,765	30.01
Long-term Liabilities	2,006,290	516,659	1,489,631	288.32
Total Liabilities	3,993,809	2,045,413	1,948,396	95.26
Capital	4,386,228	4,386,228	-	-
Capital reserves	1,475,787	1,507,368	(31,581)	(2.10)
Retained Earnings	2,420,033	2,557,139	(137,106)	(5.36)
Other equity interest	61,632	82,829	(21,197)	(25.59)
Treasury stock	(23,172)	(24,170)	998	4.13
Non-controlling interest	177,612	-	177,612	100.00
Total shareholders' Equity	8,498,120	8,509,394	(11,274)	(0.13)
Analysis of changes in financial ratios:				
1. Increase in fixed assets: Mainly due to the increase in capital expenditures.				
2. Increase in long-term investment: Mainly through the increase in advance payment for equipment.				
3. Increase in current liabilities: Mainly due to the increase in short-term borrowings, accounts payable and other payable.				
4. Increase in long-term liabilities: Mainly due to long-term borrowings.				
5. Decrease in other equities: Mainly due to the decrease in the evaluation of financial assets.				
6. Increase in non-controlling interest: Mainly due to the failure to recognize the capital increase of the subsidiary according to the shareholding ratio.				

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 revenue	3,972,279	4,529,777	(557,498)	(12.31)
Operating cost	3,041,848	3,315,399	(273,551)	(8.25)
Gross profit	930,431	1,214,378	(283,947)	(23.38)
Operating expense	851,750	831,308	20,442	2.46
Income from operations	78,681	383,070	(304,389)	(79.46)
Non-operating income	221,754	63,706	158,048	248.09
Income before tax	300,435	446,776	(146,341)	(32.75)
Tax Expense (Benefit)	(3,466)	86,312	(89,778)	(104.02)
Net income (Loss)	303,901	360,464	(56,563)	(15.69)
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 gains on disposals of investments and gain on valuation of financial asset.				
3. Decrease in income tax expenses: Mainly due to the decrease in net profit in the current period and increase in tax-free income.				

(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	2023	2022	Ratio of increase of decrease %
Cash flow ratio(%)	15.96	98.79	(82.83)
Cash Flow Adequacy Ratio(%)	74.32	109.49	(35.17)
Cash Reinvestment Ratio(%)	1.60	1.07	0.53
Cash flow ratio ∙ Cash Flow Adequacy Ratio: Mainly due to the decrease in net cash flow from operating activities 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
1,994,383	9,549,205	8,237,164	3,306,424	—	—
1. Analysis of change in cash flow in the current year:					
- Operating activities: The expectation for operations remain flat 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 and Increase in long-term loans.					
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 2023 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	2023	Ratio on net revenue	Ratio on net operating profit
Net interest income or expense	14,432	0.36%	18.34%
Net foreign exchange gain or loss	(6,889)	(0.17)%	(8.76)%
Operating revenue	3,972,279	-	-
Income from operations	78,681	-	-

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 appreciation such that there is 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.	3,000,000	2024/12	Key epitaxial technology development and process.
NIR / SWIR LED of wearable device.	Epitaxial and trial production.	5,000,000	2024/12	Key epitaxial technology development and process.
Development of plant lights LED	Epitaxial and trial production.	3,000,000	2024/12	Key design and process technology development.
Development of Flip type LED	Epitaxial and trial production.	20,000,000	2024/12	Key epitaxial technology development and process.
Development of FRED Fast Recovery Epitaxial Diode products.	Under development and design.	30,000,000	2024/12	Product design and product characteristics.
Development of wearable sensing device product.	Customer verification is in progress.	2,000,000	2024/12	Product design and process control capability.
Development of Flip typ sensing components.	Customer verification is in progress.	5,000,000	2024/12	Product design and process control capability.
Development of Band-pass sensing components.	Customer verification is in progress.	6,000,000	2024/12	Product design and process control capability.
Development of near-infrared long-wavelength SWIR sensing and light-emitting components.	Executiing.	20,000,000	2024/12	Characteristics and verification of various application modules.
Development of vertical-cavity surface-emitting laser (VCSEL).	Executiing.	18,000,000	2024/12	Application and verification of various wavelengths, luminous power and modes in modules.
Development of GaN HEMT power component epi-wafers.	Executiing.	80,000,000	2024/12	Application Reliability Verification of High Voltage Components.
Development of Flip Chip LED epitaxy and sensing component.	Executiing.	20,000,000	2024/12	Development and design simulation of key processes, and integration with subsequent packaging or circuits.
Development of optical coating technology.	Executiing.	10,000,000	2024/12	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	2024/12	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	2024/09	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	2024/04	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	2024/06	Excellent display effect and specifications More energy-saving and lightweight.
Outdoor fully waterproof display	In the process of development and design.	5,000,000	2024/09	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(diode)	In the process of development and design.	135,000,000	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:

TASC has established a comprehensive information security management system to ensure information security in activities and services, and avoid any impact or influence on the company. 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. Up to the publication date of this Annual Report, technological changes and industry development has not caused any significant financial influence on the company.

