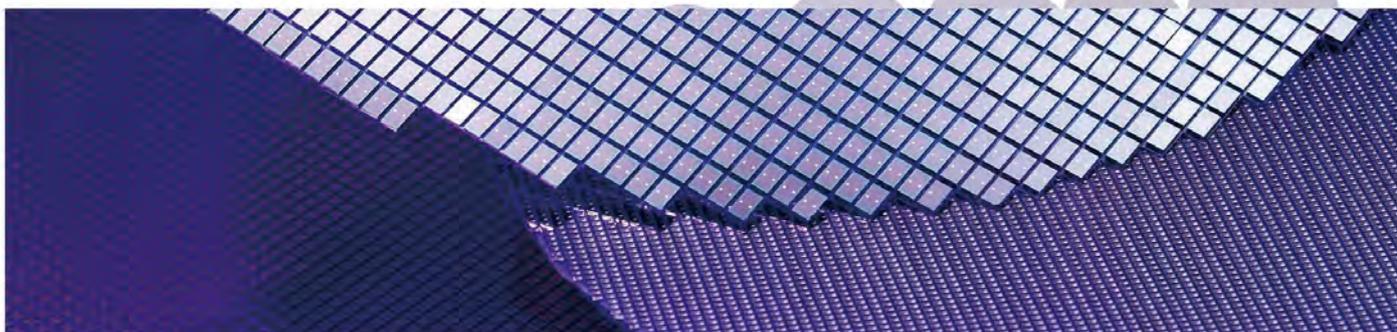




Taiwan-Asia Semiconductor Corporation

(Formerly named: OPTO TECH CORPORATION)

Stock Code : 2340



2021 Annual Report

Annual Report Website : mops.twse.com.tw

TASC Website : www.tascsemi.com

Printing Date of Annual Report : May 15, 2022

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

Name: Jeffery Tai Title: Assistant Vice President

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

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

The company

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

Tel: 886-3-5638951

Li-hsin Manufactory

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

Tel: 886-3-5638951

Chuangxin Manufactory

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

Tel: 886-3-5777481

III. Stock Transfer Agent

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

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

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

Tel: 886-2- 25048125

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

Accountants: Chiang, Tsai-Yen & Lai, Chung-Hsi

Accounting firm: PricewaterhouseCoopers, Taiwan

Address: 27F, 333 Keelung Rd., Sec. 1, Taipei, Taiwan

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

Tel: 886-2-27296666

V. Overseas Securities Exchange

Not applicable

VI. Corporate Website

<https://www.tascsemi.com>

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I、Letter to shareholders

1. Operating Performance in 2021:

(1) Outcome of business plan of 2021:

- A. Cooperate with the Company's operation transformation, develop towards the optoelectronic semiconductor industry, and comprehensively improve the automatic operation and production.
- B. The establishment and integration of fully automated AI process testing equipment has been completed. 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.
- C. Develop a system integrated technical service platform and build a production interface that can be mass-produced to meet the special application needs in the market such as Internet sensing, wearable devices, and industrial automation.
- D. Stable production of die for MPD sensing applications, keeping in line with customer specifications, and increasing product competitiveness and customer orders.
- E. For the system business group, combined with the global customer needs and market trends, it develops technologically innovative and futuristic products, integrates local and regional supply chains, and leverages Taiwan's manufacturing advantages. In 2021, it was split into a 100% subsidiary of the Company.
- F. Overall, operating revenue in 2021 reaches NT\$6.143 billion, net profit after tax reaches NT\$829.373 million, with an EPS of NT\$2.11.

(2) Budget implementation of 2021:

Unit: Million pieces

Major Divisions	Sales of 2021	
	Expected	Actual
Light emitting devices	10,222	13,633
Sensor devices	29,675	30,378
Total	39,897	44,011

(3) Profitability analysis:

Unit: NT\$ thousands

Item	2021
Operating revenues	6,143,243
Operating income	1,010,788
Profit before income tax	1,012,679
Interest expense	15,908
Ratio of interest expense to operating income (%)	1.57%

Unit: NT\$ thousands ; %

Year/Item		2021
Basic information	Total liabilities	2,647,841
	Ratio of capital owned	78.55%
Financial structure	Ratio of liabilities to assets	21.45%
	Ratio of long-term capital to Property, plant and equipment	379.05%
Solvency	Current ratio	341.99%
	Quick ratio	280.91%
	Times interest earned ratio	64.66

(4) Research and development status

- A. 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.
- B. Combined with the extension of the application market of SWIR emitting elements (VCSEL & LED) and sensing elements (MPD), developing smart wearable devices with health detection function, which obtains data such as blood sugar, hydration and sweat of the users through optical method.
- C. Aim at the emitting (LED) and sensing element (PD) of NIR wearable devices such as smart watches, the proximity sensing element (PD) of Bluetooth headsets, and the time-of-flight (ToF) emitting (VCSEL) and sensing element (APD) of smart home appliances such as robot vacuum cleaners, as well as other niche markets.
- D. Advancement toward high-performance PTR and Power Triac key development projects for industrial automation applications, which is different from the traditional white goods opticalcoupler application market.

2. Business plan for 2022:

(1) Business objectives:

- A. Continue to move towards the smart health management business opportunities combined with wearable devices and the application market of sensing elements, and expand to the fields such as vehicles, mobile devices, and industrial applications.
- B. Layout in the application and development of next-generation sensing elements, collaborating with strategic partners, turning to high-growth, high-tech, niche products and markets, and striving to create a system and technology integration service platform for one-stop supply of sensing elements and emitting elements.
- C. According to the characteristics of the product, we carry out 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.

(2) Forecast of sales volume and its basis:

According to TrendForce's 2022 infrared sensing market and brand strategy analysis, various key topics - such as the Metaverse, Advanced Driver Assistance Systems/Autonomous Driving, In-Vehicle Sensing - Driving/Occupant Monitoring, and Industrial Automation will rapidly ferment in 2022. The projected business goals for Taiwan-Asia Semiconductor Corporation (Formerly named: OPTO TECH CORPORATION) in 2022 are as follows:

Unit: Million pieces

Major Divisions	Expected sales of 2021
Light emitting devices	16,714
Sensor devices	35,278
Total	51,992

(3) Sales forecast and sales policy:

- A. The establishment of integrated production automation and process automation, corresponding to the evaluation of new product chip development and special packaging verification for each business center, which helps new product output and customer rapid verification to achieve a win-win situation between supply and demand.
- B. Integrate the independent materials (epitaxy, die) and advanced packaging process technology and system module development advantages of silicon, providing customers with cost-effective packaging or module products.
- C. Develop and reserve new product process technology and build a production platform that can be mass-produced to meet the special application needs in the market such as Internet sensing, wearable devices, and industrial automation.

3.Impact of the company’s future development strategy, external competitive environment, legal environment and Macroeconomic environment on the company:

(1) The company’s future development strategy:

In recent years, the competition of traditional LEDs has been fierce. In order to get out of the red sea market of price cutting competition, the Company has actively transformed and laid out the application market of next-generation sensing elements. With the advent of the era of Industry 4.0, the development relevant to smart sensing elements has been carried out. Using the intelligent sensing method, the environmental parameters are sensed through biometric identification, voice recognition, various radars, etc., to collect relevant data in a more accurate way, and convert it into a judgment basis for subsequent information by the receiving end. And as the Metaverse topic goes viral, it once again drives the popularity of augmented reality (AR) and virtual reality (VR), as well as the Foveated Rendering technology, combined with 5G, edge computing, AI tools, virtual applications, sensor design, etc., supplemented by visual, acoustic, environmental and other intelligent sensing information collection, and with the accurate feedback design, achieving a Cyber-Physical System (CPS) world with good interactive effects, which is predicted to be the focus of further development and investment of various manufacturers in the future; according to TrendForce estimates, the global virtual reality application content market would have reached US\$2.16 billion in 2021 and will reach US\$8.31 billion by 2025, with a compound annual growth rate of 40%.

(2) External competitive environment:

In 2021, with the popularization of the COVID-19 vaccine, countries around the world had successively adopted economic recovery plans. However, during this transitional period, with multiple shocks such as insufficient supply of raw materials, shipping and inflation, the strength of the global economic recovery in 2022 will be dispersed. Under many uncertain factors, governments of various countries have realized their over-reliance on the import of semiconductor products and lack of semiconductor manufacturing capacity. Therefore, they have been promoting the development plan of the semiconductor industry and establishing an autonomous and controllable semiconductor supply chain. Although it has little impact on Taiwan in the short term, in the long run, it is bound to pose a threat to Taiwan’s semiconductor industry and manufacturers.

(3) Impact of the legal environment :

With the rising awareness of environmental protection and energy saving, various environmental protection policies such as low-carbon, low-emission, and stricter fuel consumption regulations have been adopted successively around the world. The era of banning the sale of fuel vehicles is approaching. Various car manufacturers have in turn established their electric vehicle market share and launched various models to respond. DIGITIMES Research also predicted that the global penetration rate of electric vehicles will exceed 30% in 2025. Therefore, driven by this trend of electric vehicles, a lot of impact has been caused on the industry chain. The mainstream of the automobile market will become electric vehicles, and it will also turn into a competition among various car manufacturers in different functions of electric vehicles, which will increase the requirements for chip computing and sensing performance. It is estimated that several semiconductor manufacturers will benefit under this environmental protection trend.

(4) Macroeconomic environment :

Affected by the COVID-19 pandemic in the past few years, the demand for home economy and non-contact products has been growing, resulting in strong demand for terminal products such as laptops, smart phones, and smart wearable devices, which has also spawned the development of various new technologies and innovative products. It not only changed the previous operation modes of life, business, and medical care, but also made the semiconductor industry chain face changes. The panic stocking caused by the pandemic has led to a serious shortage of materials, and the fluctuating pandemic situation has resulted in long and short materials in the supply chains. Furthermore, with the impact of the power rationing policy in China, the lockdown and the critical shipping situation around the world, in addition to more chances and business opportunities for the sensing element semiconductors in 2022, they will also face different challenges than before under various uncertainties.

Facing the rapid revolution of global technology and the importance attached by various countries to the semiconductor industry chain, the Company has also been actively transforming in recent years, and changed the company name to “Taiwan-Asia Semiconductor Corporation (TASC)” in 2021. With our core value of “study hard, think hard, and work hard to create the best product in the world”, we welcome a new and innovative future. Thanks to all colleagues, customers, suppliers and shareholders for their support along the way. Looking forward to 2022, TASC will continue to cautiously face various challenges, expand its industrial territory, and aim at sustainable operation to create more brilliant achievements.

Chairman:

H.T. Wang

President:

David Hwang

Head of Accounting:

Yin-Rui Chen

II 、 Company Profile

1.Date of Incorporation: December 21st, 1983

2.Company History:

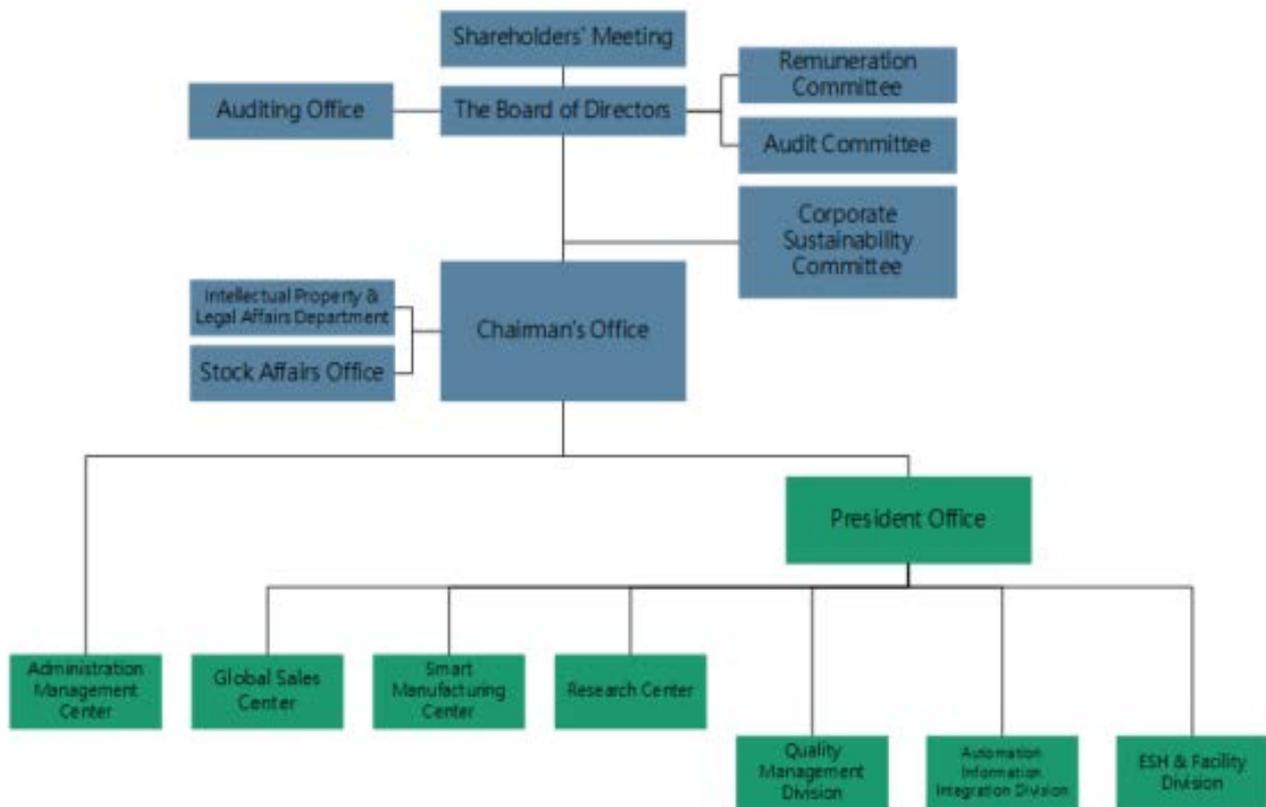
12/1983	Company was founded
01/1984	Bank of Communications invested our company, and we began factory construction and equipment installation.
06/1984	Test run began.
07/1984	The production and sales of LED chips began
02/1986	Operation broke even
09/1987	The development of high brightness LED chip was 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
01/2018	Kuangfu Plant of Optotech joined the operation
09/2018	Qualified by IATF 16949 Management System Certificate
07/2019	obtained ISO 45001 management system certification
08/2019	obtained CNS 45001 (Taiwan Occupational Safety and Health) Management System Certification
05/2021	Established the TASC Health Care & Charity Foundation
08/2021	Successfully introduced Nichia Taiwan Corp. to participate in private placement as a strategic investor to ensure a long-term cooperative relationship between the two parties
11/2021	The Company changed its name to “Taiwan-Asia Semiconductor Corporation (TASC)”
01/2022	The system business group was split up into a subsidiary “Opto System Technologies Inc.”
03/2022	Hsinchu Science Park Bureau approved the establishment and registration of the subsidiary “ProAsia Semiconductor Corporation” in Hsinchu Science Park.

III 、 Corporate Governance Report

1. Organization:

(1) Organizational Chart

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



(2) Major Corporate Functions

A. Corporate Sustainability Committee

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

B. Chairman's Office

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

C. President Office

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

D. Administration Management Center

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

E. Global Sales Center

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

F. Smart Manufacturing Center

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

G. Research Center

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

H. 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.

I. Quality Management Division

- Comprehensively manage the Corporation's quality assurance and quality control and other related planning and implementation.
- Supervise the businesses of its subordinating units.
- Affairs related to the scope of the quality management division.

J. Automation Information Integration Division

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

K. ESH & Facility Division

- Comprehensively manage the Company's factory affairs, industrial safety related planning and implementation.
- Supervise the businesses of its subordinating units.
- Affairs related to the scope of the ESH & facility division.

2.Directors, Supervisors and Management Team :

(1) Directors and Supervisors

Apr. 25, 2022

Title	Nationality/ Country of Origin	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
							Chairman	R.O.C.	H.T. Wang	Male 61~70 years old	2021.10.21	3	2002.05.29	1,937,625			0.44	1,937,625	0.44	
Vice Chairman	R.O.C.	Tsun-Chia Tai	Male 51~60 years old	2021.10.21	3	2020.06.16	0	0.00	0	0.00	0	0.00	0	0.00	Academician of the International Academy of Science and Technology of the Department of Production Science / Bachelor's degree in Ishikawa Prefectural University, Japan Vice Chairman of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	Executive Director / Director of the Third Business Division of Nichia Corporation. Chairman of Nichia ShenZhen Corporation. Chairman / President of Nichia Shanghai Corporation. Director / President of Nichia Taiwan Corporation. Vice Chairperson of the Corporate Sustainability Committee of Taiwan- Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	None	None	None	None
Director	R.O.C.	Kuo-Kuang Li	Male 41~50 years old	2021.10.21	3	2020.06.16	0	0.00	0	0.00	2,000	0.00	0	0.00	Gradute Institute of Medical,Taipei Medical University Master's Degree. PhD degree in International Law, China University of Political Science and Law, Beijing. Chief Strategy Officer of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	Chairman of Chen Min Investment Co.,Ltd. Chairman of Dangdai Xinchuang Technology Co., Ltd. Chairman of Opto System Technologies Inc. Chairman of Wan Zun Guang Investment Co., Ltd. Director of River Asset Co., LTD. Chief Strategy Officer of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	None	None	None	None
Director	R.O.C.	Nichia Taiwan Corp.	-	2021.10.21	3	2006.06.14	88,811,822	20.25	88,811,822	20.25	0	0.00	0	0.00	-	-	None	None	None	None
	Japan	Rep. of legal person: Ishigami Koji	Male 41~50 years old	2021.10.21	3	2015.09.09	0	0.00	0	0.00	0	0.00	0	0.00	Dept. of Business and Economics, Div. of Kindai University. Vice President of Nichia Taiwan Corporation.	Vice President of Nichia Taiwan. Corporation President of Nichia ShenZhen Corporation. Director of Nichia Shanghai Corporation. President of Nichia Hongkong Corporation. Director of Shenzhen Optics innovation vision tech. Co., LTD.	None	None	None	None

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

Note1 : The extraordinary meeting of shareholders re-elected directors in an all-round way on October 21, 2021. Tzu-Chun Lin, Su-Chin Tai, Nichia Taiwan Corp. Rep. of legal person:Sakamoto Takashi, Inwood Information System Co.,Ltd., Kao-Ming Tsai, Kuo-Kuang Li, Pei-Chang Wang resigned as Directors and Independent Directors of the company. Kuo-Kuang Li, Shih-Kuang Tsai, Chen-Tung Lai, Chien-Chih Wu elected as Director and Independent Director on October 21, 2021.

Note2 : 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, 2021

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, 2021

Name of Institutional Shareholders	Major Shareholders	Ratio of shareholding (%)
Nichia Corp.	日亜持株組合	13.5
	株式会社協同医薬研究所	5.9
	Tokushima Taisho Bank, Ltd.	4.7
	The Awa Bank, Ltd	4.7
	Shikoku Bank, Ltd.	4.7
	Citizen Watch Co., Ltd.	4.0
	Mizuho Bank, Ltd.	3.4
	Otsuka Holdings Co., Ltd	3.0
	The Iyo Bank, Ltd.	3.0
	The Bank of Mitsubishi UFJ	2.8

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

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

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							
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 2021, 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 page12 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 page9-10 of this annual report, Information on Board of Directors).

(2) Management Team

Apr.25, 2022

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	

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	
					Vice Chairperson of the Corporate Sustainability Committee	R.O.C.	Tsun-Chia Tai	Male	2021.10.21	0			0.00	0	0.00	
Chief Strategy Officer	R.O.C.	Kuo-Kuang Li	Male	2021.10.21	0	0.00	2,000	0.00	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. Managing Director & Independent Director of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	Chairman of Chen Min Investment Co.,Ltd. Chairman of Dangdai Xinchuang Technology Co., Ltd. Chairman of Opto System Technologies Inc. Chairman of Wan Zun Guang Investment Co., Ltd. Director of River Asset Co., LTD. Director of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	None	None	None	None
President	R.O.C.	Champion Yi	Male	2022.04.01	0	0.00	0	0.00	0	0.00	PhD of Columbia University. Department of Biomechatronics Engineering, National Taiwan University. Senior Director of Lam Research Corporation. Senior Plant manager of Semiconductor Manufacturing International Corporation. Senior Director of Semiconductor Manufacturing International Corporation.	None	None	None	None	
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 Ho Chung Investment Co.,Ltd. Director of River Asset Co., LTD. Director of Opto Plus Technology Co., Ltd.	None	None	None	None

Title	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Senior Vice President	R.O.C.	Vince Chen	Male	2021.09.01	100,000	0.02	0	0.00	0	0.00	PhD / Master's Degree of Department of Electrical Engineering, National Tsing Hua University. Optoelectronics Research & Development Division Senior Vice President of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	None	None	None	None	None
Assistant Vice President	R.O.C.	Jeffery Tai	Male	2021.01.01	100,000	0.02	0	0.00	0	0.00	PhD of department of Electrical Engineering, National Central University. Sales Division Assistant Vice President of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION).	None	None	None	None	None

Note1: Chin-Lung Ma stepped down Assistant Vice President on January 1, 2021.

Note2: Shun-Chih Chen retired and resign Vice President on February 20, 2021.

Note3: Wen-Tsung Lai transfer to Special Assistant on May 6, 2021.

Note4: Chang-Da Cai resign Vice President on June 1, 2021.

Note5: Vincent Lee transfer to subsidiary "Opto System Technologies Inc." on January 28, 2022.

Note6: David Hung retired and resign President on April 1, 2022.

Note7: Benjamin Chang resign Senior Assistant Vice President on April 30, 2022.

Note8: 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, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto must be disclosed:None.

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

A. Remuneration of Directors and Independent Directors

Unit: NT\$ thousands / Thousand shares

Title	Name	Remuneration								Amount and Ratio of total Remuneration (A+B+C+D) to Net Income(%)		Relevant Remuneration Received by Directors Who are Also Employees								Amount and Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income(%)		Compensation from investees other than TASC subsidiaries or Parent Company	
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances(D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)							
		TASC	Companies in the consolidated financial statements	TASC	Companies in the consolidated financial statements	TASC	Companies in the consolidated financial statements	TASC	Companies in the consolidated financial statements	TASC	Companies in the consolidated financial statements	TASC	Companies in the consolidated financial statements	TASC	Companies in the consolidated financial statements	TASC		Companies in the consolidated financial statements		TASC	Companies in the consolidated financial statements		
																Cash	Stock	Cash	Stock				
Chairman	H.T.Wang	6,283	6,283	0	0	11,938	11,938	360	365	18,581 2.24%	18,586 2.24%	18,609	18,609	0	0	9,000	0	9,000	0	46,191 5.57%	46,196 5.57%	5	
Vice Chairman	Tsun-Chia Tai	5,607	5,607	0	0	11,639	11,639	180	180	17,426 2.10%	17,426 2.10%	19,156	19,156	0	0	9,000	0	9,000	0	45,582 5.50%	45,582 5.50%	6,418	
Director	Kuo-Kuang Li	0	0	0	0	2,384	2,384	35	35	2,419 0.29%	2,419 0.29%	6,432	6,432	0	0	9,000	0	9,000	0	17,851 2.15%	17,851 2.15%	0	
Director	Nichia Taiwan Corp. Rep. of legal person: Ishigami Koji Sakamoto Takashi	0	0	0	0	18,933	18,933	785	790	19,717 2.38%	19,722 2.38%	3,948	3,948	85	85	5,900	0	5,900	0	29,650 3.58%	29,655 3.58%	3,956	
Director	Su-Chin Tai																						
Director	Tzu-Chun Lin																						
Director	Shun-Chih Chen																						
Director	Inwood Information System Co.,Ltd. Rep. of legal person: Pin-Lun Wang																						
Independent Director	Kuo-Kuang Li	5,027	5,027	0	0	9,004	9,004	158	158	14,188 1.71%	14,188 1.71%	0	0	0	0	0	0	0	0	14,188 1.71%	14,188 1.71%	0	
Independent Director	Shih-Kuang Tsai	0	0	0	0	8,761	8,761	397	397	9,158 1.10%	9,158 1.10%	0	0	0	0	0	0	0	0	9,158 1.10%	9,158 1.10%	40	
Independent Director	Chen-Tung Lai																						
Independent Director	Chien-Chih Wu																						
Independent Director	Kao-Ming Tsai																						
Independent Director	Pei-Chang Wang																						

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.

Note1: The extraordinary meeting of shareholders re-elected directors in an all-round way on October 21, 2021. Tzu-Chun Lin, Su-Chin Tai, Nichia Taiwan Corp. Rep. of legal person: Sakamoto Takashi, Inwood Information System Co., Ltd., Kao-Ming Tsai, Kuo-Kuang Li, Pei-Chang Wang resigned as Directors and Independent Directors of the company. Kuo-Kuang Li, Shih-Kuang Tsai, Chen-Tung Lai, Chien-Chih Wu elected as Director and Independent Director on October 21, 2021.

Note2: 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.

Note3: In response to the company's transformation and organizational reorganization, the company has set up executive directors since 2010. H.T.Wang, Tsun-Chia Tai and Kuo-Kuang Li served as executive directors from July 1, 2020 to October 20, 2021. (The company currently does not have the position of managing director)

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	Shun-Chih Chen、Ishigami Koji、Sakamoto Takashi、Pin-Lun Wang、Inwood Information System Co.,Ltd.	Shun-Chih Chen、Ishigami Koji、Sakamoto Takashi、Pin-Lun Wang、Inwood Information System Co.,Ltd.	Ishigami Koji、Sakamoto Takashi、Pin-Lun Wang、Inwood Information System Co.,Ltd.	Pin-Lun Wang、Inwood Information System Co.,Ltd.
NT\$1,000,000 ~ NT\$2,000,000	Shih-Kuang Tsai、Chen-Tung Lai、Chien-Chih Wu	Shih-Kuang Tsai、Chen-Tung Lai、Chien-Chih Wu	Shih-Kuang Tsai、Chen-Tung Lai、Chien-Chih Wu、Shun-Chih Chen	Ishigami Koji、Shih-Kuang Tsai、Chen-Tung Lai、Chien-Chih Wu、Shun-Chih Chen
NT\$ 2,000,000 ~ NT\$3,500,000	Kao-Ming Tsai、Pei-Chang Wang	Kao-Ming Tsai、Pei-Chang Wang	Kao-Ming Tsai、Pei-Chang Wang	Sakamoto Takashi、Kao-Ming Tsai、Pei-Chang Wang
NT\$3,500,000 ~ NT\$5,000,000	Tzu-Chun Lin、Su-Chin Tai	Tzu-Chun Lin、Su-Chin Tai	Su-Chin Tai	Su-Chin Tai
NT\$5,000,000 ~ NT\$10,000,000	-	-	-	-
NT\$10,000,000 ~ NT\$15,000,000	Nichia Taiwan Corp.	Nichia Taiwan Corp.	Tzu-Chun Lin、Nichia Taiwan Corp.	Tzu-Chun Lin、Nichia Taiwan Corp.
NT\$15,000,000 ~ NT\$30,000,000	H.T.Wang、Tsun-Chia Tai、Kuo-Kuang Li	H.T.Wang、Tsun-Chia Tai、Kuo-Kuang Li	-	-
NT\$30,000,000 ~ NT\$50,000,000	-	-	H.T.Wang、Tsun-Chia Tai、Kuo-Kuang Li	H.T.Wang、Kuo-Kuang Li
NT\$50,000,000 ~ NT\$100,000,000	-	-	-	Tsun-Chia Tai
Greater than or equal to NT\$100,000,000	-	-	-	-
Total	16	16	16	16

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	23,876	23,876	296	296	42,087	42,087	42,100	0	42,100	0	108,359 13.07%	108,359 13.07%	6,423
Vice Chairperson of the Corporate Sustainability Committee	Tsun-Chia Tai													
Chief Strategy Officer	Kuo-Kuang Li (Note 2)													
President & Chief Executive Officer	David Hwang (Note 3)													
Senior Vice President & Chief of Staff	Tzu-Chun Lin													
Vice President & Chief Operating Officer	Vince Chen (Note 4)													
Vice President	Wen-Tsung Lai (Note 5)													
Vice President	Shun-Chih Chen (Note 6)													
Vice President	Chang-Da Cai (Note 7)													

Note1: Fill in the information on the 2021-year remuneration of managers above the deputy general manager and above as of the end of 2021.

Note2: Kuo-Kuang Li serves as Chief Strategy Officer on October 21, 2021.

Note3: David Hung retired and resigned President on April 1, 2022. The change of equity is the information at the time of resignation.

Note4: Vince Chen served as Vice President and Chief Operating Officer on September 1, 2021 and stepped down Chief Operating Officer on April 1, 2022.

Note5: Wen-Tsung Lai resigned Vice President on May 6, 2021. The change of equity is the information at the time of resignation.

Note6: Shun-Chih Chen retired and resigned Vice President on February 20, 2021. The change of equity is the information at the time of resignation.

Note7: Chang-Da Cai resigned Vice President on May 31, 2021. The change of equity is the information at the time of resignation.

Range of Remuneration	Name of President and Vice Presidents	
	TASC	Parent Company, TASC and its subsidiaries and investees
Less than NT\$ 1,000,000	Wen-Tsung Lai 、 Shun-Chih Chen	Wen-Tsung Lai 、 Shun-Chih Chen
NT\$1,000,000 ~ NT\$2,000,000	Chang-Da Tsai	Chang-Da Tsai
NT\$2,000,000 ~ NT\$3,500,000	Vince Chen	Vince Chen
NT\$3,500,000 ~ NT\$5,000,000	-	-
NT\$5,000,000 ~ NT\$10,000,000	-	-
NT\$10,000,000 ~ NT\$15,000,000	Tzu-Chun Lin	Tzu-Chun Lin
NT\$15,000,000 ~ NT\$30,000,000	H.T.Wang 、 Tsun-Chia Tai 、 Kuo-Kuang Li 、 David Hwang	H.T.Wang 、 Kuo-Kuang Li 、 David Hwang
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	9	9

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	46,850	46,850	5.65%
	Vice Chairperson of the Corporate Sustainability Committee	Tsun-Chia Tai				
	Chief Strategy Officer	Kuo-Kuang Li				
	President & Chief Executive Officer	David Hwang				
	Senior Vice President & Chief of Staff	Tzu-Chun Lin				
	Vice President	Vince Chen				
	Senior Assistant Vice President	Benjamin Chang				
	Assistant Vice President	Vincent Lee				
	Assistant Vice President	Jeffery Tai				
	Head of Financing & Accounting & Chief Financial Officer	Yin-Rui Chen				
	Corporate Governance Officer	Corrie Teng				

Note1: Fill in the information of incumbents as of the end of 2021.

Note2: Kuo-Kuang Li serves as Chief Strategy Officer on October 21, 2021.

Note3: David Hung retired and resigned President on April 1, 2022. The change of equity is the information at the time of resignation.

Note4: Vince Chen served as Vice President and Chief Operating Officer on September 1, 2021 and stepped down Chief Operating Officer on April 1, 2022.

Note5: Benjamin Chang resigned Senior Assistant Vice President on April 30, 2022. The change of equity is the information at the time of resignation.

Note6: Vincent Lee transfer to subsidiary "Opto System Technologies Inc." on January 28, 2022. The change of equity is the information at the time of resignation.

Note7: Chang-Da Cai resigned Vice President on May 31, 2021. The change of equity is the information at the time of resignation.

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	Ratio of total remuneration to net income			
	2021		2020	
	TASC	Companies in the consolidated financial statements	TASC	Companies in the consolidated financial statements
Director	9.82%	9.82%	8.87%	8.87%
President & Vice President	13.07%	13.07%	6.90%	6.90%

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 (Formerly named: OPTO TECH 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 and compensation of managers shall be formulated and reviewed with reference to the salary and welfare policies of the external industry and the company, the level of participation of managers in the company's operations and the value of their contributions, and submitted to the Compensation and Compensation Committee. 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:

Our company re-elected 14th of board directors in the extraordinary meeting of shareholders on October 21, 2021. The new directors will assume their posts on the day of re-election. (The term is from October 21, 2021 to October 20, 2024)

A total of 11 meetings of 13th board of directors were held in 2021. The attendance of director were as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	H.T.Wang	11	0	100%	
Vice Chairman	Tsun-Chia Tai	11	0	100%	
Director	Shun-Chih Chen	2	0	100%	Retired on February 20, 2021. Should attend 2 times.
Director	Tzu-Chun Lin	11	0	100%	
Director	Su-Chin Tai	11	0	100%	
Director	Nichia Taiwan Corp. Rep. of legal person: Ishigami Koji	11	0	100%	
Director	Nichia Taiwan Corp. Rep. of legal person: Sakamoto Takashi	11	0	100%	
Director	Inwood Information System Co.,Ltd. Rep. of legal person: Pin-Lun Wang	0	0	0.00%	
Independent Director	Kao-Ming Tsai	11	0	100%	
Managing Director & Independent Director	Kuo-Kuang Li	11	0	100%	
Independent Director	Pei-Chang Wang	11	0	100%	

Other mentionable items:

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

- (1) Matters included in Article 14-3 of the Securities and Exchange Act: Regulations from Article 14-3 are not applicable since the Company has already established an Audit Committee. For explanations on matters stipulated in Article 14-5 of the Securities and Exchange Act, please see Operations of the Audit Committee (Page 27)
- (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 11th meeting of the thirteenth term Board of Directors on May 6, 2021: For the Company's manager promotion, change and annual salary adjustment, other than director Tzu-Chun Lin, who serves concurrently as the manager and has recused due to the conflict of interest, after inquiry by the chairman, the remaining directors present have no objection and passed the resolution.
- (2) The 11th meeting of the thirteenth term Board of Directors on May 6, 2021: For the amount of the managers' and employees' remuneration distribution of the Company, chairman H.T.Wang and director Tzu-Chun Lin, who concurrently serve as the Company's managers, have recused due to the conflict of interest according to law, and vice chairman Tsun-Chia Tai acted as the chairman, after inquiry by the acting chairman, the remaining directors present have no objection and passed the resolution.
- (3) The 14th meeting of the thirteenth term Board of Directors on July 1, 2021: For the proposed implementation of pricing and related matters of private placement of ordinary shares through cash capital increase of the Company, vice chairman Tsun-Chia Tai, the representatives of Nichia Taiwan Corporation - director Ishigami Koji and director Sakamoto Takashi, have recused due to the conflict of interest, after inquiry by the chairman, the remaining directors present have no objection and passed the resolution.
- (4) The 14th meeting of the thirteenth term Board of Directors on July 1, 2021: For the amount of the managers' and employees' remuneration distribution of the Company, director Tzu-Chun Lin, who concurrently serves as the manager, has recused due to the conflict of interest, after inquiry by the chairman, the remaining directors present have no objection and passed the resolution.
- (5) The 14th meeting of the thirteenth term Board of Directors on July 1, 2021: For the proposed issuance of performance

bonus, vice chairman Tsun-Chia Tai and director Su-Chin Tai have recused due to the conflict of interest, after inquiry by the chairman, the remaining directors present have no objection and passed the resolution.

- (6) The 15th meeting of the thirteenth term Board of Directors on August 2, 2021: 2020 Remuneration Allocation for Directors of TASC: (This proposal is about the allocation of remuneration for each individual Director of TASC. When reviewing and discussing the remuneration of individual Directors, Directors who have a stake in the discussion are requested to leave the meeting.)
- (a) Remuneration of Chairman H.T.Wang: Chairman H.T.Wang recused himself to avoid conflicts of interest, making Vice Chairman Tsun-Chia Tai as the acting Chairman, after inquiry by the acting chairman, the remaining directors present have no objection and passed the resolution.
- (b) Remuneration of Director Tsun-Chia Tai and Director Su-Chin Tai: : Director Tsun-Chia Tai and Director Su-Chin Tai recused themselves to avoid conflicts of interest, after inquiry by the chairman, the remaining directors present have no objection and passed the resolution.
- (c) Remuneration of Managing Director Kuo-Kuang Li: Managing 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 and Rep. of legal person: Director Sakamoto Takashi: Director Ishigami Koji and Director Sakamoto Takashi 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 Director Tzu-Chun Lin: Director Tzu-Chun Lin recused herself to avoid conflicts of interest, after inquiry by the chairman, the remaining directors present have no objection and passed the resolution.
- (f) Remuneration of Director Kao-Ming Tsai: Director Kao-Ming Tsai 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 Pei-Chang Wang: Independent Director Pei-Chang Wang recused himself to avoid conflicts of interest, after inquiry by the chairman, the remaining directors present have no objection and passed the resolution.
- (h) Remuneration of other Directors: The remaining directors present have no objection and passed the resolution.
- (7) The 15th meeting of the thirteenth term Board of Directors on August 2, 2021: For the managers' interim performance bonus of the Company, chairman H.T.Wang, vice chairman Tsun-Chia Tai and director Tzu-Chun Lin, who concurrently serve as the Company's managers, have recused due to the conflict of interest according to law; and director Su-Chin Tai has recused for being the second-degree blood relative of vice chairman Tsun-Chia Tai. Managing director Kuo-Kuang Li acted as the chairman, and after inquiry by the acting chairman, the remaining directors present have no objection and passed the resolution.
- (8) The 15th meeting of the thirteenth term Board of Directors on August 2, 2021: For the second quarter bonus of the managers of the Company, chairman H.T.Wang, vice chairman Tsun-Chia Tai and director Tzu-Chun Lin, who concurrently serve as the Company's managers, have recused due to the conflict of interest according to law; and director Su-Chin Tai has recused for being the second-degree blood relative of vice chairman Tsun-Chia Tai. Managing director Kuo-Kuang Li acted as the chairman, and after inquiry by the acting chairman, the remaining directors present have no objection 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 – October 21, 2021	Board of Directors	Self-assessment of the Board	(1) Participation in the operation of the company. (2) Improvement of the quality of the board of directors' decision making. (3) Composition and structure of the board of directors. (4) Election and continuing education of the directors. (5) Internal control.
		Individual board members	Self-assessment of the Board members (Retired Directors are assessed with the assistance of continuing Directors)	(1) Familiarity with the goals and missions of the company. (2) Awareness of the duties of a director. (3) Participation in the operation of the company. (4) Management of internal relationships and communication. (5) The director's professionalism and continuing education. (6) Internal control.

		Audit Committee	Self-assessment of the Audit Committee members	(1) Participation in the operation of the company. (2) Awareness of the duties of the functional committee. (3) Improvement of quality of decisions made by the functional committee. (4) Makeup of the functional committee and election of its members. (5) Internal control.
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4. Measures taken to strengthen the functionality of the board:

- (1) To strengthen corporate governance, Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH CORPORATION)’s coporate website.
- (4) Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH CORPORATION)’s coporate website at <https://www.tascsemi.com> for reference.
- (5) Our company set up the “Audit Committee” , “Remuneration Committee” and “ Corporate Sustainability Committee” to help board of directors to fulfill its responsibility of supervision.

A total of 4 meetings of 14th board of directors were held in 2021. The attendance of director were as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	H.T.Wang	4	0	100%	
Vice Chairman	Tsun-Chia Tai	4	0	100%	
Director	Kuo-Kuang Li	4	0	100%	
Director	Nichia Taiwan Corp. Rep. of legal person: Ishigami Koji	4	0	100%	
Independent Director	Shih-Kuang,Tsai	4	0	100%	
Independent Director	Chen-Tung,Lai	4	0	100%	
Independent Director	Chien-Chih,Wu	4	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 27)
 - (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 1st meeting of the fourteenth term Board of Directors on October 21, 2021: For the proposed appointment of the chairman and vice chairman of the Company’s “Corporate Sustainability Committee”, chairman H.T.Wang and vice chairman Tsun-Chia Tai recused themselves due to the conflict of interest, and director Kuo-Kuang Li acted as the chairman, after inquiry by the acting chairman, the remaining directors present have no objection and passed the resolution.

- (2) The 1st meeting of the fourteenth term Board of Directors on October 21, 2021: For the Company's organization restructuring and manager appointment, director Kuo-Kuang Li has recused due to the conflict of interest. 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.
- (3) The 2nd meeting of the fourteenth term Board of Directors on November 3, 2021: For the salary of the managers appointed by Company, chairman H.T.Wang, vice chairman Tsun-Chia Tai, and director Kuo-Kuang Li have recused themselves due to the conflict of interest, and independent director Shih-Kuang Tsai acted as the chairman, after inquiry by the acting chairman, the remaining directors present have no objection and passed the resolution.
- (4) The 2nd meeting of the fourteenth term Board of Directors on November 3, 2021: For the third quarter bonus of the managers of the Company, chairman H.T.Wang and vice chairman Tsun-Chia Tai recused themselves due to the conflict of interest, and director Shih-Kuang Tsai acted as the chairman, after inquiry by the acting chairman, the remaining directors present have no objection 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	October 21 – December 31, 2021	Board of Directors	Self-assessment of the Board	<ol style="list-style-type: none"> (1) Participation in the operation of the company. (2) Improvement of the quality of the board of directors' decision making. (3) Composition and structure of the board of directors. (4) Election and continuing education of the directors. (5) Internal control.
		Individual board members	Self-assessment of the Board members	<ol style="list-style-type: none"> (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	<ol style="list-style-type: none"> (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 (Formerly named: OPTO TECH 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 (Formerly named: OPTO TECH 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 (Formerly named: OPTO TECH 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 (Formerly named: OPTO TECH CORPORATION)'s corporate website.
- (4) Taiwan-Asia Semiconductor Corporation (Formerly named: OPTO TECH 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 (Formerly named: OPTO TECH CORPORATION)'s corporate website at <https://www.tascsemi.com> for reference.
- (5) Our company set up the "Audit Committee", "Remuneration Committee" and "Corporate Sustainability Committee" to help board of directors to fulfill its responsibility of supervision. The "Audit Committee" and "Remuneration Committee" are completely formed by three independent directors.

(2) Audit Committee:

Former term of members: From June 16, 2020 to October 21, 2021. Our company re-elected the board directors in the regular meeting of shareholders on October 21, 2021.

A total of 11 meetings of 2nd Audit Committee were held in 2021. The attendance of director were as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Independent Director	Kao-Ming Tsai	11	0	100%	
Independent Director	Pei-Chang Wang	11	0	100%	
Independent Director	Shih-Tung Ho	11	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
2021/01/08 The 7 th meeting of the second term	In accordance with the instructions of the FSC, the "Measures for the 2020 First Transfer of Repurchased Shares to Employees" were revised.	None.
	Proposed implementation of the first transfer of the Company's repurchased ordinary shares to employees in 2021.	
2021/02/01 The 8 th meeting of the second term	The derivative financial product trading business.	
2021/03/18 The 9 th meeting of the second term	It is proposed not to proceed with the private placement of ordinary shares and/or preferred shares through cash capital increase approved by the 2020 Annual Shareholders Meeting.	
	Preparation of financial report and operation report of our company in 2020.	
	Preparation of the distribution of 2020 retained earnings.	
	Amendment to the Company's "Measures for the Transfer of Repurchased Shares to Employees".	
	Resolved to revise the "Regulations Governing the Acquisition and Disposal of Assets".	
	The Company intends to transfer the shares to employees at a price lower than the actual average price of the repurchased shares.	
	Proposed cash capital increase to the subsidiary, River Asset Co., LTD. (hereinafter referred to as River Asset Co., LTD.)	
	Preparation of "Internal Control System" in 2020.	
	Purchase of additional equipment by the Company.	
2021/04/07 The 10 th meeting of the second term	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 derivative financial product trading business.	
2021/04/07 The 10 th meeting of the second term	Proposed implementation of private placement of ordinary shares through cash capital increase.	

