

# **Taiwan-Asia Semiconductor Corporation**

**Financial Statements for the  
Years Ended December 31, 2024 and 2023 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Taiwan-Asia Semiconductor Corporation

### **Opinion**

We have audited the accompanying financial statements of Taiwan-Asia Semiconductor Corporation (the "Corporation"), which comprise the balance sheet as of December 31, 2024 and 2023, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, based on our audit and the reports of other auditors (refer to the other matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Corporation's financial statements for the year ended December 31, 2024 is described as follows:

#### The Occurrence of Operating Revenue

The Corporation is engaged in the manufacture and sale of semiconductor components as well as research and development, design, manufacture and sale of systems products. Sales revenue from customers the amount has shown significant growth compared to the previous year in 2024. The sales revenue of significant customers was deemed a key audit matter. Refer to Notes 4 and 22 to the Corporation's financial statements for the related revenue recognition policies and information.

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

1. We obtained a thorough understanding of the Corporation's policies on recognizing sales revenue, evaluated the design of the internal controls related to the occurrence of sales revenue, and determined whether the controls had been implemented.
2. We performed detailed verification tests on the selected samples of sales revenue, and we checked transaction vouchers, send letters.

#### **Other Matter**

We did not audit the financial statements of certain investees of the Corporation as of and for the years ended December 31, 2024 and 2023, which were reflected in the accompanying financial statements using the equity method of accounting, but such financial statements were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included in the Corporation's financial statements for such investments, is based solely on the reports of other auditors. The aforementioned equity-method investments that were not audited by the auditor amounted to NT\$13,664 thousand and NT\$12,797 thousand as of December 31, 2024 and 2023, which represented 0.11% and 0.12% of the Corporation's total assets. The Corporation's share of the comprehensive income (loss) of such associates amounted to NT\$975 thousand and NT\$271 thousand for the years ended December 31, 2024 and 2023, which represented (0.14%) and 0.10% of the Corporation's total comprehensive income.

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

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

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 27, 2025

Notice to Readers

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

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

# TAIWAN-ASIA SEMICONDUCTOR CORPORATION

## BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024		2023	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,218,356	10	\$ 1,096,542	10
Financial assets at fair value through profit or loss - current (Note 7)	-	-	20,577	-
Current financial assets at amortized cost (Notes 9 and 31)	22,810	-	22,810	-
Notes receivable (Note 22)	3,892	-	1,171	-
Trade receivables (Notes 10 and 22)	1,066,757	9	1,043,118	10
Trade receivables from related parties (Notes 22 and 30)	23,936	-	23,976	-
Other receivables	79,654	1	12,538	-
Other receivables - related parties (Note 30)	613,829	5	3,572	-
Inventories (Note 11)	1,444,578	12	1,204,555	12
Other current assets (Note 30)	58,143	1	77,931	1
Total current assets	4,531,955	38	3,506,790	33
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	845,396	7	906,404	8
Investments accounted for using the equity method (Note 12)	3,256,366	27	2,107,024	20
Property, plant and equipment (Notes 13, 30 and 31)	2,518,844	21	3,360,570	31
Right-of-use assets (Note 14)	167,558	1	185,524	2
Investment properties (Note 15)	399,307	3	399,307	4
Intangible assets (Note 16)	50,984	1	16,259	-
Deferred tax assets (Note 24)	56,670	1	48,551	-
Prepayment for equipment (Note 30)	69,642	1	176,384	2
Other non-current assets	13,569	-	17,959	-
Total non-current assets	7,378,336	62	7,217,982	67
TOTAL	\$ 11,910,291	100	\$ 10,724,772	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	\$ 1,136,178	10	\$ 390,000	4
Contract liabilities - current (Note 22)	1,637	-	2,260	-
Trade payables	576,293	5	427,935	4
Trade payables to related parties (Note 30)	47,633	-	7,871	-
Other payables (Note 18)	448,811	4	533,411	5
Other payables to related parties (Note 30)	29,198	-	26,332	-
Current tax liabilities (Note 24)	7,422	-	17,646	-
Provisions - current (Note 19)	779	-	544	-
Lease liabilities - current (Note 14)	17,297	-	17,631	-
Long-term borrowings - current portion (Note 17)	263,796	2	-	-
Other current liabilities	16,841	-	4,451	-
Total current liabilities	2,545,885	21	1,428,081	13
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17, 27 and 31)	1,645,602	14	698,198	6
Provisions - non-current (Note 19)	763	-	795	-
Deferred tax liabilities (Note 24)	7,078	-	24,216	-
Lease liabilities - non-current (Note 14)	158,904	2	176,066	2
Net defined benefit liabilities - non-current (Note 20)	18,924	-	67,004	1
Deferred revenue - non-current (Note 27)	1,643	-	4,609	-
Other non-current liabilities	5,241	-	5,295	-
Total non-current liabilities	1,838,155	16	976,183	9
Total liabilities	4,384,040	37	2,404,264	22
EQUITY				
Ordinary shares	4,386,228	37	4,386,228	41
Capital surplus	1,581,398	13	1,475,787	14
Retained earnings				
Legal reserve	946,387	8	916,235	8
Unappropriated earnings	775,527	6	1,503,798	14
Total retained earnings	1,721,914	14	2,420,033	22
Other equity	(140,117)	(1)	61,632	1
Treasury stocks	(23,172)	-	(23,172)	-
Total equity	7,526,251	63	8,320,508	78
TOTAL	\$ 11,910,291	100	\$ 10,724,772	100