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. It has been more committed to the development of the third-generation semiconductor field in recent years. In addition, 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 Headquarters: 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 Headquarters's existing clean room facilities.

Regarding the potential risk after production expansion, other than prudently selecting required hardware for expansion, the Silicon semiconductor in Headquarters: 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\$2.7 billion in purchasing production equipment and building clean room in 2022 to 2023. The Company will invest another NT\$92 million to improve the production processes and product quality in 2024, and gradually complete the acceptance of various equipment in Q1 and Q2 of 2024. Meanwhile, the Company will also initiate SiC component trial production, increase production volume in Q3, and meet monthly target of production capacity for SiC power component of 3,000 pieces in Q4, 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 acceptance period of factory construction 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. The Company's procurement is fairly stable. In 2023, only one supplier accounted for more than 10% of the total procurement, while the top three suppliers accounted for approximately 32%. Therefore, there is no risk of excessive concentration of procurement supply.

B. Our major sales client is an acknowledged firm do not more than taking up 13.89% 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 2023 to December 2023. The risk assessment boundary is mainly based on the company.

B. TASC's Sustainable 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 Environment of sustainable development	Environment Risk	Risk of power shortage	There is no risk of interruption in the UPS operation due to instantaneous voltage drop, and solar power and energy storage systems are installed.
		Risk of water shortage	The factory is equipped with a recycling water pump in the washer column. The water recycling rate for the Innovation Fab and the Headquarters amounted to 60.4% and 82.4% respectively.
S Promote co-prosperity with society	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	Quality risk	The Company has established reliability testing equipment and procedures, and conducts customer satisfaction surveys to verify whether services meet customer expectations.
		Information security risk	The Company obtained ISO27001 information security certification in 2023.
		Sales concentration risk	In response to issues of concentrated sales, the Company has proactively developed new customers to avoid one single customer accounting for an excessive proportion.
		Occupational safety risk	The Company undertook a flu vaccination program.
		Occupational Safety	Occupational accidents, occupational diseases, chemical hazards and statutory infectious diseases may cause interruption of operations.
G Implement Corporate Governance	Strategic Risk	Ethical risk	The Company undertook the promotion of [business secret protection], and [anti-corruption and integrity], for which the promotion rate amounted to 100%.
		intellectual property risk	The Company obtained the Taiwan Intellectual Property Management System (TIPS) Class A certification in 2023.

7.Other Major Events:None.

VIII 、Special Disclosure

1.Summary of Affiliated Companies

(1) Consolidated business report of affiliated enterprises (Base date : Dec. 31, 2023)