2021/05/06 The 11 th meeting of the second term	Purchase of additional equipment by the Company.
	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 derivative financial product trading business.
2021/05/25 The 12 th meeting of the second term	Proposed participation in the cash capital increase of New Smart Technology Co., Ltd. (hereinafter referred to as New Smart Technology).
	Proposed obtainment of machinery and equipment from New Smart Technology.
2021/07/01 The 13 th meeting of the second term	Proposed implementation of pricing and related matters of private placement of ordinary shares through cash capital increase of the Company.
2021/08/02 The 14 th meeting of the second term	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 derivative financial product trading business.
2021/08/12 The 15 th meeting of the second term	Appointment of independent experts.
2021/09/01 The 16 th meeting of the second term	The proposed disposal of the Chinese subsidiary, Shaoxing Opto Plus Technology Co., Ltd.
	The establishment of new subsidiary.
	Proposed split-up of the “systems business group” of the Company and the transfer of it to the newly established subsidiary.
	The Company may handle the shares release operations and relinquish participation in the cash capital increase plan of the subsidiary receiving the split business within one year of the change of registration date of such split-up.
2021/09/23 The 17 th meeting of the second term	Signing of a split-up plan.

(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.): The Company’s internal audit officer would report the audit affairs to independent directors at the Audit Committee meeting periodically, and communicate with the committee members about the audit results and status of his follow-up report.

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 21, 2024.

A total of 2 meetings of 3rd Audit Committee were held in 2021. The attendance of director were as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Independent Director	Shih-Kuang Tsai	2	0	100%	
Independent Director	Chen-Tung Lai	2	0	100%	
Independent Director	Chien-Chih Wu	2	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
2021/11/03 The 1 st meeting of the third term	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.	None.
	The derivative financial product trading business.	
2021/12/22 The 2 nd meeting of the third term	Proposed adjustment and split-up of the business scope, value and record date of the "system business group".	
	Establishment of a new company through reinvestment.	
	2022 audit plan of our company.	
	Proposed subscription of Wisdom Capital Limited Partnership Private Equity Fund.	
	Opto plus Technology Co.Ltd., a subsidiary company of OPTOTECH, applied to "Fubon Bank (China) Co., Ltd." for the endorsement guarantee of the credit line.	
	The derivative financial product trading business.	
	Recognition of asset impairment by the Company in 2021.	

(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 effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations, and the management and control of the Company's existing or potential risks.

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.): The Company's internal audit officer would report the audit affairs to independent directors at the Audit Committee meeting periodically, and communicate with the committee members about the audit results and status of his follow-up report.

(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 (Formerly named:OPTO TECH CORPORATION) has instituted regulations to control and manage the trading, endorsement guarantee and capital loans (to others) between Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH 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.	

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Ye s	N o		
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board of Directors formulate and implement diversified policies and specific management objectives?	V		(1) Regarding the diversity policy of the Board of Directors, please refer to 2. Information on the directors, president, vice presidents, associate vice presidents, and managers of each department and division, (1) Information on the directors (Pages 9-14).	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 "Corporate Sustainability Committee" to assist the Board of Directors in developing sustainable policies, formulating management guidelines and promoting specific plans.	
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	V		(3) Our company formulated the "Board of Directors Performance Review and Remuneration Payment Method" to carry out annual performance review in 2021. The result of the performance review will serve as the reference for remuneration payment and selection of directors. In 2020 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 2020 indicated good operational performance. Self-assessment of the Board will be evaluated from the five major aspects of (1) Participation in the operation of the company, (2) Improvement of the quality of the board of directors' decision making, (3) Composition and structure of the board of directors, (4) Election and continuing education of the directors, and (5) internal control. Self-assessment of the Board members will be evaluated from the six major aspects of (1) Familiarity with the goals and missions of the company, (2) Awareness of the duties of a director, (3) Participation in the operation of the company, (4) Management of internal relationships and communication, (5) The director's professionalism and continuing education and (6) Internal control. The evaluation of functional committees selects 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. The 2021 evaluation results: (1) Board of Directors internal self-evaluation: The Board of Directors of the Company has fully interacted with the management team, and has a solid understanding of the industry situation, gives specific suggestions in a timely manner, and receives regular training to improve the professional ability of themselves. The operation of the Board of Directors is truly satisfactory.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Ye s	N o	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?	V		<p>(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> <p>(3) Performance evaluation of the functional committees: In 2021, 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' 2021 remuneration by reference to the results of this evaluation.</p> <p>(4) Each year, the Company's Accounting Department review the independence of the certified public accountant to obtain the Statement of Accountant Independence. Checks for any joint ventures or other shared interests between the accountants and the Company or its affiliated businesses, and examines whether the accountants hold posts in the Company and its affiliated enterprises, as well as if the accountants have violated The "Code of Ethics Gazette No. 10".CPA has also provided the governance unit of our company with independent statement and communication of relevant matters in accordance with regulations. The result of the above assessment is reported to the Company's Board of Directors.</p>	
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		<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. She is the top supervisor in charge of corporate governance related affairs. Produce the minutes of the Board of Directors and shareholders' meetings, assist directors and supervisors to take office and continue their education, provide directors and supervisors with the information they need to execute their business, and assist directors and supervisors to comply with laws and regulations. (8) Other Important Information Regarding Corporate Governance A. Program and training of manager (page 57-58).</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		<p>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.</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	
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 (Formerly named: OPTO TECH 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 2021 consolidated and parent-company-only financial report was announced and filed on February 23, 2022; the first, second and third quarter of 2021 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.	

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Ye s	N o	
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 (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH CORPORATION) has designated exclusive personnel to handle investor’s recommendations or problems, and has good financial and business relationships with its suppliers and rights of stakeholders, for which it hopes to generate a win-win benefit based on the equal and reciprocal principle.</p> <p>(3) Execution of customer policy: Our company has maintained smooth communication channels with our customers, thus the execution is in good shape.</p>

None

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																																		
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			<p>(4) Directors’ and supervisors’ training records:</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Course</th> <th>Training hours</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Chairman</td> <td rowspan="4">H.T.Wang</td> <td>- Special topic on Japanese market (Part 1).</td> <td>3</td> </tr> <tr> <td>- Special topic on Japanese market (Part 2).</td> <td>3</td> </tr> <tr> <td>- Enterprise ethical management and wrongdoing prevention and identification trends and practice sharing((Part 1).</td> <td>3</td> </tr> <tr> <td>- Enterprise ethical management and wrongdoing prevention and identification trends and practice sharing((Part 2).</td> <td>3</td> </tr> <tr> <td rowspan="4">Director</td> <td rowspan="4">Tsun-Chia Tai</td> <td>- Special topic on Japanese market (Part 1).</td> <td>3</td> </tr> <tr> <td>- Special topic on Japanese market (Part 2).</td> <td>3</td> </tr> <tr> <td>- Enterprise ethical management and wrongdoing prevention and identification trends and practice sharing((Part 1).</td> <td>3</td> </tr> <tr> <td>- Enterprise ethical management and wrongdoing prevention and identification trends and practice sharing((Part 2).</td> <td>3</td> </tr> <tr> <td rowspan="4">Director</td> <td rowspan="4">Kuo-Kuang Li</td> <td>- Special topic on Japanese market (Part 1).</td> <td>3</td> </tr> <tr> <td>- Special topic on Japanese market (Part 2).</td> <td>3</td> </tr> <tr> <td>- Enterprise ethical management and wrongdoing prevention and identification trends and practice sharing((Part 1).</td> <td>3</td> </tr> <tr> <td>- Enterprise ethical management and wrongdoing prevention and identification trends and practice sharing((Part 2).</td> <td>3</td> </tr> </tbody> </table>	Title	Name	Course	Training hours	Chairman	H.T.Wang	- Special topic on Japanese market (Part 1).	3	- Special topic on Japanese market (Part 2).	3	- Enterprise ethical management and wrongdoing prevention and identification trends and practice sharing((Part 1).	3	- Enterprise ethical management and wrongdoing prevention and identification trends and practice sharing((Part 2).	3	Director	Tsun-Chia Tai	- Special topic on Japanese market (Part 1).	3	- Special topic on Japanese market (Part 2).	3	- Enterprise ethical management and wrongdoing prevention and identification trends and practice sharing((Part 1).	3	- Enterprise ethical management and wrongdoing prevention and identification trends and practice sharing((Part 2).	3	Director	Kuo-Kuang Li	- Special topic on Japanese market (Part 1).	3	- Special topic on Japanese market (Part 2).	3	- Enterprise ethical management and wrongdoing prevention and identification trends and practice sharing((Part 1).	3	- Enterprise ethical management and wrongdoing prevention and identification trends and practice sharing((Part 2).	3	
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<p>9. Please specify the improvement based on the result of company governance evaluation of the latest announced year by The TWSE's Corporate Governance Center, and the measures of prioritized enhancement for those which have yet to be improved.</p> <p>(1) Has the Company disclosed the professional qualifications and experience of the audit committee members, the yearly focal points, and the status of company operations: The Company will disclose in detail the professional qualifications and experience of the audit committee members, the yearly focal points, and the status of company operations in the annual report and company website: The company will disclose in detail the professional qualifications and experience of the members of the audit committee, the annual work focus and operation situation in the annual report and website.</p> <p>(2) Has the Company established an information security risk management framework, information security policies, and specific management plans, and has the Company invested resources into information security management, and disclosed this information on the company website and annual report: The Company will set up its information security framework, policies, and plans based on its actual operations in accordance with regulations: The company will formulate the relevant information security structure, policies and plans in accordance with the actual operation plan and regulations.</p> <p>(3) Does the Company simultaneously release English versions of major announcements: Since 2022, the company has simultaneously made major announcements in English in accordance with the law: Since 2011, the company has simultaneously released important information in English in accordance with laws and regulations.</p> <p>(4) Does the Company disclose information on finance, operations, and corporate governance on the company website: The Company has started making plans to update its website, and discloses relevant information such as detailed background information on board members and their responsibilities, the policies for the diversification of board members and their implementation status, and the membership of functional committees: The company has started planning and adjusting the external website, and disclosed in detail the biographies of individual board members and their responsibilities, the diversity policy and implementation of board members, and the composition of functional committees to disclose relevant information.</p>														

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

A. Information of the remuneration committee member

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

B. Attendance of Members at Remuneration Committee Meetings

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

(b) Current term of members: Our company re-elected the board directors in the regular meeting of shareholders on October 21, 2021. The term is from June 16, 2020 to October 21, 2021. A total of 5 Remuneration Committee meetings were held in 2021. The Remuneration Committee is formed by three independent directors. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	Kao-Ming Tsai	5	0	100%	
Committee Member	Pei-Chang Wang	5	0	100%	
Committee Member	Kun-Chien Huang	5	0	100%	

Other mentionable items:

- 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.
- 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.
- 2021 Main points of discussion by the Remuneration Committee:

Date /Meeting	Resolution	the Company's (the board of directors') handling of Remuneration Committee's opinion
2021/03/18 The 5 th meeting of the fourth term	Preparation of remuneration for board directors and supervisors of our company in 2020.	None
2021/05/06 The 6 th meeting of the fourth term	Resolved to revise the "Method for Performance Evaluation and Remuneration of Manager".	
	Proposed setting of the post of Corporate Governance Manager.	
	Promotion, change and annual salary adjustment of the Company's managers.	
2021/07/01 The 7 th meeting of the fourth term	The allocation plans for Managers bonuses and remuneration for employees of our company.	
	In accordance with the Company's "Measures for the 2020 First Transfer of Repurchased Shares to Employees" and "Measures for the 2021 First Transfer of Repurchased Shares to Employees", it is proposed to implement the transfer of treasury shares to employees.	
	The allocation plans for Managers bonuses and remuneration for employees of our company.	
2021/08/02 The 8 th meeting of the fourth term	Proposed issuance of performance bonus.	
	The allocation plans for board directors and supervisors of our company in 2020.	
	Resolved to revise the "Method for Performance Evaluation and Remuneration of Manager".	
	Interim performance bonus of the managers of the Company.	
2021/09/01 The 9 th meeting of the fourth term	Q2 performance bonus of the managers of the Company.	
2021/09/01 The 9 th meeting of the fourth term	Proposed adjustment of the Company's organizational structure and appointment of new managers.	

(c) 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 2 Remuneration Committee meetings were held in 2021. 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	2	0	100%	
Committee Member	Chen-Tung Lai	2	0	100%	
Committee Member	Chien-Chih Wu	2	0	100%	

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.

3.2021 Main points of discussion by the Remuneration Committee:

Date /Meeting	Resolution	the Company's (the board of directors') handling of Remuneration Committee's opinion
2021/11/03 The 1 st meeting of the fifth term	Resolved to revise the "Method for Performance Evaluation and Remuneration of Manager".	None
	Salary of the managers appointed by Company.	
	Q3 performance bonus of the managers of the Company.	
2021/12/22 The 2 nd meeting of the fifth term	Proposed revision of the "Implementation measures for the employee stock ownership trust".	

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

Assessed Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and root causes
	Yes	No	Abstract Explanation	
1. Does the Company conduct risk assessment of environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		<p>There are 6 functional groups under the " Corporate Sustainability Committee " under the Board of Directors of the company, which are divided into corporate governance group, risk management group, customer relationship group, corporate care group, supply chain management group and environmental sustainability group. The Board of Directors proposes a sustainable development mission or vision, and formulates sustainable development policies, systems or related management guidelines.</p> <p>The " Corporate Sustainability Committee " consists of the chairman as the Chairperson, the vice chairman as the vice Chairperson, and the relevant department-level and above supervisors of each working group as members, and formulates the sustainable vision, sustainable mission, sustainable policy, and sustainable management policy and issues of sustainable concern for the current year; the " Corporate Sustainability Committee " reports the implementation results of corporate social responsibility to the board of directors at least once a year.</p> <p>The Board of Directors In January 2022, the " Corporate Sustainability Committee " reported the sustainability management policy and sustainability concerns to the Board of Directors in 2022, and reported the implementation results of the sustainability issues in 2021.</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 2021: economy, environment and society from January to December 2021. 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 C&C Certified Public Accountants. Individuals, affiliated companies and reinvested companies included in the consolidated report.</p> <p>The company analyzes the materiality of the sustainability report, communicates with internal and external stakeholders, and integrates the evaluation data of various departments. impact of related risks. In 2021, we identified changes in laws and regulations, international situation and market fluctuations, supply chain management, supply chain management, environment and climate change, personnel safety, and labor-management relations as the company's risk categories, and correspondingly formulated risk control measures.</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																
<p>3. Environmental issues</p> <p>(1) Does the company establish proper environmental management systems based on the characteristics of their industries?</p> <p>(2) Is the Company committed to improving usage efficiency of various resources and utilizing renewable resources with reduced environmental impact?</p> <p>(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?</p> <p>(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?</p>	V		<p>(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.</p> <p>(2) The Company implements water recycling, monitors water consumption and recycling rate on a monthly basis, adopts induction lamps for indoor and outdoor lighting, installs hand-drawn lamps in office areas, replaces air-conditioning-related facilities, improves the power efficiency of factory facilities, etc., and implements power-saving measures, so as to achieve the effect of resources conservation. Under the principle of qualified disposal of waste, the Company promotes ways to reuse resources.</p> <p>(3) The Company pays attention to the issue of climate change, and has established a Corporate Sustainability Committee. The chairman serves as the committee chairman and the vice chairman serves as the committee vice chairman, leading the Company to press ahead on corporate sustainability issues. In addition, there are also contingency measures for the reduction of available water during drought periods in place, and water-saving indicators are set to monitor the efficiency of water consumption and recycling in the factory during normal times, so as to effectively improve the efficiency of water use.</p> <p>(4) A.Greenhouse Gases All of the company's factories have completed ISO140641 category 1, 2, and 3 inspections and third-party inspections in 2020.</p> <p style="text-align: right;">Unit: tons of CO2e</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>Category 1</th> <th>Category 2</th> <th>Category 3</th> <th>Total emissions</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>5270</td> <td>38741</td> <td>9147</td> <td>53267</td> </tr> <tr> <td>2021</td> <td>3411</td> <td>37091</td> <td>8761</td> <td>49263</td> </tr> </tbody> </table> <p style="text-align: center;">(The 2021-year data has not been verified by a third party)</p>	Year	Category 1	Category 2	Category 3	Total emissions	2020	5270	38741	9147	53267	2021	3411	37091	8761	49263	None
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Assessed Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and root causes																					
	Yes	No	Abstract Explanation																						
			<p>Scope 1 and 2 greenhouse gas emissions in 2020 totaled 44,011 tons of CO₂e, mainly from Scope 2 electricity emissions, accounting for 73% of the total emissions; followed by HFCs, PFCs and fuels used in utility systems in Scope 1 processes Emissions accounted for 10%, and Scope 3 energy procurement upstream related emissions and emissions from waste disposal accounted for 17%.</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, 7 energy-saving programs have been improved in 2020 years. The main emission reduction measures include replacing the UPS uninterrupted power system. The cooling water heat recovery of the air-conditioning system and the parking lot lighting were replaced by radar induction microwave lamps, which reduced carbon emissions by about 1,628.7 tons of CO₂e in total.</p> <p>In addition, in response to global climate change, national policies and the promotion of sustainable operation of the company, the company plans to build two energy-saving projects, the construction of solar energy systems and the construction of energy storage systems, which are expected to be completed by the end of 2023.</p> <p>B. Waste The total weight of the company's business waste in the past two years is divided into hazardous and non-hazardous business waste, as shown in the following table.</p> <table border="1"> <thead> <tr> <th></th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Chuangxin Manufactory - Hazardous industrial waste weight (tons)</td> <td>274.961</td> <td>247.1996</td> </tr> <tr> <td>Chuangxin Manufactory - Weight of non-hazardous industrial waste (tons)</td> <td>333</td> <td>255.0958</td> </tr> <tr> <td>Chuangxin Manufactory - Subtotal</td> <td>607.961</td> <td>502.2954</td> </tr> <tr> <td>Li-hsin Manufactory - Hazardous industrial waste weight (tons)</td> <td>219.669</td> <td>129.2734</td> </tr> <tr> <td>Li-hsin Manufactory - Weight of non-hazardous industrial waste (tons)</td> <td>294.730</td> <td>210.1624</td> </tr> <tr> <td>Li-hsin Manufactory - Subtotal</td> <td>514.399</td> <td>339.4358</td> </tr> </tbody> </table> <p>The company complies with laws and regulations, and implements the classification and legal disposal of industrial waste. In addition to the recycling of waste bottles by the original supplier to make the resources reusable, the company continues to implement the direction of "waste reduction", such as improving the waste solvents and inorganic pollutants in the factory. The proportion of mud resources, etc., to fulfill the corporate responsibility of environmental protection.</p>		2020	2021	Chuangxin Manufactory - Hazardous industrial waste weight (tons)	274.961	247.1996	Chuangxin Manufactory - Weight of non-hazardous industrial waste (tons)	333	255.0958	Chuangxin Manufactory - Subtotal	607.961	502.2954	Li-hsin Manufactory - Hazardous industrial waste weight (tons)	219.669	129.2734	Li-hsin Manufactory - Weight of non-hazardous industrial waste (tons)	294.730	210.1624	Li-hsin Manufactory - Subtotal	514.399	339.4358	
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Assessed Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and root causes						
	Yes	No	Abstract Explanation							
			<p>C.Water Water consumption in the last 2 years: Unit: Ten thousand metric tons</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total water consumption</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>152.3</td> </tr> <tr> <td>2021</td> <td>139.4</td> </tr> </tbody> </table> <p>The company continues to promote the recycling of water resources, reduces the consumption of tap water and increases the efficiency of water recycling through various optimizations. According to the three major directions of source management, process waste reduction and end-of-line control, the company conducts a rolling review of the consumption of the factory system of production equipment and machines. Statistics; the cumulative invested water resource action improvement plan includes process cleaning water reduction, pretreatment sand filter activated carbon equipment regeneration cycle adjustment, EPI Scrubber drainage recycling planning test, extension of RO4, RO5 high-yield water volume, chemical washing cycle and EPI Scrubber drainage selection Recycling system project; the total amount of recycled water in 2020 is about 9.17 million tons, and the percentage of total water occupied by the total amount of recycled water is 60.2%, which is in line with the recycling standards of Hsinchu Science Park Administration. Environment friendly.</p>	Year	Total water consumption	2020	152.3	2021	139.4	
Year	Total water consumption									
2020	152.3									
2021	139.4									
<p>4. Social issues</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> <p>(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?</p>	<p>V</p> <p>V</p>		<p>(1) The company complies with all relevant and applicable labor laws and regulations to establish management guidelines and systems to meet the requirements of the SA8000 Management System. Moreover, the company keeps employees fully informed of related information through open communication channels to protect employees' rights and interests, respects the international Fundamental Principles and Rights at Work and shall never harm employees' basic rights at work.</p> <p>(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.</p>	None						

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

Assessed Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and root causes												
	Yes	No	Abstract Explanation													
			<p>For workers to implement various disaster prevention labor education training and protective equipment management, the company has also formulated exclusive safety and hygiene training materials for each department and each station type of work, including hazard identification, protective equipment standards, machine hazards and emergency. Response procedures, and require the supervisors of each department to implement the operation observation and education and training of new/changed workers' operations, so as to prevent occupational disasters and occupational diseases, so as to create a zero-disaster environment. The statistics of the company's occupational safety and health education, training and promotion in the past three years are as follows. In 2020, due to the outbreak of the epidemic, some non-legal education and training were reduced, so the number of training people was low.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Education and training trips</th> <th>Education and training hours</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>1,750</td> <td>6,678</td> </tr> <tr> <td>2020</td> <td>234</td> <td>1,706</td> </tr> <tr> <td>2021</td> <td>1,259</td> <td>4,537</td> </tr> </tbody> </table> <p>In addition, the company has also established quantitative indicators to expand occupational safety and health activities to products and related services to improve overall occupational safety and health performance and effectively control risks. The frequency of disability injury was 0.71 in 2021, an increase of 0.43 compared to 2020; there were 2 cases of occupational accidents involving 2 people, both of which were incidents of accidental falls while walking. In addition to strengthening the posting of warnings on stairs, the company also The rest of the colleagues were promoted at the same time, and there were no other occupational accidents due to work.</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 2021, the company implemented 183 monitoring points in the factory and 139 in the innovation factory. Points are in compliance with regulatory requirements.</p>	Year	Education and training trips	Education and training hours	2019	1,750	6,678	2020	234	1,706	2021	1,259	4,537	
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(4) Does the company provide its employees with career development and training sessions?	V		<p>In addition, the company sets safety device standards for various types of machinery and equipment in the factory, and then establishes and implements an inspection plan for mechanical equipment safety interlocking devices. The inspection frequency of various safety interlocking devices is shown in the table below. A total of 575 sets of mechanical equipment have been regularly tested for safety devices in 2021.</p> <table border="1"> <thead> <tr> <th rowspan="2">Check item</th> <th colspan="4">Check frequency</th> </tr> <tr> <th>per month</th> <th>quarterly</th> <th>every half year</th> <th>Per year</th> </tr> </thead> <tbody> <tr> <td>Gas leak detector</td> <td></td> <td></td> <td>V</td> <td></td> </tr> <tr> <td>Exhaust Low Flow Alarm Device</td> <td></td> <td></td> <td></td> <td>V</td> </tr> <tr> <td>Fire Detector (UV/IR)</td> <td></td> <td></td> <td></td> <td>V</td> </tr> <tr> <td>Auto damper shutter</td> <td></td> <td>V</td> <td></td> <td>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 shut boy</td> <td></td> <td>V</td> <td></td> <td>V</td> </tr> <tr> <td>Warning Light</td> <td></td> <td></td> <td></td> <td>V</td> </tr> </tbody> </table> <p>For other high-risk equipment such as special gas equipment, chemical supply equipment, chemical smoke cabinets, ovens, etc., we also formulate procurement safety regulations to ensure the safety of on-site machine operation and prevent occupational disasters.</p> <p>E.Company Verification Scenario: Both the company's Li-hsin Manufactory and Chuangxin Manufactory have obtained ISO 45001 and CNS 45001 certification.</p> <p>(4) Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH 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 89-90 of this annual report.</p>	Check item	Check frequency				per month	quarterly	every half year	Per year	Gas leak detector			V		Exhaust Low Flow Alarm Device				V	Fire Detector (UV/IR)				V	Auto damper shutter		V		V	Over temperature protection		V			Overvoltage protection				V	Liquid level detector shut boy		V		V	Warning Light				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	
(5) Has the Company complied with relevant laws and regulations and international standards for its products and services respecting customer health and safety, customer privacy, marketing and labeling, and formulated relevant consumer protection policies and grievance procedures? Please see chapter 8 Corporate Social Responsibility.	V		<p>(5) A.Customer Health and Safety</p> <p>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 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>	

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>(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> <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 2021. Supplier 100% meets the following conditions.</p> <table border="1" data-bbox="958 890 1854 1428"> <tr> <td data-bbox="958 890 1227 1428">Procurement and Supplier Management</td> <td data-bbox="1227 890 1854 1428"> <p>All suppliers must pass the supplier evaluation and comply with the supplier code of conduct, promote supplier risk management, and complete the risk evaluation of 95% of the suppliers of the purchase amount.</p> <p>Through the supplier evaluation mechanism Q (quality) C (cost) D (delivery time) S (service) S (sustainability), corresponding procurement measures are made for various evaluation levels.</p> <p>Through the supplier sustainability assessment mechanism and the RBA assessment mechanism, suppliers are assessed annually and defects are tracked and improved.</p> <p>Process-related raw material suppliers must pass ISO9001 quality management system certification.</p> <p>Factory and related operations contractors must obtain ISO 45001 occupational safety and health management system certification.</p> <p>Suppliers have obtained valid factory registration certificates and ISO14001 environmental management certifications issued by the government according to their business categories.</p> </td> </tr> </table>	Procurement and Supplier Management	<p>All suppliers must pass the supplier evaluation and comply with the supplier code of conduct, promote supplier risk management, and complete the risk evaluation of 95% of the suppliers of the purchase amount.</p> <p>Through the supplier evaluation mechanism Q (quality) C (cost) D (delivery time) S (service) S (sustainability), corresponding procurement measures are made for various evaluation levels.</p> <p>Through the supplier sustainability assessment mechanism and the RBA assessment mechanism, suppliers are assessed annually and defects are tracked and improved.</p> <p>Process-related raw material suppliers must pass ISO9001 quality management system certification.</p> <p>Factory and related operations contractors must obtain ISO 45001 occupational safety and health management system certification.</p> <p>Suppliers have obtained valid factory registration certificates and ISO14001 environmental management certifications issued by the government according to their business categories.</p>	
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Assessed Item	Implementation Status			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and root causes
	Yes	No	Abstract Explanation	
			<p>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. Implement the practice of anti-corruption and promote the signing activity of "Supplier Employee Practice Ethics Agreement".</p>	
			<p>Supplier Forum with praise</p> <p>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.</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	
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?	√		<p>The company follows the GRI Standards issued by the Global Reporting Initiatives (GRI) in 2020 in its information disclosure and adopts the GRI Standards: Core option/disclosure principles to understand the issues that the stakeholders are concerned about through substantive analysis, based on which the sustainability information of the company's Corporate Social Responsibility Report is disclosed.</p> <p>The company's report has not been verified by an impartial external third-party agency. The disclosed statistics of the report were obtained from the company's own statistics and surveys, which had been validated by the company's internal control and review mechanisms as well as some related management systems to ensure the accuracy of the information/data disclosed in this report.</p>	None
6. If the company has established sustainable development best-practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," describe the implementation and any deviations from such principles: The company has established " Sustainable Development Best Practice Principles " and will continuously carry out and implement the regulations in that spirit with all colleagues. There is no major discrepancy between the actual operation and the established best practice principles.				
7. Other important information to facilitate a better understanding of the execution of sustainable development initiatives:				

A.Environmental protection:

- a. In 2020, version update operation for ISO 14064-1 was planned. Obtained the new certificate in 2021.
- b. According to the management policy of 2022, Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION) will continue to develop products that are environmentally friendly and promote them to the world.
- c. Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION) has reinforced its waste management and minimization, classified garbage, promoted office dematerialization in order to reduce the use of paper. It will apply for waste recycling projects to turn waste into resource.
- d. Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION) has aggressively developed and promoted the use of green raw materials, in an attempt to continuously cut down the impact of its products on the environment. In the end, our hopes to develop the products which can be harmoniously blended with nature and friendly to the earth.

B. Contribution to society:

- a. Continued to promote the ISO-14001 Environmental Management System to prevent making pollution to or harm the surrounding environment.
- 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.

C. Service to society, social and public interests:

- a. We actively participated in blood donation activities by organizing a blood donation in our factory as a response to the concept of "Donate a bag of blood to save a life". Our employees actively participated in this event and showed their support through their actions to warmly give back to society.

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. 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>c. The company established the " TASC Health Care & Chairty Foundation " in 2021. When the epidemic was severe in 2021, the company successively donated related medical resources (HFNC, Taiwan Box) and funds to major medical institutions to relieve The urgent need to solve the epidemic.</p> <p>d. The Company has set up "Emergency Funds" to ensure employees' general well-being. Should employees ever have emergency requirements due to accidents, major sickness, death, or urgent family needs, they may receive assistance from the Company. The Emergency Funds are divided into four major categories.</p> <p>D.Consumer rights and interests: Our clients are not the end-users, but we have devoted our efforts to fulfilling the rules of IECQ-QC-080000, so as to reduce hazardous substances of our products and protect consumers' safe use of our products.</p> <p>E. Human rights: Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH 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. The Company continues to pay attention to the physical and mental health of employees, and implements plans to protect workplace maternity, prevent ergonomic hazards, prevent abnormal workload and illegal workplace violations, so as to build a comfortable, dynamic and vibrant workplace.</p> <p>b. In response to the COVID-19 epidemic, Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION) has established an Infectious Disease Prevention and Control Response Team and contingency plans, and adjusted countermeasures in a rolling manner based on the information released by the CDC (Centers for Disease Control) to ensure the health of employees and the continuous operation of the Corporation.</p> <p>c. The Company will continue to conduct on-site safety inspections and equipment safety inspections to ensure that employees work in a safe environment to prevent the occurrence of occupational disasters and accidents.</p> <p>d. Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION) will continue to promote on-site safety and health education training and continues to strengthen the emergency response mechanisms for factory safety. For high-risk operations involving the use of hazardous chemicals, specific emergency response procedures for personal injuries are formulated and first aid equipment is provided. All of these are included in the Standard Operation Procedure of each work station. Education and training is also provided for operators to enhance their work safety awareness.</p>				

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

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>1.Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?</p> <p>(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?</p>	V		<p>(1) The board of directors of our company has formulated “Ethical Corporate Management Best Practice Principles ”, “Procedures for Ethical Management and Guidelines for Conduct”, and “Directors and Management Ethical Conduct Principles” to demonstrate the policies and measures of business integrity.</p> <p>(2) The company has established effective internal control systems for business activities involving high-risk unethical behavior such as purchases and sales, etc. to regularly check and evaluate the implementation of internal control, thereby ensuring the continuous and effective implementation of the internal control system. Moreover, the company also sets up a complaint mailbox for ethics violations reporting on the website for internal and external users to prevent high-risk unethical behavior in business activities.</p> <p>(3) Our company has stipulated the reporting and appeal system in the “Procedures for Ethical Management and Guidelines for Conduct” and also announced internal independent reporting mailbox on our company website to encourage internal and external staff to report the unethical or improper conducts. The reports will be granted proper rewards according to the severity of reported violation.</p>	None
<p>2.Fulfill operations integrity policy</p> <p>(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?</p> <p>(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?</p>	V		<p>(1) When our company is signing a contract with another party, we should fully understand its business integrity. The contract signed with its agent, supplier, customer, or any other business transaction party should include the terms of compliance with business integrity policy and the right to terminate the contract whenever the transaction counterpart involves in any unethical behavior.</p> <p>(2) The company designates the Corporate Sustainability Committee as a dedicated unit subordinated to the board of directors with the Chairman of the company serving as the committee minister. The Committee is assisted by the functional groups under it in the promotion and implementation of related matters, and reports to the board of directors at least once a year. The following implementation of the operation integrity management in the current year had been reported to the board of directors on December 22, 2021:</p>	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		<p>A. Assist in integrating integrity and moral values into the Company’s business strategy, and formulate relevant wrongdoing prevention measures to ensure ethical management in accordance with laws and regulations.</p> <p>B. Plan the internal organization, staffing and responsibilities, regularly analyze and evaluate the higher risks of unethical behaviors within the business scope, and formulate the plan for preventing unethical behavior accordingly, and establish the standard operating procedures and conduct guidelines related to the work business in each plan.</p> <p>C. For business activities with risks of unethical conduct, a mutual supervision and check and balance mechanism has been set in place.</p> <p>D. Facilitate and coordinate the propagation and training of the integrity policy.</p> <p>E. Create plans for the reporting system to ensure the effectiveness of implementation.</p> <p>F. Assist the board of directors and managers in checking and evaluating whether the prevention measures for the implementation of business integrity are operating effectively, and regularly assess the compliance of relevant business procedures for the preparation of reports.</p> <p>(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 (Formerly named: OPTO TECH CORPORATION). Employees when encounters conflicts in interests while conducting businesses shall report to their supervisors or the dedicated unit.</p>	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		<p>(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.</p>	
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		<p>(5) The Corporate Sustainability Committee will organize an internal propagate once every year. The ethical management promotion theme is “Procedures for handling improper benefits accepted” in 2021. 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.</p>	

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
3. Operation of the integrity channel				
(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		(1) Our company has stipulated the reporting and appeal system in the “Procedures for Ethical Management and Guidelines for Conduct” to encourage internal and external staff to report the unethical or improper conducts. The reports will be granted proper rewards according to the severity of reported violation. We have also established and announced internal independent reporting mailbox on our company website and our intranet website for our internal and external staff.	None
(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		(2) Our company has formulated a procedure for submission of reports and set up a hotline, mailbox, and entity email address for appeal. The prosecutor can submit a written or oral appeal, and the acceptance unit must handle it confidentially to ensure the privacy of the party involved.	
(3) Does the company provide proper whistleblower protection?	V		(3) Our company will keep the identity of whistleblower and the content of report confidential via written statement, and promise that the whistleblower will not be punished due to such report.	
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 (Formerly named:OPTO TECH CORPORATION) has followed applicable laws. Related operating procedures and regulations for the operation of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION) have been established and announced on Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH CORPORATION) announces the importance of integrity to all of its Directors, Managers, and employees every year. The 2021 ethical management promotion theme is “Procedures for handling improper benefits accepted”. Education and training were conducted by means of lectures, e-mails and paper materials 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 (Formerly named:OPTO TECH 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.				

(7) Corporate Governance Guidelines and Regulations:

Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH 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

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

(8) Other Important Information Regarding Corporate Governance:

A. Program and training of manager:

Title	Name	Date or program /training	Organizing unit	Program Name	Hours
Chief Internal Auditor	Steven Chen	2021/01/18	The Institute of Internal Auditors-Chinese Taiwan	Fraud risk auditing practice and management	6
		2021/04/08	Accounting Research and Development Foundation	Legal compliance and auditing practice of corporate “investment” and “mergers and acquisitions”	6

Title	Name	Date or program /training	Organizing unit	Program Name	Hours
Head of Accounting	Yin-Rui Chen	2021/10/25-2021/10/26	Accounting Research and Development Foundation	Professional Development Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12
Corporate Governance Officer	Corrie Teng	2021/07/27-2021/07/28	Securities and Futures Institute	Practices workshop for directors, supervisors (including independent directors and supervisors) and corporate governance manager in Taipei	12
		2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3
		2021/09/16	Securities and Futures Institute	Advanced seminar for directors, supervisors (including independent directors and supervisors) and corporate governance manager - intellectual property management from the perspective of the board of directors	3
		2021/12/07	Taiwan Stock Exchange Corporation	2021 Cathay Sustainable Finance and Climate Change Summit	6

B. Procedures for Handling Material Inside Information:

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

(9) Internal Control System:

A. Internal control statement: (P.63)

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

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

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

A. Major resolutions made in the 2021 regular shareholders' meeting:

Major Resolutions	Implementation Status
Approval of the 2020 business report and financial statements.	- The Company operating revenue was NT\$5.59 billion, and net Income was NT\$0.58 billion in 2020. The gain was NT\$1.52 per share.
Approval of the distribution of 2020 retained earnings.	- Ex-dividend record date is 2021.06.30 and issued a cash dividend at 2021.07.20. The distribution of a NT\$1.39271167 cash dividend per common share.
Approval of revision to the Company's Articles of Incorporation is hereby submitted for discussion.	- It is surely executed in accordance with result of discussion.
Approval of revision to the Company's Regulations Governing the Acquisition and Disposal of Assets is hereby submitted for discussion.	- It is surely executed in accordance with result of discussion.
Approval of revision to the Company's Procedures for Election of Directors is hereby submitted for discussion.	- It is surely executed in accordance with result of discussion.
Approval of transfer of shares to employees at a price lower than the average price of the shares actually repurchased is hereby submitted for discussion.	- It is surely executed in accordance with result of discussion.
Approval of propose to undertake a private placement of ordinary shares by cash capital increase, and such proposal is submitted for discussion.	- It is surely executed in accordance with result of discussion.

B. Major resolutions made in the 2021 extraordinary shareholders' meeting:

Major Resolutions	Implementation Status
The 14th Election of Directors	- The elected directors and Independent Director are as below. Directors: H.T.Wang , Tsun-Chia Tai , Kuo-Kuang Li , Nichia Taiwan Corp., Rep. of legal person: Ishigami Koji. Independent Director : Shih-Kuang Tsai , Chen-Tung Lai , Chien-Chih Wu. The term is from October 21, 2021 to October 20, 2024.
Approval of approval for competition by newly appointed directors and their representatives (including independent directors) is proposed for discussion.	- It is surely executed in accordance with result of discussion.
Approval of a revision to the company's articles of incorporation is hereby submitted for discussion.	- It is surely executed in accordance with result of discussion.
Approval of the disposal of the chinese subsidiary, Opto Plus Technology Co. Ltd., is proposed for discussion.	- It is surely executed in accordance with result of discussion.
Approval of to approve the demerger of the Systems Business Group of the company to new subsidiary.	- It is surely executed in accordance with result of discussion.
Approval of the company must handle the shares release operations and relinquish participation in the cash capital increase plan of the subsidiary receiving the split business within one year of the registration amendment date of the split.	- It is surely executed in accordance with result of discussion.

C. Major resolutions made in board meetings include the following:

Year	Major Resolutions	Implementation Status
2021	<ul style="list-style-type: none"> - Approval of passed the proposal to carry out the buy-back of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION)'s common stock and transfer it to employees for the first time in 2021. - Approval of resolved to revise the “Articles of Incorporation”. - Approval of determination of matters related to shareholders’ meeting. - Approval of approved by resolution of shareholders’ meeting of Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION) in 2020 not to proceed with secondary offering through private placement of common shares or/and preferred shares. - Approval of remuneration for board directors and supervisors and remuneration for employees of our company in 2020. - Approval of financial report and operation report of our company in 2020. - Approval of the distribution of 2020 retained earnings. - Approval of a transfer of shares to employees at a price lower than the average price of the shares actually repurchased. - Approval of resolved to revise the “ Transfer of First Repurchased Shares to Employees”. - Approval of resolved to revise the “Regulations Governing the Acquisition and Disposal of Assets”. - Approval of resolved to revise the “Rules Governing Election of Board Directors”. - Approval of resolved to revise the determination of matters related to shareholders’ meeting in 2021. - Approval of cash capital increase of the subsidiary –Tung Chun Asset Management Co., Ltd. - Approval of it is proposed to undertake a private placement of ordinary shares by cash capital increase. - Approval of resolved to revise the determination of matters related to shareholders’ meeting in 2021. - Approval of the company have settled of the post of Corporate Governance Officer. - Approval of purchase of additional equipment by the Company. - Approval of resolved to revise the determination of matters related to shareholders’ meeting in 2021. - Approval of the change of venue for the 2021 Annual Shareholders Meeting. - Approval of for the proposed implementation of pricing and related matters of private placement of ordinary shares through cash capital increase of the Company. - Approval of the proposed implementation of the transfer of treasury shares to employees according to the Company’s “Measures for the 2020 First Transfer of Repurchased Shares to Employees” and “Measures for the 2021 First Transfer of Repurchased Shares to Employees”. - Approval of non-compete of the Company’s manager. - 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 change of Company’s business address. - Approval of resolved to revise the “Articles of Incorporation”. - Approval of the proposed disposal of the Chinese subsidiary, Shaoxing Opto Plus Technology Co., Ltd. - Approval of the establishment of new subsidiary. 	<p>All the resolutions of the Board Meeting have been fully implemented in accordance with the resolutions.</p>

Year	Major Resolutions	Implementation Status
	<ul style="list-style-type: none"> - Approval of proposed split-up of the “systems business group” of the Company and the transfer of it to the newly established subsidiary. - Approval of the change of CPA. - Approval of the Company may handle the shares release operations and relinquish participation in the cash capital increase plan of the subsidiary receiving the split business within one year of the change of registration date of such split-up. - Approval of the full re-election of Company’s directors (including independent directors). - Approval of the agreed convening of the first extraordinary general meeting in 2021. - Approval of the adjustment of the Company’s organizational structure and the appointment of new managers. - Approval of the candidate nomination for directors and independent directors. - Approval of approval for competition by newly appointed directors and their representatives (including independent directors) is proposed for discussion. - Approval of signing of a split-up plan. - Approval of the appointment of the chairman and vice chairman of the Company’s “Corporate Sustainability Committee”. - Approval of for the Company’s organization restructuring and manager appointment. - Approval of the appointment of the fifth Remuneration Committee. - 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 setting of record date for the stock exchange due to the Company’s name change and the stock exchange operation plan. - Approval of the adjustment and split-up of the business scope, value and record date of the “system business group”. - Approval of the establishment of a new company through reinvestment. - Approval of 2022 audit plan of our company. - Approval of 2022 annual budget of our company. - Approval of the subscription of Wisdom Capital Limited Partnership Private Equity Fund. 	
2022	<ul style="list-style-type: none"> - Approval of remuneration for board directors and supervisors and remuneration for employees of our company in 2021 - Approval of financial report and operation report of our company in 2021. - Approval of determination of matters related to shareholders’ meeting. - Approval of resolved to revise and Addition of “Procedures for Ethical Management and Guidelines for Conduc” and “Corporate Social Responsibility Best Practice Principles”. - Approval of the cash capital increase to the subsidiary, Ho Chung Investment Co., Ltd. - Approval of “Internal Control System” of our company in 2021. - 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 endorsement and guarantee for the subsidiary company - Opto Systems Tech Corporation for the performance and warranty to its customers due to business transactions. - Approval of the Company’s 2022 annual accountant appointment and independence evaluation. 	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 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 proposed acquisition of Xinzhuang Section land by the subsidiary, Dongzhen Asset Co., Ltd. - Approval of the proposed acquisition of ordinary shares of Singbao International Co., Ltd. through private placement by the subsidiary, Ho Chung Investment. - Approval of the distribution of 2021 retained earnings. - Approval of resolved to revise the “Articles of Incorporation” and “Regulations Governing the Acquisition and Disposal of Assets” and “Rules of Procedure for Shareholders Meetings” and “Corporate Governance Best Practice Principles”. - Approval of the company has approved the loan application for its subsidiary Shaoxing Opto Plus Technology. - Approval of resolved to revise the determination of matters related to shareholders’ meeting in 2022. - 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 has approved the operation plans for ProAsia Semiconductor Corporation. - Approval of the company has approved the 2022 company capital expenditure for ProAsia Semiconductor Corporation. 	

Taiwan-Asia Semiconductor Corporation
(Formerly named:OPTO TECH CORPORATION)
Statement of Internal Control System

Date:February 23,2022

Based on its internal control system in 2021, Optotech Corporation Limited (Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION)) declares the results of its self-examination as below:

1. Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH CORPORATION) contains self-monitoring mechanisms, and Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION) takes corrective actions whenever a deficiency is identified.
3. Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH CORPORATION) believes that, during the year 2021, 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 (Formerly named:OPTO TECH CORPORATION)'s Annual Report for the year 2020 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 23, 2022, with zero of the Seven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

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

Chairman: H.T.Wang

President: David Hwang

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

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

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Vice President	Shun-Chih Chen	1992.02.18	2021.02.20	Retirement
Vice President	Wen-Tsung Lai	1995.07.14	2021.05.06	resignation
Vice President	Chang-Da Cai	2016.10.12	2021.06.01	resignation
Assistant Vice President	Vincent Lee	2018.06.13	2022.01.28	Transfer to subsidiary
President & Chief Executive Officer	David Hung	2020.08.03	2022.04.01	Retirement
Chief Operating Officer	Vince Chen	2021.05.19	2022.04.01	Job adjustment
Senior Assistant Vice President	Benjamin Chang	2021.03.02	2022.04.30	resignation

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	2021.01.01-2021.12.31	3,330,000	2,637,794	5,967,794	The content of non-audit fees' services : Subsidiaries' economic substance declaration fees, change registration fees and tax audits due to the issuance of new shares upon private cash capital increase.