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

(With Deloitte & Touche auditors' report dated February 27, 2025)

# TAIWAN-ASIA SEMICONDUCTOR CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 22 and 30)	\$ 3,506,981	100	\$ 3,224,871	100
OPERATING COSTS (Notes 11, 23 and 30)	<u>3,002,235</u>	<u>86</u>	<u>2,528,852</u>	<u>78</u>
GROSS PROFIT	504,746	14	696,019	22
UNREALIZED LOSS FROM SALES	9	-	-	-
REALIZED PROFIT SALES	<u>-</u>	<u>-</u>	<u>84</u>	<u>-</u>
NET OPERATING MARGIN	<u>504,755</u>	<u>14</u>	<u>696,103</u>	<u>22</u>
OPERATING EXPENSES (Notes 10 and 23)				
Selling and marketing expenses	57,901	1	78,032	3
General and administrative expenses	391,280	11	390,144	12
Research and development expenses	200,168	6	142,212	4
Expected credit loss (gain) reversed on trade receivables	<u>1,134</u>	<u>-</u>	<u>(83)</u>	<u>-</u>
Total operating expenses	<u>650,483</u>	<u>18</u>	<u>610,305</u>	<u>19</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(145,728)</u>	<u>(4)</u>	<u>85,798</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 23 and 30)	23,682	1	20,954	-
Other income (Notes 23 and 30)	69,614	2	54,336	2
Other gains and losses (Note 23)	73,310	2	50,558	1
Finance costs (Note 23)	(37,707)	(1)	(11,242)	-
Share of profit or loss of subsidiaries and associates accounted for using the equity method (Note 12)	<u>(489,642)</u>	<u>(14)</u>	<u>87,362</u>	<u>3</u>
Total non-operating income	<u>(360,743)</u>	<u>(10)</u>	<u>201,968</u>	<u>6</u>
(LOSS) PROFIT BEFORE INCOME TAX	(506,471)	(14)	287,766	9
INCOME TAX EXPENSE (BENEFIT) (Note 24)	<u>3,616</u>	<u>-</u>	<u>(19,446)</u>	<u>(1)</u>
NET (LOSS) PROFIT FOR THE YEAR	<u>(510,087)</u>	<u>(14)</u>	<u>307,212</u>	<u>10</u>

(Continued)

# TAIWAN-ASIA SEMICONDUCTOR CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	\$ 39,577	1	\$ (7,238)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(144,414)	(4)	(99,636)	(3)
Share of the other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method	(92,354)	(3)	55,510	1
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	<u>27,356</u>	<u>1</u>	<u>27,637</u>	<u>1</u>
	<u>(169,835)</u>	<u>(5)</u>	<u>(23,727)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	-	-	(2,246)	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	<u>14</u>	<u>-</u>	<u>(10)</u>	<u>-</u>
	<u>14</u>	<u>-</u>	<u>(2,256)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(169,821)</u>	<u>(5)</u>	<u>(25,983)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (679,908)</u>	<u>(19)</u>	<u>\$ 281,229</u>	<u>9</u>
(LOSS) EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ (1.16)</u>		<u>\$ 0.70</u>	
Diluted	<u>\$ (1.16)</u>		<u>\$ 0.70</u>	