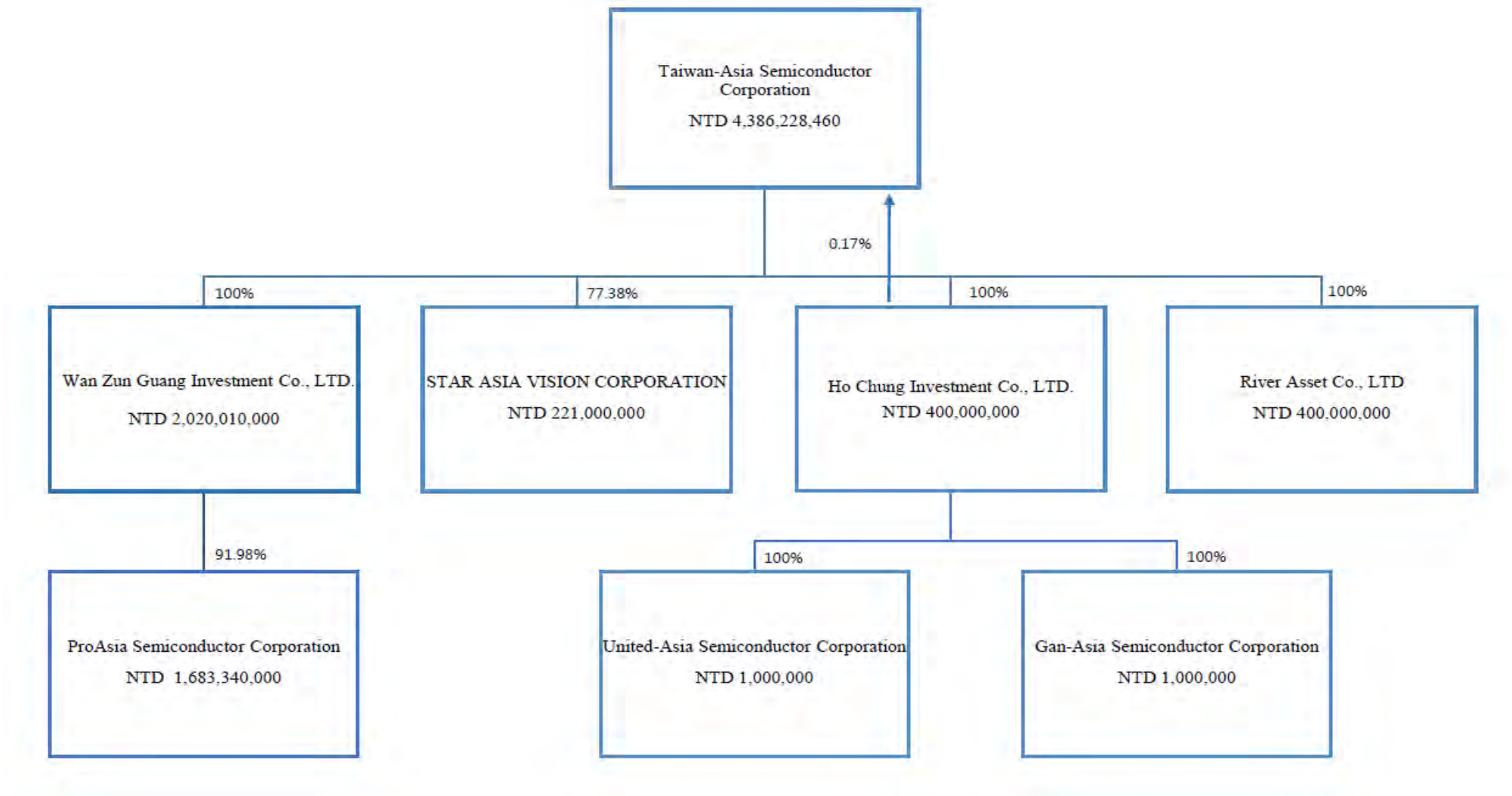
Please refer page 213~219

(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, 2024 ; Unit: NT\$ thousands

Company	Date of Incorporation	Place of Registration	Capital Stock	Business Activities
Ho Chung Investment Co.,Ltd.	1998.03.24	11F., No. 18, Rixing 1st St., Zhubei City, Hsinchu County 302058 , Taiwan (R.O.C.)	400,000	General investment.
River Asset Management Co., Ltd.	2020.11.25	11F., No. 18, Rixing 1st St., Zhubei City, Hsinchu County 302058 , Taiwan (R.O.C.)	400,000	General investment. Real Estate Business.
STAR ASIA VISION CORPORATION	2021.09.16	8F, No. 1, Li-hsin Rd. V, Hsinchu Science Park, Hsinchu 300094, Taiwan. R.O.C.	221,000	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.)	2,020,010	General investment.
ProAsia Semiconductor Corporation	2022.03.30	8F, No. 1, Li-hsin Rd. V, Hsinchu Science Park, Hsinchu 300094, Taiwan. R.O.C.	1,683,340	Electronics Components Manufacturing Other Chemical Materials Manufacturing
United-Asia Semiconductor Corporation	2023.09.08	11F., No. 18, Rixing 1st St., Zhubei City, Hsinchu County 302058 , Taiwan (R.O.C.)	1,000	Packaging testing of electronic components
Gan-Asia Semiconductor Corporation	2023.09.08	11F., No. 18, Rixing 1st St., Zhubei City, Hsinchu County 302058 , Taiwan (R.O.C.)	1,000	Manufacturing of electronics components

Note1:All amounts involving in foreign currencies were converted into NTD at the exchange rate used for original investments of each company.

Note2: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,the dissolution reference date is June 12, 2023 and the liquidation process was completed.

Note3:On January 31, 2023, the company completed the division of subsidiary companies Everyung Investment Ltd. and Shaoxing Opus Optoelectronics Technology Co., Ltd.

Note4:Star Asia Vision Corporation (formerly, Opto System Technologies Inc.) was renamed upon a resolution passed by the Board of Director on June 21, 2023.

Note5:The Company established two wholly-owned subsidiaries, i.e., United-Asia Semiconductor Corporation and Gan-Asia Semiconductor Corporation on September 8, 2023.