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

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

6. Replacement of CPA

(1) Regarding the former CPA :

Replacement Date	Resolved by the board of directors on 23rd Feb., 2021		
Reason of change and explanation	To meet the needs of the Company's future operational development and overall management considerations, since the first quarter of 2022, the financial report certification/auditing accountants have been changed from CPAs Tsai-Yen Chiang and Chung-Hsi Lai from PwC to CPAs Alexe Chen and Titan Lee from Deloitte & Touche.		
Describe whether the Company terminated or the CPA did not accept the appointment	Status	Parties	CPA
	Termination of appointment		V
	Did not accept (continue) the appointment		
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the company	Yes		Accounting principles or practices
			Disclosure of Financial Statements
			Audit scope or steps
			Others
	None	V	
	Remarks/specify details:		
Other Revealed Matters	None		

(2) Regarding the successor CPA :

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

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

7. The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates in the most recent two years.

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

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

Title	Name	2021		As of April. 25, 2022		
		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 (Note1)	0	0	0	0
	Director	Nichia Taiwan Corp.	62,363,000	0	0	0
		Rep. of legal person:Ishigami Koji	0	0	0	0
	Director	Nichia Taiwan Corp.	62,363,000	0	0	0
		Rep. of legal person:Sakamoto Takashi (Note2)	0	0	-	-
	Director	Tzu-Chun Lin (Note2)	0	0	-	-
	Director	Su-Chin Tai (Note2)	20,000	0	-	-
Director	Shun-Chih Chen (Note3)	0	0	-	-	
Director	Inwood Information System Co.,Ltd. (Note2)	0	0	-	-	
	Rep of legal person:Pin-Lun Wang	0	0	-	-	
Independent Director	Independent Director	Shih-Kuang Tsai (Note1)	0	0	0	0
	Independent Director	Chen-Tung Lai (Note1)	0	0	0	0
	Independent Director	Chien-Chih Wu (Note1)	0	0	0	0
	Independent Director	Kao-Ming Tsai (Note2)	0	0	-	-
	Independent Director	Kuo-Kuang Li (Note2)	0	0	-	-
	Independent Director	Pei-Chang Wang (Note2)	0	0	-	-
Executive Officers	Chairperson of the Corporate Sustainability Committee	H.T.Wang (Note4)	0	0	0	0
	Vice Chairperson of the Corporate Sustainability Committee	Tsun-Chia Tai (Note4)	0	0	0	0
	Chief Strategy Officer	Kuo-Kuang Li (Note5)	0	0	0	0
	President	Champion Yi (Note6)	-	-	0	0
	President & Chief Executive Officer	David Hung (Note7)	362,000	0	51,676	0
	Senior Vice President & Chief of Staff	Tzu-Chun Lin (Note8)	0	0	0	0
	Vice President & Chief of Operation	Vince Chen (Note9)	0	0	0	0
	Vice President	Wen-Tsung Lai (Note10)	0	0	-	-
	Vice President	Shun-Chih Chen (Note11)	0	0	-	-
	Vice President	Chang-Da Cai (Note12)	0	0	-	-
Assistant Vice President	Jeffery Tai	100,000	0	0	0	
Assistant Vice President	Vincent Lee (Note13)	100,000	0	-	-	

Title		Name	2021		As of April. 25, 2022	
			Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
	Assistant Vice President	Benjamin Chang (Note14)	100,000	0	0	0
	Assistant Vice President	Chin-Lung Ma (Note15)	0	0	-	-
	Head of Financing and Accounting & Chief Financial Officer	Yin-Rui Chen	100,000	0	0	0
	Corporate Governance Officer	Corrie Teng (Note16)	13,000	0	0	0
Major Shareholders	Major shareholders holding more than 10% of the shares	Nichia Taiwan Corp.	62,363,000	0	0	0

Note1: Kuo-Kuang Li, Shih-Kuang Tsai, Chen-Tung Lai, Chien-Chih Wu elected as Director and Independent Director on October 21, 2021. The change of equity is the information at the time of taking office.

Note2: Tzu-Chun Lin, Su-Chin Tai, Nichia Taiwan Corp. Rep. of legal person:Sakamoto Takashi, Inwood Information System Co.,Ltd., Kao-Ming Tsai, Kuo-Kuang Li, Pei-Chang Wang resigned as Directors and Independent Directors of the company. The change of equity is the information at the time of resignation.

Note3: Shun-Chih Chen resigned as Directors on February 20,2021. The change of equity is the information at the time of resignation.

Note4: H.T.Wang, Tsun-Chia Tai serves as Chairperson of the Corporate Sustainability Committee and Vice Chairperson of the Corporate Sustainability Committee on October 21, 2021. The change of equity is the information at the time of taking office.

Note5: Kuo-Kuang Li serves as Chief Strategy Officer on October 21, 2021. The change of equity is the information at the time of taking office.

Note6: Champion Yi serves as President and David Hung resigned President on April 1, 2022, at the same day. The change of equity is the information at the time of taking office.

Note7: David Hung resigned President and Chief Executive Officer on April 1, 2022. The change of equity is the information at the time of resignation.

Note8: Tzu-Chun Lin serves as Chief of Staff on May 6, 2021. The change of equity is the information at the time of taking office.

Note9: Vince Chen stepped down Chief Operating Officer on April 1, 2022. The change of equity is the information at the time of resignation.

Note10: Wen-Tsung Lai dismissed insider on May 6, 2021. The change of equity is the information at the time of resignation.

Note11: Shun-Chih Chen retired Vice President on February 20,2021. The change of equity is the information at the time of resignation.

Note12: Chang-Da Cai resigned Vice President on June 1,2021. The change of equity is the information at the time of resignation.

Note13: Vincent Lee dismissed insider on January 28, 2022. The change of equity is the information at the time of resignation.

Note14: Benjamin Chang resigned Senior Assistant Vice President on April 30,2022. The change of equity is the information at the time of resignation.

Note15: Chin-Lung Ma dismissed insider on January 1,2021. The change of equity is the information at the time of resignation.

Note16: Corrie Teng serves as Corporate Governance Officer on May 6, 2021. 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

Apr. 25, 2022

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	20.24	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	6,068,023	1.38	0	0.00	0	0.00	None	None	
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	5,570,987	1.27	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	5,043,266	1.15	0	0.00	0	0.00	None	None	
Credit Suisse International	4,757,000	1.08	0	0.00	0	0.00	None	None	
Mitsubishi Ufj Morgan Stanley Securities Co., Ltd.	4,377,000	1.00	0	0.00	0	0.00	None	None	
UBS Europe SE	4,288,571	0.98	0	0.00	0	0.00	None	None	
J.P. Morgan Securities PLC	4,106,005	0.94	0	0.00	0	0.00	None	None	
Taishin International Bank Employee Stock Ownership Trust Account of TASC	3,509,735	0.80	0	0.00	0	0.00	None	None	

10. Ownership of Shares in Affiliated Enterprises:

Dec. 31, 2021;Unit: shares/ %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
New Smart Technology Co., Ltd.	1,000,000	0.05	4,000,000	0.20	5,000,000	0.25

IV 、 Capital Overview

1. Capital and Shares

(1) Source of Capital

A. Issued Shares

Month/ Year	Par Value (NTD)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NTD)	Shares	Amount (NTD)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2021.08	10	1,000,000,000	10,000,000,000	438,622,846	4,386,228,460	Number of ordinary shares of private placement through cash capital increase : 60,000,000	None	Ynan-Shang- Tzn NO.1100026087 by Hsinchu Science Park

Share Type	Authorized Capital			
	Issued Shares	Treasury stock(shares)	Un-issued Shares	Total
Common stock (the shares of companies listed in Taiwan)	377,541,303	1,081,543	561,377,154	1,000,000,000
common stock of private placement	60,000,000	-	-	

B. Information for Shelf Registration: None.

(2) Status of Shareholders

Apr. 25, 2022

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	1	21	215	80,570	142	80,949
Shareholding (shares)	366	6,598,916	99,494,987	263,921,157	68,607,420	438,622,846
Percentage	0.00%	1.50%	22.68%	60.17%	15.65%	100.00%

(3) Shareholding Distribution Status (Common Shares)

Apr. 25, 2022

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	33,893	6,200,099	1.41%
1,000 ~ 5,000	37,902	76,853,639	17.52%
5,001 ~ 10,000	4,990	38,808,865	8.85%
10,001 ~ 15,000	1,580	20,288,650	4.63%
15,001 ~ 20,000	786	14,567,753	3.32%
20,001 ~ 30,000	693	17,567,381	4.01%
30,001 ~ 40,000	321	11,402,273	2.60%
40,001 ~ 50,000	194	9,033,128	2.06%
50,001 ~ 100,000	321	23,468,451	5.35%
100,001 ~ 200,000	150	20,272,752	4.62%
200,001 ~ 400,000	60	17,107,739	3.90%
400,001 ~ 600,000	21	10,087,551	2.30%
600,001 ~ 800,000	10	6,624,723	1.51%
800,001 ~ 1,000,000	5	4,567,749	1.04%
1,000,001 or over	23	161,772,093	36.88%
Total	80,949	438,622,846	100.00%

(4) List of Major Shareholders

Apr. 25, 2022

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	6,068,023	1.38%
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	5,570,987	1.27%
Jpmorgan Chase Bank N.A., Taipei Branch in Custody for Vanguard Total International Stock Index Fund, A Series of Vanguard Star Funds	5,043,266	1.15%
Credit Suisse International	4,757,000	1.08%
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	4,377,000	1.00%
UBS Europe SE	4,288,571	0.98%
J.P. Morgan Securities PLC	4,106,005	0.94%
Taishin International Bank Employee Stock Ownership Trust Account Of TASC	3,509,735	0.80%

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

Items		2020	2021	01/01/2022 - 03/31/2022
Market Price per Share	Highest Market Price	28.30	80.40	70.50
	Lowest Market Price	14.00	21.85	47.80
	Average Market Price	22.24	34.02	56.84
Net Worth per Share	Before Distribution	20.48	22.21	22.59
	After Distribution	19.11	19.90	-
Earnings per Share	Weighted Average Shares	377,806,386	393,116,360	436,563,303
	Diluted Earnings Per Share	1.52	2.11	0.30
Dividends per Share	Cash Dividends	1.39	2.30	-
	Stock Dividends	-	-	-
		-	-	-
	Accumulated Undistributed Dividends	-	-	-
Return on Investment	Price / Earnings Ratio (Note 1)	14.63	16.12	-
	Price / Dividend Ratio (Note 2)	16.00	14.79	-
	Cash Dividend Yield Rate(Note 3)	6.25%	6.76%	-

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 2021 was approved by the Board of Directors on May 12, 2022.

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

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

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

(6) Dividend Policy and Implementation Status

A. Dividend Policy:

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

- (a) Offset the losses from previous years.
- (b) Withdrawing 10% statutory surplus reserve until the accumulated amount has reached paid-in capital of Taiwan-Asia Semiconductor Corporation (Formerly named: OPTO TECH 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 (Formerly named: OPTO TECH 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 2021 surplus appropriation proposal was resolved by the Board of Directors on May 12, 2022 to distribute a cash dividend of NT\$ 2.3 per share, and formulate a surplus distribution table as shown below. The 2021 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
(Formerly named: OPTO TECH CORPORATION)
Statement of Earning Distribution 2021

Unit : NT\$ dollars

Item	Amount
Undistributed earnings at the beginning of year.	1,790,730,371
Plus: After-tax profit of the year.	829,371,471
Plus: Actuarial gains and losses of current fiscal year.	24,975,720
Subtotal.	854,347,191
Less: Allocated legal earning reserve.	(85,434,719)
Plus: Rotating special reserves.	2,421,914
Distributable retained earnings.	2,562,064,757
Cash dividends to shareholders.	(1,008,832,546)
Undistributed surplus at year end.	1,553,232,211

(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 2021 Approved in Board of Directors Meeting:

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

Unit : NT\$ dollars

Employees' Remuneration	\$187,978,357
Director Remuneration	\$ 62,659,452
Total	\$250,637,809

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

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

Unit : NT\$ dollars

Item	Estimated amount	Actual allocated amount	Difference	Reasons	Situation
Employees' Remuneration	115,175,082	115,175,082	0	None	None
Director Remuneration	38,391,694	38,391,694	0	None	None

(9) Buyback of Treasury Stock:

(a) Repurchases already completed

Treasury stocks: Batch Order	First Repurchase in 2021
Purpose of buy-back	Transfer of shares to employees
Timeframe of buy-back	January 11, 2021-March 10, 2021
Price range	NT\$16.75 – NT\$38.80
Class, quantity of shares repurchased	Ordinary shares 4,599,000 shares
Value of shares repurchased (in NT\$ thousands)	NT\$112,006,279
Quantity of repurchased shares as a percentage of total shares to be repurchased (%)	61.32%
Shares sold/transferred	4,272,000 shares
Accumulated number of company shares held	8,893,000 shares
Percentage of total company shares held (%)	2.35%

(b) Any repurchase still in progress : None.

2. Bonds: None.

3. Preferred Stock: None.

4. Global Depository Receipts: None.

5. Employee Stock Options: None.

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

7. Financing Plans and Implementation:

First private placement of ordinary shares in 2021.

I. Content of the plan:

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

Unit: NT\$ thousands

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

II. Implementation status:

1. progress of funds

Unit: NT\$ thousands

Item	Implementation status		As of the first quarter of 2021	Notes
Debt repayment	Drawdown timeline	Scheduled	484,000	In the third quarter of 2021, the company has used the private placement funds to repay all borrowings in the joint loan case sponsored by China Trust.
		Actual	484,000	
	Execution progress	Scheduled	35.18 %	
		Actual	35.18 %	
new construction and expansion, replacement of old plant and equipment	Drawdown timeline	Scheduled	891,800	At present, the relevant plant equipment is still being purchased.
		Actual	224,240	
	Execution progress	Scheduled	64.82 %	
		Actual	16.30 %	

2. Perform a comprehensive analysis of benefits

Unit:NT\$ thousands

Year		2020	2021	Increase (decrease)
Item				%
Property, plant and equipment		2,705,133	2,664,220	(1.51)%
Total assets		10,641,427	12,345,359	16.01%
Total liabilities		2,948,101	2,647,841	(10.18)%
Interest expenses		27,611	17,226	(37.61)%
Operating revenue		5,590,046	6,143,243	9.90%
Earnings per share		1.52	2.11	38.82%
Capital structure	Debt ratio	27.70%	21.45%	(22.56)%
	Ratio of long-term capital to property, plant and equipment	329.29%	379.05%	15.11%

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

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

V 、 Operational Highlights

1. Business Activities

(1) Business Scope:

A. Main areas of business operations:

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

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

(B) Production and sales of semiconductor electronic devices:

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

(C) Production and sales of wireless communication equipments:

UHF wireless hopping communication device.

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

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

B. Revenue distribution:

Unit: NT\$ thousands

Major products	2021 revenue, net	Ratio %
Light emitting devices	1,491,158	24.27
Sensor devices	3,556,474	57.89
System product	777,912	12.66
Packaging Products	306,357	4.99
Other	11,342	0.19
Total	6,143,243	100.00

C. Main products:

In the aspect of LED products, the opto-electronic product division has devoted its efforts to servicing each of its clients with its well-rounded resources and processes and providing innovative resolution schemes to meet its clients' respective requirements. These products include GaP (red, yellowish green, standard green, pure green), VPE (red, orange, light orange, yellow), AlGaAs (SH, DH, DDH), IR (infrared LED), AlGaInP (red, orange, yellow, yellowish green, pure green), InGaN (green, cyanine, blue, purple), and Flip-Chip (green, blue) LED chip. We will continue to focus on enhancing brightness and efficiency in order to develop LED chip products at a higher level.

The silicon electronic product division has combined current technology, integrated the resources to be developed in the years to come and adopted the cutting edge process to provide clients with flexible services and the overall resolution schemes. Main product are Zener diode chips, Photo diode chips, Photo transistor chips, Photo triac chips, these new integrated technologies. Just in a few short years, this new integration technology has gained recognition and support from clients. The silicon electronic product division is still making every effort to provide its clients with on-time delivery and low-defect quality products, in an attempt to become its clients' "most reliable partner". Its products are especially acclaimed by its Japanese clients.

System Products division - full-color display: using unique technologies, with 16-bit red, green and blue bands to achieve the best gamma curve to allow delicate and vivid color distribution on the display. At the same time, the Company has overcome the flashing and interference effects of low-level color and low brightness in order to create clearer screen rendition; in addition, pixel sharing technology can enhance the overall resolution of the display, producing superb high-quality images. Use modular design that allows easy removal as well as unique cooling technology to rapidly and effectively reduce the heat generated by the optical module. Equipped with excellent power module, the lights' conversion efficiency is up to 90%, and with the characteristics of a constant current output, reducing the long-term decay of LED. Other system products include LED car lighting systems, variable information sign board and LED traffic lights, etc.

D. New products development

(A) Light emitting devices

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

(B) Sensor devices

a. Development of high-voltage Zener protection components for automotive.	b. Triac product development.
c. Development of APD products.	d. Development of silicon cap products.
e. Development of wearable sensing components.	f. Development of flip type sensing components.
g. Development of high-speed optical coupler components.	

(C) System products

a. Low-cost indoor and lightweight display module design.	b. Development of passenger information system for public transportation.
c. Development of smart signal lights.	d. Development of indoor light weight frameless display screen.
e. Development of new version of Billboard display screen.	f. Development of 3D control system.
g. Development of lighting fixtures and controls for plant growth.	

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

a. Establishment of near-infrared long-wavelength IR LED and MPD chip development verification system and development of physiological detection module.	b. Validation and development of non-invasive blood glucose trend detection.
c. Establishment of the High Speed Photo coupler PTR chip verification integrated system.	d. The establishment of fully automated production and automated process integration.

(2) Industry Overview:

A. Current status and future development:

According to the research of the TrendForce LED, the latest report on the new trends in the infrared sensing application market - mobile phone 3D sensing, lidar, and driving monitoring systems pointed out that the automotive lidar market output value has exceeded 127 million US dollars. In 2022, it is estimated that more than 10 high-end models may continue to use 3D sensing solutions, and in some models, such application will be expanded to both front and rear cameras, further increasing the output value of VCSEL.

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

The current LED supply chain is relatively excessively lengthy: from upstream raw materials supplying: single crystal wafer, epitaxial wafer to midstream electrode production, die cutting, die testing, the downstream die bonding, wire bonding to packaging, and finally into the application side. In recent years, competition in the LED industry is very intense, resulting in constant changes in the overall up, middle and down stream industrial chain. Particularly in the lighting market where demand fell short of expectation, the oversupply of LED packages has resulted in a slow growth in LED. Coupled with price competition among China's manufacturers, investment, joint venture, merger and acquisition, strategic alliance and other business patterns have gradually emerged in the overall LED industrial chain, forcing small and medium sized companies to eventually withdraw from the market. However, from a long-term perspective, this could stimulate the overall LED industrial chain into restoring the supply and demand balance.

C. Product trends:

LED emits cold light, and the advantages of low electricity consumption, long lifetime, no need for warm-up, quick response time, small dimension, vibration resistant and suitable for mass production have made LED applicable to all kinds of electronic products. The development overview is shown below:

➤ Backlight application

In response to the demand of compact and space saving dimension, along with the advancing technology, the cold light and compact feature of LED have been utilized for the backlight applications for electronic products such as cell phone display panel, LCD TV, and NB display panel.

➤ Lighting application

In light of the environmental protection issues such as greenhouse effect and energy saving, the low electricity consumption and cold light features of LED have enabled the applications as street lights, traffic signals, car lights and household lighting.

➤ Large-size display

Due to the compact size, good plasticity, and full-color capability, the system-controlled large-size LED displays have been constantly applied to entertainment venues, shopping malls, and concerts.

➤ Sensor product

This kind of product is usually based on LED with invisible light, and the applications are mainly consumer products such as household appliance, communication devices, computers, remote controls, ear thermometers, rapid temperature measuring devices, and temperature sensors for car or household appliance.

D. Product competition:

With the continuous impact of the COVID-19 variant Omicron pandemic in 2022, the LED industry has changed its focus to medical and sterilization related products; LEDinside also analyzed that in the next five years, the sterilization and purification market will be the main driving force for the growth of the UV LED market. Among them, the UVA LED photocatalyst air purification market will maintain a stable growth in the future. This pandemic has greatly stimulated the market demand for UVC series sterilization and disinfection products; it is expected that this will still be a hot product that various LED manufacturers race to invest in in 2022, thereby accelerating the commercialization of UVC LEDs. Due to the impact of the pandemic, business opportunities for home economy and zero-contact sensing applications are booming, and medical-grade applications will be gradually taking shape in the future, which will drive sensing applications from the field of industrial control to the commercial application market centered on people.

(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)
2021	140,334
2022(As of March 31)	24,720

B. Technologies and R&D achievements

R&D and innovation have always been the driving force for the continuous growth of Opto Tech. Therefore, there is a product technology integration unit set up under the production and operation center, together with the R&D center, it is responsible for the development of new products, the innovation and improvement of existing products, and the customer service oriented custom product development, etc. The technology and R&D achievements of the product technology integration unit are described as follows.

➤ Opto-semiconductor in Fab 1:

(A) Organization

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

(B) Strategy

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

(C) Performance and achievement

- (a) The quaternary LED high-end and low-end products will be focused on the display and automotive markets. New red light and infrared products will be used to increase gross margin and market share with new.
- (b) 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.
- (c) Stable production of die for MPD sensing applications, keeping in line with customer specifications, and increasing product competitiveness and customer orders.
- (d) Through internal vertical integration, improve the luminous efficiency of UVC epitaxy and flip-chip products, strengthen product reliability, and reduce costs to achieve good cost-performance ratio. In response to the COVID-19 pandemic, products are applied to applications such as surface sterilization, water sterilization and solid hardening.
- (e) 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.

- (f) Cooperate with customers to develop new applications and demand. Complete the development of new infrared products. In addition to consolidating the existing market, new infrared markets will be acquired to continuously increase the market share. Currently, infrared dies still have the largest market share for the original applications. At present, the new MO-type TS infrared has been steadily shipped, and we will continue to win more customers and orders in the future.

➤ Silicon semiconductor in Fab 2:

(A) Organization

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

(B) Strategy

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

(C) Performance and achievement

- (a) Development of sensing elements for wearable devices: The development has been completed and mass production has been introduced.
- (b) Development of flip-type sensing element: the sample has been completed and certification by the customer is in progress.
- (c) Development of high S/N type APD products: The development has been completed and has been introduced into mass production, and products of different specifications are under continuous development.
- (d) Development of high-voltage MOS components: the development has been completed and mass production has been implemented.
- (e) Development of high-power SCR components: the in-factory verification of the sample has been completed and the sample has been sent to the customer for evaluation.

➤ Systems Operations Center:

(A) Organization

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

(B) Strategy

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

(C) Performance and achievement

(a)Building lighting system in Hong Kong.	(b)Japanese baseball stadium case
(c) Displays for traffic and transportation applications in Taiwan.	(d)U.S.: Plant Factory Lighting.
(e)Displays for traffic and transportation applications in Singapore.	(f)3D fulldome display system

➤ Research Integration Division:

(A) Organization

Responsible for the development of new product chips corresponding to each business center, evaluation of special packaging verification and development of verification establishment to achieve rapid vertical verification and related integration, so to help new product output and customer rapid verification to achieve a win-win situation between supply and demand.

(B) Strategy

By integrating the self-determined silicon-based photoelectric material (epitaxy, grain) with advanced packaging process technology and system module development advantages, we can provide our customers with packaging or modular products with high cost-performance ratio. We have also been integrating the resources of various business divisions in order to achieve the competitiveness and future prospects of various Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION) products.

(C) Performance and achievement

(a)The development and verification of the blood glucose monitoring photoelectric module has been completed.	(b)The establishment and integration of fully automated AI process testing equipment have been completed.
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(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 LED business, we have provided diversified products and customized services for our clients, and come up with resolution schemes exclusively for our respective clients.

(B)Our goal of strategic alliance with Nichia Corp. has been successfully achieved. We have also cooperated with Nichia Corp to build a cooperation platform for the blue ray, in which Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION) is responsible for producing epitaxial dies. Our obtaining of the material patented by Nichia Corp. enable us to produce LED epitaxial dies without worrying about infringement.

(C)We will increase production capacity of silicon electronic products and LED 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.

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 (Formerly named: OPTO TECH 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.

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 2021 are as follows:

Unit: NT\$ thousands

Item	Year	2021	
		Subtotal	Total
Operating income from import of domestic region (i.e. Taiwan)		1,781,034	1,781,034
Operating income from export of domestic region (i.e. Taiwan)			
Europe		131,789	
America		552,385	
Southeast Asia		2,843,325	
Northeast Asia		734,114	
Other areas (not reaching 10%)		100,596	
Operating income from export			4,362,209
Net operating income			6,143,243

B. Market Share:

At the beginning of 2021, the world continues to be affected by the COVID-19 pandemic, which has not only reduced the terminal demand in the world but also seriously affected the operation of many manufacturers especially in Mainland China, Europe and America. With the severe impact of the pandemic, lockdown measures were taken in many regions, which forced many manufacturers to suspend operations and resulted in increased costs for raw materials and components. Due to this uncertainty about the future, major manufacturers in the global market have gradually withdrawn their performance and revenue estimates for this year. Looking ahead to 2021, the overall LED industry is still facing highly unstable environments. Being faced with the current situation, LED manufacturers should maintain their existing core values to hold their market shares, and should also take active epidemic prevention measures to stand firmly to go through this pandemic crisis.

C. Market Analysis of Major Product Categories:

Expected LED trends:

- (A) It is estimated that new momentum will be added into the LED industry with the increasing demand for some niche products/high-tech products such as TV backlighting, automotive LEDs, 3D sensing, AI, 5G, UVC LED, etc.
- (B) Although the US-China trade war has cooled down and the two sides have gradually compromised, the LED industry is recovering slowly due to the impact of COVID-19.
- (C) Being influenced by the pandemic, manufacturers have invested more in UVC LED production. It is estimated that the development of UVC LED will grow substantially in 2020.

D. Competitive niche

LED chips 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.

(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 (Formerly named: OPTO TECH CORPORATION)'s customizing capacity, we can always actualize our client's design originality, and that is why we are popular for cooperation among dealers, agents and even proprietors throughout the world.

E. Favorable and unfavorable factors and countermeasures for development outlook

(A) Favorable factors

- (a) In the global market where competition is keen, how to use your competition edge to have a presence in the market turns out to be the challenge every enterprise would face. To look into the future, we will make the most of our operating advantages including integration of the following three major categories of products: light emitting components, sensor components and system products, which are not available to our competitors, to create profuse operating income.
- (b) To integrate "vertical alliance" and "horizontal alliance", give aggressive strategic deployment and provide customers with most efficient services: With our professional teamwork, we use our rich talent resources and profound experience to keep pursuing innovation.
- (c) As a member of the LED energy efficiency industry, we have devoted our efforts to develop LED energy efficiency products so as to counter the problem of global warming, actualize environmental protection and do our share of corporate social responsibility.

(B) Unfavorable factors

(a) The risk of patent infringement

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

Corresponding countermeasure:

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

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

The scale of China's local market is greater and greater, so more and more Chinese enterprises have jumped on the bandwagon. Our LED lighting 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.

(2) Key Performance Indicator (KPI):

Product yield of our optoelectronic products is 94.37%

Product yield of our silicon electronic products is 92.37%

(3) 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
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

B. Manufacturing Process

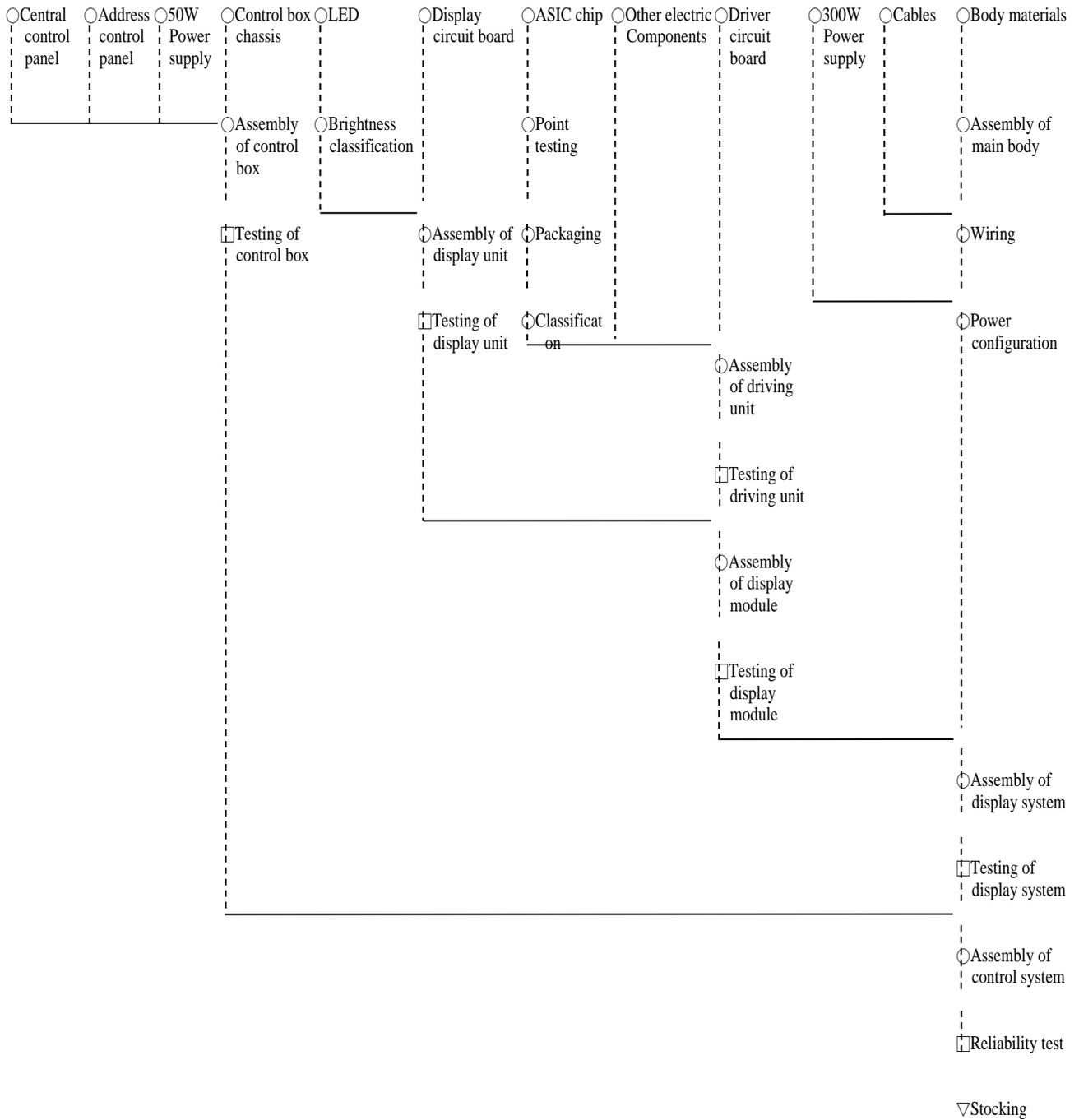
(A) Light emitting device (LED chip)

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

(B) Sensor device (Phototransistor chip)

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

(C) System product (LED Display)



(4)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
System product	Chip, control IC, circuit board	Japan, Taiwan, China,U.S.A.	Sufficient

(5)Major Suppliers and Clients

A. Major Clients to which products have been sold:

(A)Major Clients in the Last Two Calendar Years

Unit: NT\$ thousands

Item	2020				2021				2022 (As of March 31)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Client A	961,963	17.21	-	Client A	1,105,200	17.99	-	Client A	165,767	12.93	-
2	Others	4,628,083	82.79	-	Others	5,038,043	82.01	-	Others	1,116,518	87.07	-
	Net Sale	5,590,046	100.00		Net Sale	6,143,243	100.00		Net Sale	1,282,285	100.00	

(B)Explanation of reasons of any change, increase or decrease:

There is no obvious difference between the ratio of sale from major clients of 2021 and that of 2020.

B. Major Suppliers to which products have been purchased:

(A)Major Suppliers in the Last Two Calendar Years

Unit: NT\$ thousands

Item	2020				2021				2022 (As of March 31)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Supplier A	347,319	15.52	-	Supplier A	370,828	15.38	-	Supplier A	50,223	9.38	-
2	Others	1,890,626	84.48	-	Others	2,039,392	84.62	-	Others	485,092	90.62	-
	Net purchase	2,237,945	100.00		Net purchase	2,410,220	100.00		Net purchase	535,315	100.00	

(B)Explanation of reasons of any change, increase or decrease:

There is no obvious difference between the ratio of purchase from major suppliers of 2021 and that of 2022.

(6) Production in the Last Two Years

Unit: NT\$ thousands/Thousand pieces

Output	2020			2021		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Major Products						
Light emitting devices	31,000,000	15,630,727	1,063,685	31,000,000	12,778,349	1,150,522
Sensor devices	33,600,000	25,597,627	1,887,237	33,600,000	29,509,265	2,119,569
System product	-	-	640,108	-	-	404,053
Packaging Products	320,532	106,753	166,891	288,995	150	241,728
Other products	-	-	-	-	-	-
Total	64,920,532	41,335,107	3,757,921	64,888,995	42,287,764	3,915,872

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

(7) Shipments and Sales in the Last Two Years

Unit: NT\$ thousands/Thousand pieces

Shipments & Sales	2020				2021			
	Local		Export		Local		Export	
Major Products	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Light emitting devices	2,664,234	362,725	13,251,861	1,124,230	2,978,271	373,375	10,654,466	1,117,783
Sensor devices	3,737,301	846,614	22,266,268	2,132,723	4,430,367	1,055,989	25,948,104	2,500,485
System product	52	333,004	261	512,020	4	282,802	310	495,110
Packaging Products	30,169	40,895	77,780	221,519	35,197	59,939	79,658	246,418
Other products	2	7,873	25	8,443	1	8,929	6	2,413
Total	6,067,758	1,591,111	35,596,195	3,998,935	7,443,840	1,781,034	36,682,544	4,362,209

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, 2022

Year		2020	2021	As of Mar. 31, 2022
Number of Employees	Management personnel	260	244	208
	Technology personnel	284	265	216
	Direct personnel	690	603	535
	Total	1,234	1,112	959
Average Age		38.98	39.79	39.98
Average Years of Service		10.83	11.14	11.21
Education	Ph.D.	0.33	0.82	0.95
	Masters	7.37	8.45	7.70
	Bachelor's Degree	55.42	56.47	56.10
	Senior High School	25.71	24.55	25.34
	Below Senior High School	11.17	9.71	9.91

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 2021.

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 (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH CORPORATION) set up its employees' welfare committee on August 7, 1984 to carry out various welfare matters. Our current welfare measures, such as local and foreign travel activities, annual physical examinations, birthday gift coupons, presents given for festivals, wedding, funeral and childbirth subsidies and employee counseling, have all been literally executed in accordance with our status and employees' demands.

(B)Other than the labor insurance and national health insurance, Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH 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	
Professional training	General management training	Basic director training		
	Advanced skill training			
Self-Development training Common training	Basic skill 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 (Formerly named:OPTO TECH CORPORATION) 2021 education training courses came in four major categories. A total of 3,333 employees participated in the training courses, which included the ones held by Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH 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
General knowledge	154	1,518	5,471	80,800
Management	3	92	432	103,950
Professional program	20	464	2,684	18,000
Environmental safety and health	124	1,259	4,537	168,660
Total	301	3,333	13,124	371,410

C. Implementation status of the retirement system:

Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH 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.

D. Labor-management agreements:None.

E. Employee behavior and ethics rules:

Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH 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 (Formerly named: OPTO TECH 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 (Formerly named: OPTO TECH 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 (Formerly named: OPTO TECH 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 (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH 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 (Formerly named:OPTO TECH CORPORATION) in the latest year and before the annual report was published.

6. Information Security Management

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

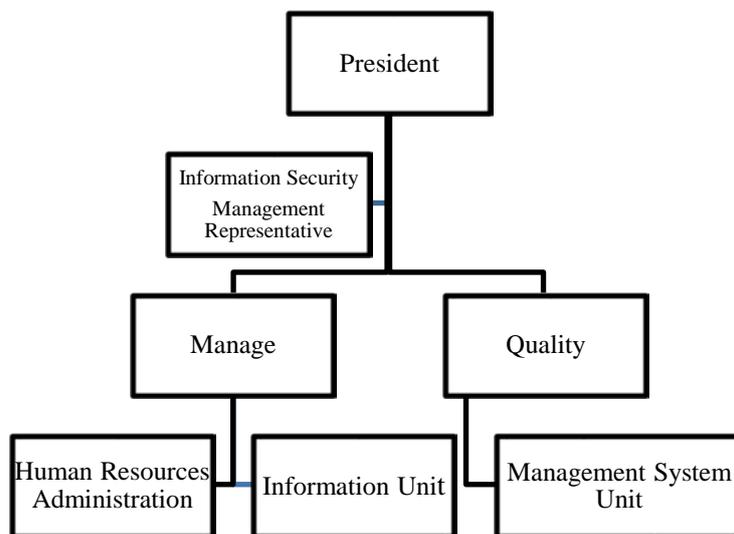
I. Information Security Risk Management

a. Enterprise Information Security Governance Organization

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

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

b. Information Security Organizational Structure



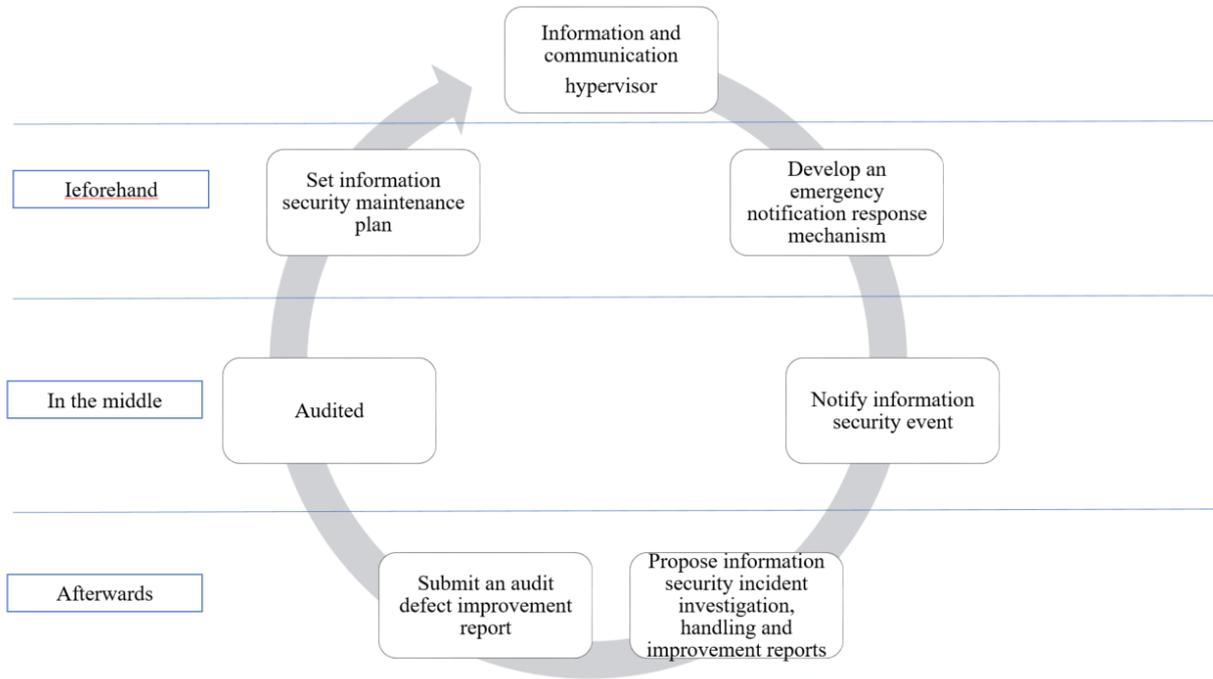
II. Information Security Policy

a. Enterprise Information Security Management Strategy and Architecture

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

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

b. Enterprise Information Security Risk Management and Continuous Improvement Framework

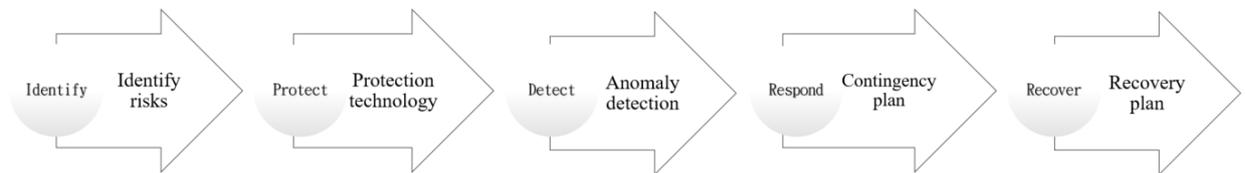


III. Information Security Management Plan

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 2022:

The new coronavirus epidemic continues to affect the operation of enterprises. Considering the need for remote work, the relevant IT software requirements include: VPN (remote connection), Citrix (application and desktop virtualization), multi-factor authentication (MFA), TEAMS (video conferencing) Meeting). Assess the information system life cycle and information security risks, and plan a number of CIM information system update and introduction plans.

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

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

In order to grasp external risks, we also carry out the "Enterprise Information Security Risk Rating" service, which provides information security status of 10 aspects of enterprise information security risk every month. Through continuous improvement, the external risk rating has been improved from B-level 80 points to A-level 93 points.

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 2022, there was no cyber attack or information security incident that affected the company's business and operations. In 2022, a dedicated information security unit will be established to implement the information security management mechanism in accordance with legal compliance requirements.

7. Important Contracts

Mar. 31, 2022

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
Split-up of the Company's	Opto System Technologies Inc.	2021.09.23 ~ 2022.12.31	Split-up of the Company's system operation business group	-

VI、Financial Information

1. Five-Year Financial Summary

(1) Condensed Balance Sheet - IFRSs

A. Condensed Balance Sheet (Consolidated)- IFRSs

Unit: NT\$ thousands

Year		Five-Year Financial Summary (Note1)					Financial data as of Mar. 31, 2022 (Note2)
		2017	2018	2019	2020	2021	
Item							
Current assets		5,601,375	5,973,084	5,957,852	6,306,500	7,683,483	7,636,462
Property, Plant and Equipment		2,877,768	3,071,603	2,909,127	2,705,133	2,664,220	2,606,823
Intangible assets		9,051	8,840	14,229	14,318	14,040	16,134
Other assets		1,402,839	1,140,805	1,424,936	1,615,476	1,983,616	2,000,460
Total assets		9,891,033	10,194,332	10,306,144	10,641,427	12,345,359	12,259,879
Current liabilities	Before distribution	2,390,122	2,126,506	1,694,700	1,733,564	2,246,692	1,986,613
	After distribution	2,991,464	2,349,225	1,694,700	2,248,491	3,255,525	-
Non-current liabilities		277,038	536,978	1,343,128	1,214,537	401,149	410,864
Total liabilities	Before distribution	2,667,160	2,663,484	3,037,828	2,948,101	2,647,841	2,397,477
	After distribution	3,268,502	2,886,203	3,037,828	3,463,028	3,656,674	-
Equity attributable to shareholders of the parent		7,220,265	7,527,207	7,264,675	7,689,689	9,693,884	9,858,768
Capital stock		4,454,386	4,454,386	3,786,228	3,786,228	4,386,228	4,386,228
Capital surplus		701,323	702,521	702,965	703,108	1,489,822	1,489,822
Retained earnings	Before distribution	1,865,714	2,141,427	2,519,185	3,095,023	3,434,444	3,566,560
	After distribution	1,264,372	1,918,708	2,519,185	2,580,096	2,425,611	-
Other equity interest		223,345	253,376	279,469	187,351	438,344	471,112
Treasury stock		(24,503)	(24,503)	(23,172)	(82,021)	(54,954)	(54,954)
Non-controlling interest		3,608	3,641	3,641	3,637	3,634	3,634
Total equity	Before distribution	7,223,873	7,530,848	7,268,316	7,693,326	9,697,518	9,862,402
	After distribution	6,622,531	7,308,129	7,268,316	7,178,399	8,688,685	-

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

Note2: The financial data of the 1st quarter of 2022 have been approved by CPAs.