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

(With Deloitte & Touche auditors' report dated February 27, 2025)

(Concluded)



TAIWAN-ASIA SEMICONDUCTOR CORPORATION

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars)

	Other Equity (Note 21)										
	Ordinary Shares (Note 21)		Capital Surplus (Note 21)	Retained Earnings (Note 21)			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Treasury Stocks (Note 21)	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Unappropriated Earnings	Total					
BALANCE, JANUARY 1, 2023	438,623	\$ 4,386,228	\$ 1,507,368	\$ 872,379	\$ 1,684,760	\$ 2,557,139	\$ 2,256	\$ 80,573	\$ 82,829	\$ (24,170)	\$ 8,509,394
Appropriation of the 2022 earnings											
Legal reserve	-	-	-	43,856	(43,856)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(438,623)	(438,623)	-	-	-	-	(438,623)
	-	-	-	43,856	(482,479)	(438,623)	-	-	-	-	(438,623)
Change in capital surplus from investment in associates accounted for using the equity method	-	-	2,849	-	(909)	(909)	-	-	-	-	1,940
Net profit (loss) for the year ended December 31, 2023	-	-	-	-	307,212	307,212	-	-	-	-	307,212
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(5,791)	(5,791)	(2,256)	(17,936)	(20,192)	-	(25,983)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	301,421	301,421	(2,256)	(17,936)	(20,192)	-	281,229
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,005	1,005	-	(1,005)	(1,005)	-	-
Treasury shares transferred to employees	-	-	114	-	-	-	-	-	-	998	1,112
Adjustment to capital surplus due to payment of dividends to subsidiaries	-	-	755	-	-	-	-	-	-	-	755
Changes in percentage of ownership interests in subsidiaries	-	-	(35,299)	-	-	-	-	-	-	-	(35,299)
BALANCE, DECEMBER 31, 2023	438,623	4,386,228	1,475,787	916,235	1,503,798	2,420,033	-	61,632	61,632	(23,172)	8,320,508
Appropriation of the 2023 earnings											
Legal reserve	-	-	-	30,152	(30,152)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(219,311)	(219,311)	-	-	-	-	(219,311)
	-	-	-	30,152	(249,463)	(219,311)	-	-	-	-	(219,311)
Other changes in capital surplus:											
Change in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	84	-	38	38	-	-	-	-	122
Net loss for the year ended December 31, 2024	-	-	-	-	(510,087)	(510,087)	-	-	-	-	(510,087)
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	31,662	31,662	14	(201,497)	(201,483)	-	(169,821)
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	(478,425)	(478,425)	14	(201,497)	(201,483)	-	(679,908)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	266	266	-	(266)	(266)	-	-
Adjustment to capital surplus due to payment of dividends to subsidiaries	-	-	377	-	-	-	-	-	-	-	377
Changes in percentage of ownership interests in subsidiaries	-	-	105,150	-	(687)	(687)	-	-	-	-	104,463
BALANCE, DECEMBER 31, 2024	\$ 438,623	\$ 4,386,228	\$ 1,581,398	\$ 946,387	\$ 775,527	\$ 1,721,914	\$ 14	\$ (140,131)	\$ (140,117)	\$ (23,172)	\$ 7,526,251

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

(With Deloitte & Touche auditors’ report dated February 27, 2025)

# TAIWAN-ASIA SEMICONDUCTOR CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) profit before income tax	\$ (506,471)	\$ 287,766
Adjustments for:		
Depreciation expense	575,518	470,155
Amortization expense	27,230	19,658
Expected credit loss (gain) on trade receivables	1,134	(83)
Loss (gain) on fair value change of financial assets and liabilities at fair value through profit or loss	577	(65,583)
Interest expense	37,707	11,242
Interest income	(23,682)	(20,954)
Dividend income	(14,275)	(25,889)
Compensation cost of employee share options	2,099	582
Share of loss (profit) of subsidiaries and associates accounted for using the equity method	489,642	(87,362)
Gain on disposal of property, plant and equipment	(12,098)	(1,581)
Gain on disposal of investment	(839)	(458)
Impairment loss recognized on non-financial assets	11,250	-
Unrealized sales loss	(9)	-
Realized sales profit	-	(84)
Gain on lease modification	(382)	-
Changes in operating assets and liabilities		
Notes receivable	(2,721)	471
Trade receivables	(24,771)	(335,873)
Trade receivables from related parties	38	(7,543)
Other receivables	(64,328)	(2,574)
Other receivables - related parties	(110,229)	(3,127)
Inventories	(243,113)	(175,809)
Other current assets	14,433	(15,893)
Other non-current assets	(611)	1,959
Contract liabilities	(623)	(136)
Trade payables	148,358	160,465
Trade payables to related parties	39,762	(11,882)
Other payables	(86,853)	93,783
Other payables to related parties	2,866	26,332
Provisions	203	573
Other current liabilities	12,390	578
Net defined benefit liabilities	(8,503)	5,175
Cash generated from operations	263,699	323,908
Interest received	23,146	21,717
Dividends received	66,313	76,339
Interest paid	(46,678)	(14,466)
Income tax paid	(11,741)	(69,140)
Net cash generated from operating activities	294,739	338,358