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 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 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, 2024

Company	Title	Name	Shareholding	
			Shares	Percentage
Ho Chung Investment Co.,Ltd.	Chairman	Taiwan-Asia Semiconductor Corporation	40,000,000	100.00
		Kuo-Kuang Li	-	-
	Director	Taiwan-Asia Semiconductor Corporation	40,000,000	100.00
		Champion Yi	-	-
	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
		Champion Yi	-	-
	Supervisor	Taiwan-Asia Semiconductor Corporation	40,000,000	100.00
		Sharon Kung	-	-
STAR ASIA VISION CORPORATION	Chairman	Taiwan-Asia Semiconductor Corporation	17,100,000	77.38
		Chengyi.Dai	-	-
	Director	Taiwan-Asia Semiconductor Corporation	17,100,000	77.38
		Yin-Rui Chen	-	-
	Director	Taiwan-Asia Semiconductor Corporation	17,100,000	77.38
		John Wu	-	-
	Director	Taiwan-Asia Semiconductor Corporation	17,100,000	77.38
		Michael Ma	-	-
	Director	Taiwan-Asia Semiconductor Corporation	17,100,000	77.38
		Walter Chien	-	-
	Supervisor	-	-	-
		Yu Ping Chien	0	0.00
Wan Zun Guang Investment Co., Ltd.	Chairman	Taiwan-Asia Semiconductor Corporation	202,001,000	100.00
		Kuo-Kuang Li	-	-
	Director	Taiwan-Asia Semiconductor Corporation	202,001,000	100.00
		Yin-Rui Chen	-	-
	Director	Taiwan-Asia Semiconductor Corporation	202,001,000	100.00
		Chengyi.Dai	-	-
ProAsia Semiconductor Corporation	Supervisor	Taiwan-Asia Semiconductor Corporation	202,001,000	100.00
		Sharon Kung	-	-
	Chairman	Taiwan-Asia Semiconductor Corporation	154,834,000	91.98
		WT Chien	-	-
	Director	Taiwan-Asia Semiconductor Corporation	154,834,000	91.98
		Kuo-Kuang Li	-	-
ProAsia Semiconductor Corporation	Director	Taiwan-Asia Semiconductor Corporation	154,834,000	91.98
		Taiwan-Asia Semiconductor Corporation	154,834,000	91.98

		TC Lin	-	-
	Director	Taiwan-Asia Semiconductor Corporation	154,834,000	91.98
		Chengyi.Dai	-	-
	Director	Taiwan-Asia Semiconductor Corporation	154,834,000	91.98
		Jill Kuo	-	-
	Supervisor	-	-	-
		Yu Ping Chien	0	0.00
	Supervisor	-	-	-
		Sharon Kung	0	0.00
United-Asia Semiconductor Corporation	Director	Ho Chung Investment Co.,Ltd.	100,000	100.00
		Kuo-Kuang Li	-	-
Gan-Asia Semiconductor Corporation	Director	Ho Chung Investment Co.,Ltd.	100,000	100.00
		Kuo-Kuang Li	-	-

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	356,491	105	356,386	0	(250)	11,942	0.30
Bright Investment International Limited	0	0	0	0	0	0	85,782	NA
Everyung Investment Ltd.	0	0	0	0	0	0	(1,913)	NA
Opto Plus Technology Co. Ltd.	0	0	0	0	21,700	(457)	(1,913)	NA
River Asset Co., LTD.	400,000	360,084	822	359,262	0	(13,687)	13,214	0.33
STAR ASIA VISION CORPORATION	221,000	680,450	367,666	312,784	733,261	72,800	62,896	3.00
Wan Zun Guang Investment Co., Ltd.	1,220,000	1,129,741	100	1,129,641	0	(272)	(71,501)	(0.83)
ProAsia Semiconductor Corporation	1,150,000	2,532,688	1,260,830	1,271,858	0	(87,674)	(77,161)	(0.89)
United-Asia Semiconductor Corporation	1,000	985	0	985	0	(17)	(15)	(0.15)
Gan-Asia Semiconductor Corporation	1,000	985	0	985	0	(17)	(15)	(0.15)

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:On January 31, 2023, the company completed the division of subsidiary companies Everyung Investment Ltd. and Shaoxing Opus Optoelectronics Technology Co., Ltd.

Note3:The Company completed the dissolution and liquidation of its subsidiary Bright Investment International Ltd. on June 12, 2023.

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 2024)	Actual allocated amount (First quarter of 2024)	Accumulated actual allocated amount and the percentage	Unallocated amount and description of purpose	Reasons for being ahead or behind schedule and improve plan
	0	0	1,375,800,000 / 100.00%	0 / The unspent balance will be used for new construction and expansion, replacement of old plant and equipment and repayment of bank loans	The Company completed the use in the second quarter of 2023 and performed the relevant declaration.
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 30,031,000	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



Taiwan-Asia Semiconductor Corporation
www.tascsemi.com