B. Condensed Balance Sheet (Unconsolidated) - IFRSs

Unit: NT\$ thousands

Item		Year	Five-Year Financial Summary (Note)				
			2016	2017	2018	2019	2020
Current assets			5,343,528	5,685,900	5,714,524	6,044,925	7,000,111
Property, plant and equipment			2,688,176	2,898,912	2,759,452	2,568,311	2,537,066
Intangible assets			8,746	8,569	13,958	14,046	14,040
Other assets			1,595,189	1,377,389	1,666,171	1,853,486	2,633,457
Total assets			9,635,639	9,970,770	10,154,105	10,480,768	12,184,674
Current liabilities	Before distribution		2,148,760	1,916,007	1,546,572	1,576,556	2,089,684
	After distribution		2,750,102	2,138,726	1,546,572	2,091,483	3,098,517
Non-current liabilities			266,614	527,556	1,342,858	1,214,523	401,106
Total liabilities	Before distribution		2,415,374	2,443,563	2,889,430	2,791,079	2,490,790
	After distribution		3,016,716	2,666,282	2,889,430	3,306,006	3,499,623
Capital			4,454,386	4,454,386	3,786,228	3,786,228	4,386,228
Capital reserves			701,323	702,521	702,965	703,108	1,489,822
Retained earnings	Before distribution		1,865,714	2,141,427	2,519,185	3,095,023	3,434,444
	After distribution		1,264,372	1,918,708	2,519,185	2,580,096	2,425,611
Other Equity Adjustments			223,345	253,376	279,469	187,351	438,344
Treasury stocks			(24,503)	(24,503)	(23,172)	(82,021)	(54,954)
Total equity	Before distribution		7,220,265	7,527,207	7,264,675	7,689,689	9,693,884
	After distribution		6,618,923	7,304,488	7,264,675	7,174,762	8,685,051

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

(2) Condensed Statement of Comprehensive Income -IFRSs

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

Unit: NT\$ thousands

Year Item	Five-Year Financial Summary (Note1)					Financial data as of Mar. 31, 2022 (Note2)
	2017	2018	2019	2020	2021	
Operating revenue	5,589,853	5,364,610	5,418,004	5,590,046	6,143,243	1,282,285
Gross profit	1,654,098	1,621,872	1,638,329	1,643,558	1,976,779	374,209
Income from operations	783,575	738,007	740,157	689,147	1,010,788	139,617
Non-operating income and expenses	29,256	41,988	46,428	(69,391)	1,891	43,813
Income before tax	812,831	779,995	786,585	619,756	1,012,679	183,430
Net income (Loss)	672,313	653,141	604,635	575,129	829,373	132,116
Other comprehensive income (income after tax)	230,649	264,514	21,935	(91,413)	275,630	32,768
Total comprehensive income	902,962	917,655	626,570	483,716	1,105,003	164,884
Net income attributable to shareholders of the parent	672,283	653,107	604,633	575,133	829,371	132,116
Net income attributable to non-controlling interest	30	34	2	(4)	2	-
Comprehensive income attributable to Shareholders of the parent	902,932	917,622	626,570	483,720	1,105,006	164,884
Comprehensive income attributable to non-controlling interest	30	33	-	(4)	(3)	-
Earnings per share	1.33	1.47	1.45	1.52	2.11	0.30

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

Note2: The financial data of the 1st quarter of 2022 have been approved by CPAs.

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

Unit: NT\$ thousands

Year Item	Five-Year Financial Summary (Note)				
	2017	2018	2019	2020	2021
Operating revenue	5,275,911	5,060,329	5,144,198	5,337,870	5,847,971
Gross profit	1,554,620	1,526,900	1,560,727	1,572,618	1,893,016
Income from operations	743,808	709,570	733,329	689,915	992,506
Non-operating income and expenses	65,681	73,835	44,541	(75,511)	15,583
Income before tax	809,489	783,405	777,870	614,404	1,008,089
Net income (Loss)	672,283	653,107	604,633	575,133	829,371
Other comprehensive income (income after tax)	230,649	264,515	21,937	(91,413)	275,635
Total comprehensive income	902,932	917,622	626,570	483,720	1,105,006
Earnings per share	1.33	1.47	1.45	1.52	2.11

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

(3) Auditors' Opinions from 2017 to 2021

Year	CPA's Name	Auditing Opinion	Remark
2017	Yu-Kuan Lin, Charles Lai,	Unqualified opinions	
2018	Yu-Kuan Lin, Charles Lai,	Unqualified opinions	
2019	Yu-Kuan Lin, Charles Lai,	Unqualified opinions	
2020	Yu-Kuan Lin, Charles Lai,	Unqualified opinions	
2021	Tsai-Yen Chiang, Charles Lai,	Unqualified opinions	

2. Five-Year Financial Analysis

(1) Consolidated Financial Analysis – Based on IFRS

A. Financial Analysis (Consolidated) –IFRS

Item		Year	Financial analysis in the past five years					Financial data as of Mar. 31, 2022
			2017	2018	2019	2020	2021	
Financial structure (%)	Debt Ratio		26.97	26.13	29.48	27.70	21.45	19.56
	Ratio of long-term capital to property, plant and equipment		260.65	262.66	296.01	329.29	379.05	394.09
Solvency (%)	Current ratio		234.36	280.89	351.56	363.79	341.99	384.40
	Quick ratio		186.10	217.04	275.75	295.73	280.91	316.45
	Interest earned ratio (times)		33.22	29.94	24.68	24.39	64.66	72.23
Operating performance	Accounts receivable turnover (times)		3.48	3.32	3.46	3.58	4.16	4.08
	Average collection period		105	110	105	102	88	89
	Inventory turnover (times)		3.20	3.08	2.94	3.30	3.44	2.86
	Accounts payable turnover (times)		4.73	5.14	5.43	5.45	5.33	4.79
	Average days in sales		114	119	124	111	106	128
	Property, plant and equipment turnover (times)		1.91	1.80	1.81	1.99	2.29	1.95
	Total assets turnover (times)		0.54	0.53	0.53	0.53	0.53	0.42
Profitability	Return on total assets (%)		6.70	6.72	6.16	5.69	7.33	4.36
	Return on stockholders' equity (%)		8.88	8.85	8.17	7.69	9.54	5.40
	Pre-tax income to paid-in capital (%)		18.25	17.51	20.77	16.37	23.09	4.18
	Profit ratio (%)		12.03	12.17	11.16	10.29	13.50	10.30
	Earnings per share (NT\$)		1.33	1.47	1.45	1.52	2.11	0.30
Cash flow	Cash flow ratio (%)		57.87	34.79	85.68	52.19	77.28	8.89
	Cash flow adequacy ratio (%)		115.79	96.04	107.15	121.51	138.84	109.95
	Cash reinvestment ratio (%)		4.69	0.85	7.09	5.14	6.37	0.91
Leverage	Operating leverage		1.79	1.85	1.85	1.98	1.66	2.07
	Financial leverage		1.03	1.04	1.05	1.04	1.02	1.02

Analysis of financial ratio change in the last two years :

1. Debt asset ratio: Mainly due to capital increase and loan repayment in the current period.
2. Interest coverage ratio: Mainly due to the increase in net profit before tax and the decrease in interest expenses in the current period.
3. Return on assets, return on equity, net profit margin, and earnings per share: Due to the increase in net profit after tax in the current period
4. Profit before tax to paid-in capital ratio: Mainly due to the increase in net profit before tax in the current period.
5. Cash flow ratio and cash reinvestment ratio: Mainly due to the increase in cash inflow from operating activities in the current period.

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

Note 2: The financial data of the 1st quarter of 2022 were calculated based on the financial statements audited by CPAs.

B. Financial Analysis (Unconsolidated) –IFRS

Item		Year	Financial analysis in the past five years				
			2017	2018	2019	2020	2021
Financial structure (%)	Debt Ratio		25.07	24.51	28.46	26.63	20.44
	Ratio of long-term capital to property, plant and equipment		278.51	277.85	311.93	346.70	397.90
Solvency (%)	Current ratio		248.68	296.76	369.50	383.43	334.98
	Quick ratio		196.23	227.27	288.30	307.86	272.12
	Interest earned ratio (times)		50.39	43.11	29.64	29.38	89.20
Operating performance	Accounts receivable turnover (times)		3.36	3.19	3.35	3.49	4.04
	Average collection period		109	114	109	105	90
	Inventory turnover (times)		3.09	2.97	2.84	3.22	3.38
	Accounts payable turnover (times)		4.71	5.11	5.40	5.45	5.32
	Average days in sales		118	123	129	113	108
	Property, plant and equipment turnover (times)		1.93	1.81	1.82	2.00	2.29
	Total assets turnover (times)		0.52	0.52	0.51	0.52	0.52
Profitability	Return on total assets (%)		6.81	6.81	6.22	5.74	7.40
	Return on stockholders' equity (%)		8.89	8.86	8.18	7.69	9.54
	Pre-tax income to paid-in capital (%)		18.17	17.59	20.54	16.23	22.98
	Profit ratio (%)		12.74	12.91	11.75	10.77	14.18
	Earnings per share (NT\$)		1.33	1.47	1.45	1.52	2.11
Cash flow	Cash flow ratio (%)		66.58	38.36	95.62	53.63	89.97
	Cash flow adequacy ratio (%)		119.29	96.56	108.70	121.11	147.23
	Cash reinvestment ratio (%)		5.09	0.83	7.38	4.90	7.23
Leverage	Operating leverage		1.77	1.81	1.80	1.92	1.63
	Financial leverage		1.02	1.03	1.04	1.03	1.01

Analysis of financial ratio change in the last two years :

1. Debt asset ratio: Mainly due to capital increase and loan repayment in the current period.
2. Interest coverage ratio: Mainly due to the increase in net profit before tax and the decrease in interest expenses in the current period.
3. Return on assets, return on equity, net profit margin, and earnings per share: Due to the increase in net profit after tax in the current period
4. Profit before tax to paid-in capital ratio: Mainly due to the increase in net profit before tax in the current period.
5. Cash flow ratio and cash reinvestment ratio: Mainly due to the increase in cash inflow from operating activities 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 2021

The Board of Directors has prepared the Company's 2021 business report, financial statements, and proposal for allocation of profits. The CPAs Chiang,Tsai-Yen and Lai, Chung-Hsi of PricewaterhouseCoopers was retained to audit Taiwan-Asia Semiconductor Corporation (Formerly named:OPTO TECH CORPORATION) 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
(Formerly named:OPTO TECH CORPORATION)

Chairman of the Audit Committee: Shih-Kuang Tsai

May. 12, 2022

4. Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors' Report

OPTO TECH CORPORATION AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2021, pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company that is required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. And if 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, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Opto Tech Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Opto Tech Corporation and subsidiaries (the "Group") as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor's 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 Accountants 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Key audit matter- Allowance for inventory valuation losses

Description

Please refer to Note 4(12) for accounting policies on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty on inventory valuation, and Note 6(6) for details of allowance for inventory valuation losses. As of December 31, 2021, the balances of inventories and allowance for inventory valuation losses were NT\$ 1,366,749 thousand and NT\$ 96,756 thousand, respectively.

As the value of the Group's inventories are effected by market prices and product life cycles, there is a higher risk of obsolescence. For inventories aged over a certain period of time and individually identified as obsolete, the net realisable value is estimated based on historical data of inventory closeout. The net realisable value utilised in evaluating obsolete inventories involves uncertainty of estimation as it is subject to management's judgment. Since inventories and allowance for inventory valuation losses were material to the consolidated financial statements, it was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

Assessed the reasonableness of policies and procedures in the provision of allowance for inventory valuation losses and the reasonableness in the identification of obsolete inventories; validated the appropriateness of system logic of inventory aging report in order to confirm the compliance with respective policies; and

assessed the reasonableness of the Group's determination of the provision of allowance for inventory valuation losses through obtaining assessment documents and supporting evidences in relation to individually identified obsolete or damaged inventories from management.

Key audit matter- Estimation of fair values of unlisted securities without active market

Description

Please refer to Note 4(7)(8) for accounting policies on financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income or loss, Note 5(2) for accounting estimates and assumption uncertainty on estimation of financial assets-fair value measurement of unlisted stocks without active market, and Note 6(2)(4),12(3) for details of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income or loss. As of December 31, 2021, the carrying amount of unlisted securities without active market was NT\$899,053 thousand.

For unlisted securities without active market held by the Group, management assesses their fair values through market approach or asset-based approach and takes into account the discount for liquidity. Since the valuation method is subject to management's judgment and involves uncertainty, which would affect fair value, it was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

Assessed the reasonableness of valuation method and parameters referred to in the appraisal report by the independent appraiser who was engaged by the management, including the net assets value measured at fair value, comparability and market liquidity of comparable companies; and assessed the reasonableness of price multipliers and discounts for liquidity in the market.

Other matter-Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Opto Tech Corporation as at and for the years ended December 31, 2021 and 2020.

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 Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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.

Auditor's 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 auditor's 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 generally accepted auditing standards in 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 generally accepted auditing standards in 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 auditor's 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 auditor's 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 appropriate audit evidence regarding the financial information of the 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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Chiang, Tsai-Yen

Lai, Chung-Hsi

For and on behalf of PricewaterhouseCoopers, Taiwan
February 23, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

OPTO TECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets	Notes	December 31, 2021		December 31, 2020	
		AMOUNT	%	AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	\$ 3,467,411	28	\$ 3,100,161	29
Financial assets at fair value through profit or loss - current	6(2)	714,461	6	320,419	3
Current financial assets at amortised cost, net	6(3) and 8	820,785	7	22,810	-
Notes receivable, net	6(5)	4,883	-	8,873	-
Accounts receivable - net	6(5)	1,270,884	10	1,634,913	16
Accounts receivable - related parties - net	6(5) and 7	15,015	-	16,880	-
Other receivables		16,027	-	20,218	-
Inventories - net	6(6)	1,269,993	10	1,155,589	11
Prepayments		102,351	1	24,202	-
Other current assets		1,673	-	2,435	-
Current Assets		7,683,483	62	6,306,500	59
Non-current assets					
Financial assets at fair value through profit or loss-non-current	6(2)	112,528	1	106,990	1
Financial assets at fair value through other comprehensive income or loss-non-current	6(4)	1,037,218	8	783,998	7
Investments accounted for using equity method	6(7)	65,646	1	5,394	-
Property, plant and equipment - net	6(8) and 7	2,664,220	22	2,705,133	26
Right-of-use assets	6(9)	216,448	2	236,135	2
Investment property, net	6(10)	399,307	3	399,307	4
Intangible assets	6(11)	14,040	-	14,318	-
Deferred tax assets	6(29)	46,348	-	48,337	1
Other non-current assets	6(31) and 7	106,121	1	35,315	-
Non-current assets		4,661,876	38	4,334,927	41
Total assets		\$ 12,345,359	100	\$ 10,641,427	100

(Continued)

OPTO TECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity	Notes	December 31, 2021		December 31, 2020	
		AMOUNT	%	AMOUNT	%
Current liabilities					
Short-term loans	6(12)	\$ 334,047	3	\$ 230,758	2
Financial liabilities at fair value through profit or loss - current	6(2)	-	-	799	-
Notes payable		-	-	1,757	-
Accounts payable		783,125	6	665,926	6
Accounts payable - related parties	7	60,499	-	51,920	1
Other payables	6(13) and 7	765,708	6	619,042	6
Current income tax liabilities		186,710	2	25,969	-
Provisions for liabilities - current	6(17)	6,831	-	4,033	-
Current lease liabilities	7	19,103	-	19,560	-
Long-term liabilities, current portion	6(14)	-	-	62,960	1
Other current liabilities	6(22) and 7	90,669	1	50,840	-
Current Liabilities		<u>2,246,692</u>	<u>18</u>	<u>1,733,564</u>	<u>16</u>
Non-current liabilities					
Long-term loans	6(14)	-	-	748,555	7
Provisions for liabilities - non-current	6(17)	19,068	-	18,808	-
Deferred tax liabilities	6(29)	33,178	-	42,986	1
Non-current lease liabilities	7	199,148	2	216,706	2
Other non-current liabilities	6(15)	149,755	1	187,482	2
Total non-current liabilities		<u>401,149</u>	<u>3</u>	<u>1,214,537</u>	<u>12</u>
Total Liabilities		<u>2,647,841</u>	<u>21</u>	<u>2,948,101</u>	<u>28</u>
Equity attributable to owners of parent					
Capital	6(18)				
Common stock		4,386,228	36	3,786,228	35
Capital Reserve	6(19)				
Capital surplus		1,489,822	12	703,108	7
Retained Earnings	6(20)				
Legal reserve		786,944	6	729,360	7
Special reserve		2,423	-	3,743	-
Unappropriated earnings		2,645,077	21	2,361,920	22
Other Equity Adjustments	6(21)				
Other equity interest		438,344	4	187,351	2
Treasury stocks	6(16)(18)				
Treasury stocks		(54,954)	-	(82,021)	(1)
Equity attributable to owners of parent		<u>9,693,884</u>	<u>79</u>	<u>7,689,689</u>	<u>72</u>
Non-controlling interest		3,634	-	3,637	-
Total equity		<u>9,697,518</u>	<u>79</u>	<u>7,693,326</u>	<u>72</u>
Significant contingent liabilities and unrecognised contract commitments	9				
Significant events after the balance sheet date	11				
Total liabilities and equity		<u>\$ 12,345,359</u>	<u>100</u>	<u>\$ 10,641,427</u>	<u>100</u>

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

OPTO TECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
Operating revenue	6(22) and 7	\$ 6,143,243	100	\$ 5,590,046	100
Operating costs	6(6)(16)(27)(28) and 7	(4,166,464)	(68)	(3,946,488)	(71)
Gross profit, net		<u>1,976,779</u>	<u>32</u>	<u>1,643,558</u>	<u>29</u>
Operating expenses	6(16)(27)(28)				
Selling expenses		(120,338)	(2)	(127,614)	(2)
General and administrative expenses		(703,121)	(11)	(489,207)	(9)
Research and development expenses		(140,334)	(2)	(335,103)	(6)
Expected credit loss on financial assets	12(2)	(2,198)	-	(2,487)	-
Total operating expenses		(965,991)	(15)	(954,411)	(17)
Operating profit		<u>1,010,788</u>	<u>17</u>	<u>689,147</u>	<u>12</u>
Non-operating income and expenses					
Interest income	6(23)	9,179	-	11,234	-
Other income	6(24)	55,393	1	55,611	1
Other gains and losses	6(25)	(40,966)	(1)	(108,250)	(2)
Finance costs	6(26)	(17,226)	-	(27,611)	-
Share of loss of associates and joint ventures accounted for under equity method	6(7)	(4,489)	-	(375)	-
Total non-operating income and expenses		<u>1,891</u>	<u>-</u>	<u>(69,391)</u>	<u>(1)</u>
Profit before income tax		<u>1,012,679</u>	<u>17</u>	<u>619,756</u>	<u>11</u>
Income tax expense	6(29)	(183,306)	(3)	(44,627)	(1)
Net income		<u>\$ 829,373</u>	<u>14</u>	<u>\$ 575,129</u>	<u>10</u>

(Continued)

OPTO TECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss					
Gains (losses) on remeasurements of defined benefit plans	6(15)	\$ 31,220	-	\$ 656	-
Unrealised (loss) gains on valuation of financial assets at fair value through other comprehensive income	6(4)(21)	238,220	4	(137,595)	(2)
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(29)	1,779	-	40,217	1
Total other comprehensive income that will not be reclassified to profit or loss, net of tax		271,219	4	(96,722)	(1)
Items that will be reclassified to profit or loss					
Currency translation differences of foreign operations	6(21)	4,751	-	5,091	-
Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method	6(7)(21)	(340)	-	218	-
Total other comprehensive income(loss) that will be reclassified to profit or loss, net of tax		4,411	-	5,309	-
Other comprehensive (loss) income that will be reclassified to profit or loss, net of tax					
		\$ 275,630	4	(\$ 91,413)	(1)
Total comprehensive income for the year					
Profit (loss), attributable to:					
Owners of the parent		\$ 829,371	14	\$ 575,133	10
Non-controlling interest		2	-	(4)	-
		\$ 829,373	14	\$ 575,129	10
Total comprehensive income (loss) attributable to:					
Owners of the parent		\$ 1,105,006	18	\$ 483,720	9
Non-controlling interest		(3)	-	(4)	-
		\$ 1,105,003	18	\$ 483,716	9
Earnings per share					
Profit for the year	6(30)	\$ 2.11		\$ 1.52	
Diluted earnings per share					
Profit for the year	6(30)	\$ 2.09		\$ 1.49	

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

OPTO TECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent										
		Retained Earnings					Other equity interest					
								Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total	Non- controlling interest	Total equity
Note	Common stock	Capital reserve	Legal reserve	Special reserve	Unappropriate d earnings	differences of foreign operations	comprehensive income	Treasury stocks	Total	Non- controlling interest	Total equity	
<u>2020</u>												
	Balance at January 1, 2020	\$3,786,228	\$702,965	\$669,312	\$ 8,392	\$1,841,48	(\$ 9,372)	\$288,841	(\$ 23,172)	\$7,264,675	\$ 3,641	\$7,268,316
	Net income for the year	-	-	-	-	575,133	-	-	-	575,133	(4)	575,129
	Other comprehensive income (loss) for the year	-	-	-	-	525	5,309	(97,247)	-	(91,413)	-	(91,413)
	Total comprehensive income	-	-	-	-	575,658	5,309	(97,247)	-	483,720	(4)	483,716
	Distribution of 2019 earnings:											
	Legal reserve	-	-	60,048	-	(60,048)	-	-	-	-	-	-
	Special reserve	-	-	-	(4,649)	4,649	-	-	-	-	-	-
	Liquidation of the subsidiary	-	143	-	-	-	-	-	-	143	-	143
	Disposal of financial assets at fair value through	-	-	-	-	180	-	(180)	-	-	-	-
	Stock repurchased	-	-	-	-	-	-	-	(58,849)	(58,849)	-	(58,849)
	Balance at December 31, 2020	<u>\$3,786,228</u>	<u>\$703,108</u>	<u>\$729,360</u>	<u>\$ 3,743</u>	<u>\$2,361,921</u>	<u>(\$ 4,063)</u>	<u>\$191,414</u>	<u>(\$ 82,021)</u>	<u>\$7,689,689</u>	<u>\$ 3,637</u>	<u>\$7,693,326</u>
<u>2021</u>												
	Balance at January 1, 2021	\$3,786,228	\$703,108	\$729,360	\$ 3,743	\$2,361,921	(\$ 4,063)	\$191,414	(\$ 82,021)	\$7,689,689	\$ 3,637	\$7,693,326
	Net income for the year	-	-	-	-	829,371	-	-	-	829,371	2	829,373
	Other comprehensive income (loss) for the year	-	-	-	-	24,977	4,416	246,242	-	275,635	(5)	275,630
	Total comprehensive income	-	-	-	-	854,348	4,416	246,242	-	1,105,006	(3)	1,105,003
	Distribution of 2020 earnings:											
	Legal reserve	-	-	57,584	-	(57,584)	-	-	-	-	-	-
	Special reserve	-	-	-	(1,320)	1,320	-	-	-	-	-	-
	Cash dividends	-	-	-	-	(514,927)	-	-	-	(514,927)	-	(514,927)
	Proceeds from issuance of shares	600,000	775,800	-	-	-	-	-	-	1,375,800	-	1,375,800
	Stock repurchased	-	-	-	-	-	-	-	(162,408)	(162,408)	-	(162,408)
	Treasury shares transferred to employees	-	13,968	-	-	-	-	-	189,475	203,443	-	203,443
	Proceeds from disposal of investment accounted for using equity method of the subsidiary	-	-	-	-	-	335	-	-	335	-	335
	Other changes in capital surplus:											
	Changes in long-term investment	-	(4,105)	-	-	-	-	-	-	(4,105)	-	(4,105)
	Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	-	1,051	-	-	-	-	-	-	1,051	-	1,051
	Balance at December 31, 2021	<u>\$4,386,228</u>	<u>\$1,489,822</u>	<u>\$786,944</u>	<u>\$ 2,423</u>	<u>\$2,645,07</u>	<u>\$ 688</u>	<u>\$437,656</u>	<u>(\$ 54,954)</u>	<u>\$9,693,884</u>	<u>\$ 3,634</u>	<u>\$9,697,518</u>

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

OPTO TECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,012,679	\$ 619,756
Adjustments			
Income and expenses having no effect on cash flows			
Expected credit losses on financial assets	12(2)	2,198	2,487
Depreciation	6(8)(9)(27)	454,344	457,472
Amortization	6(11)(27)	18,122	15,090
Net profit on financial assets and liabilities at fair value through profit or loss	6(2)(25)	(39,404)	(473)
Interest expense	6(26)	15,908	26,492
Interest income	6(23)	(9,179)	(11,234)
Dividend income	6(24)	(18,763)	(14,454)
Share of profit of associates accounted for using equity method	6(7)	4,489	375
Loss on disposals of investments	6(7)(25)	1,591	5,443
Loss on disposal of property, plant and equipment	6(8)(25)	234	30,897
Gain on lease termination	6(9)(25)	-	(5)
Impairment loss on non-financial assets	6(8)(25)	77,577	35,585
Share-based payments	6(16)	105,473	-
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Acquisition of financial assets at fair value through profit or loss		(360,975)	(150,000)
Notes receivable - net		3,990	4,178
Accounts receivable - net		361,831	(222,237)
Accounts receivable - related parties - net		1,865	15,908
Other receivables		4,782	(5,120)
Inventories - net		(114,404)	84,109
Current prepayments		(78,149)	20,900
Other current assets		762	1,014
Other non-current assets		3,370	7,337
Net changes in liabilities relating to operating activities			
Notes payable		(1,757)	1,751
Accounts payable		117,199	14,859
Accounts payable - related parties		8,579	(26,771)
Other payables		148,048	71,456
Other current liabilities		39,829	15,334
Net defined benefit liability		(8,618)	(12,595)
Provisions for liabilities		3,058	(1,171)
Cash inflow generated from operations		1,754,679	986,383
Interest received		8,588	11,930
Dividends received		18,763	17,671
Interest paid		(17,290)	(27,894)
Income tax paid		(28,606)	(79,345)
Net cash flows from operating activities		1,736,134	908,745

(Continued)

OPTO TECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of current financial assets at amortised cost	6(3)	(\$ 797,975)	\$ -
Acquisition of available-for-sale financial assets		(15,000)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(4)	-	3,780
Acquisition of investments accounted for using the equity method	6(7)	(70,000)	-
Proceeds from disposal of investment accounted for using equity method	6(7)	3,663	-
(Increase)decrease deposits-out		(5,969)	4,784
Acquisition of property, plant and equipment	6(8)(31)	(537,327)	(301,152)
Acquisition of investment property	6(10)	-	(399,307)
Proceeds from disposal of property, plant and equipment		144	1
Acquisition of intangible assets	6(11)	(17,844)	(15,179)
Net cash flows used in investing activities		(1,440,308)	(707,073)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(32)	952,423	666,529
Decrease in short-term loans	6(32)	(849,134)	(685,411)
Decrease in long-term loans	6(32)	(811,515)	(2,989)
Repayments of principal portion of lease liabilities	6(32)	(19,732)	(20,221)
Decrease in guarantee deposits	6(32)	2,111	(676)
Stock repurchased	6(18)	(162,408)	(58,849)
Proceeds from issuance of shares	6(18)	1,375,800	-
Cash dividends paid	6(20)	(513,876)	-
Treasury shares transferred to employees	6(18)	97,970	-
Net cash flows from (used in) financing activities		71,639	(101,617)
Effect of change in exchange rate		(215)	2,641
Net increase in cash and cash equivalents		367,250	102,696
Cash and cash equivalents at beginning of year		3,100,161	2,997,465
Cash and cash equivalents at end of year		<u>\$ 3,467,411</u>	<u>\$ 3,100,161</u>

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

OPTO TECH CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Opto Tech Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). 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.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorised for issuance by the Board of Directors on February 23, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021(Note)

Note : Earlier application from January 1, 2021 is allowed by

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on present value of defined benefit obligation less the net amount of pension fund assets.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between

companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Opto Tech Corp.	Ho Chung Investment Co., Ltd. (Ho Chung Investment)	Investment business	100.00	100.00	Notes 1
Opto Tech Corp.	Opto Technology International Group Co., Ltd. (OTIG)	Holding company	-	-	Notes 2
Opto Tech Corp.	Opto Tech (Macao) Co., Ltd. (Opto Macao)	International trade	-	-	Notes 3
Opto Tech Corp.	CS Bright Corporation(CSB)	Manufacture and sales of LED and electronic products	99.87	99.87	Note 4
Opto Tech Corp.	Everyung Investment Ltd.(Everyung)	Holding company	50.00	50.00	Note 2
Opto Tech Corp.	Bright Investment International Ltd. (Bright)	Holding company	100.00	-	Note 4
Opto Tech Corp.	River Asset Co., Ltd.	Investment business	100.00	100.00	Note 5
Opto Tech Corp.	Opto System Technologies Inc.	Manufacture and sales of lighting	100.00	-	Note 6
OTIG	Opto Tech (Cayman) Co., Ltd. (Opto (Cayman))	Holding company	-	-	Note 2
OTIG	Everyung Investment Ltd. (Everyung)	Holding company	-	-	Note 2
CSB	Bright Investment International Ltd. (Bright)	Holding company	-	100.00	Note 4
Bright	Everyung Investment Ltd. (Everyung)	Holding company	50.00	50.00	
Everyung	Opto Plus Technology Co., Ltd. (Opto Plus)	Manufacture and sales of LED and electronic products	100.00	100.00	

Note 1: Ho Chung Investment has been continuously acquiring the Company's common stock amounting to 755 thousand shares (after capital reduction amounting to 352 thousand shares) from 1998 to 2000. It holds about 0.2% of the Company's outstanding common stock.

Note 2: The Board of Directors of the Company resolved the liquidation of foreign subsidiaries, Opto Technology International Group Co., Ltd.(OTIG) and OptoTech (Cayman)Co., Ltd.(Opto(Cayman)), on August 14, 2017.Opto(Cayman) has completed the liquidation process on September 16, 2020 and remitted share capital back to OTIG. OTIG has completed the liquidation process on October 26, 2020. The Company formerly held 50% equity shares of foreign controlling company, Everyung Investment Ltd. (Everyung), through OTIG. After OTIG completed the liquidation process, the Company generally accepted its assets and directly held 50% equity shares of Everyung.

Note 3: The Board of Directors of the Company resolved the liquidation of foreign subsidiary, Opto Macao on April 28, 2020. Opto Macao has completed the liquidation process on September 29, 2020 and remitted share capital back to Opto Tech Corporation.

Note 4: The Board of Directors of the Company resolved the liquidation of foreign subsidiary, CS Bright Corporation (CSB), on September 10, 2020. The effective date was set on December 31, 2020, and the liquidation is still in process. The share equity of Bright Investment International Ltd. which was held by CSB had been transferred to the Company on April 22, 2021.

Note 5: The subsidiary - River Asset Co., Ltd. is a wholly-owned subsidiary established by the Company on November 25, 2020, and has been included in the consolidated financial statements since the date of acquisition.

Note 6: The subsidiary - Opto System Technologies Inc. is a wholly-owned subsidiary established by the Company on September 16, 2021, and has been included in the consolidated financial statements since the date of acquisition. The first extraordinary shareholders' meeting approved the transfer of the relevant business of the Company's "system business group". The base date for the split was January 28, 2022.

C. Subsidiaries not included in the consolidated financial statements : None.

D. Adjustments for subsidiaries with different balance sheet dates : None.

E. Nature and extent of significant restrictions on its ability to access or use assets, and settle liabilities of the Group : None.

F. Subsidiaries that have non-controlling interests that are material to the Group : None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollar, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

- ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (5) Classification of current and non-current items
- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.
- (6) Cash equivalents
- Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.
- (7) Financial assets at fair value through profit or loss
- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
- (8) Financial assets at fair value through other comprehensive income
- A. Financial assets at fair value through other comprehensive income comprise equity securities which

are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For accounts receivable or contract assets that do not contain a significant financing component, at each reporting date, the Group recognises the impairment provision for lifetime expected credit losses (ECLs).

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item-by-item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	10 ~ 50 years
Machinery and equipment	3 ~ 10 years
Utility equipment	6 ~ 25 years
Pollution prevention facilities	5 ~ 20 years
Transportation equipment	3 ~ 5 years
Office equipment	3 ~ 7 years
Other equipment	3 ~ 25 years

(15) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date;
 - (c) Any initial direct costs incurred by the lessee; and
 - (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(16) Investment property

Investment property is stated initially at its cost which including purchase price and any direct expenses. Directly attributable expenses include legal service expense, tax on the transfer of properties and other transaction costs and subsequently measured using the cost model.

(17) Intangible assets

Intangible assets, mainly computer software, is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 10 years.

(18) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(19) Borrowings

- A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable

that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(20) 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.

(21) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges, or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

C. If the credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognised in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognising in profit or loss for loan commitments or financial guarantee contracts.

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(23) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(25) Provisions

Provisions, mainly warranties, are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(26) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(27) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and nonmarket vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date.

Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(28) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology and research and development expenditures to the extent that it is possible future taxable profit will be available against which the unused tax credit can be utilised.

(29) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(30) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(31) Revenue recognition

A. Sales of goods

- (a) The Group is primarily engaged in the manufacture and sales of semiconductor components. Sales are recognised when control of the products has transferred, being when the products are delivered to the client, the client has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the client, and either the client has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. As the time interval between the transfer of committed goods and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- (b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Sales and installation of systems products

- (a) Contracts include sales and installation services of systems products. The system products and the installation services provided by the Group are mostly not distinct and are identified to be one performance obligation since the installation services involve significant customisation

and modification. Some contracts are accounted for as a separate performance obligation, and the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. The Group recognises revenue when the performance obligation is satisfied.

- (b) The Group provides standard warranties on system products sold. Warranties are estimated based on historical warranty data of system products, and recognised when the amount can be reliably estimated.

(32) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

(33) Reorganisation

Reorganisation under common control is recognised using book value approach.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Allowance for inventory valuation losses

As the value of the Group's inventories are effected by market prices and product life cycles, there is a higher risk of obsolescence. For inventories aged over a certain period of time and individually identified as obsolete, the net realisable value is estimated based on historical data of inventory closeout. The net realisable value utilised in evaluating obsolete inventories involves uncertainty of estimation as it is subject to management's judgement. Inventories and allowance for inventory valuation losses were material to the consolidated financial statements.

As of December 31, 2021, the carrying amount of inventories was \$1,269,993.

B. Financial assets - fair value measurement of unlisted stocks without active market

For unlisted securities without active market held by the Group, management assesses their fair values through market approach and takes into account the discount for liquidity. The valuation method is subject to management's judgement and involves uncertainty, which would effect fair value. Please refer to Note 12(3).

As of December 31, 2021, the carrying amount of unlisted stocks without active market was \$899,053.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	\$ 169	\$ 341
Checking accounts and demand deposits	1,127,782	677,614
Time deposits	1,976,460	2,064,206
Cash equivalents - Resale bonds	<u>363,000</u>	<u>358,000</u>
Total	<u>\$ 3,467,411</u>	<u>\$ 3,100,161</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. Cash and cash equivalents all amounting to \$22,810 were pledged to others as collateral for the leases of land and dormitory as of December 31, 2021 and 2020, and were classified as financial assets at amortised cost. Please refer to Notes 6(3) and 8 for the details.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2021	December 31, 2020
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Funds	\$ 565,000	\$ 315,000
Listed stocks	146,730	-
Valuation adjustment		
Funds	6,389	5,248
Forward exchange contracts	-	171
Equity instruments	(3,658)	-
Total	\$ 714,461	\$ 320,419
Financial liabilities mandatorily measured at fair value fair value through profit and loss		
Forward exchange contracts	\$ -	(\$ 799)
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 127,048	\$ 127,048
Valuation adjustment	(14,520)	(20,058)
Total	\$ 112,528	\$ 106,990

- A. The Group recognised net gain of \$39,404 and \$473 on financial assets and financial liabilities held for trading for the years ended December 31, 2021 and 2020, respectively.
- B. The non-hedging derivative instrument transactions and contract information are as follows:
December 31, 2021: None.

Derivative financial instruments	December 31, 2020	
	Contract amount (notional principal)	Contract period
Asset-Current items:		
Forward foreign exchange contracts	USD \$ 2,000 (thousands)	December 1, 2020~ January 21, 2021
Liabilities-Current items:		
Forward foreign exchange contracts	USD \$ 3,000 (thousands)	December 21, 2020~ January 26, 2021

The Group entered into forward exchange contracts to sell USD and buy TWD to hedge exchange rate risk of export proceeds. However, these forward exchange contracts are not accounted for under hedge accounting.

- C. The Group has no financial assets at fair value through profit or loss pledged to others.
- D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	December 31, 2021	December 31, 2020
Current items:		
Time deposits with maturity over three months	\$ 797,975	\$ -
Restricted time deposit	22,810	22,810
	\$ 820,785	\$ 22,810

A. The Group recognised interest income of \$1,805 and \$94 for financial assets at amortised cost for the years ended December 31, 2021 and 2020, respectively.

B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(4) Financial assets at fair value through other comprehensive income

Items	December 31, 2021	December 31, 2020
Non-current items:		
Equity instruments		
Listed stocks	\$ 88,574	\$ 73,574
Unlisted stocks	477,809	477,809
Subtotal	566,383	551,383
Valuation adjustment	470,835	232,615
Total	\$ 1,037,218	\$ 783,998

A. The Group sold all its stocks of Guang Xin Vision Co., Ltd. for \$3,780 and resulted in transfers of \$180 from other equity to retained earnings on disposal during the second quarter of 2020.

B. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$1,037,218 and \$783,998 as at December 31, 2021 and 2020, respectively.

C. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

D. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31	
	2021	2020
<u>Equity instrument at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income (loss)	\$ 246,242	(\$ 97,247)
Cumulative gains reclassified to retained earnings due to recognition	\$ -	\$ 180
Dividend income recognised in profit or loss		
Held at end of period	\$ 13,643	\$ 14,454

(5) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	\$ 4,883	\$ 8,873
Accounts receivable	1,279,119	1,642,933
Accounts receivable - related parties	15,015	16,880
Less : Allowance for uncollectible accounts	(8,235)	(8,020)
	\$ 1,290,782	\$ 1,660,666

As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2020, the balance of receivables from contracts with customers amounted to \$ 1,482,823.

A. The ageing analysis of accounts receivable is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Without past due	\$ 1,276,743	\$ 1,618,397
Up to 180 days	9,156	34,823
181 to 360 days	-	4,771
Over 361 days	8,235	1,822
	<u>\$ 1,294,134</u>	<u>\$ 1,659,813</u>

The ageing analysis was based on past due date.

B. The ageing analysis of notes receivable is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Without past due	<u>\$ 4,883</u>	<u>\$ 8,873</u>

The ageing analysis was based on the maturity date of the promissory note.

C. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Raw materials	\$ 312,443	\$ 196,857
Supplies	332,712	252,103
Work in process	247,104	261,112
Semi-finished goods	133,769	88,817
Finished goods	243,965	356,700
Total	<u>\$ 1,269,993</u>	<u>\$ 1,155,589</u>

A. The cost of inventories recognised as expense for the period:

	<u>Years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Cost of goods sold	\$ 4,178,187	\$ 3,840,197
(Gain on reversal) loss on decline in market value	(11,723)	106,291
	<u>\$ 4,166,464</u>	<u>\$ 3,946,488</u>

B. For the years ended December 31, 2021, the Group recognized a decrease in the 'cost of goods sold' due to the rise in product prices, resulting in a rebound in the net realizable value.

C. For the years ended December 31, 2020, the Group wrote down inventory from cost to net realisable value accounted for as 'cost of goods sold'.

(7) Investments accounted for using equity method

	<u>2021</u>	<u>2020</u>
At January 1	\$ 5,394	\$ 8,768
Share of loss of investment accounted for using equity method	(4,489)	(375)
Earnings distribution of investments accounted for using equity method	-	(3,217)
Proceeds from disposal of investments accounted for using equity method	(3,663)	-
Acquisition of investments accounted for using equity method	70,000	-
Gain on disposals of investments	(1,591)	-
Change in other equity items	(5)	218
At December 31	<u>\$ 65,646</u>	<u>\$ 5,394</u>
<u>Associated enterprises</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
NEW SMART TECHNOLOGY CO., LTD.	\$ 65,646	\$ -
VML TECHNOLOGIES B.V.	-	5,394
	<u>\$ 65,646</u>	<u>\$ 5,394</u>

The Group's Ho Chung Investment Co., Ltd. disposed of the holding of VML TECHNOLOGIES B.V. in November, 2021. In November, 2021, the company received all the proceeds of the disposal.