(Continued)

# TAIWAN-ASIA SEMICONDUCTOR CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (105,000)	\$ (90,000)
Proceeds from sale of financial assets at fair value through other comprehensive income	21,594	-
Proceeds from sale of financial assets at amortized cost	-	97,396
Proceeds from disposal of financial assets at fair value through profit or loss	20,839	174,431
Acquisition of investments accounted for using equity method	(800,010)	(470,000)
Disposal of long-term equity investments under the equity method	119,520	129,468
Acquisition of property, plant and equipment	(845,677)	(1,300,704)
Proceeds from disposal of property, plant and equipment	205,514	1,581
Decrease in refundable deposits	4,011	4,044
Increase in other receivables - related parties	(500,028)	-
Acquisition of intangible assets	(21,381)	(12,657)
Increase (decrease) in payments for equipment	86,885	(45,248)
Net cash outflow on segmentation	<u>(75,309)</u>	<u>-</u>
Net cash used in investing activities	<u>(1,889,042)</u>	<u>(1,511,689)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	746,178	252,804
Proceeds from long-term borrowings	1,207,210	702,188
(Decrease) increase in guarantee deposits	(54)	3,282
Payment of the principal portion of lease liabilities	(17,906)	(18,011)
Dividends paid	(219,311)	(438,623)
Treasury shares transferred to employees	<u>-</u>	<u>530</u>
Net cash generated from financing activities	<u>1,716,117</u>	<u>502,170</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	121,814	(671,161)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>1,096,542</u>	<u>1,767,703</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 1,218,356</u>	<u>\$ 1,096,542</u>

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

(With Deloitte & Touche auditors' report dated February 27, 2025)

(Concluded)

# TAIWAN-ASIA SEMICONDUCTOR CORPORATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

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### 1. GENERAL INFORMATION

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on February 27, 2025.

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

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

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note)</b>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

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

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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note)</b>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

#### IFRS 18 “Presentation and Disclosure in Financial Statements”

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

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

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

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

a. Statement of compliance

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

b. Basis of presentation

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

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

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

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

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

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

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

e. Inventories

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

f. Investment in subsidiaries

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

Subsidiaries are the entities controlled by the Corporation.

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

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

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

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

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

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

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

g. Investment in associates

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

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

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

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



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

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

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

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

#### h. Property, plant and equipment

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

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

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

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

#### i. Investment properties

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

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

## 2) Equity instruments

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

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

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

## 3) Financial liabilities

### a) Subsequent measurement

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

### b) Derecognition of financial liabilities

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

## m. Provisions

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

## n. Revenue recognition

Revenue from the sale of goods

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

## o. Leasing

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

### 1) The Corporation as lessor

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

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

## 2) The Corporation as lessee

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

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

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

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

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

### p. Borrowing costs

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

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

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

### q. Notes and accounts payable

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

r. Government grants

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

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

t. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

### 3) Current tax and deferred tax for the year

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

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Cash on hand	\$ 35	\$ -
Checking accounts and demand deposits	550,945	738,465
Cash equivalents (investments with original maturities of less than 3 months) time deposits	497,376	258,077
Repurchase agreements collateralized by bonds	<u>170,000</u>	<u>100,000</u>
	<u>\$ 1,218,356</u>	<u>\$ 1,096,542</u>



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

	December 31	
	2024	2023
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ -	\$ 20,577

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### Investments in Equity Instruments at FVTOCI