(8) Property, plant and equipment

	2021								
	Buildings and structures	Machinery	Utility facilities	Pollution prevention facilities	Transportation equipment	Office equipment	Other equipment	Construction in progress and prepayment for equipment	Total
At January 1									
Cost	\$ 2,041,199	\$ 5,444,530	\$ 1,050,132	\$ 707,319	\$ 13,288	\$ 81,650	\$ 1,937,717	\$ 114,523	\$ 11,390,358
Accumulated depreciation	(1,193,941)	(4,277,941)	(931,593)	(597,978)	(8,104)	(69,172)	(1,570,993)	-	(8,649,722)
Accumulated impairment	(59)	(35,388)	-	-	-	(19)	(37)	-	(35,503)
	<u>\$ 847,199</u>	<u>\$ 1,131,201</u>	<u>\$ 118,539</u>	<u>\$ 109,341</u>	<u>\$ 5,184</u>	<u>\$ 12,459</u>	<u>\$ 366,687</u>	<u>\$ 114,523</u>	<u>\$ 2,705,133</u>
<u>For the year ended December 31</u>									
Opening net book amount	\$ 847,199	\$ 1,131,201	\$ 118,539	\$ 109,341	\$ 5,184	\$ 12,459	\$ 366,687	\$ 114,523	\$ 2,705,133
Additions	4,270	12,225	3,026	2,460	-	2,705	7,122	437,312	469,120
Disposals	- (246)	-	-	-	- (132)	-	-	- (378)	
Reclassifications	-	96,674	10,545	22,230	-	9,983	17,268	(156,700)	-
Depreciation expense	(58,858)	(273,232)	(19,632)	(14,939)	(1,358)	(6,664)	(58,237)	-	(432,920)
Provision for impairment loss	- (77,577)	-	-	-	-	-	-	-	(77,577)
Net exchange differences	658	181	-	-	3	-	-	-	842
Closing net book amount	<u>\$ 793,269</u>	<u>\$ 889,226</u>	<u>\$ 112,478</u>	<u>\$ 119,092</u>	<u>\$ 3,829</u>	<u>\$ 18,351</u>	<u>\$ 332,840</u>	<u>\$ 395,135</u>	<u>\$ 2,664,220</u>
At December 31									
Cost	\$ 2,047,020	\$ 5,443,283	\$ 1,063,703	\$ 731,271	\$ 12,758	\$ 89,523	\$ 1,962,107	\$ 395,135	\$ 11,744,800
Accumulated depreciation	(1,253,692)	(4,441,091)	(951,225)	(612,179)	(8,929)	(71,153)	(1,629,230)	-	(8,967,499)
Accumulated impairment	(59)	(112,966)	-	-	-	(19)	(37)	-	(113,081)
	<u>\$ 793,269</u>	<u>\$ 889,226</u>	<u>\$ 112,478</u>	<u>\$ 119,092</u>	<u>\$ 3,829</u>	<u>\$ 18,351</u>	<u>\$ 332,840</u>	<u>\$ 395,135</u>	<u>\$ 2,664,220</u>
	2020								
	Buildings and structures	Machinery	Utility facilities	Pollution prevention facilities	Transportation equipment	Office equipment	Other equipment	Construction in progress and prepayment for equipment	Total
At January 1									
Cost	\$ 2,028,554	\$ 5,625,019	\$ 1,118,047	\$ 717,932	\$ 8,703	\$ 78,865	\$ 1,949,344	\$ 116,824	\$ 11,643,288
Accumulated depreciation	(1,135,179)	(4,381,982)	(974,309)	(594,031)	(7,337)	(66,858)	(1,567,562)	-	(8,727,258)
Accumulated impairment	(59)	(6,742)	-	-	-	(19)	(83)	-	(6,903)
	<u>\$ 893,316</u>	<u>\$ 1,236,295</u>	<u>\$ 143,738</u>	<u>\$ 123,901</u>	<u>\$ 1,366</u>	<u>\$ 11,988</u>	<u>\$ 381,699</u>	<u>\$ 116,824</u>	<u>\$ 2,909,127</u>
<u>For the year ended December 31</u>									
Opening net book amount	\$ 893,316	\$ 1,236,295	\$ 143,738	\$ 123,901	\$ 1,366	\$ 11,988	\$ 381,699	\$ 116,824	\$ 2,909,127
Additions	3,112	36,949	4,054	2,204	2,155	4,735	13,511	230,489	297,209
Disposals	- (4,959)	(13,275)	(1,149)	-	(66)	(11,448)	-	(30,897)	
Reclassifications	8,846	173,523	5,131	1,230	2,425	(16)	41,651	(232,790)	-
Depreciation expense	(58,320)	(275,039)	(21,109)	(16,845)	(762)	(4,188)	(58,726)	-	(434,989)
Impairment loss	- (35,585)	-	-	-	-	-	-	-	(35,585)
Net exchange differences	245	17	-	-	-	6	-	-	268
Closing net book amount	<u>\$ 847,199</u>	<u>\$ 1,131,201</u>	<u>\$ 118,539</u>	<u>\$ 109,341</u>	<u>\$ 5,184</u>	<u>\$ 12,459</u>	<u>\$ 366,687</u>	<u>\$ 114,523</u>	<u>\$ 2,705,133</u>
At December 31									
Cost	\$ 2,041,199	\$ 5,444,530	\$ 1,050,132	\$ 707,319	\$ 13,288	\$ 81,650	\$ 1,937,717	\$ 114,523	\$ 11,390,358
Accumulated depreciation	(1,193,941)	(4,277,941)	(931,593)	(597,978)	(8,104)	(69,172)	(1,570,993)	-	(8,649,722)
Accumulated impairment	(59)	(35,388)	-	-	-	(19)	(37)	-	(35,503)
	<u>\$ 847,199</u>	<u>\$ 1,131,201</u>	<u>\$ 118,539</u>	<u>\$ 109,341</u>	<u>\$ 5,184</u>	<u>\$ 12,459</u>	<u>\$ 366,687</u>	<u>\$ 114,523</u>	<u>\$ 2,705,133</u>

- A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	Years ended December 31	
	2021	2020
Amount capitalised	\$ 159	\$ 960
Interest rate	0%~0.53%	0.24%~1.38%

- B. Taking into consideration the future operating plan, some machines did not meet the production demand and presented to be idle in December 2021 and June 2020. After assessment, the recoverable amounts of machines were less than their carrying amount, thus the Group provisioned impairment loss in the amount of \$77,577 and \$35,585, respectively. The Group measured recoverable amounts with use value, the discount rate was 13% and 9.82%, respectively.

(9) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings and business vehicles. Rental contracts are typically made for periods of 3 to 20 years.

- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Land	\$ 208,202	\$ 223,498
Buildings	2,318	4,635
Transportation equipment (Business Vehicles)	3,838	5,400
Office equipment (Internet equipment)	2,090	2,602
	<u>\$ 216,448</u>	<u>\$ 236,135</u>

	Years ended December 31	
	2021	2020
	Depreciation charge	Depreciation charge
Land	\$ 15,316	\$ 15,314
Buildings	2,318	2,926
Transportation equipment (Business Vehicles)	2,511	3,294
Office equipment (Internet equipment)	1,279	949
	<u>\$ 21,424</u>	<u>\$ 22,483</u>

- C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets amounted to \$1,717 and \$7,521, respectively.

- D. The information on income and expense accounts relating to lease contracts is as follows:

	Years ended December 31	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 4,082	\$ 4,351
Expense on short-term lease contracts	\$ 8,798	\$ 10,582

- E. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases amounted to \$32,612 and \$35,155, respectively.

- F. The Group terminated the lease of the subsidiary's office prior to the expiration date in September 2020, recognised gain on lease termination amounting to \$5 , and decreased right-of-use asset and lease liability by \$434 and \$502, respectively. No penalty was paid due to the early termination.

(10) Investment property

	2021	2020
	Land	Land
At January 1	\$ 399,307	\$ -
Additions- from acquisitions	-	399,307
At December 31	<u>\$ 399,307</u>	<u>\$ 399,307</u>

A. On December 31, 2021, the fair value of investment properties was \$410,640, which was based on the market evidence on transaction price of similar property and publicly announced present value. On December 31, 2020, the fair value of investment properties was \$410,640, which was based on the valuation results from independent appraisers.

B. The Group has no investment properties pledged to others.

(11) Intangible assets

	2021	2020
	Software	Software
At January 1		
Cost	\$ 40,624	\$ 38,298
Accumulated amortisation	(26,306)	(24,069)
	<u>\$ 14,318</u>	<u>\$ 14,229</u>
<u>For the years ended December 31</u>		
Opening net book amount	\$ 14,318	\$ 14,229
Additions	17,844	15,179
Amortisation expense	(18,122)	(15,090)
Closing net book amount	<u>\$ 14,040</u>	<u>\$ 14,318</u>
At December 31		
Cost	\$ 31,902	\$ 40,624
Accumulated amortisation	(17,862)	(26,306)
	<u>\$ 14,040</u>	<u>\$ 14,318</u>

Details of amortisation on intangible assets are as follows:

	Years ended December 31	
	2021	2020
Operating costs	\$ 9,095	\$ 4,366
Operating expenses	9,027	10,724
Total	<u>\$ 18,122</u>	<u>\$ 15,090</u>

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unsecured bank borrowings	<u>\$ 334,047</u>	<u>\$ 230,758</u>
Interest rate range	<u>0.6%~5%</u>	<u>0.51%~5.25%</u>

(13) Other payables

	December 31, 2021	December 31, 2020
Salaries and bonus payable	\$ 272,930	\$ 186,138
Compensation payable to employees	189,670	115,354
Remuneration payable to directors	63,674	38,410
Others	239,434	279,140
Total	<u>\$ 765,708</u>	<u>\$ 619,042</u>

(14) Long-term borrowings

December 31, 2021: None.

<u>Type of borrowings</u>	<u>Credit line</u>	<u>Period</u>	<u>Interest rate range</u>	<u>December 31, 2020</u>
Syndicated borrowings with four financial institutions including China Trust Commercial Bank(Unsecured)	\$ 1,200,000	2019.02.20~ 2022.02.20	1.169%~ 1.797%	\$ 811,515
Less: Current portion (shown as "Other current liabilities")				(62,960)
				<u>\$ 748,555</u>

- A. On January 15, 2019, the Company signed a joint credit facility of \$1.2 billion with four financial institution including China Trust Commercial Bank. The loan agreement includes the following covenants.
- The current ratio should be no less than 100% per share every half year.
 - The debt ratio should not be higher than 100%.
 - The interest coverage ratio shall not be less than 300%.
 - The tangible net value shall be maintained at more than 5 billion yuan (inclusive).
- If the Company fails to meet the required financial ratios, the bank will stop the allocation. In case of violation of the contract, the bank has the right to ask the Company to repay in full the unpaid balance of the loan in advance.
- B. The long-term borrowings maturing on February 20, 2022 were repaid in advance on October 21, 2021 due to the financial planning considerations.

(15) Pensions

- A. (a) The Company and CS Bright Corporation have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees and managers who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and CS Bright Corporation contributes monthly an amount equal to 2.68% and 3.18% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and CS Bright Corporation would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and CS Bright Corporation will make contributions to cover the deficit.

- (b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	\$ 450,675	\$ 551,918
Fair value of plan assets	(303,900)	(365,305)
Net defined benefit liability	<u>\$ 146,775</u>	<u>\$ 186,613</u>

- (c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2021</u>			
Balance at January 1	\$ 551,918	(\$ 365,305)	\$ 186,613
Current service cost	6,111	-	6,111
Interest expense (income)	<u>2,146</u>	<u>(1,417)</u>	<u>729</u>
	<u>560,175</u>	<u>(366,722)</u>	<u>193,453</u>
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	(8,389)	(8,389)
Change in demographic assumptions	943	-	943
Change in financial assumptions	(18,871)	-	(18,871)
Experience adjustments	<u>(6,611)</u>	<u>1,847</u>	<u>(4,764)</u>
	<u>(24,539)</u>	<u>(6,542)</u>	<u>(31,081)</u>
Pension fund contribution	-	(6,030)	(6,030)
Paid pension	<u>(84,961)</u>	<u>75,394</u>	<u>(9,567)</u>
Balance at December 31	<u>\$ 450,675</u>	<u>(\$ 303,900)</u>	<u>\$ 146,775</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2020</u>			
Balance at January 1	\$ 648,021	(\$ 448,157)	\$ 199,864
Current service cost	8,000	-	8,000
Interest expense (income)	<u>5,300</u>	<u>(3,661)</u>	<u>1,639</u>
	<u>661,321</u>	<u>(451,818)</u>	<u>209,503</u>
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	(15,020)	(15,020)
Change in demographic assumptions	(162)	-	(162)
Change in financial assumptions	35,811	-	35,811
Experience adjustments	<u>(21,285)</u>	<u>-</u>	<u>(21,285)</u>
	<u>14,364</u>	<u>(15,020)</u>	<u>(656)</u>
Pension fund contribution	-	(22,234)	(22,234)
Paid pension	<u>(123,767)</u>	<u>123,767</u>	<u>-</u>
Balance at December 31	<u>\$ 551,918</u>	<u>(\$ 365,305)</u>	<u>\$ 186,613</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and CS Bright Corporation's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and CS Bright Corporation have no right to participate in managing and operating that fund and hence the Company and CS Bright Corporation are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,		
	2021		2020
	Manager	Regular employee	
Discount rate	0.5%	0.75%	0.39%
Future salary increases	3.00%	3.00%	3.00%

Future mortality rate in 2021 and 2020 were estimated based on the 6th and 5th Taiwan Standard Ordinary Experience Mortality Table, respectively.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	0.25%~0.5%	0.25%~0.5%	0.25%~0.5%	0.25%~0.5%
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	<u>(\$ 12,756)</u>	<u>\$ 13,275</u>	<u>(\$ 12,947)</u>	<u>\$ 12,512</u>
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	<u>(\$ 41,350)</u>	<u>\$ 45,456</u>	<u>\$ 44,026</u>	<u>(\$ 40,537)</u>

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to \$4,500

(g) As of December 31, 2021, the Company's and CS Bright Corporation's weighted average duration of the retirement plan is 3 years and 11 years, respectively. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	13,572
1-2 year(s)		35,667
2-5 years		36,025
Over 5 years		<u>406,169</u>
	<u>\$</u>	<u>491,433</u>

B. (a) Effective July 1, 2005, the Company and domestic subsidiaries established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and CS Bright Corporation contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company's Mainland China subsidiaries, Opto Plus Technology Co., Ltd., have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (P.R.C.) are based on certain percentage of employees' monthly salaries and wages. The above Mainland China subsidiaries' contribution percentage for both the years ended December 31, 2021 and 2020 were both 14%. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were \$33,825 and \$34,799, respectively.

(16) Share-based payment

A. For the year ended December 31, 2021, 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	2021.07.20	7,588	-	Vested immediately

Transfer restriction is no transfer within two years.

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

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

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Treasury stock transferred to employees	2021.07.20	31.6	12.95	40.63%	0.01~0.02years	-	0.1241%	13.91

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

	For the year ended December 31
Equity-settled	\$ 105,473
For the year ended December 31, 2020: None.	

(17) Provisions

Warranty	2021	2020
At January 1	\$ 22,841	\$ 24,017
Accrued during the period	5,831	8,177
Used during the period	(2,773)	(9,348)
Exchange differences	-	(5)
At December 31	\$ 25,899	\$ 22,841

Analysis of total provisions:

	December 31, 2021	December 31, 2020
Current	\$ 6,831	\$ 4,033
Non-current	\$ 19,068	\$ 18,808

The Group provides warranties on products sold. Provision for warranties is estimated based on historical warranty date of products.

(18) Share capital

A. As of December 31, 2021, the Company's authorized capital was \$10,000,000, consisting of 1,000,000 thousand shares of common stock, and the paid-in capital was \$4,386,228, consisting of 438,623 thousand shares of common stock with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. Movements in the number of the Company's ordinary shares outstanding For the years ended December 31, 2021 and 2020 are as follows:

(In thousands of shares)

	2021	2020
At January 1	375,541	377,868
Proceeds from issuance of shares	60,000	-
Purchase of treasury shares	(6,566)	(2,327)
Treasury stock transferred to employees	7,588	-
At December 31	436,563	375,541

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

C. To meet the strategic cooperation needs of the Company's long-term development, strengthen the Company's competitiveness and introduce strategic investors, the Company raised additional cash by issuing 60 million new shares at the price of \$22.93 (in dollars) per share, totaling \$1,375,800 as approved by the Board of Directors on July 1, 2021. All proceeds from shares issued have been collected. Pursuant to the Securities and Exchange Act, the ordinary shares

raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares. The effective date for the aforesaid cash capital increase was set on August 30, 2021, the registration was completed on September 9, 2021.

D. Treasury stock

- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		December 31, 2021	
Name of company holding the shares	Reason for reacquisition	Number of Shares	Carrying amount
The Company	For transfer of shares to employees	1,305	\$ 31,782
The Company Subsidiary-Ho Chung Investment Co., Ltd.	The Company's shares held by its subsidiary	755	23,172
		<u>2,060</u>	<u>\$ 54,954</u>
		December 31, 2020	
Name of company holding the shares	Reason for reacquisition	Number of Shares	Carrying amount
The Company	For transfer of shares to employees	2,327	\$ 58,849
The Company Subsidiary-Ho Chung Investment Co., Ltd.	The Company's shares held by its subsidiary	755	23,172
		<u>3,082</u>	<u>\$ 82,021</u>

- (b) The Company's shares held by its subsidiary had no voting rights before being transferred to the third party.
- (c) On November 6, 2020, the Board of Directors of the Company approved to repurchase the Company's common shares and transfer them to employees. The Company expected to repurchase 7,500,000 shares with an upper limit of cash amount of \$3,103,739. As of January 8, 2021, the final date of repurchase period, the Company repurchased 4,294 thousand shares for a total consideration of \$109,251.
- (d) On January 8, 2021, the Board of Directors of the Company approved to repurchase the Company's common shares and transfer to employees. The Company expected to repurchase 7,500,000 shares with an upper limit of cash amount of \$3,482,361. As of March 10, 2021, the final date of repurchase period, the Company repurchased 4,599 thousand shares for a total consideration of \$112,006.
- (e) The Company passed a resolution at the shareholders' meeting on July 1, 2021 to transfer treasury shares to employees at a price lower than the average price of the shares actually bought back. The transfer price was set at \$12.95 (in dollars) per share and approved by the Board of Directors on the same day, and will buy back shares to transfer to employees. The regulations stipulate that 8,893 thousand shares of treasury shares shall be transferred to employees. (The actual number of treasury shares transferred was 7,588 thousand shares.)
- (f) Pursuant to R.O.C. Securities and Exchange Act, the number of shares bought back as treasury shares should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and raised capital surplus.
- (g) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (h) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares not be reissued to the

employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired.

(19) Capital reserve

Pursuant to the R.O.C. Company Law, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital reserve to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2021				
	Share premium	Treasury share transactions	Long-term investments	Employee stock options	Total
At January 1	\$ 373,792	\$ 60,256	\$ 82,760	\$ 186,300	\$ 703,108
Cash capital increase	775,800	-	-	-	775,800
Changes in ownership interests in subsidiaries	-	-	(4,105)	-	(4,105)
Treasury stock transferred to employees	-	13,968	-	-	13,968
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	-	-	1,051	-	1,051
At December 31	<u>\$ 1,149,592</u>	<u>\$ 74,224</u>	<u>\$ 79,706</u>	<u>\$ 186,300</u>	<u>\$ 1,489,822</u>
	2020				
	Share premium	Treasury share transactions	Long-term investments	Employee stock options	Total
At January 1	\$ 373,792	\$ 60,256	\$ 82,617	\$ 186,300	\$ 702,965
Resolved the liquidation of subsidiaries	-	-	143	-	143
At December 31	<u>\$ 373,792</u>	<u>\$ 60,256</u>	<u>\$ 82,760</u>	<u>\$ 186,300</u>	<u>\$ 703,108</u>

(20) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be distributed as follows:

- (a) Offset prior years' operating losses.
- (b) 10% of the remaining amount shall be set aside as legal reserve, unless the accumulated legal reserve equals the total capital of the Company.
- (c) Special reserve set aside in accordance with relevant laws or regulations or as required for operations.
- (d) Aside from some of accumulated unappropriated retained earnings that will be reserved, remaining retained earnings will be allocated to shareholders as dividends. The Board of Directors proposes a dividend distribution plan for approval by resolution at the shareholders' meeting.
- (e) The Company appropriated all or some dividends, bonus, capital surplus or legal reserve in the form of cash, which were resolved by the Board of Directors and reported to the shareholders.

B. 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.

C. 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.

- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The appropriation of 2020 earnings as resolved by the shareholder's meeting July 1, 2021 and the appropriation of 2019 earnings as resolved by the shareholder's meeting on June 16, 2020 are as follows:

	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 57,584		\$ 60,048	
Reversal of special reserve	(1,320)		(4,649)	
Cash dividends	514,927	\$ 1.39	-	\$ -
Total	<u>\$ 571,191</u>		<u>\$ 55,399</u>	

- (a) The distribution of cash dividends in 2020 was approved by the Company's Board of Directors on March 18, 2021. The statutory surplus reserve and the special surplus reserve were approved at the general meeting of shareholders on July 1, 2021. There was no difference between the surplus distribution in 2020 and the Company's approval by the Board of Directors on March 18, 2021. For the surplus distribution approved by the Board of Directors and resolutions of the shareholders' meeting, please refer to the Market Observation Post System for further information.
- (b) On March 19, 2020, the Board of Directors of the Company resolved the appropriation of earnings and expected to distribute cash dividends of \$378,623 with \$1 per share. On June 16, 2020, shareholders proposed an amendment, "shareholders' bonus – cash" is \$0, for the proposed resolution of 2019 earnings appropriation, which means that cash dividends will be distributed at \$0 per share. The Board of Directors shall subsequently distribute dividends following the resolution of shareholders. Consequently, the Company's Board of Directors resolved the amendments to the appropriation of earnings on December 18, 2020 and no cash dividend will be distributed. Please refer to the website of Market Observation Post System for information about appropriation of earnings which was approved by the Board of Directors and resolved by shareholders.

(21) Other equity items

	2021		
	Currency translation differences of foreign operations	Unrealized gain (loss) on valuation	Total
At January 1	(\$ 4,063)	\$ 191,414	\$ 187,351
Financial assets at fair value through other comprehensive income(loss)			
Revaluation - Group	-	238,220	238,220
Tax on revaluation	-	8,022	8,022
Currency translation differences:			
-Group	4,756	-	4,756
-Associates	(340)	-	(340)
-Subsidiaries dispose on associates	335	-	335
At December 31	<u>\$ 688</u>	<u>\$ 437,656</u>	<u>\$ 438,344</u>

	2020		
	Currency translation differences of foreign operations	Unrealized gain (loss) on valuation	Total
At January 1	(\$ 9,372)	\$ 288,841	\$ 279,469
Financial assets at fair value through other comprehensive income(loss)			
Revaluation - Group	-	(137,595)	(137,595)
Tax on revaluation	-	40,348	40,348
Revaluation transferred to retained earnings	-	(180)	(180)
Currency translation differences:			
-Group	5,091	-	5,091
-Associates	218	-	218
At December 31	<u>(\$ 4,063)</u>	<u>\$ 191,414</u>	<u>\$ 187,351</u>

(22) Operating revenue

	Years ended December 31	
	2021	2020
Revenue from contracts with customers	<u>\$ 6,143,243</u>	<u>\$ 5,590,046</u>

A. The Group derives revenue in the following major product lines:

Year ended	LED and	Displays and	Packaging	Other	Total
	Silicon Sensor Chips Group	Lighting Group	Business Group		
December 31, 2021	<u>\$ 5,049,639</u>	<u>\$ 787,247</u>	<u>\$ 306,357</u>	<u>\$ -</u>	<u>\$ 6,143,243</u>
Revenue from external contracts					
Year ended	LED and	Displays and	Packaging	Other	Total
December 31, 2020	Silicon Sensor Chips Group	Lighting Group	Business Group		
December 31, 2020	<u>\$ 4,446,496</u>	<u>\$ 854,651</u>	<u>\$ 262,415</u>	<u>\$ 26,484</u>	<u>\$ 5,590,046</u>
Revenue from external contracts					

B. The Group has recognised the following revenue-related contract liabilities:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities	<u>\$ 83,611</u>	<u>\$ 44,086</u>	<u>\$ 30,360</u>
		Years ended December 31	
		2021	2020
Revenue recognised that was included in the contract liability balance at the beginning of the period		<u>\$ 40,845</u>	<u>\$ 12,978</u>

(23) Interest income

	Years ended December 31	
	2021	2020
Interest income from bank deposits	\$ 8,510	\$ 9,615
Interest income from resale bonds	661	1,511
Other interest income	8	108
	<u>\$ 9,179</u>	<u>\$ 11,234</u>

(24) Other income

	Years ended December 31	
	2021	2020
Rental income	\$ 80	\$ 81
Dividend income	18,763	14,454
Other income	36,550	41,076
	<u>\$ 55,393</u>	<u>\$ 55,611</u>

(25) Other gains and losses

	Years ended December 31	
	2021	2020
Loss on disposals of property, plant and equipment	(\$ 234)	(\$ 30,897)
Loss on disposals of investments	(1,591)	(5,443)
Net currency exchange gain (loss)	302	(36,408)
Net gain on financial assets and liabilities at fair value through profit or loss	39,404	473
Impairment loss on disposal of property, plant and equipment	(77,577)	(35,585)
Gain on lease termination	-	5
Others	(1,270)	(395)
Total	<u>(\$ 40,966)</u>	<u>(\$ 108,250)</u>

(26) Finance costs

	Years ended December 31	
	2021	2020
Interest expense:		
Bank borrowings	\$ 11,985	\$ 23,101
Lease liabilities	4,082	4,351
Less: Capitalisation of qualifying assets	(159)	(960)
	15,908	26,492
Other financial costs	1,318	1,119
Total	<u>\$ 17,226</u>	<u>\$ 27,611</u>

(27) Expenses by nature

	Years ended December 31	
	2021	2020
Employee benefit expense	\$ 1,491,807	\$ 1,347,187
Depreciation on property, plant and equipment	454,344	457,472
Amortisation on intangible assets	18,122	15,090
Total	<u>\$ 1,964,273</u>	<u>\$ 1,819,749</u>

(28) Employee benefit expense

	Years ended December 31	
	2021	2020
Wages and salaries	\$ 1,303,616	\$ 1,131,655
Termination benefits	40,000	51,231
Labor and health insurance fees	86,573	87,398
Pension costs	40,665	44,438
Other personnel expenses	20,953	32,465
	<u>\$ 1,491,807</u>	<u>\$ 1,347,187</u>

A. According to the Articles of Incorporation of the Company, if the Company has profit during the year, the Company shall distribute bonus to the employees that account for 10%~15% and pay remuneration to the directors that shall not be higher than 5%, of the total distributed amount. If

the Company has an accumulated deficit, earnings should be used to cover losses. Employees' compensation can be distributed in the form of shares or in cash. Qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The shareholders' meeting on July 1, 2021 approved the amendment to the Company's Articles of Incorporation, and revised the employee remuneration ratio to 10%~20% based on profitability, and the directors' remuneration ratio to no more than 10%.

- B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$187,978 and \$115,175, respectively; directors' remuneration was accrued at \$62,659 and \$38,392, respectively. The aforementioned amounts were recognised in salary expense. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based both on 15% and 5%.
- C. For the years ended December 31, 2021 the Company's subsidiary, CS Bright Corporation, was liquidated. Therefore, remuneration for directors and employees is not estimated. For the years ended December 31, 2020 was accrued at \$179 ; while directors' and supervisors' remuneration was accrued at \$18. The aforementioned amounts were recognised in salary expenses, which were accrued based on distributable profit of current year as of the end of reporting period. And for the years ended December 31, 2020, the subsidiary accrued employees' compensation and directors' remuneration at 10% and 1%, respectively.
- D. For the years ended December 31, 2021, employees' compensation of the Company's subsidiary, River Asset Co., Ltd., was accrued at \$1,692; while directors' remuneration was accrued at \$1,015. The aforementioned amounts were recognised in salary expenses and were estimated and accrued based on 5% and 3% of distributable profit of current year for the year ended December 31, 2021.
- E. Employees' compensation and directors' and supervisors' remuneration of 2020 as resolved by the Board of Directors are the same as the amount recognised in the consolidated financial statements.
- F. Information about employees' compensation and directors' remuneration of the Company as resolved at the Board of Directors' meeting will be posted in the Market Observation Post System at the website of the Taiwan Stock Exchange.

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2021	2020
Current tax:		
Current tax on profit for the year	\$ 187,738	\$ 495
Tax on undistributed surplus earnings	273	27,254
Prior year income tax overestimation	1,335	(25,336)
Total current tax	<u>189,346</u>	<u>2,413</u>
Deferred tax:		
Origination and reversal of temporary differences	(6,040)	42,214
Income tax expense	<u>\$ 183,306</u>	<u>\$ 44,627</u>

(b) The income tax charge relating to components of other comprehensive income are as follows:

	Years ended December 31,	
	2021	2020
Remeasurement of defined benefit obligations	\$ 6,243	\$ 131
Changes in fair value of financial assets at fair value through other comprehensive income	(8,022)	(40,348)
	<u>(\$ 1,779)</u>	<u>\$ 40,217</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	\$ 214,248	\$ 123,360
Expenses disallowed by tax regulation	1,533	2,827
Tax exempt income by tax regulation	(16,682)	(2,126)
Temporary differences not recognised as deferred tax assets	(7,802)	(26,494)
Effect from investment tax credits	(23,363)	(18,304)
Change in assessment of realisation of deferred tax assets	13,764	(36,554)
Prior year income tax overestimation	1,335	(25,336)
Tax on undistributed earnings	273	27,254
Income tax expense	<u>\$ 183,306</u>	<u>\$ 44,627</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	Year ended December 31, 2021			
	January 1	Recognised in		December 31
		profit or loss	comprehensive income	
Temporary differences:				
- Deferred tax assets (liabilities):				
Loss on inventory value decline	\$ 7,004	(\$ 4,919)	\$ -	\$ 2,085
Expected credit loss	-	2,934	-	2,934
Service warranty expense	4,568	612	-	5,180
Impairment loss	7,631	10,361	-	17,992
Net pension costs	1,096	(1,641)	-	(545)
Remeasurement of defined benefit obligations	26,309	-	(6,243)	20,066
Unrealized gain on valuation of financial assets	(41,200)	-	8,022	(33,178)
Others	(57)	(1,307)	-	(1,364)
Total	<u>\$ 5,351</u>	<u>\$ 6,040</u>	<u>\$ 1,779</u>	<u>\$ 13,170</u>
	Year ended December 31, 2020			
	January 1	Recognised in		December 31
		profit or loss	comprehensive income	
Temporary differences:				
- Deferred tax assets (liabilities):				
Loss on inventory value decline	\$ 14,358	(\$ 7,354)	\$ -	\$ 7,004
Expected credit loss	8,530	(8,530)	-	-
Service warranty expense	4,696	(128)	-	4,568
Impairment loss	4,921	2,710	-	7,631
Net pension costs	13,886	(12,790)	-	1,096
Remeasurement of defined benefit obligations	26,546	(106)	(131)	26,309
Unrealized gain on valuation of financial assets	(81,548)	-	40,348	(41,200)
Others	10,906	(10,963)	-	(57)
Tax losses	5,053	(5,053)	-	-
Total	<u>\$ 7,348</u>	<u>(\$ 42,214)</u>	<u>\$ 40,217</u>	<u>\$ 5,351</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2021			
Year incurred	Amount filed/ assessed	Unused amount	Amount of unrecognised deferred tax assets
2012	\$ 10,332	\$ 10,332	\$ 10,332
December 31, 2020			
Year incurred	Amount filed/ assessed	Unused amount	Amount of unrecognised deferred tax assets
2011	\$ 7,266	\$ 7,266	\$ 7,266
2012	10,332	10,332	10,332
	\$ 17,598	\$ 17,598	\$ 17,598

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
Deductible temporary differences	\$ 130,381	\$ 169,393

F. As of December 31, 2021, the Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(30) Earnings per share

	Year ended December 31, 2021		
	Profit after tax	Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to owners of the parent	\$ 829,371	393,116	\$ 2.11
Dilutive effect of common stock equivalents:			
Employees' compensation	-	3,563	
<u>Diluted earnings per share</u>			
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	\$ 829,371	396,679	\$ 2.09
	Year ended December 31, 2020		
	Profit after tax	Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to owners of the parent	\$ 575,133	377,806	\$ 1.52
Dilutive effect of common stock equivalents:			
Employees' compensation	-	7,185	
<u>Diluted earnings per share</u>			
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	\$ 575,133	384,991	\$ 1.49

(31) Supplemental cash flow information

Investing activities with partial cash payments :

	Years ended December 31	
	2021	2020
Purchase of property, plant and equipment	\$ 469,120	\$ 297,209
Add : Ending balance of prepayments for business facilities	72,150	3,943
Less:Opening balance of prepayments for business facilities	(3,943)	-
Cash paid during the year	<u>\$ 537,327</u>	<u>\$ 301,152</u>

(32) Changes in liabilities from financing activities

	2021				
	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Guarantee deposits	Liabilities from financing activities-gross
At January 1	\$ 230,758	\$ 811,515	\$ 236,266	\$ 869	\$ 1,279,408
Changes in cash flow from financing activities	103,289	(811,515)	(19,732)	2,111	(725,847)
Interest payment	-	-	(4,082)	-	(4,082)
Amorization of interest expenses	-	-	4,082	-	4,082
Increase in lease liabilities	-	-	1,717	-	1,717
Impact of changes in foreign exchange rate	-	-	-	-	-
At December 31	<u>\$ 334,047</u>	<u>\$ -</u>	<u>\$ 218,251</u>	<u>\$ 2,980</u>	<u>\$ 555,278</u>

	2020				
	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Guarantee deposits	Liabilities from financing activities-gross
At January 1	\$ 249,640	\$ 814,504	\$ 249,496	\$ 1,545	\$ 1,315,185
Changes in cash flow from financing activities	(18,882)	(2,989)	(20,221)	(676)	(42,768)
Interest payment	-	-	(4,351)	-	(4,351)
Interest in lease principal	-	-	7,521	-	7,521
Amorization of interest expenses	-	-	4,351	-	4,351
Decrease for the period	-	-	(502)	-	(502)
Impact of changes in foreign exchange rate	-	-	(28)	-	(28)
At December 31	<u>\$ 230,758</u>	<u>\$ 811,515</u>	<u>\$ 236,266</u>	<u>\$ 869</u>	<u>\$ 1,279,408</u>

7. **RELATED PARTY TRANSACTIONS**

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Opto Medical Public Welfare Foundation	Other related parties
Shin-Etsu Opto Electronic Co., Ltd.	The Company is the director of this company; this company is the director of the Company.(Note 1)
Giga Epitaxy Technology Corp.	The Company is the director of this company.(Note 3)
Nichia Taiwan Corp.	This company investments by the Company accounted for using the equity method.(Note 4)
Nichia Corp.	This company is the Company's parent company of enterprise group accounted for using equity method.
VML Technologies B.V.	This company is an investment of Ho Chung Investment Co., Ltd. accounted for using equity method. (Note 5)
Shen Zhen Guabg Xin Vision Technology CO., Ltd.(Shen Zhen Guang Xin)	The chairman of this company is an independent director of the Company.(Note 2)
Guang Xin Vision Tech. (HK) CO., Ltd. (Hong Kong Guang Xin)	The chairman of this company is an independent director of the Company.(Note 2)
NEW SMART TECHNOLOGY CO., LTD.	The company is the company's direct and indirect investment using the equity method company.

Note 1: The shareholders of the Company during their meeting resolved to reelect all its directors on June 16, 2020. The shareholders of Shin-Etsu Opto Electronic Co., Ltd. (Shin-Etsu) also resolved to reelect all its directors on June 18, 2020. After the reelection, the Company is no longer a legal person of Shin-Etsu and has not been a related party of the Company since June 18, 2020.

Note 2: The chairman of this Company was no longer an independent director of the Company after the re-election at the stockholders' meeting on June 16, 2020. Thereafter, it was no longer a related party.

Note 3: It was no longer a related party of the Company after the Company resigned as director on February 28, 2021.

Note 4: The shareholders of the Company during their meeting resolved to issue common shares for capital increase through a private placement on July 1, 2021. The entity became an investor which accounted for its investment in the Company using the equity method after the effective date (August 30, 2021) for capital increase.

Note5: The Subsidiary- Ho Chung Investment Co., Ltd. disposed of its ownership of VML TECHNOLOGIES B.V. on November 30, 2021. The company is not a related party of the Company starting from the date.

(2) Significant transactions and balances with related parties

A. Operating revenue:

	Years ended December 31	
	2021	2020
Sales of goods:		
-Associates	\$ 23,475	\$ 240
-Individuals with significant influence on the Group	83,287	-
-Other related parties	241,763	234,463
Total	<u>\$ 348,525</u>	<u>\$ 234,703</u>

The selling prices charged to the above related parties are not materially different from those charged to non-related parties. For the years ended December 31, 2021 and 2020, the credit term was 45 ~ 136 days, some related parties adopt advance payment post-shipment method and 90 ~ 150 days for the non-related parties for both periods.

B. Purchases:

	Years ended December 31	
	2021	2020
Purchases of goods:		
-Individuals with significant influence on the Group	\$ 48,797	\$ -
-Other related parties	94,122	181,343
	<u>\$ 142,919</u>	<u>\$ 181,343</u>

The purchase prices charged by the above related parties were not materially different from those charged by non-related parties. For the years ended December 31, 2021 and 2020, the credit term was 60 ~ 120 days and 90 ~ 120 days for the non-related parties, respectively.

C. Accounts receivable:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Receivables from related parties:		
-Other related parties	\$ -	\$ 16,880
-Individuals with significant influence on the Group	<u>15,015</u>	<u>-</u>
	<u>\$ 15,015</u>	<u>\$ 16,880</u>

D. Accounts payable:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Payables to related parties:		
-Individuals with significant influence on the Group	\$ 60,499	\$ -
-Other related parties	<u>-</u>	<u>51,920</u>
Total	<u>\$ 60,499</u>	<u>\$ 51,920</u>
Other payables:		
-Individuals with significant influence on the Group	\$ 210	\$ -
-Other related parties	<u>-</u>	<u>211</u>
Total	<u>\$ 210</u>	<u>\$ 211</u>

E. Advance receipt

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Associates	<u>\$ -</u>	<u>\$ 942</u>

F. Property transactions:

(a) Acquisition of property, plant and equipment(including prepayments for business facilities shown as other non-current assets):

	<u>Years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
NEW SMART TECHNOLOGY CO., LTD.	<u>\$ 246,567</u>	<u>\$ -</u>

(b) Acquisition of financial assets:

		<u>Years ended December 31, 2021</u>		
	<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	<u>Consideration</u>
Associates	Investments accounted for using the equity method	5,000	Common stocks	<u>\$ 70,000</u>

For the year ended December 31, 2020: None.

G. Lease

(a) Rent expense

	<u>Years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
-Other related parties	\$ 1,600	\$ 2,400
-Individuals with significant influence on the Group	<u>800</u>	<u>-</u>
	<u>\$ 2,400</u>	<u>\$ 2,400</u>

The Company leases plant and machinery from related parties. The monthly rental payments are mutually agreed upon. The payment terms are not materially different from those charged by non-related parties.

(b) Lease liabilities

(i) Outstanding balance:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related parties	<u>\$ 2,180</u>	<u>\$ 4,518</u>

(ii) Interest expense

	<u>Years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
-Other related parties	<u>\$ 46</u>	<u>\$ 104</u>
-Individuals with significant influence on the Group	<u>16</u>	<u>-</u>
	<u>\$ 62</u>	<u>\$ 104</u>

H. Others

	<u>Years ended December 31, 2021</u>
Donation expense :	
-Opto Medical Public Welfare Foundation	<u>\$ 50,000</u>
Expenditure of labor service :	
-Associates	<u>\$ 20,000</u>

For the year ended December 31, 2020 : None.

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

(3) Key management compensation

	<u>Years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Salaries and other short-term employee benefits	<u>\$ 189,653</u>	<u>\$ 93,772</u>
Post-employment benefits	<u>296</u>	<u>464</u>
Total	<u>\$ 189,949</u>	<u>\$ 94,236</u>

8. **PLEDGED ASSETS**

The Group's assets pledged as collateral are as follows:

Pledged assets	<u>Book value</u>		<u>Purpose of pledge</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>Creditor Bank</u>	<u>Type</u>
Restricted assets- Time deposits, (shown as "other current assets")	<u>\$ 22,810</u>	<u>\$ 22,810</u>	Chang Hwa Commercial Bank and Far Eastern International Bank	Land lease and dormitory lease deposits

9. **SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS**

(1) As of December 31, 2021, the guarantees provided by the Company through banks were as follows:

<u>Guarantor</u>	<u>Nature of Guarantee</u>	<u>Amount</u>
Far Eastern International Bank	Performance guarantee	<u>\$ 19,450</u>
Chang Hwa Commercial Bank	Customs duty	<u>15,000</u>
Chang Hwa Commercial Bank	Performance guarantee	<u>3,360</u>
Mega International Commercial Bank	Performance guarantee and warranty	<u>7,058</u>
Taipei Fubon Commercial Bank	Performance guarantee	<u>755</u>
Taishin International Bank	Borrowing	<u>96,968</u>
		<u>\$ 142,591</u>

- (2) As of December 31, 2021, the outstanding letters of credit issued for the importation of raw materials and machinery were as follows:

Amount (thousands)

TWD	27,380
JPY	7,795
USD	770

- (3) Operating lease commitments:

See Note 6(9).

- (4) As of December 31, 2021, the promissory notes issued by the Company and subsidiary corporation for loans, performance guarantee for purchases and loans granted for subsidiaries amounted to \$4,021,808

- (5) As of December 31, 2021, the capital expenditure contracted but not yet incurred is \$124,460.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

To implement work specialisation and increase overall operational performance and market competitiveness of the Company through effective planning, the shareholders of the Company at their first interim meeting held on October 21, 2021 resolved to spin off the operations relating to the 'Displays and Lighting Group' (including assets, liabilities and operations) to an existing wholly-owned subsidiary, Opto System Technologies Inc. in accordance with the requirements stipulated in the Article 35 of Business Mergers And Acquisitions Act. The spin off completed on January 28, 2022, and the net operating value amounted to \$200,000.

12. OTHERS

(1) Capital risk 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' as shown in the consolidated balance sheet plus net debt.

As of December 31, 2021 and 2020, the gearing ratios were (47.73%)% and (36.52%), respectively.

(2) Financial instruments

A. Financial instrument by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 826,989	\$ 427,409
Financial assets at fair value through other comprehensive income	1,037,218	783,998
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	3,467,411	3,100,161
Financial assets at amortised cost	820,785	22,810
Notes receivable	4,883	8,873
Accounts receivable - net (including related parties)	1,285,899	1,651,793
Other accounts receivable	16,027	20,218
Guarantee deposits paid	17,732	11,763
	<u>\$ 7,476,944</u>	<u>\$ 6,027,025</u>

	December 31, 2021	December 31, 2020
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities mandatorily measured at fair value through profit or loss	\$ -	\$ 799
Financial liabilities at amortised cost		
Financial assets at fair value through other comprehensive income		
Short-term borrowings	334,047	230,758
Notes payable	-	1,757
Accounts payable (including related parties)	843,624	717,846
Other accounts payable	765,708	619,042
Long-term borrowings (including current portion)	-	811,515
Guarantee deposits received	2,980	869
	<u>\$ 1,946,359</u>	<u>\$ 2,381,787</u>
Lease liabilities	<u>\$ 218,251</u>	<u>\$ 236,266</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.
- (b) The plans for material treasury activities are reviewed by Board of Directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, Corporate Treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various currency exposures, primarily with respect to the USD and JPY. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward foreign exchange contracts, transacted with Group treasury. The expired dates of these forward foreign exchange contracts are shorter than 6 months and are not accounted for under hedge accounting. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. As the foreign operations are strategic investments, the Company does not hedge for them.
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: TWD; other subsidiaries' functional currency: CNY). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021			Years ended December 31, 2021			
				Sensitivity Analysis			
	Foreign currency amount (in thousands)	Exchange rate	Book value (TWD)	Extent of variation	Effect on profit or loss	Effect on other compre- hensive income	Unrealize d exchange gain
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD : TWD	\$ 38,914	27.63	\$ 1,075,194	1%	\$ 10,752	\$ -	(\$ 3,116)
JPY : TWD	333,627	0.2385	79,570	1%	796	-	(1,091)
CNY : TWD	15,222	4.4319	67,462	1%	675	-	224
USD : CNY (Note)	477	6.3720	13,203	1%	132	-	(229)

Non-monetary items: None.

(Foreign currency:
functional currency)

Financial liabilities

Monetary items

USD : TWD	\$ 20,517	27.73	\$ 568,936	1%	(\$ 5,689)	\$ -	\$ 1,489
JPY : TWD	430,400	0.2425	104,372	1%	(1,044)	-	538
USD : CNY (Note)	738	6.3720	20,428	1%	(204)	-	-

Non-monetary items: None.

Note : If the consolidated entities' functional currency is not TWD, the foreign currency denominated assets and liabilities of the consolidated entities should be disclosed. For example, when the functional currency of a subsidiary is CNY, its USD foreign currency positions should also be disclosed.

	December 31, 2020			Year ended December 31, 2020			
				Sensitivity Analysis			
	Foreign currency amount (in thousands)	Exchange rate	Book value (TWD)	Extent of variation	Effect on profit or loss	Effect on other compre- hensive income	Unrealized exchange gain (loss)
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD : TWD	\$ 47,188	28.43	\$ 1,341,555	1%	\$ 13,416	\$ -	(\$ 33,270)
JPY : TWD	295,326	0.2743	81,008	1%	810	-	(483)
CNY : TWD	25,061	4.3520	109,065	1%	1,091	-	(97)
USD : CNY (Note)	877	6.5091	24,644	1%	246	-	136

Non-monetary items: None.

Financial liabilities

Monetary items

USD : TWD	\$ 32,237	28.53	\$ 919,722	1%	(\$ 9,197)	\$ -	\$ 24,369
JPY : TWD	508,001	0.2783	141,377	1%	(1,414)	-	(265)
USD : CNY (Note)	45	6.5091	1,265	1%	(13)	-	(51)

Non-monetary items: None.

Note : If the consolidated entities' functional currency is not TWD, the foreign currency denominated assets and liabilities of the consolidated entities should be disclosed. For example, when the functional currency of a subsidiary is CNY, its USD foreign currency positions should also be disclosed.

Price risk

- i. The Group's equity securities which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

- ii. The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these domestic funds, equity securities of listed company or unlisted company had increased/decreased by 5%, 20% or 10%, respectively, with all other variables held constant, post-tax profit For the years ended December 31, 2021 and 2020 would have increased/decreased by \$68,437 and \$26,711, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$128,791 and \$86,979 as a result of gains/losses on equity securities classified as at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

- i. The Group's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at floating rates. During the years ended December 31, 2021 and 2020, the Group's borrowings at floating rate were denominated in TWD, USD and JPY.
 - ii. At December 31, 2021 and 2020, if interest rates on borrowings had been 100 basis point higher/lower with all other variables held constant, post-tax profit For the years ended December 31, 2021 and 2020 would have been \$2,628 and \$8,293 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.
- (b) Credit risk
- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors, the utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as operating activities, including outstanding receivables.
 - ii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - iii. The default occurs when the contract payments are past due over 180 days for distributors and 360 days for other customers, respectively.
 - iv. The Group classifies customer's accounts receivable, in accordance with credit risk on trade and customer types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.
 - v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
 - viii. The Group used historical and timely information to assess the default possibility of notes receivable and accounts receivable (including related parties). As of December 31, 2021 and 2020, the loss rate methodology is as follows :

	<u>Individual</u>	<u>Group</u>	<u>Total</u>
<u>At December 31, 2021</u>			
Expected loss rate	-	0.01%~100%	
Total book value	\$ -	\$ 1,299,017	\$ 1,299,017
Loss allowance	\$ -	\$ 8,235	\$ 8,235

	<u>Individual</u>	<u>Group</u>	<u>Total</u>
<u>At December 31, 2020</u>			
Expected loss rate	100%	0.01%~100%	
Total book value	\$ 4,997	\$ 1,663,689	\$ 1,668,686
Loss allowance	\$ 4,997	\$ 3,023	\$ 8,020

- vi. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable and notes receivable was \$1,290,782 and \$1,660,666, respectively.
- vii. Movements in relation to the Group applying the simplified approach to provided loss allowance for accounts receivable are as follows:

	<u>2021</u>	<u>2020</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 8,020	\$ 21,821
Provision for impairment loss	2,198	2,487
Write-offs	(1,983)	(16,288)
At December 31	<u>\$ 8,235</u>	<u>\$ 8,020</u>

- vii. The Group conducts business with banks and financial institutions with sound reputation, and therefore do not expect the financial assets at amortized cost to have credit risk.
- ix. For investments in debt instruments at amortised cost, the credit rating levels are presented below:

	<u>December 31, 2021</u>			
	<u>Lifetime</u>			
	<u>12 months</u>	<u>Significant increase in credit risk</u>	<u>Impairment of credit</u>	<u>Total</u>
Financial assets at amortised cost	\$ 820,785	\$ -	\$ -	\$ 820,785
	<u>December 31, 2020</u>			
	<u>Lifetime</u>			
	<u>12 months</u>	<u>Significant increase in credit risk</u>	<u>Impairment of credit</u>	<u>Total</u>
Financial assets at amortised cost	\$ 22,810	\$ -	\$ -	\$ 22,810

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.
- ii. The table below analyses the Group's non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities.

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
<u>December 31, 2021</u>					
<u>Non-derivative financial liabilities :</u>					
Short-term borrowings	\$ 334,376	\$ -	\$ -	\$ -	\$ -
Accounts payable (including related parties)	843,624	-	-	-	-
Other payables (including related parties)	765,708	-	-	-	-
Lease liabilities	22,847	19,398	18,285	35,639	150,536
		Between	Between	Between	
	Less than	1 and 2	2 and 3	3 and 5	Over 5
	1 year	years	years	years	years
<u>December 31, 2020</u>					
<u>Non-derivative financial liabilities :</u>					
Short-term borrowings	\$ 231,089	\$ -	\$ -	\$ -	\$ -
Notes payable	1,757	-	-	-	-
Accounts payable (including related parties)	717,846	-	-	-	-
Other payables (including related parties)	619,042	-	-	-	-
Lease liabilities	23,642	22,305	18,933	35,782	168,130
Long-term borrowings (including current portion)	74,285	751,637	-	-	-
<u>Derivative financial liabilities :</u>					
Forward exchange contracts	\$ 799	\$ -	\$ -	\$ -	\$ -

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(10).

C. The carrying amounts of cash and cash equivalent, notes receivable, accounts receivable, other receivables, long-term and short-term borrowings, notes payable, accounts payable, other payables and lease liabilities are approximate to their fair value.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2021 and 2020 is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Domestic funds	\$ 571,389	\$ -	\$ -	\$ 571,389
Equity securities	143,072	-	112,528	255,600
Financial assets at fair value through other comprehensive income				
Equity securities	250,693	-	786,525	1,037,218
Total	\$ 965,154	\$ -	\$ 899,053	\$ 1,864,207

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Domestic funds	\$ 320,248	\$ -	\$ -	\$ 320,248
Equity securities	-	-	106,990	106,990
Forward exchange contract	-	171	-	171
Financial assets at fair value through other comprehensive income				
Equity securities	<u>85,789</u>	<u>-</u>	<u>698,209</u>	<u>783,998</u>
Total	<u>\$ 406,037</u>	<u>\$ 171</u>	<u>\$ 805,199</u>	<u>\$ 1,211,407</u>
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contract	<u>\$ -</u>	<u>\$ 799</u>	<u>\$ -</u>	<u>\$ 799</u>

E. The methods and assumptions the Group used to measure fair value are as follows:

- (a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are composed of: listed shares using closing price and open-end fund using net asset value at balance sheet date.
- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.
- (c) When assessing non-standard and low-complexity financial instruments, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market. Forward exchange contracts are usually valued based on the current forward exchange rate.
- (d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

F. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

G. The following chart is the movement of Level 3 financial instruments of equity securities For the years ended December 31, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
At January 1	\$ 805,199	\$ 951,466
Sold in the period	-	(3,600)
Losses recognised in income	5,538	137
Losses recognised in other comprehensive income	<u>88,316</u>	<u>(142,804)</u>
At December 31	<u>\$ 899,053</u>	<u>\$ 805,199</u>

H. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

I. Financial segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and reviewing periodically.

J. 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 September 30, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 786,525	Market comparable companies	Price to earnings ratio multiple	3.05	The higher the multiple, the higher the fair value.
			Price to earnings ratio multiple	11.72~18.9	The higher the multiple, the higher the fair value.
			Enterprise value multiple	13.22~15.71	The higher the multiple, the higher the fair value.
			Discount for lack of volatility	30%~35%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	112,528	Net asset value	Discount for lack of volatility	19.25%	The higher the discount for lack of marketability, the lower the fair value.
Non-derivative equity:					
	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Unlisted shares	\$ 698,209	Market comparable companies	Price to earnings ratio multiple	1.22	The higher the multiple, the higher the fair value.
			Price to earnings ratio multiple	18.63~22.76	The higher the multiple, the higher the fair value.
			Enterprise value multiple	14.01~16.60	The higher the multiple, the higher the fair value.
			Discount for lack of volatility	30%~35%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	106,990	Net asset value	Discount for lack of volatility	19.25%	The higher the discount for lack of marketability, the lower the fair value.

K. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in difference measurements. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2021				
		Recognised in profit or loss		Recognised in other comprehensive income		
		Favourable change	Unfavourable change	Favourable change	Unfavourable change	
	Input	Change				
Financial assets						
Equity instrument	Discount of lack of volatility	±5%	\$ 1,341	(\$ 1,341)	\$ 18,180	(\$ 18,180)
			December 31, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instrument	Discount of lack of volatility	±5%	\$ 1,275	(\$ 1,275)	\$ 15,582	(\$ 15,582)

(4) Impact of the COVID-19 pandemic to the Group's operation in 2021

With the ever-changing situation of the global pandemic, the global supply chains were impacted at different levels by the preventive measures against the pandemic and the stress on shipping. Moreover, the prices of raw materials have risen due to the strong demand to replenish inventories. The Group will continue to follow up the situation and timely adjust the countermeasures.

13. **SUPPLEMENTARY DISCLOSURES**

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Please refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 5.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

(4) Information on major shareholders

Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

The Group identifies the entity's operating segments based on the decision of the Chief Operating Decision-Maker and in accordance with IFRS 8 "Operating Segments".

For the years ended December 31, 2021 and 2020, operating segments required to be disclosed are categorized as LED and Silicon Sensor Chips Group, Displays and Lighting Group, Packaging Business Group, and Other Segments.

(2) Measurement of segment information

The Group's segment is measured by Board of Directors with operating profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segments.

The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4.

(3) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Year ended December 31, 2021				
	LED and Silicon Sensor Chips Group	Displays and Lighting Group	Packaging Business Group	Other segments	Total
Revenue from external customers	\$ 5,049,639	\$ 787,247	\$ 306,357	\$ -	\$ 6,143,243
Segment income (loss)	\$ 1,055,148	(\$ 109,426)	\$ 9,910	\$ 57,047	\$ 1,012,679

	Year ended December 31, 2020				
	LED and Silicon Sensor Chips Group	Displays and Lighting Group	Packaging Business Group	Other segments	Total
Revenue from external customers	\$ 4,446,496	\$ 854,651	\$ 262,415	\$ 26,484	\$ 5,590,046
Segment income (loss)	\$ 771,825	(\$ 77,376)	\$ 5,107	(\$ 79,800)	\$ 619,756

(4) Reconciliation for segment income (loss)

A. The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

B. A reconciliation of reportable segment income or loss to the income (loss) before tax from continuing operations is measured in a manner consistent with that in the statement of comprehensive income.

(5) Information on products and services

External revenue mainly comes from sales of semiconductor, system and packaging products.

Summary of balance of revenue is as follows:

	Years ended December 31,	
	2021	2020
LED	\$ 1,491,158	\$ 1,486,955
Silicon sensor	3,556,474	2,979,337
System product revenues	777,912	845,023
Packaging product revenues	306,357	207,698
Others	11,342	71,033
	<u>\$ 6,143,243</u>	<u>\$ 5,590,046</u>

(6) Geographical information

Geographic information for the years ended December 31, 2021 and 2020 is as follows:

	Years ended December 31,			
	2021		2020	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 1,781,034	\$ 2,797,002	\$ 1,591,111	\$ 2,846,182
Mainland China	1,994,784	131,677	2,039,152	139,976
Other countries	2,367,425	-	1,959,783	-
	<u>\$ 6,143,243</u>	<u>\$ 2,928,679</u>	<u>\$ 5,590,046</u>	<u>\$ 2,986,158</u>

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2021 and 2020 is as follows:

	Years ended December 31,	
	2021	2020
Customer A	<u>\$ 1,105,200</u>	<u>\$ 961,963</u>

Opto Tech Corporation and subsidiaries
Provision of endorsements and guarantees to others
Year ended December 31, 2021

Table 1

Expressed in thousands of TWD

Number (Note 1)	Endorser/ guarantor	Company name	Party being endorsed/guaranteed Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021	Outstanding endorsement/ guarantee amount at December 31, 2021	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Remark
0	Opto Tech Corp.	Opto Plus Technology Co.,Ltd.	3	\$ 1,938,777	\$ 100,048	\$ 97,055	\$ 89,190	\$ -	1.00%	\$ 4,846,942	Y	N	Y	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1)The Company is "0".
- (2)The subsidiaries are numbered in order starting from "1".

Note 2: Relationship with the endorser/guarantor is classified into the following categories:

- (1) Having business relationship.
- (2) The Company owns more than 50% voting shares of the endorsed/guaranteed company.
- (3) The Company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
- (4) The endorsed/guaranteed company directly or indirectly owns more than 50% voting shares of the endorser/guarantor.
- (5) Mutual guarantees in the same trade due to construction undertaking pursuant to the contracts.
- (6) Due to joint venture, each shareholder provides guarantees for the company in proportion to its ownership.

Note 3: The calculation and amount of ceiling on providing endorsement / guarantee to others shall be disclosed. If there was contingent loss recognized in the financial statements, the recognized amount shall be disclosed Under the Company's "Procedures for Provision of Endor", 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:

- (1) \$9,693,884 thousand dollars × 20% = \$1,938,777 thousand dollars.
- (2) \$9,693,884 thousand dollars × 50% = \$4,846,942 thousand dollars.

Opto Tech Corporation and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2021

Table 2

Expressed in thousands of TWD

Securities held by	Type of marketable securities	Name of marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019				
					Number of shares	Book value	Ownership (%)	Fair value	Remark
Opto Tech Corp.	Stock	AXT, Inc.	None.	Financial assets at fair value through profit or loss	124,100	\$ -	- \$	-	Note
"	"	Nichia Corp.	This company is the parent company of Nichia Taiwan Corp.	Financial assets at fair value through other comprehensive income	10,000	545,143	0.45	545,143	None
"	"	Viking Tech Corporation.	None.	"	2,873,994	235,668	2.45	235,668	None
"	"	Lu Zhu Development Co., Ltd.	None.	Financial assets at fair value through profit or loss	13,808,725	112,528	6.38	112,528	None
"	"	Giga Epitaxy Technology Corp.	None.	Financial assets at fair value through other comprehensive income	4,950,491	18,798	15.00	18,798	None
"	"	Shin-Etsu Opto Electronic Co., Ltd.	None.	"	2,000,000	222,584	10.00	222,584	None
"	"	Fubon Financial Holding Co., Ltd.	None.	"	250,000	15,025	0.00	15,025	None
"	"	Top Increasing Technology Co., Ltd.	None.	Financial assets at fair value through profit or loss	10,000,000	-	16.67	-	None
Ho Chung Investment Co., Ltd.	"	Opto Tech Corp.	Parent company	"	754,543	53,648	0.17	53,648	None
River Asset Co., Ltd.	"	United Microelectronics Corp.	None.	"	4,208,000	143,072	1.06	143,072	None
Opto Tech Corp.	Fund	Jih Sun Money Market fund	None.	"	5,391,133	80,797	None	80,797	None
"	"	Taishin 1699 Money Market fund	None.	"	4,477,862	61,251	None	61,251	None
"	"	TCB Taiwan Money Market fund	None.	"	4,885,150	50,098	None	50,098	None
"	"	FSITC Taiwan Money Market fund	None.	"	5,965,267	92,290	None	92,290	None
"	"	Franklin Templeton Sinoam Money Market fund	None.	"	9,247,290	96,668	None	96,668	None
"	"	Capital Money Market fund	None.	"	5,837,819	95,140	None	95,140	None
"	"	Union Money Market	None.	"	7,134,275	95,145	None	95,145	None

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

Opto Tech Corporation and subsidiaries

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2021

Table 3

Expressed in thousands

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
Opto Tech Corp.	Nichia Corp.	This company is the Company's parent company of enterprise group accounted for using equity method.	sales	(\$ 324,800)	(5.54%)	45days	Equivalent to general transaction	-	\$ 15,015	1.19%

Opto Tech Corporation and subsidiaries
 Significant inter-company transactions during the reporting period
 Year ended December 31, 2021

Table 4

Expressed in thousands of TWD

Number	Company name	Counterparty	Relationship	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	Opto Tech Corp.	Opto Plus Technology Co., Ltd. (Opto Plus)	1	Sales	\$ 11,085	Note 4	0.18%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is "0".

(2)The subsidiaries are numbered in order starting from "1".

Note 2: Relationship between transaction company and counterparty is classified into the following six categories:

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The unit sales prices are equivalent to third parties. The credit term was 30~85 days for the related parties.

Note 5: The disclosure standard requires above \$10,000 thousand for the transaction amount. Only assets and revenue are disclosed, related transactions are not disclosed.

Opto Tech Corporation and subsidiaries
Information on investees
Year ended December 31, 2021

Table 5

Expressed in thousands of TWD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net income (loss) of the investee	Investment income (loss) recognized by investor	Remark
				Balance as of December 31, 2021	Balance as of December 31, 2020	Number of shares	Ownership (%)	Book value			
Opto Tech Corp.	Ho Chung Investment Co., Ltd.	Taiwan	Investment business	\$ 258,348	\$ 258,348	1,298,800	100.00	\$ 21,286	\$ 31,198	(\$ 2,751)	Subsidiary of the Company
Opto Tech Corp.	CS Bright Corporation	Taiwan	Manufacture and Sales of Displays, SMD Lamps and other LED related products	50,170	50,170	4,993,562	99.87	149,578	67,549	1,883	Subsidiary of the Company · Note
Opto Tech Corp.	Bright Investment International	B.V. I.	Investment business	171,332	-	5,100,000	100.00	54,368	11,260	6,803	Subsidiary of the Company
Opto Tech Corp.	Everyung Investment Ltd.	Samoa	Investment business	42,343	42,343	5,000,000	50.00	53,494	22,533	11,267	Subsidiary of the Company
Opto Tech Corp.	River Asset Co., Ltd.	Taiwan	Investment business	400,000	29,800	40,000,000	100.00	427,155	27,193	27,193	Subsidiary of the Company
Opto Tech Corp.	Opto System Technologies Inc.	Taiwan	Manufacture and sales of lighting equipment	1,000	-	100,000	100.00	1,000	-	-	Subsidiary of the Company
Opto Tech Corp.	NEW SMART TECHNOLOGY CO., LTD.	Taiwan	Automatic control equipment engineering business	14,000	-	1,000,000	5.00	13,129	(11,021)	(870)	Investment accounted for using equity method
Ho Chung Investment Co., Ltd.	VML TECHNOLOGIES B.V.	Netherlands	Manufacture and Design of system products	-	37,436	-	-	-	(555)	(139)	Investment accounted for using equity method
River Asset Co., Ltd.	NEW SMART TECHNOLOGY CO., LTD.	Taiwan	Automatic control equipment engineering business	56,000	-	4,000,000	20	52,517	(11,021)	(3,480)	Investment accounted for using equity method
CS Bright Corporation	Bright Investment International Ltd.	B.V. I.	Investment business	-	171,332	-	-	-	11,260	4,457	Indirect subsidiary
Bright Investment International Ltd.	Everyung Investment Ltd.	Samoa	Investment business	168,421	168,421	5,000,000	50.00	53,935	22,533	11,267	Indirect subsidiary

Note : The Board of Directors of the Company resolved to process liquidation through the company on September 10, 2020, the liquidation was still in process.

Opto Tech Corporation and subsidiaries
Information on investments in Mainland China
Year ended December 31, 2021

Table 6

Expressed in thousands of TWD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance to Mainland China as of January 1, 2021	Amount remitted to Mainland China during the year	Amount remitted back to Taiwan during the year	Accumulated amount of remittance to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Remark
Opto Plus Technology Co., Ltd.	Manufacture and Sales of LED and Electronic products	\$ 317,341	(2)	\$ 317,341	\$ -	\$ -	\$ 317,341	\$ 22,533	100	\$ 22,533	\$ 107,870	\$ -	-

Note 1: The investment methods are classified into three categories as follows:

(1) Directly investing in the investee company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee company in Mainland China. (Everyung Investment Ltd. Invests Opto plus Technology Co., Ltd.)

(3) Others.

Note 2: The investment income or loss was recognised by indirect weighted ownership based on the financial statements of these investees which were audited by the independent auditors of the parent company for the corresponding periods.

Investments in Mainland China for the year ended December 31, 2021:

Name of company	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Opto Tech Corp.	\$ 317,341	\$ 317,849	\$ 5,816,330

Opto Tech Corporation and subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2021

Table 7

Expressed in thousands of TWD

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing					
	Amount	%	Amount	%	Balance at December 31, 2021		Balance at December 31, 2021		Maximum balance during the year ended December 31, 2021	Balance at December 31, 2021	Interest rate	Interest during the year ended December 31, 2021		Others
						%		Purpose						
Opto Plus Technology Co., Ltd.	\$ 11,085	0.18	\$ -	-	\$ 4,047	0.31%	\$ 97,055	Guarantee of bank line of credit	\$ -	\$ -	-	\$ -	-	None

Opto Tech Corporation and subsidiaries

Major shareholders information

December 31, 2021

Table 8

Name of major shareholders	Name of shares held	Shares	Ownership (%)
Nichia Taiwan Corp.		88,811,822	20.24%

Description: If company applies to Taiwan Depository & Clearing Corporation for the information of the table, the followings can be explained in the notes of the table.

(a) The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis or the differences.

(b) If the aforementioned data contains shares which were kept at the trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee.

As for the shareholder who reports share equity as an insider whose shareholding ratio greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Opto Tech Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Opto Tech Corporation (the "Company") as at December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as at December 31, 2021 and 2020, and its parent company only financial performance and its parent company only 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the the Norm of Professional Ethics for Certified Public Accountants 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 judgement, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the parent company only financial statements of the current period are stated as follows:

Key audit matter- Allowance for inventory valuation losses

Description

Please refer to Note 4(11) for accounting policies on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty on inventory valuation, and Note 6(6) for details of allowance for inventory valuation losses. As of December 31, 2021, the balances of inventories and allowance for inventory valuation losses were NT\$ 1,273,340 thousand and NT\$ 58,295 thousand, respectively.

As the value of the Company's inventories are affected by market prices and product life cycles, there is a higher risk of obsolescence. For inventories aged over a certain period of time and individually identified as obsolete, the net realisable value is estimated based on historical data of inventory closeout. The net realisable value utilised in evaluating obsolete inventories involves uncertainty of estimation as it is subject to management's judgement. Since inventories and allowance for inventory valuation losses were material to the parent company only financial statements, it was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

Assessed the reasonableness of policies and procedures in the provision of allowance for inventory valuation losses and the reasonableness in the identification of obsolete inventories; validated the appropriateness of system logic of inventory aging report in order to confirm the compliance with respective policies; and assessed the reasonableness of the Company's determination of the provision of allowance for inventory valuation losses through obtaining assessment documents and supporting evidences in relation to individually identified obsolete or damaged inventories from management.

Key audit matter- Estimation of fair values of unlisted securities without active market

Description

Please refer to Note 4(6)(7) for accounting policies on financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income or loss, Note 5(2) for accounting estimates and assumption uncertainty on estimation of financial assets-fair value measurement of unlisted stocks without active market, and Note 6(2) (4),12(3) for details of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income or loss. As of December 31, 2021, the carrying amount of unlisted securities without active market was NT\$899,053 thousand.

For unlisted securities without active market held by the Company, management assesses their fair values through market approach or asset-based approach and takes into account the discount for liquidity. Since the valuation method is subject to management's judgement and involves uncertainty, which would affect fair value, it was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

Assessed the reasonableness of valuation method and parameters referred to in the appraisal report by the independent appraiser who was engaged by the management, including the net asset values measured at fair value, comparability and market liquidity of comparable companies; assessed the reasonableness of price multipliers and discounts for liquidity in the market.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards in 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 parent company only financial statements.

As part of an audit in accordance with the generally accepted auditing standards in 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 parent company only 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only 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 parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Chiang, Tsai-Yen

Lai, Chung-Hsi

For and on behalf of PricewaterhouseCoopers, Taiwan
February 23, 2022

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

OPTO TECH CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020	
		AMOUNT	%	AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	\$ 3,017,141	25	\$ 2,857,629	27
Financial assets at fair value through profit or loss - current	6(2)	571,389	4	320,419	3
Current financial assets at amortised cost, net	6(3)	820,785	7	22,810	-
Notes receivable, net	6(5)	4,883	-	8,873	-
Accounts receivable, net	6(5)	1,236,081	10	1,602,380	16
Accounts receivable - related parties- net	6(5) and 7	19,062	-	21,009	-
Other receivables		15,739	-	19,689	-
Inventories - net	6(6)	1,215,045	10	1,126,850	11
Prepayments		98,558	1	64,449	1
Other current assets		1,428	-	817	-
Current Assets		<u>7,000,111</u>	<u>57</u>	<u>6,044,925</u>	<u>58</u>
Non-current assets					
Financial assets at fair value through profit or loss - non-current	6(2)	112,528	1	106,990	1
Financial assets at fair value through other comprehensive income or loss - non-current	6(4)	1,037,218	9	783,998	8
Investments accounted for using the equity method	6(7)	720,010	6	246,899	2
Property, plant and equipment	6(8)	2,537,066	21	2,568,311	25
Right-of-use assets	6(9)	213,270	2	232,876	2
Investment property, net	6(10)	399,307	3	399,307	4
Intangible assets	6(11)	14,040	-	14,046	-
Deferred tax assets	6(29)	46,348	-	48,487	-
Other non-current assets	7	104,776	1	34,929	-
Total non-current assets		<u>5,184,563</u>	<u>43</u>	<u>4,435,843</u>	<u>42</u>
Total assets		<u>\$ 12,184,674</u>	<u>100</u>	<u>\$ 10,480,768</u>	<u>100</u>

(Continued)

OPTO TECH CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2021		December 31, 2020	
		AMOUNT	%	AMOUNT	%
Current liabilities					
Short-term loans	6(12)	\$ 245,367	2	\$ 139,923	1
Financial liabilities at fair value through profit or loss - current	6(2)	-	-	799	-
Accounts payable		741,958	6	627,516	6
Accounts payable - related parties	7	61,224	-	56,030	1
Other payables	6(13) and 7	749,651	6	597,572	6
Current income tax liabilities		182,792	2	25,969	-
Provisions for liabilities - current	6(17)	6,831	-	4,033	-
Current lease liabilities	7	19,103	-	19,560	-
Long-term liabilities, current portion	6(14)	-	-	62,960	1
Other current liabilities	6(22) and 7	82,758	1	42,194	-
Current Liabilities		<u>2,089,684</u>	<u>17</u>	<u>1,576,556</u>	<u>15</u>
Non-current liabilities					
Long-term loans	6(14)	-	-	748,555	7
Provisions for liabilities - non - current	6(17)	19,068	-	18,808	-
Deferred tax liabilities	6(29)	33,178	-	42,962	1
Non-current lease liabilities	7	199,148	2	216,706	2
Other non-current liabilities	6(15)	149,712	1	187,492	2
Total non-current liabilities		<u>401,106</u>	<u>3</u>	<u>1,214,523</u>	<u>12</u>
Total Liabilities		<u>2,490,790</u>	<u>20</u>	<u>2,791,079</u>	<u>27</u>
Equity					
Capital	6(18)				
Common stock		4,386,228	36	3,786,228	36
Capital reserve	6(19)				
Capital surplus		1,489,822	12	703,108	7
Retained earnings	6(20)				
Legal reserve		786,944	6	729,360	7
Special reserve		2,423	-	3,743	-
Unappropriated earnings		2,645,077	22	2,361,920	22
Other equity adjustments	6(21)				
Other equity interest		438,344	4	187,351	2
Treasury stocks	6(18)				
Treasury stocks		(54,954)	-	(82,021)	(1)
Total equity		<u>9,693,884</u>	<u>80</u>	<u>7,689,689</u>	<u>73</u>
Significant contingent liabilities and unrecognised contract commitments	9				
Significant events after the balance sheet date	11				
Total liabilities and equity		<u>\$ 12,184,674</u>	<u>100</u>	<u>\$ 10,480,768</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

OPTO TECH CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
Operating revenue	6(22) and 7	\$ 5,847,971	100	\$ 5,337,870	100
Operating costs	6(6)(16)(27) (28) and 7	(3,954,955)	(68)	(3,765,252)	(70)
Gross profit, net		<u>1,893,016</u>	<u>32</u>	<u>1,572,618</u>	<u>30</u>
Unrealized profit from sales		(441)	-	(97)	-
Realized profit from sales		<u>98</u>	-	<u>108</u>	-
Net operating margin		<u>1,892,673</u>	<u>32</u>	<u>1,572,629</u>	<u>30</u>
Operating expenses	6(27)(28)				
Selling expenses		(106,456)	(2)	(112,675)	(2)
General and administrative expenses		(667,120)	(11)	(441,594)	(9)
Research and development expenses		(124,393)	(2)	(326,037)	(6)
Expected credit loss on financial assets		(2,198)	-	(2,408)	-
Total operating expenses		<u>(900,167)</u>	<u>(15)</u>	<u>(882,714)</u>	<u>(17)</u>
Operating income		<u>992,506</u>	<u>17</u>	<u>689,915</u>	<u>13</u>
Non-operating income and expenses					
Interest income	6(23)	8,083	-	10,754	-
Other income	6(24)	46,973	1	38,699	1
Other gains and losses	6(25)	(70,323)	(1)	(96,230)	(2)
Finance costs	6(26)	(12,675)	-	(22,699)	-
Share of profit (loss) of associates and joint ventures accounted for using equity method	6(7)	<u>43,525</u>	-	<u>(6,035)</u>	-
Total non-operating revenue and expenses		<u>15,583</u>	-	<u>(75,511)</u>	<u>(1)</u>
Profit before losses tax		<u>1,008,089</u>	<u>17</u>	<u>614,404</u>	<u>12</u>
Income tax expense	6(29)	(178,718)	(3)	(39,271)	(1)
Net income		<u>\$ 829,371</u>	<u>14</u>	<u>\$ 575,133</u>	<u>11</u>
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss					
Gains (losses) on remeasurements of defined benefit plans	6(15)	31,220	1	656	-
Unrealised gains (losses) on valuation of financial assets at fair value through other comprehensive (loss) income	6(4)(21)	<u>238,220</u>	<u>4</u>	<u>(137,595)</u>	<u>(3)</u>
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	<u>1,779</u>	-	<u>40,217</u>	<u>1</u>
Total other comprehensive (loss) income that will not be reclassified to profit or loss, net of tax		<u>271,219</u>	<u>5</u>	<u>(96,722)</u>	<u>(2)</u>
Items that will be reclassified to profit or loss					
Currency translation differences of foreign operations	6(21)	4,756	-	5,091	-
Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method		<u>(340)</u>	-	<u>218</u>	-
Total other comprehensive (loss) income that will be reclassified to profit or loss, net of tax		<u>4,416</u>	-	<u>5,309</u>	-
Total other comprehensive (loss) income that will be reclassified to profit or loss, net of tax		<u>\$ 275,635</u>	<u>5</u>	<u>(\$ 91,413)</u>	<u>(2)</u>
Total comprehensive income for the year		<u>\$ 1,105,006</u>	<u>19</u>	<u>\$ 483,720</u>	<u>9</u>
Earnings per share					
Profit for the year	6(30)	<u>\$</u>	<u>2.11</u>	<u>\$</u>	<u>1.52</u>
Diluted earnings per share					
Profit for the year	6(30)	<u>\$</u>	<u>2.09</u>	<u>\$</u>	<u>1.49</u>

The accompanying notes are an integral part of these parent company only financial statements.

OPTO TECH CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars)

	Notes	Retained Earnings					Other equity interest		Treasury stocks	Total
		Common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Financial statements translation differences of foreign operations	Unrealised gain or loss on financial assets at fair value through other comprehensive income		
2020										
Balance at January 1, 2020		\$3,786,228	\$ 702,965	\$ 669,312	\$ 8,392	\$1,841,481	(\$ 9,372)	\$ 288,841	(\$ 23,172)	\$7,264,675
Net income for the year		-	-	-	-	575,133	-	-	-	575,133
Other comprehensive income (loss) for the year	6(4)(15)(21)	-	-	-	-	525	5,309	(97,247)	-	(91,413)
Total comprehensive income		-	-	-	-	575,658	5,309	(97,247)	-	483,720
Distribution of 2019 earnings:	6(20)									
Legal reverse		-	-	60,048	-	(60,048)	-	-	-	-
Special reverse		-	-	-	(4,649)	4,649	-	-	-	-
Liquidation of the subsidiary	6(7)(19)	-	143	-	-	-	-	-	-	143
Disposal of financial assets at fair value through other comprehensive income	6(4)	-	-	-	-	180	-	(180)	-	-
Stock repurchased	6(18)	-	-	-	-	-	-	-	(58,849)	(58,849)
Balance at December 31, 2020		\$3,786,228	\$ 703,108	\$ 729,360	\$ 3,743	\$2,361,920	(\$ 4,063)	\$ 191,414	(\$ 82,021)	\$7,689,689
2021										
Balance at January 1, 2021		\$3,786,228	\$ 703,108	\$ 729,360	\$ 3,743	\$2,361,920	(\$ 4,063)	\$ 191,414	(\$ 82,021)	\$7,689,689
Net income for the year		-	-	-	-	829,371	-	-	-	829,371
Other comprehensive income for the year	6(4)(15)(21)	-	-	-	-	24,977	4,416	246,242	-	275,635
Total comprehensive income		-	-	-	-	854,348	4,416	246,242	-	1,105,006
Distribution of 2020 earnings:	6(20)									
Legal reverse		-	-	57,584	-	(57,584)	-	-	-	-
Special reverse		-	-	-	(1,320)	1,320	-	-	-	-
Cash dividends		-	-	-	-	(514,927)	-	-	-	(514,927)
Proceeds from issuance of shares	6(18)	600,000	775,800	-	-	-	-	-	-	1,375,800
Stock repurchased	6(18)	-	-	-	-	-	-	-	(162,408)	(162,408)
Treasury shares transferred to employees	6(18)(19)	-	13,968	-	-	-	-	-	189,475	203,443
Proceeds from disposal of investment accounted for using equity method of the subsidiary	6(21)	-	-	-	-	-	335	-	-	335
Other changes in capital surplus:	6(19)									
Changes in long-term investment		-	(4,105)	-	-	-	-	-	-	(4,105)
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries		-	1,051	-	-	-	-	-	-	1,051
Balance at December 31, 2021		\$4,386,228	\$1,489,822	\$ 786,944	\$ 2,423	\$2,645,077	\$ 688	\$ 437,656	(\$ 54,954)	\$9,693,884

The accompanying notes are an integral part of these parent company only financial statements.

OPTO TECH CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,008,089	\$ 614,404
Adjustments			
Adjustments to reconcile profit (loss)			
Realised sales profit		(98)	(108)
Unrealised sales profit		441	97
Depreciation	6(8)(9)(27)	436,030	439,082
Amortization	6(11)(27)	17,850	14,547
Expected credit losses on financial assets	12(2)	2,198	2,408
Net profit on financial assets and liabilities at fair value through profit or loss	6(2)(25)	(7,307)	(473)
Interest income	6(23)	(8,083)	(10,754)
Dividend income	6(24)	(13,643)	(14,454)
Loss on disposal of investments	6(25)	-	5,443
Interest expense	6(26)	11,429	21,649
Share of (profit) loss of subsidiary, associates accounted for using equity method	6(7)	(43,525)	6,035
Loss on disposal of property, plant and equipment	6(8)(25)	164	30,826
Impairment loss on non-financial assets	6(25)	77,577	35,585
Share-based payments	6(16)	105,473	-
Changes in operating assets and liabilities			
Changes in operating assets			
Acquisition of financial assets at fair value through profit or loss		(250,000)	(150,000)
Notes receivable - net		3,990	4,178
Accounts receivable - net		364,101	(221,732)
Accounts receivable - related parties - net		1,947	13,634
Other receivables		3,316	(1,599)
Inventories - net		(88,195)	85,807
Prepayments		(34,109)	(21,273)
Other current assets		(611)	2,419
Other non-current assets		3,370	7,247
Changes in operating liabilities			
Accounts payable		114,442	9,760
Accounts payable - related parties		5,194	(24,012)
Other payables		153,451	67,774
Provisions for liabilities		3,058	(639)
Other current liabilities		40,564	9,046
Net defined benefit liability		(8,757)	(12,475)
Cash inflow generated from operations		1,898,356	912,422
Interest received		8,717	11,375
Dividends received		13,643	26,781
Interest paid		(12,801)	(23,016)
Income tax paid		(27,761)	(78,176)
Net cash flows from operating activities		1,880,154	849,386

(Continued)

OPTO TECH CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of current financial assets at amortised cost		(\$ 797,975)	\$ -
Acquisition of financial assets at fair value through other comprehensive income		(15,000)	-
Acquisition of property, plant and equipment	6(8)(31)	(529,492)	(296,520)
Proceeds from disposal of property, plant and equipment		82	-
(Increase)decrease in deposits-out		(5,010)	4,507
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(4)	-	3,780
Acquisition of investments accounted for using equity method	6(7)	(428,232)	(29,800)
Acquisition of investment property	6(10)	-	(399,307)
Acquisition of intangible assets	6(11)	(17,844)	(14,635)
Subsidiary reduced capital and returned share monies	6(7)	-	24,868
Net cash flows used in investing activities		(1,793,471)	(707,107)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(32)	953,356	669,167
Decrease in short-term loans	6(32)	(847,912)	(685,411)
Decrease in long-terms loans	6(32)	(811,515)	(2,989)
Decrease in lease principal	6(32)	(19,732)	(19,761)
Increase (decrease) in guarantee deposits	6(32)	2,197	(675)
Payment of cash dividends	6(20)	(514,927)	-
Proceeds from issuance of shares	6(18)	1,375,800	-
Stock repurchased	6(18)	(162,408)	(58,849)
Treasury shares transferred to employees	6(16)	97,970	-
Net cash flows from (used in) financing activities		72,829	(98,518)
Net increase in cash and cash equivalents		159,512	43,761
Cash and cash equivalents at beginning of year		2,857,629	2,813,868
Cash and cash equivalents at end of year		\$ 3,017,141	\$ 2,857,629

The accompanying notes are an integral part of these parent company only financial statements.

OPTO TECH CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Opto Tech Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The shares of the Company have been traded on the Taiwan Stock Exchange since May 2, 1995. The Company is primarily engaged in the manufacture and sales of semiconductor components as well as research and development, design, manufacture and sales of systems products.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorised for issuance by the Board of Directors on February 23, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021(Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment:proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The accompanying parent company only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basic of preparation

A. Except for the following items, the accompanying parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on present value of defined benefit obligation less the net amount of pension fund assets.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For accounts receivable or contract assets that do not contain a significant financing component, at each reporting date, the Company recognises the impairment provision for lifetime expected credit losses (ECLs).

(10) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item-by-item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method / associates

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies and the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company recognise loss continuously in proportion to its ownership.
- D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- E. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- F. When changes in an associate's equity do not arise from profit or loss or other comprehensive income and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests of the associate in 'capital surplus' in proportion to its ownership.
- G. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- H. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- I. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

- J. When the Company disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- L. Pursuant to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners’ equity in the non-consolidated financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	10 ~ 50 years
Machinery and equipment	3 ~ 10 years
Utility equipment	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) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over

the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(15) Investment property

Investment property is stated initially at its cost which includes purchase price and any direct expenses. Directly attributable expenses include legal service expense, tax on the transfer of properties and other transaction costs and subsequently measured using the cost model.

(16) Intangible assets

Intangible assets, mainly computer software, is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 10 years.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(19) 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.

(20) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges, or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair

value through profit or loss at initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

C. If the credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognised in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognising in profit or loss for loan commitments or financial guarantee contracts.

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(23) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(24) Provisions

Provisions, mainly warranties, are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit

method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(26) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and nonmarket vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date.

Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(27) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet

date, unrecognised and recognised deferred tax assets are reassessed.

- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology and research and development expenditures to the extent that it is possible future taxable profit will be available against which the unused tax credit can be utilised.

(28) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(29) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(30) Revenue recognition

A. Sales of goods

- (a) The Company is primarily engaged in the manufacture and sales of semiconductor components. Sales are recognised when control of the products has transferred, being when the products are delivered to the client, the client has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the client, and either the client has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. As the time interval between the transfer of committed goods and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- (b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Sales and installation of systems products

- (a) Contracts include sales and installation services of systems products. The system products and the installation services provided by the Company are mostly not distinct and are identified to be one performance obligation since the installation services involve significant customisation and modification. Some contracts are accounted for as a separate performance obligation, and the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. The Company recognises revenue when the performance obligation is satisfied.
- (b) The Company provides standard warranties on system products sold. Warranties are estimated based on historical warranty data of system products, and recognised when the amount can be reliably estimated.

(31) Reorganisation

Reorganisation under common control is recognised using book value approach.

5. **CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY**

The preparation of these financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Allowance for inventory valuation losses

As the value of the Company's inventories are effected by market prices and product life cycles, there is a higher risk of obsolescence. For inventories aged over a certain period of time and individually identified as obsolete, the net realisable value is estimated based on historical data of inventory closeout. The net realisable value utilised in evaluating obsolete inventories involves uncertainty of estimation as it is subject to management's judgement. Inventories and allowance for inventory valuation losses were material to the financial statements.

As of December 31, 2021, the carrying amount of inventories was \$1,215,045.

B. Financial assets - fair value measurement of unlisted stocks without active market

For unlisted securities without active market held by the Company, management assesses their fair values through market approach and takes into account the discount for liquidity. The valuation method is subject to management's judgement and involves uncertainty, which would effect fair value. Please refer to Note 12(3).

As of December 31, 2021, the carrying amount of unlisted stocks without active market was \$899,053.

6. **DETAILS OF SIGNIFICANT ACCOUNTS**

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand	\$ -	\$ 1
Checking demand deposits	698,182	451,422
Time deposits	1,955,959	2,048,206
Cash equivalents - Resale bonds	<u>363,000</u>	<u>358,000</u>
Total	<u>\$ 3,017,141</u>	<u>\$ 2,857,629</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Cash and cash equivalents amounting to \$22,810 were pledged to others as collateral for the leases for land and dormitory as of December 31, 2021 and 2020 and were classified as other financial assets. Please refer to Notes 6(3) and 8 for the details.

(2) Financial assets and liabilities at fair value through profit or loss

Items	December 31, 2021	December 31, 2020
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Funds	\$ 565,000	\$ 315,000
Valuation adjustment		
Funds	6,389	5,248
Forward exchange contracts	-	171
Total	\$ 571,389	\$ 320,419
Financial assets mandatorily measured at fair value through profit and loss unlisted stocks		
Forward exchange	\$ -	(\$ 799)
Non-current items:		
Financial assets mandatorily measured at fair value through profit and loss		
Unlisted stocks	\$ 127,048	\$ 127,048
Valuation adjustment	(14,520)	(20,058)
Total	\$ 112,528	\$ 106,990

- A. The Company recognised net gain of \$7,307 and \$473 on financial assets measured at fair value through profit or loss for the years ended December 31, 2021 and 2020, respectively.
- B. The non-hedging derivative instrument transactions and contract information are as follows:
December 31, 2021: None.

Derivative Instruments	December 31, 2020	
	Contract Amount (Nominal Principal)	Contract period
Assets - Current items:		
Forward exchange contracts	USD \$ <u>2,000</u> (thousands)	December 1, 2020~ January 21, 2021
Liabilities - Current items:		
Forward exchange contracts	USD \$ <u>3,000</u> (thousands)	December 21, 2020~ January 26, 2021

The Company entered into forward exchange contracts to sell USD and buy TWD to hedge exchange rate risk of export proceeds. However, these forward exchange contracts are not accounted for under hedge accounting.

- C. The Company has no financial assets at fair value through profit or loss pledged to others.
- D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	December 31, 2021	December 31, 2020
Current items:		
Time deposits with maturity over three months	\$ 797,975	\$ -
Restricted time deposit	22,810	22,810
Total	\$ 820,785	\$ 22,810

- A. The Group recognised interest income of \$1,805 and \$94 for financial assets at amortised cost for the years ended December 31, 2021 and 2020, respectively.
- B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.
- C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(4) Financial assets at fair value through other comprehensive income

Items	December 31, 2021	December 31, 2020
Non-current items:		
Equity instruments		
Listed stocks	\$ 88,574	\$ 73,574
Unlisted stocks	<u>477,809</u>	<u>477,809</u>
Subtotal	566,383	551,383
Valuation adjustment	<u>470,835</u>	<u>232,615</u>
Total	<u>\$ 1,037,218</u>	<u>\$ 783,998</u>

- A. The Company sold all its stocks of Guang Xin Vision Co., Ltd. for \$3,780 and resulted in transfers of \$180 from other equity to retained earnings on disposal during the second quarter of 2020.
- B. The Company has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$1,037,218 and \$783,998 as at December 31, 2021 and 2020, respectively.
- C. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.
- D. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31	
	2021	2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income-the Company	<u>\$ 246,242</u>	<u>(\$ 97,247)</u>
Cumulative gains reclassified to retained earnings due to recognition-the Company	<u>\$ -</u>	<u>\$ 180</u>
Dividend income recognised in profit or loss		
Held at end of year	<u>\$ 13,643</u>	<u>\$ 14,454</u>

(5) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	\$ 4,883	\$ 8,873
Accounts receivable	1,244,316	1,610,400
Accounts receivable - related parties	19,062	21,009
Less: Allowance for uncollectible accounts	<u>(8,235)</u>	<u>(8,020)</u>
	<u>\$ 1,260,026</u>	<u>\$ 1,632,262</u>

As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2020, the balance of receivables from contracts with customers amounted to \$1,430,750.

- A. The ageing analysis of accounts receivable is as follows:

	December 31, 2021	December 31, 2020
Without past due	\$ 1,246,788	\$ 1,590,972
Up to 180 days	8,355	33,845
181 to 360 days	-	4,771
Over 361 days	<u>8,235</u>	<u>1,821</u>
	<u>\$ 1,263,378</u>	<u>\$ 1,631,409</u>

The ageing analysis was based on the past due collection date.

- B. The ageing analysis of notes receivable is as follows:

	December 31, 2021	December 31, 2020
Without past due	<u>\$ 4,883</u>	<u>\$ 8,873</u>

The ageing analysis was based on the maturity date of the promissory note.

C. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Raw materials	\$ 306,035	\$ 188,597
Supplies	330,878	250,039
Work in process	237,778	253,618
Semi-finished goods	128,291	83,845
Finished goods	212,063	350,751
Total	<u>\$ 1,215,045</u>	<u>\$ 1,126,850</u>

The cost of inventories recognised as expense for the period:

	<u>Years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Cost of goods sold	\$ 3,954,379	\$ 3,657,967
loss on decline in market value	576	107,285
	<u>\$ 3,954,955</u>	<u>\$ 3,765,252</u>

(7) Investments accounted for using equity method

	<u>2021</u>	<u>2020</u>
At January 1	\$ 246,899	\$ 260,308
Share of profit or loss of investments accounted for using equity method	43,525	(6,035)
Earnings distribution of investments accounted for using equity method	-	(12,326)
Adjustments of capital surplus for the Company's cash dividends	1,051	-
Currency translation differences	4,751	5,309
Gain on disposals of investments (Note B)	-	(5,443)
Remittance of proceeds from liquidation of subsidiary (Note B)	-	(24,868)
Transfer from reorganisation (Note C)	-	143
Subsidiaries invested during the period	428,232	29,800
Changes in long-term investment	(4,105)	-
Others	(343)	11
At December 31	<u>\$ 720,010</u>	<u>\$ 246,899</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	\$ 706,881	\$ 246,899
Associated enterprises	13,129	-
	<u>\$ 720,010</u>	<u>\$ 246,899</u>

A. Details of the subsidiaries of the Company are provided in Note 4(3) in the Company's consolidated financial statements as of and for the year ended December 31, 2021.

B. The Board of Directors of the Company resolved the liquidation of foreign subsidiaries, Opto Technology International Group Co.,Ltd. (OTIG) and Opto Tech (Macao) Co., Ltd. (Opto Macao), on August 14, 2017 and April 28, 2020, respectively. OTIG has completed the liquidation process on October 26, 2020. Opto Macao has completed the liquidation process on September 29, 2020.

C. The Company formerly held 50% equity interests in foreign controlling company, Everyung Investment Ltd. (Everyung), through OTIG. After OTIG completed the liquidation process, the Company generally accepted its assets and directly held 50% equity shares of Everyung.

D. The Board of Directors of the Company resolved the liquidation of subsidiary, CS Bright Corporation (CSB), on September 10, 2020. The effective date was set on December 31, 2020, the liquidation is still in process.

(8) Property, plant and equipment

2021

	Buildings and structures	Machinery	Utility facilities	Pollution prevention facilities	Transportation equipment	Office equipment	Other equipment	Construction in progress and prepayment for equipment	Total
At January 1									
Cost	\$ 1,793,199	\$ 5,223,295	\$ 1,050,132	\$ 707,320	\$ 11,895	\$ 69,576	\$ 1,937,717	\$ 114,523	\$ 10,907,657
Accumulated depreciation	(1,052,056)	(4,086,561)	(931,593)	(597,978)	(7,059)	(57,603)	(1,570,993)	-	(8,303,843)
Accumulated impairment	(59)	(35,388)	-	-	-	(19)	(37)	-	(35,503)
	<u>\$ 741,084</u>	<u>\$ 1,101,346</u>	<u>\$ 118,539</u>	<u>\$ 109,342</u>	<u>\$ 4,836</u>	<u>\$ 11,954</u>	<u>\$ 366,687</u>	<u>\$ 114,523</u>	<u>\$ 2,568,311</u>
For the year ended December 31									
Opening net book amount	\$ 741,084	\$ 1,101,346	\$ 118,539	\$ 109,342	\$ 4,836	\$ 11,954	\$ 366,687	\$ 114,523	\$ 2,568,311
Additions	2,950	7,664	3,026	2,460	-	751	7,122	437,312	461,285
Disposals	- (246)	-	-	-	-	-	-	- (246)	-
Reclassifications	-	96,674	10,545	22,230	-	9,983	17,268	(156,700)	-
Depreciation expense	(50,024)	(264,554)	(19,632)	(14,940)	(1,237)	(6,082)	(58,238)	-	(414,707)
Provision for impairment	-	(77,577)	-	-	-	-	-	-	(77,577)
Closing net book amount	<u>\$ 694,010</u>	<u>\$ 863,307</u>	<u>\$ 112,478</u>	<u>\$ 119,092</u>	<u>\$ 3,599</u>	<u>\$ 16,606</u>	<u>\$ 332,839</u>	<u>\$ 395,135</u>	<u>\$ 2,537,066</u>
At December 31									
Cost	\$ 1,796,149	\$ 5,284,855	\$ 1,063,703	\$ 731,271	\$ 11,356	\$ 79,385	\$ 1,962,106	\$ 395,135	\$ 11,323,960
Accumulated depreciation	(1,102,080)	(4,308,582)	(951,225)	(612,179)	(7,757)	(62,760)	(1,629,230)	-	(8,673,813)
Accumulated impairment	(59)	(112,966)	-	-	-	(19)	(37)	-	(113,081)
	<u>\$ 694,010</u>	<u>\$ 863,307</u>	<u>\$ 112,478</u>	<u>\$ 119,092</u>	<u>\$ 3,599</u>	<u>\$ 16,606</u>	<u>\$ 332,839</u>	<u>\$ 395,135</u>	<u>\$ 2,537,066</u>

2020

	Buildings and structures	Machinery	Utility facilities	Pollution prevention facilities	Transportation equipment	Office equipment	Other equipment	Construction in progress and prepayment for equipment	Total
At January 1									
Cost	\$ 1,782,219	\$ 5,404,370	\$ 1,118,047	\$ 717,932	\$ 7,314	\$ 66,404	\$ 1,949,323	\$ 116,824	\$ 11,162,433
Accumulated depreciation	(1,002,340)	(4,196,418)	(974,309)	(594,030)	(6,468)	(54,965)	(1,567,548)	-	(8,396,078)
Accumulated impairment	(59)	(6,741)	-	-	-	(19)	(84)	-	(6,903)
	<u>\$ 779,820</u>	<u>\$ 1,201,211</u>	<u>\$ 143,738</u>	<u>\$ 123,902</u>	<u>\$ 846</u>	<u>\$ 11,420</u>	<u>\$ 381,691</u>	<u>\$ 116,824</u>	<u>\$ 2,759,452</u>
For the year ended December 31									
Opening net book amount	\$ 779,820	\$ 1,201,211	\$ 143,738	\$ 123,902	\$ 846	\$ 11,420	\$ 381,691	\$ 116,824	\$ 2,759,452
Additions	2,133	33,550	4,054	2,204	2,155	4,481	13,511	230,489	292,577
Disposals	- (4,959)	(13,275)	(1,149)	-	-	(11,443)	-	(30,826)	-
Reclassifications	8,847	173,522	5,131	1,229	2,426	(17)	41,652	(232,790)	-
Depreciation expense	(49,716)	(266,393)	(21,109)	(16,844)	(591)	(3,930)	(58,724)	-	(417,307)
Provision for impairment	-	(35,585)	-	-	-	-	-	-	(35,585)
Closing net book amount	<u>\$ 741,084</u>	<u>\$ 1,101,346</u>	<u>\$ 118,539</u>	<u>\$ 109,342</u>	<u>\$ 4,836</u>	<u>\$ 11,954</u>	<u>\$ 366,687</u>	<u>\$ 114,523</u>	<u>\$ 2,568,311</u>
At December 31									
Cost	\$ 1,793,199	\$ 5,223,295	\$ 1,050,132	\$ 707,320	\$ 11,895	\$ 69,576	\$ 1,937,717	\$ 114,523	\$ 10,907,657
Accumulated depreciation	(1,052,056)	(4,086,561)	(931,593)	(597,978)	(7,059)	(57,603)	(1,570,993)	-	(8,303,843)
Accumulated impairment	(59)	(35,388)	-	-	-	(19)	(37)	-	(35,503)
	<u>\$ 741,084</u>	<u>\$ 1,101,346</u>	<u>\$ 118,539</u>	<u>\$ 109,342</u>	<u>\$ 4,836</u>	<u>\$ 11,954</u>	<u>\$ 366,687</u>	<u>\$ 114,523</u>	<u>\$ 2,568,311</u>

A. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	Years ended December 31	
	2021	2020
Amount capitalized	<u>\$ 159</u>	<u>\$ 960</u>
Interest rate	<u>0%~0.53%</u>	<u>0.24%~1.38%</u>

B. Taking into consideration the future operating plan, some machines did not meet the production demand and presented to be idle in December 2021 and June 2020. After assessment, the recoverable amounts of machines were less than their carrying amount, thus the Company provisioned impairment loss in the amount of \$77,577 and \$35,585, respectively. The Company measured recoverable amounts with use value, the discount rate was 13% and 9.82%, respectively.

(9) Leasing arrangements – lessee

A. The Company leases various assets including land, buildings and business vehicles. Rental contracts are typically made for periods of 3 to 20 years.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 205,024	\$ 220,239
Buildings	2,318	4,635
Transportation equipment (Business vehicles)	3,838	5,400
Office equipment (Internet equipment)	2,090	2,602
	<u>\$ 213,270</u>	<u>\$ 232,876</u>
	<u>Years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 15,215	\$ 15,215
Buildings	2,318	2,317
Transportation equipment (Business vehicles)	2,511	3,294
Office equipment (Internet equipment)	1,279	949
	<u>\$ 21,323</u>	<u>\$ 21,775</u>

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets amounted to \$1,717 and \$7,499, respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

	<u>Years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 4,082	\$ 4,344
Expense on short-term lease contracts	<u>\$ 7,648</u>	<u>\$ 8,228</u>

E. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases amounted to \$31,462 and \$32,333, respectively.

F. The Company terminated the lease of the Company's car prior to the expiration date in October 2020. As a result, right-of-use asset and lease liability both decreased by \$33. No penalty was paid due to the early termination.

(10) Investment property

	<u>2021</u>	<u>2020</u>
At January 1	\$ 399,307	\$ -
Additions- from acquisitions	-	399,307
At December 31	<u>\$ 399,307</u>	<u>\$ 399,307</u>

A. On December 31, 2021, the fair value of investment properties was \$410,640, which was based on the market evidence on transaction price of similar property and publicly announced present value. On December 31, 2020, the fair value of investment properties was \$410,640, which was based on the valuation results from independent appraisers.

B. The Company has no investment properties pledged to others.

(11) Intangible assets

	2021	2020
	Software	Software
At January 1		
Cost	\$ 40,080	\$ 37,760
Accumulated amortisation	(26,034)	(23,802)
	<u>\$ 14,046</u>	<u>\$ 13,958</u>
For the year ended December 31		
Opening net book amount	\$ 14,046	\$ 13,958
Additions	17,844	14,635
Amortisation expense	(17,850)	(14,547)
Closing net book amount	<u>\$ 14,040</u>	<u>\$ 14,046</u>
At December 31		
Cost	\$ 31,902	\$ 40,080
Accumulated amortisation	(17,862)	(26,034)
	<u>\$ 14,040</u>	<u>\$ 14,046</u>

Details of amortisation on intangible assets are as follows:

	Years ended December 31	
	2021	2020
Operating costs	\$ 9,094	\$ 4,366
Operating expense	8,756	10,181
Total	<u>\$ 17,850</u>	<u>\$ 14,547</u>

(12) Short-term borrowings

Type of borrowings	December 31, 2021	December 31, 2020
Unsecured bank borrowings	<u>\$ 245,367</u>	<u>\$ 139,923</u>
Interest rate range	<u>0.6%~1.34%</u>	<u>0.53%~1.22%</u>

(13) Other payables

	December 31, 2021	December 31, 2020
Salaries and bonus payable	\$ 263,327	\$ 177,138
Compensation payable to employee	187,978	115,175
Remuneration payable to directors	62,659	38,392
Others	235,687	266,867
Total	<u>\$ 749,651</u>	<u>\$ 597,572</u>

(14) Long-term borrowings

December 31, 2021: None.

Type of borrowings	Credit line	Period	Interest rate range	December 31, 2020
Syndicated borrowings with four financial institutions including China Trust Commercial Bank (Unsecured)	\$ 1,200,000	2019.02.20~ 2022.02.20	1.169%~ 1.797%	\$ 811,515
Less: Current portion (shown as "Other non-current liabilities")				(62,960)
				<u>\$ 748,555</u>

A. On January 15, 2019, the Company signed a joint credit facility of \$1.2 billion with four financial institutions including China Trust Commercial Bank. The loan agreement includes the following covenants:

- (a) The current ratio should be no less than 100% per half year.
- (b) The debt ratio should not be higher than 100%.
- (c) The interest coverage ratio shall not be less than 300%.

(d) The tangible net value shall be maintained at more than 5 billion yuan (inclusive).

If the Company fails to meet the required financial ratios, the bank will stop the allocation. In case of violation of the contract, the bank has the right to ask the Company to repay in full the unpaid balance of the loan in advance.

B. The long-term borrowings maturing on February 20, 2022 were repaid in advance on October 21, 2021 due to the financial planning considerations.

(15) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees and managers who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2.68% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	\$ 450,675	\$ 550,210
Fair value of plan assets	(303,900)	(363,458)
Net defined benefit liability	<u>\$ 146,775</u>	<u>\$ 186,752</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>2021</u>			
Balance at January 1	\$ 550,210	(\$ 363,458)	\$ 186,752
Current service cost	6,111	-	6,111
Interest expense (income)	<u>2,146</u>	<u>(1,417)</u>	<u>729</u>
	<u>558,467</u>	<u>(364,875)</u>	<u>193,592</u>
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	(8,389)	(8,389)
Change in demographic assumptions	943	-	943
Change in financial assumptions	(18,871)	-	(18,871)
Experience adjustments	<u>(4,903)</u>	<u>-</u>	<u>(4,903)</u>
	<u>(22,831)</u>	<u>(8,389)</u>	<u>(31,220)</u>
Pension fund contribution	-	(6,030)	(6,030)
Paid pension	<u>(84,961)</u>	<u>75,394</u>	<u>(9,567)</u>
Balance at December 31	<u>\$ 450,675</u>	<u>(\$ 303,900)</u>	<u>\$ 146,775</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2020</u>			
Balance at January 1	\$ 646,313	(\$ 446,430)	\$ 199,883
Current service cost	8,000	-	8,000
Interest expense (income)	5,300	(3,661)	1,639
	<u>659,613</u>	<u>(450,091)</u>	<u>209,522</u>
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	(15,020)	(15,020)
Change in demographic assumptions	(162)	-	(162)
Change in financial assumptions	35,811	-	35,811
Experience adjustments	(21,285)	-	(21,285)
	<u>14,364</u>	<u>(15,020)</u>	<u>(656)</u>
Pension fund contribution	-	(22,114)	(22,114)
Paid pension	(123,767)	123,767	-
Balance at December 31	<u>\$ 550,210</u>	<u>(\$ 363,458)</u>	<u>\$ 186,752</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	2021		2020
	Employee	Manager	
Discount rate	0.75%	0.50%	0.39%
Future salary increases	3.00%	3.00%	3.00%
Future mortality rate was estimated based on the 6 th and the 5 th Taiwan Standard Ordinary Experience Mortality Table.			

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 12,756)	\$ 13,275	(\$ 12,947)	\$ 12,512
	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	0.5%	0.5%
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 41,350)	\$ 45,456	\$ 44,026	(\$ 40,537)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2022 amount to \$4,500.
- (g) As of December 31, 2021, the Company's weighted average duration of the retirement plan are 3 and 11 years, respectively. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	13,572
1-2 year(s)		35,667
2-5 years		36,025
Over 5 years		406,169
	<u>\$</u>	<u>491,433</u>

- B. Effective July 1, 2005, the Company established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2021 and 2020 were \$29,743 and \$33,056, respectively.

(16) Share-based payment

- A. For the years ended December 31, 2021, the Company share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury stock transferred to employees	2021.07.20	7,588	-	Vested immediately

Transfer restriction is no transfer within two years.

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

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

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Treasury stock transferred to employees	2021.07.20	31.6	12.95	40.63%	0.01~ 0.02years	-	0.1241%	13.91

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

	Year ended December 31,
	2021
Equity-settled	<u>\$ 105,473</u>

For the year ended December 31, 2020: None.

(17) Provisions

<u>Warranty</u>	<u>2021</u>	<u>2020</u>
At January 1	\$ 22,841	\$ 23,480
Accrued during the period	5,831	8,709
Used during the period	(2,773)	(9,348)
At December 31	<u>\$ 25,899</u>	<u>\$ 22,841</u>

Analysis of total provisions:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current	<u>\$ 6,831</u>	<u>\$ 4,033</u>
Non-current	<u>\$ 19,068</u>	<u>\$ 18,808</u>

The Company provides warranties on products sold. Provision for warranties is estimated based on historical warranty data of products.

(18) Share capital

A. As of December 31, 2021, the Company's authorized capital was \$10,000,000, consisting of 1,000,000 thousand shares of common stock, and the paid-in capital was \$4,386,228, consisting of 438,623 thousand shares of common stock with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. Movements in the number of the Company's ordinary shares outstanding for the years ended December 31, 2021 and 2020 are as follows (Treasury stock was deducted):

	(In thousands of shares)	
	<u>2021</u>	<u>2020</u>
At January 1	\$ 375,541	\$ 377,868
Proceeds form issuance of shares	60,000	-
Purchase of treasury shares	(6,566)	(2,327)
Treasury shares transferred to employees	7,588	-
At December 31	<u>\$ 436,563</u>	<u>\$ 375,541</u>

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

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

D. Treasury stock

- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		(In thousands of shares)	
		December 31, 2021	
Name of company holding the shares	Reason for reacquisition	Number of Shares	Carrying amount
The Company	To be reissued to employees	1,305	\$ 31,782
The Company Subsidiary-Ho Chung Investment Co., Ltd.	The Company's shares held by its subsidiary	755	23,172
		<u>2,060</u>	<u>\$ 54,954</u>
		December 31, 2020	
Name of company holding the shares	Reason for reacquisition	Number of Shares	Carrying amount
The Company	To be reissued to employees	2,327	\$ 58,849
The Company Subsidiary-Ho Chung Investment Co., Ltd.	The Company's shares held by its subsidiary	755	23,172
		<u>3,082</u>	<u>\$ 82,021</u>

- (b) The Company's shares held by its subsidiary had no voting rights before being transferred to the third party.
- (c) On November 6, 2020, the Board of Directors of the Company approved to repurchase the Company's common shares and transfer them to employees. The Company expected to repurchase 7,500,000 shares with an upper limit of cash amount of \$3,103,739. As of January 8, 2021, the final date of repurchase period, the Company repurchased 4,294 thousand shares for a total consideration of \$109,251.
- (d) On January 8, 2021, the Board of Directors of the Company approved to repurchase the Company's common shares and transfer to employees. The Company expected to repurchase 7,500,000 shares with an upper limit of cash amount of \$3,482,361. As of March 10, 2021, the final date of repurchase period, the Company repurchased 4,599 thousand shares for a total consideration of \$112,006.
- (e) The Company passed a resolution at the shareholders' meeting on July 1, 2021 to transfer treasury shares to employees at a price lower than the average price of the shares actually bought back. The transfer price was set at \$12.95 (in dollars) per share and approved by the Board of Directors on the same day, and will buy back shares to transfer to employees. The regulations stipulate that 8,893 thousand shares of treasury shares shall be transferred to employees. (The actual number of treasury shares transferred was 7,588 thousand shares.)
- (f) Pursuant to R.O.C. Securities and Exchange Act, the number of shares bought back as treasury shares should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and raised capital surplus.
- (g) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (h) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares not be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired.

(19) Capital reserve

Pursuant to the R.O.C. Company Law, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the

Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital reserve to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2021				
	Share premium	share transactions	Long-term investments	stock options	Total
At January 1	\$ 373,792	\$ 60,256	\$ 82,760	\$ 186,300	\$ 703,108
Cash capital increase	775,800	-	-	-	775,800
Changes in long-term investment	-	-	(4,105)	-	(4,105)
Treasury stock transferred to employees	-	13,968	-	-	13,968
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	-	-	1,051	-	1,051
At December 31	<u>\$ 1,149,592</u>	<u>\$ 74,224</u>	<u>\$ 79,706</u>	<u>\$ 186,300</u>	<u>\$ 1,489,822</u>

	2020				
	Share premium	share transactions	Long-term investments	stock options	Total
At January 1	\$ 373,792	\$ 60,256	\$ 82,617	\$ 186,300	\$ 702,965
Liquidation of subsidiary	-	-	143	-	143
At December 31	<u>\$ 373,792</u>	<u>\$ 60,256</u>	<u>\$ 82,760</u>	<u>\$ 186,300</u>	<u>\$ 703,108</u>

(20) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be distributed as follows:
- Offset prior years' operating losses.
 - 10% of the remaining amount shall be set aside as legal reserve, unless the accumulated legal reserve equals the total capital of the Company.
 - Special reserve set aside in accordance with relevant laws or regulations or as required for operations.
 - Aside from some of accumulated unappropriated retained earnings will be reserved, remaining retained earnings will be allocated to shareholders as dividends. The Board of Directors proposes a dividend distribution plan for approval by resolution at the shareholders' meeting.
 - The Company appropriated all or some dividends, bonus, capital surplus or legal reserve in the form of cash, which were resolved by the Board of Directors and reported to the shareholders.
- B. 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.
- C. 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 excess 25% of the Company's paid-in capital.

- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The appropriation of 2020 earnings as resolved by the shareholder's meeting 1, 2021 and the appropriation of 2019 earnings as resolved by the shareholder's meeting on June 16, 2020 are as follows:

	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 57,584		\$ 60,048	
Reverse of special reserve	(1,320)		(4,649)	
Cash dividends	514,927	\$ 1.39	-	\$ -
Total	<u>\$ 571,191</u>		<u>\$ 55,399</u>	

- (a) The distribution of cash dividends in 2020 was approved by the Company's Board of Directors on March 18, 2021. The statutory surplus reserve and the special surplus reserve were approved at the general meeting of shareholders on July 1, 2021. There was no difference between the surplus distribution in 2020 and the Company's approval by the Board of Directors on March 18, 2021. For the surplus distribution approved by the Board of Directors and resolutions of the shareholders' meeting, please refer to the Market Observation Post System for further information.
- (b) On March 19, 2020, the Board of Directors of the Company resolved the appropriation of earnings and expected to distribute cash dividends of \$378,623 with \$1 per share. On June 16, 2020, shareholders proposed an amendment, "shareholders' bonus – cash" is \$0, for the proposed resolution of 2019 earnings appropriation, which means that cash dividends will be distributed at \$0 per share. The Board of Directors shall subsequently distribute dividends following the resolution of shareholders. Consequently, the Company's Board of Directors resolved the amendments to the appropriation of earnings on December 18, 2020 and no cash dividend will be distributed. Please refer to the website of Market Observation Post System for information about appropriation of earnings which was approved by the Board of Directors and resolved by shareholders.

(21) Other equity items

	2021		
	Currency translation differences of foreign operations	Unrealized gain (loss) on valuation	Total
At January 1	(\$ 4,063)	\$ 191,414	\$ 187,351
Financial assets at fair value through other comprehensive income (loss)			
Revaluation - Company	-	238,220	238,220
Tax on revaluation - Company	-	8,022	8,022
Currency translation differences:			
-Subsidiaries	4,756	-	4,756
-Associates	(340)	-	(340)
-Subsidiaries dispose of associates	335	-	335
At December 31	<u>\$ 688</u>	<u>\$ 437,656</u>	<u>\$ 438,344</u>

	2020		
	Currency translation differences of foreign operations	Unrealized gain (loss) on valuation	Total
At January 1	(\$ 9,372)	\$ 288,841	\$ 279,469
Financial assets at fair value through other comprehensive income (loss)			
Revaluation - Company	-	(137,595)	(137,595)
Tax on revaluation - Company	-	40,348	40,348
Revaluation transferred to retained earnings- gross	-	(180)	(180)
Currency translation differences:			
-Subsidiaries	5,091	-	5,091
-Associates	218	-	218
At December 31	(\$ 4,063)	\$ 191,414	\$ 187,351

(22) Operating revenue

	Years ended December 31	
	2021	2020
Revenue from contracts with customers	\$ 5,847,971	\$ 5,337,870

A. The Company derives revenue in the following major product lines:

	LED and Silicon Sensor Chips Group	Displays and Lighting Group	Other segments	Total
<u>For the year ended December 31, 2021</u>				
Revenue from customer contracts	\$ 5,060,724	\$ 787,247	\$ -	\$ 5,847,971

	LED and Silicon Sensor Chips Group	Displays and Lighting Group	Other segments	Total
<u>For the year ended December 31, 2020</u>				
Revenue from customer contracts	\$ 4,456,621	\$ 854,765	\$ 26,484	\$ 5,337,870

B. The Company has recognised the following revenue-related contract liabilities:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities:	\$ 76,070	\$ 35,773	\$ 28,301

	Years ended December 31	
	2021	2020
Revenue recognised that was included in the contract liability balance at the beginning of the year	\$ 32,485	\$ 10,961

(23) Interest income

	Years ended December 31	
	2021	2020
Interest income from bank deposits	\$ 7,414	\$ 9,135
Interest income from resale bonds	661	1,511
Other interest income	8	108
Total	\$ 8,083	\$ 10,754

(24) Other income

	Years ended December 31	
	2021	2020
Rental revenue	\$ 80	\$ 81
Dividend income	13,643	14,454
Others	33,250	24,164
Total	<u>\$ 46,973</u>	<u>\$ 38,699</u>

(25) Other gains and losses

	Years ended December 31	
	2021	2020
Net gain on financial assets and liabilities at fair value through profit or loss	\$ 7,307	\$ 473
Net currency exchange gain(loss)	911	(24,563)
Loss on disposal of property, plant and equipment	(164)	(30,826)
Loss on disposal of investments	-	(5,443)
Impairment loss on property, plant and equipment	(77,577)	(35,585)
Others	(800)	(286)
Total	<u>(\$ 70,323)</u>	<u>(\$ 96,230)</u>

(26) Finance costs

	Years ended December 31	
	2021	2020
Interest expense:		
Bank borrowings	\$ 7,506	\$ 18,265
Lease liabilities	4,082	4,344
Less: Capitalisation of qualifying assets	(159)	(960)
	11,429	21,649
Other financial costs	1,246	1,050
Total	<u>\$ 12,675</u>	<u>\$ 22,699</u>

(27) Expenses by nature

	Years ended December 31	
	2021	2020
Employee benefit expense	\$ 1,413,827	\$ 1,257,185
Depreciation	436,030	439,082
Amortisation on intangible assets	17,850	14,547
Total	<u>\$ 1,867,707</u>	<u>\$ 1,710,814</u>

(28) Employee benefit expense

	Years ended December 31	
	2021	2020
Wages and salaries	\$ 1,236,053	\$ 1,060,025
Post-employment benefits	40,000	44,553
Labor and health insurance fees	81,392	82,908
Pension costs	36,583	42,695
Other personnel expenses	19,799	27,004
Total	<u>\$ 1,413,827</u>	<u>\$ 1,257,185</u>

A. According to the Articles of Incorporation of the Company, if the Company has profit during the year, the Company shall distribute bonus to the employees that account for 10%~15% and pay remuneration to the directors and supervisors that shall not be higher than 5%, of the total distributed amount. If the Company has an accumulated deficit, earnings should be used to cover losses. Employees' compensation can be distributed in the form of shares or in cash. Qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The shareholders' meeting on July 1, 2021

approved the amendment to the Company's Articles of Incorporation, and revised the employee remuneration ratio to 10%~20% based on profitability, and the directors' remuneration ratio to no more than 10%.

- B. For the years ended December 31, 2021 and 2020, the employees' compensation was accrued at \$187,978 and \$115,175, respectively; directors' and supervisors' remuneration was accrued at \$62,659 and \$38,392, respectively. The aforementioned amounts were recognised in salary expense. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 15% and 5%, respectively, of distributable profit of current period distributable as of the end of reporting period.
- C. Employees' compensation and directors' remuneration of 2020 as resolved at the Board of Directors were in agreement with those amounts recognised in the profit or loss of 2020. The employees' compensation of 2020 will be distributed in the form of cash.
- D. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the Board of Directors' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31	
	2021	2020
Current tax:		
Current tax on profits for the period	\$ 183,815	\$ 497
Tax on undistributed surplus earnings	232	27,254
Prior year income tax overestimation	537	(25,336)
Total current tax	<u>184,584</u>	<u>2,415</u>
Deferred tax:		
Origination and reversal of temporary differences	(5,866)	36,856
Total deferred tax	(5,866)	36,856
Income tax expense	<u>\$ 178,718</u>	<u>\$ 39,271</u>

(b) The income tax charge relating to components of other comprehensive income are as follows:

	Years ended December 31	
	2021	2020
Remeasurement of defined benefit obligations	\$ 6,243	\$ 131
Changes in fair value of financial assets at fair value through other comprehensive income	(8,022)	(40,348)
	<u>(\$ 1,779)</u>	<u>(\$ 40,217)</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	\$ 201,618	\$ 122,881
Expenses disallowed by tax regulation	1,533	1,472
Tax exempt income by tax regulation	(10,701)	1,679
Temporary differences not recognised as deferred tax assets	(7,677)	(22,418)
Change in assessment of realisation of deferred tax assets	16,539	(47,957)
Prior year income tax overestimation	537	(25,336)
Effect from investment tax credits	(23,363)	(18,304)
Tax on undistributed earnings	232	27,254
Income tax expense	<u>\$ 178,718</u>	<u>\$ 39,271</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	Year ended December 31, 2021			
	January 1	Recognised in other		December 31
		Recognised in comprehensive		
		profit or loss	income	
Temporary differences:				
- Deferred tax assets (liabilities):				
Loss on inventory value decline	\$ 7,005	(\$ 4,920)	\$ -	\$ 2,085
Expected credit loss	-	2,934	-	2,934
Service warranty expense	4,568	612	-	5,180
Impairment loss	7,630	10,361	-	17,991
Net pension costs	1,206	(1,752)	-	(546)
Remeasurement of defined benefit obligations	26,310	-	(6,243)	20,067
Unrealized gain on valuation of financial assets	(41,200)	-	8,022	(33,178)
Others	6	(1,369)	-	(1,363)
Total	<u>\$ 5,525</u>	<u>\$ 5,866</u>	<u>\$ 1,779</u>	<u>\$ 13,170</u>
	Year ended December 31, 2020			
	January 1	Recognised in other		December 31
		Recognised in comprehensive		
		profit or loss	income	
Temporary differences:				
- Deferred tax assets (liabilities):				
Loss on inventory value decline	\$ 14,357	(\$ 7,352)	\$ -	\$ 7,005
Expected credit loss	8,530	(8,530)	-	-
Service warranty expense	4,696	(128)	-	4,568
Impairment loss	4,921	2,709	-	7,630
Net pension costs	13,996	(12,790)	-	1,206
Remeasurement of defined benefit obligations	26,441	-	(131)	26,310
Unrealized gain on valuation of financial assets	(81,548)	-	40,348	(41,200)
Others	10,771	(10,765)	-	6
Total	<u>\$ 2,164</u>	<u>(\$ 36,856)</u>	<u>\$ 40,217</u>	<u>\$ 5,525</u>

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
Deductible temporary differences	<u>\$ 130,381</u>	<u>\$ 168,766</u>

E. As of December 31, 2021, the Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(30) Earnings per share

	Year ended December 31, 2021		
	Profit after tax	Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to owners of the parent	\$ 829,371	393,116	\$ 2.11
Dilutive effect of common stock equivalents:			
Employees' compensation	-	3,563	
<u>Diluted earnings per share</u>			
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	\$ 829,371	396,679	\$ 2.09

	Year ended December 31, 2020		
	Profit after tax	Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to owners of the parent	\$ 575,133	377,806	\$ 1.52
Dilutive effect of common stock equivalents:			
Employees' compensation	-	7,185	
<u>Diluted earnings per share</u>			
Profit attributable to owners of the parent plus dilutive effect of common stock equivalents	\$ 575,133	384,991	\$ 1.49

(31) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31, 2021	Year ended December 31, 2020
Purchase of property, plant and	\$ 461,285	\$ 292,577
Add: Ending balance of prepayments for business facilities	72,150	3,943
Less: Opening balance of prepayments for business facilities	(3,943)	-
Cash paid during the year	\$ 529,492	\$ 296,520

(32) Changes in liabilities from financing activities

	2021				
	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits	Liabilities from financing activities-gross
At January 1	\$ 139,923	\$ 811,515	\$ 236,266	\$ 740	\$ 1,188,444
Changes in cash flow from financing activity	105,444	(811,515)	(19,732)	2,197	(723,606)
Interest payment	-	-	(4,082)	-	(4,082)
Increase in lease principal	-	-	1,717	-	1,717
Amortization of interest expenses	-	-	4,082	-	4,082
At December 31	\$ 245,367	\$ -	\$ 218,251	\$ 2,937	\$ 466,555

2020

	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits	Liabilities from financing activities-gross
At January 1	\$ 156,167	\$ 814,504	\$ 248,562	\$ 1,415	\$ 1,220,648
Changes in cash flow from financing activity	(16,244)	(2,989)	(19,761)	(675)	(39,669)
Interest payment	-	-	(4,344)	-	(4,344)
Increase in lease principal	-	-	7,498	-	7,498
Amortization of interest expenses	-	-	4,344	-	4,344
Decrease	-	-	(33)	-	(33)
At December 31	<u>\$ 139,923</u>	<u>\$ 811,515</u>	<u>\$ 236,266</u>	<u>\$ 740</u>	<u>\$ 1,188,444</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
CS Bright Corporation	This company is the subsidiary of the Company. (Note 1)
Opto Plus Technology Co., Ltd.	This company is the subsidiary of the Company.
Opto Tech (Macao) Co., Ltd.	This company is the subsidiary of the Company. (Note 2)
Shin-Etsu Opto Electronic Co., Ltd.	The Company is the director of this company; this company is the director of the Company. (Note 3)
Giga Epitaxy Technology Corp.	The Company is the director of this company. (Note 4)
Nichia Taiwan Corp.	This company investments by the Company accounted for using the equity method. (Note 5)
Nichia Corp.	This company is the Company's parent company of enterprise
VML Technologies B.V.	This company is an investment of Ho Chung Investment Co., Ltd. accounted for using the equity method. (Note 6)
Shen Zhen Guang Xin Vision Technology Co., Ltd.(Shen Zhen Guang	The chairman of this company is an independent director of the Company. (Note 7)
Guang Xin Vision Co., Ltd.(Guang Xin Vision)	The chairman of this company is an independent director of the Company. (Note 7)
Guang Xin Vision Tech. (HK) CO., Ltd.(Hong kong Guang Xin)	The chairman of this company is an independent director of the Company. (Note 7)
Opto Medical Public Welfare Foundation	Other related parties.
NEW SMART TECHNOLOGY CO., LTD.	The company is the Company's direct and indirect investment using the equity method company.

Note 1: CS Bright Corporation (CSB) implemented liquidation on December 31, 2020.

Note 2: This Company has completed liquidation process on September 29, 2020, please refer to Note 6(6)B for details.

Note 3: The shareholders of the Company during their meeting resolved to reelect all its directors on June 16, 2020. The shareholders of Shin-Etsu Opto Electronic Co., Ltd. (Shin-Etsu) also resolved to reelect all its directors on June 18, 2020. After the reelection, the Company is no longer a legal person of Shin-Etsu, and Shin-Etsu is no longer a legal person of the Company, thus, Shin-Etsu has not been a related party of the Company since June 18, 2020.

Note 4: It was no longer a related party of the Company after the Company resigned as director on February 28, 2021.

Note 5: The shareholders of the Company during their meeting resolved to issue common shares for capital increase through a private placement on July 1, 2021. The entity became an investor which accounted for its investment in the Company using the equity method after the effective date (August 30, 2021) for capital increase.

Note 6: The Subsidiary- Ho Chung Investment Co., Ltd. disposed of its ownership of VML TECHNOLOGIES B.V. on November 30, 2021. The company is not a related party of the Company starting from the date.

Note 7: The Company's shareholders during their meeting resolved to reelect all its directors on June 16, 2020. The company's chairman is no longer an independent director of the Company due to the reelection, thus, the company is not a related party of the Company starting from the date.

(2) Significant transactions and balances with related parties

A. Operating revenue:

	Years ended December 31	
	2021	2020
Sales of goods:		
Subsidiaries	\$ 11,085	\$ 10,286
Associates	23,475	240
Individuals with significant influence on the Group	83,287	-
Other related parties	<u>241,763</u>	<u>234,463</u>
Total	<u>\$ 359,610</u>	<u>\$ 244,989</u>

The selling prices charged to the above related parties are not materially different from those charged to non-related parties. For the years ended December 31, 2021 and 2020, the credit term for the related parties was 45 ~136 days. Some related parties adopt the method of shipping after receiving the payment. The credit term was 90 ~ 150 days for the non-related parties for both periods.

B. Purchases:

	Years ended December 31	
	2021	2020
Purchases of goods:		
Subsidiaries	\$ 2,749	\$ 6,398
Individuals with significant influence on the Group	48,797	-
Other related parties	<u>94,122</u>	<u>181,207</u>
Total	<u>\$ 145,668</u>	<u>\$ 187,605</u>

The purchase prices charged by the above related parties were not materially different from those charged by non-related parties. For the years ended December 31, 2021 and 2020, the credit term was 60 ~ 120 days for the related parties, and 90 ~ 120 days for the non-related parties for both periods.

C. Accounts receivable:

	December 31, 2021	December 31, 2020
Receivables from related parties:		
Subsidiaries	\$ 4,047	\$ 4,129
Individuals with significant influence on the Group	15,015	-
Other related parties	<u>-</u>	<u>16,880</u>
Total	<u>\$ 19,062</u>	<u>\$ 21,009</u>

D. Accounts payable:

	December 31, 2021	December 31, 2020
Payables to related parties:		
Subsidiaries	\$ 725	\$ 4,110
Individuals with significant influence on the Group	60,499	-
Others related parties	<u>-</u>	<u>51,920</u>
Total	<u>\$ 61,224</u>	<u>\$ 56,030</u>
Other payables		
Individuals with significant influence on the Group	\$ 210	\$ -
Other related parties	<u>-</u>	<u>211</u>
Total	<u>\$ 210</u>	<u>\$ 211</u>

E. Prepayment

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	\$ -	\$ 43,032

The prepayment for obtaining Bright Investment International Ltd.-indirect subsidiary from CS Bright Corporation (CSB).

F. Advance receipts

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Associates	\$ -	\$ 942

G. Endorsements and guarantees provided to related parties:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	\$ -	\$ 98,613

H. Lease

(a) Rent expense

	<u>Years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Other related parties	\$ 1,600	\$ 2,400
Individuals with significant influence on the Group	800	-
	<u>\$ 2,400</u>	<u>\$ 2,400</u>

The Company leases plant and machinery from related parties. The monthly rental payments are mutually agreed upon. The payment terms are not materially different from those charged by non-related parties.

(b) Lease liabilities

(i) Outstanding balance:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Individuals with significant influence on the Group	\$ 2,180	\$ 4,518

(ii) Interest expense

	<u>Years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Other related parties	\$ 46	\$ 104
Individuals with significant influence on the Group	16	-
	<u>\$ 62</u>	<u>\$ 104</u>

I. Property transactions

(a) Acquisition of property, plant and equipment(including prepayments for business facilities shown as other non-current assets):

	<u>Years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
NEW SMART TECHNOLOGY CO., LTD.	\$ 246,567	\$ -

(b) Acquisition of financial assets:

	<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	<u>Year ended December 31, 2021</u>
				<u>Consideration</u>
Associates	Investments accounted for using equity method	1,000	Common stock	<u>\$ 14,000</u>

J. Others

	Years ended December 31	
	2021	2020
Donation expense:		
Opto Medical Public Welfare Foundation	\$ 50,000	\$ -
Expenditure of labor service:		
Associates	\$ 20,000	\$ -

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

(3) Key management compensation

	Year ended December 31, 2021	Year ended December 31, 2020
Salaries and other short-term employee	\$ 189,553	\$ 93,754
Post-employment benefits	296	464
Total	\$ 189,849	\$ 94,218

8. PLEGGED ASSETS

The Company's assets pledged as collateral are as follows:

Pledged assets	Book value		Purpose of pledge	
	December 31, 2021	December 31, 2020	Creditor Bank	Type
Restricted assets-Time deposits, (shown as "Current financial assets at amortised cost")	\$ 22,810	\$ 22,810	Chang Hwa Commercial Bank Far Eastern International Bank	Land lease and dormitory lease deposits

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2021, the guarantees provided by the Company through banks were as follows:

Guarantor	Nature of Guarantee	Amount
Far Eastern International Bank	Performance guarantee	\$ 19,450
Chang Hwa Commercial Bank	Customs duty	15,000
Chang Hwa Commercial Bank	Performance guarantee	3,360
Mega International Commercial Bank	Performance guarantee and warranty	7,058
Taipei Fubon Commercial Bank	Performance guarantee	755
Taishin International Bank	Borrowing	96,968
		<u>\$ 142,591</u>

(2) As of December 31, 2021, the outstanding letters of credit issued for the importation of raw materials and machinery were as follows:

	Amount (thousands)
NTD	27,380
JPY	7,795
USD	770

(3) Operating lease commitments:

Please refer to Note 6(9).

(4) As of December 31, 2021, the promissory notes issued by the Company for loans, performance guarantee for purchases and loans granted for subsidiaries amounted to \$4,021,808.

(5) As of December 31, 2021, the capital expenditure contracted but not yet incurred is \$124,460.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

To implement work specialisation and increase overall operational performance and market competitiveness of the Company through effective planning, the shareholders of the Company at their first interim meeting held on October 21, 2021 resolved to spin off the operations relating to the 'Displays and Lighting Group' (including assets, liabilities and operations) to an existing wholly-owned subsidiary, Opto System Technologies Inc. in accordance with the requirements stipulated in the Article 35 of Business Mergers And Acquisitions Act. The spin off completed on January 28, 2022, and the net operating value amounted to \$200,000.

12. Others

(1) Capital risk management

The Company's objectives when managing capital are to safeguard the Company'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 Company may adjust the amount of dividends paid to shareholders or issue new shares to reduce debt. The Company 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' as shown in the balance sheet plus net debt.

As of December 31, 2021 and 2020, the gearing ratios were (40.04%) and (32.57%), respectively.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 683,917	\$ 427,409
Financial assets at fair value through other comprehensive income	1,037,218	783,998
Financial assets at amortised cost/Loans and receivables	820,785	22,810
Cash and cash equivalents	3,017,141	2,857,629
Notes receivable	4,883	8,873
Accounts receivable-net (including related parties)	1,255,143	1,623,389
Other accounts receivable	15,739	19,689
Guarantee deposits paid	16,387	11,377
	<u>\$ 6,851,213</u>	<u>\$ 5,755,174</u>
<u>Financial liabilities</u>		
Financial assets mandatorily measured at fair value through profit or loss	\$ -	\$ 799
Financial liabilities at amortised cost		
Short-term borrowings	245,367	139,923
Accounts payable (including related parties)	803,182	683,546
Other accounts payable	749,651	597,572
Long-term borrowings(including current portion)	-	811,515
Guarantee deposits received	2,937	740
	<u>\$ 1,801,137</u>	<u>\$ 2,234,095</u>
Lease liabilities	<u>\$ 218,251</u>	<u>\$ 236,266</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

- (b) The plans for material treasury activities are reviewed by Board of Directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, Corporate Treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and JPY. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Company use forward foreign exchange contracts, transacted with Company treasury. The expired dates of these forward foreign exchange contracts are shorter than 6 months and are not accounted for under hedge accounting. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. As the foreign operations are strategic investments, the Company does not hedge for them.
- iv. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021		Year ended December 31, 2021				
			Sensitivity Analysis				
	Foreign currency amount (in thousands)	Exchange rate	Book value (TWD)	Extent of variation	Effect on profit or loss	Effect on other compre- hensive income	Unrealized exchange gain (loss)
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD : TWD	\$ 38,371	27.63	\$ 1,060,191	1%	\$ 10,602	\$ -	(\$ 4,854)
JPY : TWD	333,627	0.2385	79,570	1%	796	-	(1,091)
CNY : TWD	15,222	4.4319	67,462	1%	675	-	224
<u>Investment for using equity method</u>							
USD : CNY (Note)	-	-	-	1%	-	-	-
<u>Non-monetary items:</u> None.							
<u>Financial liabilities</u>							
USD : TWD	\$ 20,543	27.730	\$ 569,657	1%	(\$ 5,697)	\$ -	\$ 1,491
JPY : TWD	430,400	0.2425	104,372	1%	(1,044)	-	538
<u>Non-monetary items:</u> None.							

Note : If the entities' functional currency is not TWD, the foreign currency denominated assets and liabilities of the entities should be disclosed.

	December 31, 2020			Year ended December 31, 2020			
				Sensitivity Analysis			
Foreign currency amount (in thousands)	Exchange rate	Book value (TWD)	Extent of variation	Effect on profit or loss	Effect on other compre- hensive income	Unrealized exchange gain (loss)	
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD : TWD	\$ 43,908	28.4300	\$ 1,248,304	1%	\$ 12,483	\$ -	(\$ 31,638)
JPY : TWD	290,236	0.2743	79,612	1%	796	-	(469)
CNY : TWD	25,061	4.3520	109,065	1%	1,091	-	(97)
<u>Investment for using equity method</u>							
USD : CNY (Note)	-	-	-	1%	-	-	-
<u>Non-monetary items:</u> None.							
<u>Financial liabilities</u>							
USD : TWD	\$ 32,237	28.530	\$ 919,722	1%	(\$ 9,197)	\$ -	\$ 24,369
JPY : TWD	508,001	0.2783	141,377	1%	(1,414)	-	(265)
<u>Non-monetary items:</u> None.							

Note : If the entities' functional currency is not TWD, the foreign currency denominated assets and liabilities of the entities should be disclosed.

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio.
- ii. The Company's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these domestic funds, equity securities of listed company or unlisted company had increased/decreased by 5%, 20% or 10%, respectively, with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$39,822 and \$26,711, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$128,791 and \$86,979 as a result of gains/losses on equity securities classified as at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

- i. The Company's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at floating rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at floating rates. During the years ended December 31, 2021 and 2020, the Company's borrowings at floating rate were denominated in TWD, USD and JPY.
- ii. At December 31, 2021 and 2020, if interest rates on borrowings had been 100 basis point higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have been \$1,963 and \$7,612 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and

delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors, the utilisation of credit limits is regularly monitored. Credit risk arises from cash and equivalents, derivative financial instruments and deposits with bank and financial institutions, as well as operating activities, including outstanding receivables.

- ii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iii. The default occurs when the contract payments are past due over 180 days for distributors and 360 days for other customers, respectively.
- iv. The Group classifies customer's accounts receivable, in accordance with credit risk on trade and customer types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Company used historical and timely information to assess the default possibility of notes receivable and accounts receivable (including related parties). As of December 31, 2021 and 2020, the loss rate methodology is as follows:

	Individual	Group	Total
<u>At December 31, 2021</u>			
Expected loss rate		0.01%~100%	
Total book value	\$ -	\$ 1,268,261	\$ 1,268,261
Loss allowance	\$ -	\$ 8,235	\$ 8,235
<u>At December 31, 2020</u>			
Expected loss rate	100%	0.01%~100%	
Total book value	\$ 4,997	\$ 1,635,285	\$ 1,640,282
Loss allowance	\$ 4,997	\$ 3,023	\$ 8,020

- vii. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable was \$1,260,026 and \$1,632,262, respectively.
- viii. Movements in relation to the company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2021	2020
	Accounts receivable	Accounts receivable
At January 1	\$ 8,020	\$ 20,700
(Reversal) provision of impairment loss	2,198	2,408
Write-offs	(1,983)	(15,088)
At December 31	\$ 8,235	\$ 8,020

- ix. The Company conducts business with banks and financial institutions with sound reputation, and therefore do not expect the financial assets at amortized cost to have credit risk.

	December 31, 2021			
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	\$ 820,785	\$ -	\$ -	\$ 820,785
	December 31, 2020			
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	\$ 22,810	\$ -	\$ -	\$ 22,810

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.
- ii. The table below analyses the Company's non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities.

<u>December 31, 2021</u>	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>					
Short-term borrowings	\$ 245,551	\$ -	\$ -	\$ -	\$ -
Accounts payable (including related parties)	803,182	-	-	-	-
Other payables (including related parties)	749,651	-	-	-	-
Lease liabilities	22,847	19,398	18,285	35,639	150,536
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
<u>December 31, 2020</u>					
<u>Non-derivative financial liabilities:</u>					
Short-term borrowings	\$ 140,100	\$ -	\$ -	\$ -	\$ -
Accounts payable (including related parties)	683,546	-	-	-	-
Other payables (including related parties)	597,572	-	-	-	-
Lease liabilities	23,642	22,305	18,933	35,782	168,130
Long-term borrowings (including current portion)	74,285	751,637	-	-	-
<u>Derivative financial liabilities :</u>					
Forward exchange contracts	799	-	-	-	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(10).

C. The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, lease liabilities and long-term borrowings are approximate to their fair value.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities as at December 31, 2021 and 2020 is as follows:

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Domestic funds	\$ 571,389	\$ -	\$ -	\$ 571,389
Equity securities	-	-	112,528	112,528
Financial assets at fair value through other comprehensive income	250,693	-	786,525	1,037,218
December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Total Assets:	<u>\$ 822,082</u>	<u>\$ -</u>	<u>\$ 899,053</u>	<u>\$ 1,721,135</u>
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Domestic funds	\$ 320,248	\$ -	\$ -	\$ 320,248
Forward exchange contracts	-	171	-	171
Equity securities	-	-	106,990	106,990
Financial assets at fair value through other comprehensive income	85,789	-	698,209	783,998
Total	<u>\$ 406,037</u>	<u>\$ 171</u>	<u>\$ 805,199</u>	<u>\$ 1,211,407</u>
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contract	\$ -	\$ 799	\$ -	\$ 799

E. The methods and assumptions the Company used to measure fair value are as follows:

(a) The instruments the Company used market quoted prices as their fair values (that is, Level 1) are composed of listed shares using closing price and open-end fund using net asset value at balance sheet date.

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

(c) When assessing non-standard and low-complexity financial instruments, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market. Forward exchange contracts are usually valued based on the current forward exchange rate.

(d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

F. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

G. The following chart is the movement of Level 3 financial instruments of equity securities for the years ended December 31, 2021 and 2020.

	2021	2020
At January 1	\$ 805,199	\$ 951,466
Sold in the period	-	(3,600)
Losses recognised in income	5,538	137
Losses recognised in other comprehensive income	88,316	(142,804)
At December 31	<u>\$ 899,053</u>	<u>\$ 805,199</u>

G. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

H. Financial segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and reviewing periodically.

I. 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, 2021	Valuation technique	Significant unobservable input	Range (weighted average)
Non-derivative equity:				
Unlisted shares	\$ 786,525	Market comparable companies	Price book ratio multiple	3.05
			Price to earnings ratio multiple	11.72~18.90
			EV/EBITDA	13.22~15.71
			Discount for lack of volatility	30%~35%
Unlisted shares	112,528	Net asset value	Discount for lack of volatility	19.25%
	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)
Non-derivative equity:				
Unlisted shares	\$ 698,209	Market comparable companies	Price book ratio multiple	1.22
			Price to earnings ratio multiple	18.63~22.76
			EV/EBITDA	14.01~16.60
			Discount for lack of volatility	30%~35%
Unlisted shares	106,990	Net asset value	Discount for lack of volatility	19.25%

J. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurements. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2021				
		Recognised in profit or loss		Recognised in other comprehensive income		
		Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Input	Change	change	change	change	change	
Financial assets						
Equity instrument	Discount of lack of volatility	±5%	\$ 1,341	(\$ 1,341)	\$ 18,180	(\$ 18,180)
		December 31, 2020				
		Recognised in profit or loss		Recognised in other comprehensive income		
		Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Input	Change	change	change	change	change	
Financial assets						
Equity instrument	Discount of lack of volatility	±5%	\$ 1,275	(\$ 1,275)	\$ 15,582	(\$ 15,582)

(4) Explanation of the impact of the COVID-19 pandemic to the Company's operation in 2021

With the ever-changing situation of the global pandemic, the global supply chains were impacted at different levels by the preventive measures against the pandemic and the stress on shipping. Moreover, the prices of raw materials have risen due to the strong demand to replenish inventories. The Company will continue to follow up the situation and timely adjust the countermeasures.

13. **SUPPLEMENTARY DISCLOSURES**

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Please refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 5.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

(4) Information on major shareholders

Please refer to table 8.

14. **SEGMENT INFORMATION**

Operating segments information was disclosed in the consolidated financial statements in accordance with the standard.

Opto Tech Corporation
Provision of endorsements and guarantees to others
Year ended December 31, 2021

Table 1

Expressed in thousands of TWD

Number (Note 1)	Endorser/ guarantor	Company name	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021	Outstanding endorsement/ guarantee amount at December 31, 2021	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Remark					
			Relationship with the endorser/ guarantor (Note 2)	Relationship with the endorser/ guarantor (Note 2)																
0	Opto Tech Corp.	Opto Plus Technology Co.,Ltd.	3	\$	1,938,777	\$	100,048	\$	97,055	\$	89,190	\$	-	1.00%	\$	4,846,942	Y	N	Y	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1)The Company is "0".
- (2)The subsidiaries are numbered in order starting from "1".

Note 2: Relationship with the endorser/guarantor is classified into the following categories:

- (1) Having business relationship.
- (2) The Company owns more than 50% voting shares of the endorsed/guaranteed company.
- (3) The Company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
- (4) The endorsed/guaranteed company directly or indirectly owns more than 50% voting shares of the endorser/guarantor.
- (5) Mutual guarantees in the same trade due to construction undertaking pursuant to the contracts.
- (6) Due to joint venture, each shareholder provides guarantees for the company in proportion to its ownership.

Note 3: The calculation and amount of ceiling on providing endorsement / guarantee to others shall be disclosed. If there was contingent loss recognized in the financial statements, the recognised 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:

- (1) \$9,693,884 thousand dollars × 20% = \$1,938,777 thousand dollars.
- (2) \$9,693,884 thousand dollars × 50% = \$4,846,942 thousand dollars.

Opto Tech Corporation

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2021

Table 2

Expressed in thousands of TWD

Securities held by	Type of marketable securities	Name of marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019				
					Number of shares	Book value	Ownership (%)	Fair value	Remark
Opto Tech Corp.	Stock	AXT, Inc.	None.	Financial assets at fair value through profit or loss	124,100	\$ -	- \$	-	Note
"	"	Nichia Corp.	This company is the parent company of Nichia Taiwan Corp.	Financial assets at fair value through other comprehensive income	10,000	545,143	0.45	545,143	None
"	"	Viking Tech Corporation.	None.	"	2,873,994	235,668	2.45	235,668	None
"	"	Lu Zhu Development Co., Ltd.	None.	Financial assets at fair value through profit or loss	13,808,725	112,528	6.38	112,528	None
"	"	Giga Epitaxy Technology Corp.	None.	Financial assets at fair value through other comprehensive income	4,950,491	18,798	15.00	18,798	None
"	"	Shin-Etsu Opto Electronic Co., Ltd.	None.	"	2,000,000	222,584	10.00	222,584	None
"	"	Fubon Financial Holding Co., Ltd.	None.	"	250,000	15,025	0.00	15,025	None
"	"	Top Increasing Technology Co., Ltd.	None.	Financial assets at fair value through profit or loss	10,000,000	-	16.67	-	None
Ho Chung Investment Co., Ltd.	"	Opto Tech Corp.	Parent company	"	754,543	53,648	0.17	53,648	None
Dongzhen Asset Co., Ltd.	"	United Microelectronics Corp.	None.	"	4,208,000	143,072	1.06	143,072	None
Opto Tech Corp.	Fund	Jih Sun Money Market fund	None.	"	5,391,133	80,797	None	80,797	None
"	"	Taishin 1699 Money Market fund	None.	"	4,477,862	61,251	None	61,251	None
"	"	TCB Taiwan Money Market fund	None.	"	4,885,150	50,098	None	50,098	None
"	"	FSITC Taiwan Money Market fund	None.	"	5,965,267	92,290	None	92,290	None
"	"	Franklin Templeton Sinoam Money Market fund	None.	"	9,247,290	96,668	None	96,668	None
"	"	Capital Money Market fund	None.	"	5,837,819	95,140	None	95,140	None
"	"	Union Money Market	None.	"	7,134,275	95,145	None	95,145	None

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

Opto Tech Corporation

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2021

Table 3

Expressed in thous

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
Opto Tech Corp.	Nichia Corp.	This company is the Company's parent company of enterprise group accounted for using equity method.	sales	(\$ 324,800)	(5.54%)	45days	Equivalent to general transaction	-	\$ 15,015	1.19%

Opto Tech Corporation
Significant inter-company transactions during the reporting period
Year ended December 31, 2021

Table 4

Expressed in thousands of TWD

Number	Company name	Counterparty	Relationship	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	Opto Tech Corp.	Opto Plus Technology Co., Ltd. (Opto Plus)	1	Sales	\$ 11,085	Note 4	0.18%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is "0".

(2)The subsidiaries are numbered in order starting from "1".

Note 2: Relationship between transaction company and counterparty is classified into the following six categories:

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The unit sales prices are equivalent to third parties. The credit term was 30~85 days for the related parties.

Note 5: The disclosure standard requires above \$10,000 thousand for the transaction amount. Only assets and revenue are disclosed, related transactions are not disclosed.

Opto Tech Corporation
Information on investees
Year ended December 31, 2021

Table 5

Expressed in thousands of TWD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net income (loss) of the investee	Investment income (loss) recognized by investor	Remark
				Balance as of December 31, 2021	Balance as of December 31, 2020	Number of shares	Ownership (%)	Book value			
Opto Tech Corp.	Ho Chung Investment Co., Ltd.	Taiwan	Investment business	\$ 258,348	\$ 258,348	1,298,800	100.00	\$ 21,286	\$ 31,198	(\$ 2,751)	Subsidiary of the Company
Opto Tech Corp.	CS Bright Corporation	Taiwan	Manufacture and Sales of Displays, SMD Lamps and other LED related products	50,170	50,170	4,993,562	99.87	149,578	67,549	1,883	Subsidiary of the Company · Note
Opto Tech Corp.	Bright Investment International	B.V. I.	Investment business	171,332	-	5,100,000	100.00	54,368	11,260	6,803	Subsidiary of the Company
Opto Tech Corp.	Everyung Investment Ltd.	Samoa	Investment business	42,343	42,343	5,000,000	50.00	53,494	22,533	11,267	Subsidiary of the Company
Opto Tech Corp.	Dongzhen Asset Co., Ltd.	Taiwan	Investment business	400,000	29,800	40,000,000	100.00	427,155	27,193	27,193	Subsidiary of the Company
Opto Tech Corp.	Opto System Technologies Inc.	Taiwan	Manufacture and sales of lighting equipment	1,000	-	100,000	100.00	1,000	-	-	Subsidiary of the Company
Opto Tech Corp.	NEW SMART TECHNOLOGY CO., LTD.	Taiwan	Automatic control equipment engineering business	14,000	-	1,000,000	5.00	13,129	(11,021)	(870)	Investment accounted for using equity method
Ho Chung Investment Co., Ltd.	VML TECHNOLOGIES B.V.	Netherlands	Manufacture and Design of system products	-	37,436	-	-	-	(555)	(139)	Investment accounted for using equity method
Dongzhen Asset Co., Ltd.	NEW SMART TECHNOLOGY CO., LTD.	Taiwan	Automatic control equipment engineering business	56,000	-	4,000,000	20	52,517	(11,021)	(3,480)	Investment accounted for using equity method
CS Bright Corporation	Bright Investment International Ltd.	B.V. I.	Investment business	-	171,332	-	-	-	11,260	4,457	Indirect subsidiary
Bright Investment International Ltd.	Everyung Investment Ltd.	Samoa	Investment business	168,421	168,421	5,000,000	50.00	53,935	22,533	11,267	Indirect subsidiary

Note : The Board of Directors of the Company resolved to process liquidation through the company on September 10, 2020, the liquidation was still in process.

Opto Tech Corporation
Information on investments in Mainland China
Year ended December 31, 2021

Table 6

Expressed in thousands of TWD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance to Mainland China as of January 1, 2021	Amount remitted to Mainland China during the year	Amount remitted back to Taiwan during the year	Accumulated amount of remittance to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Remark
Opto Plus Technology Co., Ltd.	Manufacture and Sales of LED and Electronic products	\$ 317,341	(2)	\$ 317,341	\$ -	\$ -	\$ 317,341	\$ 22,533	100	\$ 22,533	\$ 107,870	\$ -	-

Note 1: The investment methods are classified into three categories as follows:

- (1) Directly investing in the investee company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee company in Mainland China. (Everyung Investment Ltd. Invests Opto plus Technology Co., Ltd.)
- (3) Others.

Note 2: The investment income or loss was recognised by indirect weighted ownership based on the financial statements of these investees which were audited by the independent auditors of the parent company for the corresponding periods.

Investments in Mainland China for the year ended December 31, 2021:

Name of company	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Opto Tech Corp.	\$ 317,341	\$ 317,849	\$ 5,816,330

Opto Tech Corporation

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2021

Table 7

Expressed in thousands of TWD

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing					
	Amount	%	Amount	%	Balance at December 31, 2021		Balance at December 31, 2021		Maximum balance during the year ended December 31, 2021	Balance at December 31, 2021	Interest rate	Interest during the year ended December 31, 2021		Others
						%		Purpose						
Opto Plus Technology Co., Ltd.	\$ 11,085	0.18	\$ -	-	\$ 4,047	0.31%	\$ 97,055	Guarantee of bank line of credit	\$ -	\$ -	-	\$ -	-	None

Opto Tech Corporation
Major shareholders information
December 31, 2021

Table 8

Name of major shareholders	Name of shares held	Shares	Ownership (%)
Nichia Taiwan Corp.		88,811,822	20.24%

Description: If company applies to Taiwan Depository & Clearing Corporation for the information of the table, the followings can be explained in the notes of the table.

- (a) The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.
The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis or the differences.
- (b) If the aforementioned data contains shares which were kept at the trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee.
As for the shareholder who reports share equity as an insider whose shareholding ratio greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.

VII · Review of Financial Conditions, Financial Performance, and Risk Management

1. Analysis of Financial Status

Unit: NT\$ thousands

Item	Year	2021	2020	Difference	
				Amount	%
Current Assets		7,683,483	6,306,500	1,376,983	21.83
Funds and Investments		1,215,392	896,382	319,010	35.59
Property, plant and equipment		2,664,220	2,705,133	(40,913)	(1.51)
Other Assets		782,264	733,412	48,852	6.66
Total Assets		12,345,359	10,641,427	1,703,932	16.01
Current Liabilities		2,246,692	1,733,564	513,128	29.60
Long-term Liabilities		401,149	1,214,537	(813,388)	(66.97)
Total Liabilities		2,647,841	2,948,101	(300,260)	(10.18)
Capital		4,386,228	3,786,228	600,000	15.85
Capital reserves		1,489,822	703,108	786,714	111.89
Retained Earnings		3,434,444	3,095,023	339,421	10.97
Other equity interest		438,344	187,351	250,993	133.97
Treasury stock		(54,954)	(82,021)	27,067	33.00
Non-controlling interest		3,634	3,637	(3)	(0.08)
Total shareholders' Equity		9,697,518	7,693,326	2,004,192	26.05

Analysis of changes in financial ratios:

1. Increase in current assets: Mainly due to the undertaking of funds, the purchase of stocks of domestic listed companies, and the increase in time deposits of more than three months.
2. Increase in long-term investment: Mainly through the increase in financial assets at fair value through other comprehensive income.
3. Increase in current liabilities: Mainly due to the increase in other payables and current income tax liabilities.
4. Reduction of long-term liabilities: Mainly due to the repayment of long-term loans.
5. Increase in capital reserve: Mainly due to the premium issuance of cash capital increase.
6. Increase in other equities: Mainly due to the increase in the evaluation of financial assets.
7. Decrease in treasury stocks: Mainly due to the transfer of treasury shares to employees.

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	2021	2020	Increase (Decrease)	Ratio of change %
Operating revenue	6,143,243	5,590,046	553,197	9.90
Operating cost	4,166,464	3,946,488	219,976	5.57
Gross profit	1,976,779	1,643,558	333,221	20.27
Operating expense	965,991	954,411	11,580	1.21
Income from operations	1,010,788	689,147	321,641	46.67
Non-operating income	1,891	(69,391)	71,282	102.73
Income before tax	1,012,679	619,756	392,923	63.40
Tax Expense (Benefit)	183,306	44,627	138,679	310.75
Net income (Loss)	829,373	575,129	254,244	44.21

Analysis and explanation of changes in ratio of increase or decrease during latest 2 years :

- Increase in gross profits and operating profits: Mainly due to the increase in revenue.
- Increase in non-operating income: Mainly attributable to the decrease in loss of real estate, plant and equipment, the increase in gains arising from foreign currency exchange and the increase in gains arising from financial assets benefits.
- Increase in income tax expenses: Mainly due to the increase in net profit in the current period.

(2) Effect of change on the company's future business and future response plans:

Please refer to P. 1 of the annual report for more details.

3. Analysis of Cash Flow

(1) Cash Flow Analysis for the Current Year

Item \ Year	2021	2020	Ratio of increase of decrease %
Cash flow ratio(%)	77.28	52.19	25.09
Cash Flow Adequacy Ratio(%)	138.84	121.51	20.97
Cash Reinvestment Ratio(%)	6.37	5.14	1.23

Cash flow ratio、Cash Flow Adequacy Ratio、Cash Reinvestment Ratio: Mainly due to increase of cashflows form operating activities in this fiscal year.

(2) Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Cash Outflow	Cash Surplus (Deficit)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
3,467,411	1,512,202	3,923,148	1,056,465	—	—

1. Analysis of change in cash flow in the current year:

- Operating activities: The expectation for continuous operating growth resulted in net cash inflow from operating activities.
- Investment activities: It is due to the increase in capital expenditure in anticipation of continuous production capacity enhancement and the expected increase in reinvestment.
- Financing activities: It mainly resulted from cash dividend distribution.

2. Remedy for cash shortage and its liquidity analysis : None.

4. Major Capital Expenditure Items and Source of Capital: None.

5. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year:

- (1) The Company's profit from reinvestment in 2021 was mainly the profit recognized by financial assets at fair value through profit and loss.
- (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	2021	Ratio on net revenue	Ratio on net operating profit
Net interest income or expense	(6,729)	0.11%	0.67%
Net foreign exchange gain or loss	302	0.01%	0.03%
Operating revenue	6,143,243	-	-
Income from operations	1,010,788	-	-

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-power LED.	Epitaxial and trial production.	10,000,000	2022/12	Key epitaxial technology development and process.
Development of vertical-cavity surface-emitting laser (VCSEL).	Epitaxial and trial production.	27,000,000	2022/12	Key epitaxial technology development and process.
Band-pass NIR / SWIR light sensing element.	Epitaxial and trial production.	14,000,000	2022/12	Key epitaxial technology development and process.
NIR / SWIR LED of wearable device.	Epitaxial and trial production.	44,000,000	2022/12	Key epitaxial technology development and process.
Bio-sensing miniaturized module and algorithm to optimize confidentiality protection development. Validation and development of non-invasive blood glucose trend detection.	Executing.	35,000,000	2022/12 - 2023/03	Establishment of mass production of key light-emitting and receiving chips of various wavelengths and mass production of special sensing module packaging, and the verification and protection of special algorithm for physiological parameters.
Establishment of the development, verification, integration system for High Speed Photo coupler PTR chips.	Executing.	10,000,000	2022/12	Various packaging verification establishment and equipment testing organization.
Development of high-voltage Zener protection components for automotive.	Under development and design.	1,500,000	2022/12	Product design and product characteristics.
Triac product development.	Customer verification is in progress.	1,000,000	2022/12	Product design and product characteristics.
APD product development.	Customer verification is in progress.	1,500,000	2022/12	Product design and product characteristics.
Silicon cap product development.	Customer verification is in progress.	1,000,000	2022/12	Product design and process control capability.
Development of wearable sensing device product.	Under development and design.	1,500,000	2022/12	Product design and product characteristics.
Development of Flip type sensing component products.	Customer verification is in progress.	1,500,000	2022/12	Product design and process control capability.
Development of high-speed opticalcoupler components.	Under development and design.	10,000,000	2022/12	Product design and process control capability.
Development of passenger information system for public transportation.	In the process of development and design.	2,000,000	2022/12	Carry out the LED information display system design based on the requirements of the rail transportation system contractor.
Development of smart traffic signal lights.	In the process of development and design.	2,000,000	2022/12	Wireless transmission can be used to control traffic signal lights based on road conditions, and full-color animation display can be added to increase the function of product.
Development of indoor light weight frameless display screen.	In the process of development.	3,000,000	2022/12	Going beyond the existing display framework concept to create differentiated product. Reduced installation time in order to enhance customer's purchase willingness.
Development of new version of BillBoard display screen.	In the process of development.	6,000,000	2022/12	Better display effect and specifications. Whole new intelligent control system with sensing capability.
Application of 3D system architecture.	In the process of development.	3,000,000	2022/06	Enhancing product application scope and increasing demands from different customer bases. Forming horizontal alliance to create new application demand.
Development of plant growth lighting lamps and their control system.	In the process of development and design.	1,500,000	2022/06	Market-leading advanced spectrum design. A control system that integrates environmental detection capabilities.

(4) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales:

TASC has complied with government policies and national laws and regulations. The Management division of TASC has kept abreast of major policies and changes of laws and abided by them. In addition, our business activities and governance directions have also been flexibly and timely adjusted to meet the change of policies, laws and regulations, so as to maintain smooth business operation. By now TASC has not yet been penalized by supervisor by law or supervisory authority, nor has it suffered any major financial or reputational loss.

(5) Effects of and Response to Changes in Technology (Including information security risks) and in Industry Relating to Corporate Finance and Sales:

In recent years, many Taiwanese companies have been attacked by hackers. Many cases have shown that hackers have been aiming targets for advanced attacks for quite a long time, causing significant losses for many companies. In response to the endless hacking attacks, besides regular update of the corresponding software and hardware, strengthening employees' information security awareness through related education and training is also essential. For this reason, social media attack drills were implemented for employees of TASC. To prevent unexpected information security attacks, damage recovery drills are carried out regularly within the organization to ensure that after the attack, system operation can be restored within a tolerable period of time.

In order to ensure the independence and legitimacy of technology utilization, on one hand our own R&D team will develop new technologies, on the other hand we aggressively cooperate with various domestic research institutions to develop emerging technologies in order to ensure our leading position in terms of technology; In terms of information security, a strict management mechanism has been formulated and employee training has been strengthened to prevent the information security risks. In addition, to avoid preemptive patent registration of newly developed technology by other peers, we will take the initiative to apply for patents in Europe, US, Japan, and Mainland China right after the completion of new technology development in order to ensure the protection of R&D achievement and business interest while reducing the overall operational risk.

(6) The impacts of changes to corporate image on the management of corporate crisis, and the corresponding measures:

The company was renamed Opto Tech Corporation in 2021 as a new milestone in its transformation and continuous development in the optoelectronic semiconductor industry. The company also strives to implement its core values to increase employee loyalty and dedication. The improved sense of responsibility on the job is in tune with the company's core values of professionalism, trust, innovation, and flexibility. From the management aspect, our company requires the behaviors of all employees to be in compliance with company's business philosophy by providing customers with high quality product and service. We must all be in compliance with government laws and regulations, and all management regulations and systems of our company must be formulated and amended according to law in order to surely maintain our corporate image.

For the latest year until the publication date of the annual report, there is no incident occurring to affect our corporate image.

(7) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans:

As of the publication date of the annual report, OPTOTECH had not had any acquisition plan.

(8) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans:

In view of business volatility in the industry, the Silicon semiconductor in Fab 2: of OPTOTECH gives a production expansion plan in order to meet the market demand, for which, by analyzing the bottleneck area and expanding major production equipment.

Regarding the potential risk after production expansion, other than prudently selecting required hardware for expansion, the Silicon semiconductor in Fab 2: has also carefully observed client order placement status and the world economy as the indicator for risk management. In addition, new product development, market survey and new product application have all been included in the measures to counter the potential risk.

(9) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration:

A. Our raw materials have all been purchased from more than two suppliers and the individual supplier having the highest supply ratio in terms of the company's procurement only takes up 15.38% of the company's total procurement, so the company does not have the risk resulting from too much concentration of goods purchase on an individual supplier.

B. Our major sales client is an acknowledged firm do not more than taking up 17.99% of our total sales, so OPTOTECH 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 OPTOTECH.

(12) Litigation or Non-litigation Matters:

As of the publication dates of 2021 and 2020 annual reports, there had not been such incident occurring to OPTOTECH.

(13) Other Major Risks: None.

7. Other Major Events: None.

VIII 、 Special Disclosure

1. Summary of Affiliated Companies

(1) Consolidated business report of affiliated enterprises (Base date : Dec. 31, 2021)

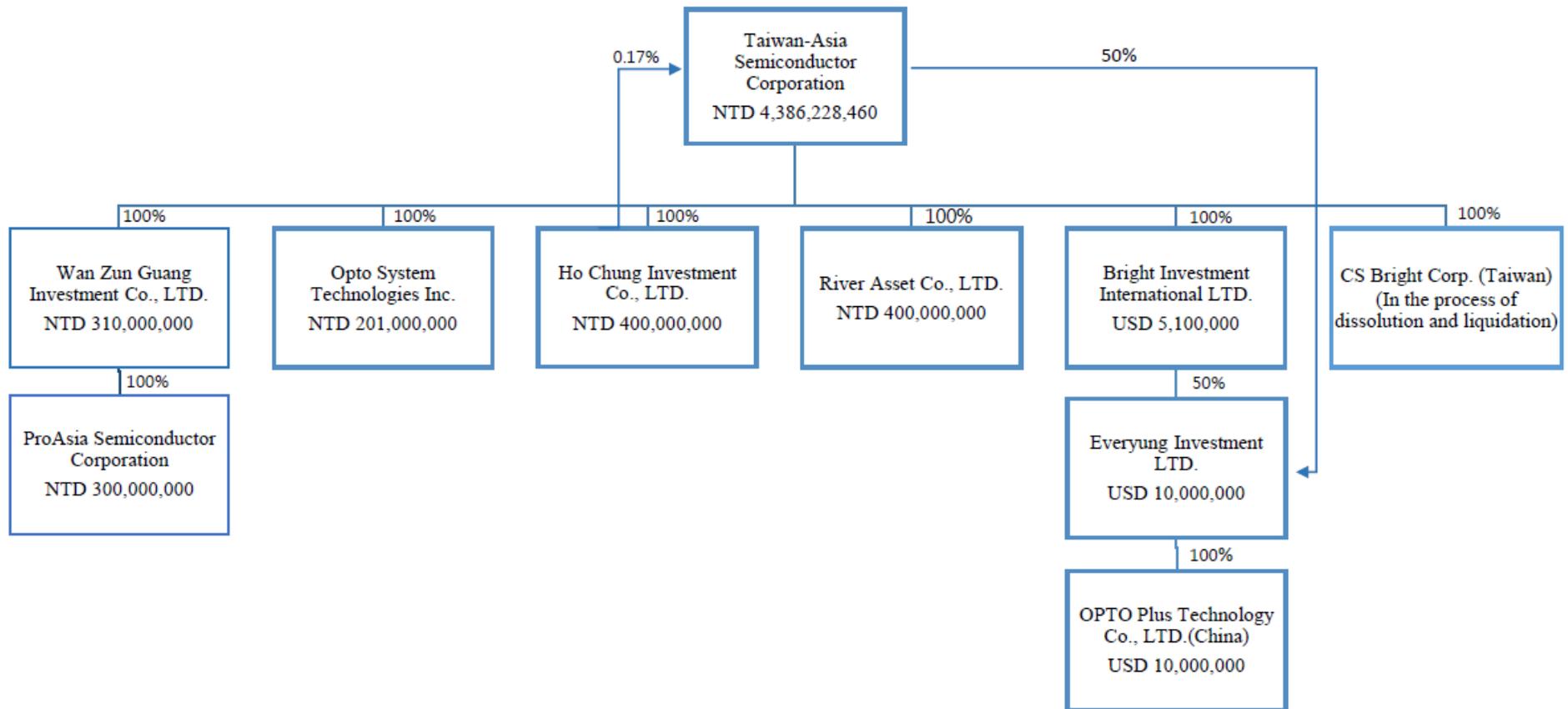
Please refer page 234~ 240

(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, 2022 ; Unit: NT\$ thousands

Company	Date of Incorporation	Place of Registration	Capital Stock	Business Activities
CS Bright Corp.	1973.03.01	11F, No.659, Bannan Rd., Zhonghe Dist., New Taipei City	49,999	Manufacturing and sale of LED.
Ho Chung Investment Co.,Ltd.	1998.03.24	2F, No. 363, Sec. 2, Gong-Dao 5 th Rd., Hsinchu City	12,988	General investment.
OPTO Plus Technology Co., Ltd.	2002.09.19	No. 696, Yangming North Rd., Shaoxing City, Zhejiang Province, China	317,341	Manufacturing and sale of LED.
Tung Chun Asset Management Co., Ltd.	2020.11.25	5F.-3, No. 88, Daxue Rd., East Dist., Hsinchu City , Taiwan (R.O.C.)	400,000	General investment. Real Estate Business.
Opto System Technologies Inc.	2021.09.16	8F, No. 1, Li-hsin Rd. V, Hsinchu Science Park, Hsinchu 300094, Taiwan. R.O.C.	201,000	Lighting Equipment Manufacturing. Wired Communication Equipment and Apparatus Manufacturing
Wan Zun Guang Investment Co., Ltd.	2022.01.19	11F., No. 18, Rixing 1st St., Zhubei City, Hsinchu County 302058 , Taiwan (R.O.C.)	310,000	General investment.
ProAsia Semiconductor Corporation	2022.03.30	8F, No. 1, Li-hsin Rd. V, Hsinchu Science Park, Hsinchu 300094, Taiwan. R.O.C.	300,000	Electronics Components Manufacturing Other Chemical Materials Manufacturing
Bright Investment International Ltd.	2002.07.31	Trustnet Chambers,P.O.Box 3444 Road Town,Tortola,British Virgin Islands	171,332	Holding company.
Everyung Investment Ltd.	2002.07.31	Trustnet Chambers Lotemau Centre,P.O.Box1225 Apia,Samoa	317,331	Holding company.

Note1:All amounts involving in foreign currencies were converted into NTD at the exchange rate used for original investments of each company.

Note2:On September 10, 2020, OPTOTECH passed the resolution of the Board of Directors to carry out the dissolution and liquidation for CS Bright Corporation. CS Bright Corporation is currently in the process of dissolution and liquidation.

Note3:Ho Chung Investment Co., Ltd. handled the cash capital increase and issuance of new shares. The record date for capital increase was February 24, 2022.

Note4:The Company established a 100% subsidiary on September 16, 2021 - Opto System Technologies Inc. (formerly: Opto Systems Tech Corporation) and on October 21, 2021, the first extraordinary general meeting passed the split-up and transfer of the relevant business of the Company's "system business group". The record date for the split-up was January 28, 2022.

C.Data of the shareholders presumed having control or subordinate relationship with the company: None.

D. Businesses and related details covered in the overall affiliated enterprises and their labor division status:

(A) Businesses covered in the overall affiliated enterprises:

They are mainly involved in the manufacturing, sales, and service of sensor semiconductors. A few are related to investment, holding, and international trade.

(B) Business exchange and labor division among respective affiliated enterprises:

- (a). Our group's affiliated companies are mainly involved in the manufacturing and sales of sensor semiconductors and related products.
- (b). Investment companies mostly follow the group's strategies in order to find suitable investment targets and increase profits for the group.

E. Rosters of Director, Supervisor and President of TASC Subsidiaries

Mar. 31, 2022

Company	Title	Name	Shareholding	
			Shares	Percentage
Ho Chung Investment Co.,Ltd.	Chairman	Taiwan-Asia Semiconductor Corporation	40,000,000	100.00
		H.T.Wang	-	-
	Director	Taiwan-Asia Semiconductor Corporation	40,000,000	100.00
		Tzu-Chun Lin	-	-
	Director	Taiwan-Asia Semiconductor Corporation	40,000,000	100.00
		Yin-Rui Chen	-	-
Supervisor	Taiwan-Asia Semiconductor Corporation	40,000,000	100.00	
	Steven Chen	-	-	
Opto Plus Technology Co. Ltd.	Chairman	Everyung Investment Ltd.	10,000,000	100.00
		Charlie Tang	-	-
	Director	Everyung Investment Ltd.	10,000,000	100.00
		Tzu-Chun Lin	-	-
	Director	Everyung Investment Ltd.	10,000,000	100.00
		Chengyi.Dai	-	-
Supervisor	Everyung Investment Ltd.	10,000,000	100.00	
	Yin-Rui Chen	-	-	
River Asset Co., LTD.	Chairman	Taiwan-Asia Semiconductor Corporation	40,000,000	100.00
		Chengyi.Dai	-	-
	Director	Taiwan-Asia Semiconductor Corporation	40,000,000	100.00
		Kuo-Kuang Li	-	-
	Director	Taiwan-Asia Semiconductor Corporation	40,000,000	100.00
		Tzu-Chun Lin	-	-
Supervisor	Taiwan-Asia Semiconductor Corporation	40,000,000	100.00	
	Steven Chen	-	-	
Opto System Technologies Inc.	Chairman	Taiwan-Asia Semiconductor Corporation	20,010,000	100.00
		Kuo-Kuang Li	-	-
	Director	Taiwan-Asia Semiconductor Corporation	20,010,000	100.00
		Yin-Rui Chen	-	-
	Director	Taiwan-Asia Semiconductor Corporation	20,010,000	100.00
		Chengyi.Dai	-	-
Supervisor	Taiwan-Asia Semiconductor Corporation	20,010,000	100.00	
	Steven Chen	-	-	

Company	Title	Name	Shareholding	
			Shares	Percentage
Wan Zun Guang Investment Co., Ltd.	Chairman	Taiwan-Asia Semiconductor Corporation	31,000,000	100.00
		Kuo-Kuang Li	-	-
	Director	Taiwan-Asia Semiconductor Corporation	31,000,000	100.00
		Yin-Rui Chen	-	-
	Director	Taiwan-Asia Semiconductor Corporation	31,000,000	100.00
		Chengyi.Dai	-	-
Supervisor	Taiwan-Asia Semiconductor Corporation	31,000,000	100.00	
	Steven Chen	-	-	
ProAsia Semiconductor Corporation	Chairman	Taiwan-Asia Semiconductor Corporation	30,000,000	100.00
		WT Chien	-	-
	Director	Taiwan-Asia Semiconductor Corporation	30,000,000	100.00
		Chengyi.Dai	-	-
	Director	Taiwan-Asia Semiconductor Corporation	30,000,000	100.00
		Jill Kuo	-	-
Supervisor	Taiwan-Asia Semiconductor Corporation	30,000,000	100.00	
	Steven Chen	-	-	
Bright Investment International Ltd	Director	Taiwan-Asia Semiconductor Corporation	5,100,000	100.00
		H.T.Wang	-	-
Everyung Investment Ltd.	Director	Taiwan-Asia Semiconductor Corporation	5,000,000	50.00
		H.T.Wang	-	-

F. Operational Highlights of TASC Subsidiaries

Unit: NT\$ thousands

Name of Enterprise	Capital	Total Assets	Total Liabilities	Net Worth	Operating Income	Operating Profit	Profit / Loss Of The Period (After-Tax)	EPS (NTD) (After-Tax)
Ho Chung Investment Co.,Ltd.	12,988	75,044	110	74,934	0	(243)	31,198	24.02
CS Bright Corp.	49,999	153,362	150	153,212	0	(3,763)	67,549	13.50
Bright Investment International Limited	171,332	54,368	0	54,368	0	0	11,260	None.
Everyung Investment Ltd.	317,331	107,870	0	107,870	0	0	22,533	None.
Opto Plus Technology Co. Ltd.	317,341	262,561	154,691	107,870	309,117	25,667	22,533	None.
River Asset Co., LTD.	400,000	434,032	6,878	427,154	0	(3,394)	27,193	0.68
Opto System Technologies Inc.	1,000	1,000	0	1,000	0	0	0	0.00

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, 2021.

Note2: The Company established a 100% subsidiary on September 16, 2021 - Opto System Technologies Inc. (formerly: Opto Systems Tech Corporation) and on October 21, 2021, the first extraordinary general meeting passed the split-up and transfer of the relevant business of the Company's "system business group". The record date for the split-up was January 28, 2022.

Note3: Wan Zun Guang Investment Co., Ltd. and ProAsia Semiconductor Corporation were established in 2022, and there are no annual financial information.

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 2022)	Actual allocated amount (First quarter of 2022)	Accumulated actual allocated amount and the percentage	Unallocated amount and description of purpose	Reasons for being ahead or behind schedule and improve plan
	681,048,781	13,488,910	708,240,129 / 51.48%	667,559,871 / The unspent balance will be used for new construction and expansion, replacement of old plant and equipment and repayment of bank loans	Cooperate with the company's operational planning operations
Manifestations of the benefits of private placement	It is beneficial for the Company's competitiveness, operational performance, and long-term development.				

3.The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years:

Unit: NT\$ thousands ; Shares ; %

Name of subsidiary	Stock capital collected	Fund source	Shareholding ratio of the company	Date of acquisition or disposition	Shares and amount acquired	Shares and amount disposed of	Investment gain (loss)	Shareholdings & amount in the most recent year	Mortgage	Endorsement amount made for the subsidiary	Amount loaned to the subsidiary
Ho Chung Investment Co.,Ltd.	400,000	Self-owned capital	100%	—	—	—	—	754,543 Shares NTD 31,653,000	None	None	None

4.Others Supplementary Events:None.

5.Matters Significantly Influenced on Shareholders' Equity or Securities Price:None.

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

Chairman:

H.T. Wang



財團法人台亞醫療公益基金會 TASC Health Care & Charity Foundation



TASC

Taiwan-Asia Semiconductor Corporation

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