	December 31	
	2024	2023
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 137,313	\$ 174,406
Unlisted shares	142,553	106,240
Private-placement funds	<u>241,553</u>	<u>125,425</u>
	521,419	406,071
Foreign investments		
Unlisted shares	<u>323,977</u>	<u>500,333</u>
	<u>\$ 845,396</u>	<u>\$ 906,404</u>

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

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2024	2023
<u>Current</u>		
Restricted time deposit	\$ 22,810	\$ 22,810

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

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

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,083,650	\$ 1,058,879
Less: Allowance for impairment loss	<u>(16,893)</u>	<u>(15,761)</u>
	<u>\$ 1,066,757</u>	<u>\$ 1,043,118</u>

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

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

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

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

### December 31, 2024

	<b>Not Past Due</b>	<b>Past Due 1 to 30 Days</b>	<b>Past Due 31 to 60 Days</b>	<b>Past Due 61 to 90 Days</b>	<b>Past Due 91 to 120 Days</b>	<b>Over 120 Days</b>	<b>Total</b>
Expected credit loss rate	0.01%	1.99%	4.80%	-	-	100%	
Gross carrying amount	\$ 1,063,854	\$ 502	\$ 2,645	\$ -	\$ -	\$ 16,649	\$ 1,083,650
Loss allowance (Lifetime ECLs)	<u>(107)</u>	<u>(10)</u>	<u>(127)</u>	<u>-</u>	<u>-</u>	<u>(16,649)</u>	<u>(16,893)</u>
Amortized cost	<u>\$ 1,063,747</u>	<u>\$ 492</u>	<u>\$ 2,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,066,757</u>

### December 31, 2023

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

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

	2024	2023
Balance at January 1	\$ 15,761	\$ 15,844
Add: Net provision (reversal) of loss allowance	<u>1,132</u>	<u>(83)</u>
Balance at December 31	<u>\$ 16,893</u>	<u>\$ 15,761</u>

## 11. INVENTORIES

	December 31	
	2024	2023
Finished goods	\$ 217,690	\$ 210,047
Work in progress	452,996	349,677
Raw materials	<u>773,892</u>	<u>644,831</u>
	<u>\$ 1,444,578</u>	<u>\$ 1,204,555</u>

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

	December 31	
	2024	2023
Cost of inventories sold	\$ 2,927,104	\$ 2,502,359
Loss on decline in market value	<u>75,131</u>	<u>26,493</u>
	<u>\$ 3,002,235</u>	<u>\$ 2,528,852</u>

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2024	2023
Investments in subsidiaries	\$ 3,242,702	\$ 2,094,227
Investments in associates	<u>13,664</u>	<u>12,797</u>
	<u>\$ 3,256,366</u>	<u>\$ 2,107,024</u>

### a. Investments in subsidiaries

	December 31	
Name of Subsidiaries	2024	2023
Ho Chung Investment Co., Ltd. ("Ho Chung Investment")	\$ 215,226	\$ 320,848
River Asset Co., Ltd. ("River Asset")	333,468	359,261
Star Asia Vision Corporation ("Star Asia")	250,048	284,477
Wan Zun Guang Investment Co., Ltd. ("Wan Zun Guang")	1,548,857	1,129,641
Champ-Asia Semiconductor Corporation("Champ-Asia")	<u>895,103</u>	<u>-</u>
	<u>\$ 3,242,702</u>	<u>\$ 2,094,227</u>

By the Corporation were as follows:

Name of Subsidiaries	December 31	
	2024	2023
Ho Chung Investment	100.00%	100.00%
River Asset	100.00%	100.00%
Star Asia (1)	74.37%	90.95%
Wan Zun Guang	100.00%	100.00%
Champ-Asia (2)	99.90%	-

- 1) On July 24, 2023, Star Asia, a subsidiary of the Company, issued employee stock warrants totaling 2,000 thousand units, resulting in a decrease in the Company's percentage of ownership from 90.95%; on March 8, 2024, the Company conducted a stock release with a total of 3,000 thousand units to meet the needs of Star Asia's application for listing on the Taiwan Stock Exchange (TWSE), resulting in a decrease in the Company's percentage of ownership from 90.95% to 77.38%; on June 19, 2024, the Company conducted a stock release with a total of 66,400 thousand units to meet the needs of Star Asia's application for listing on the Taiwan Stock Exchange (TWSE), resulting in a decrease in the Company's percentage of ownership from 77.38% to 74.37%.
- 2) On May 28, 2024, the Company's "8-inch GaN Products Business Group" was transferred to Champ-Asia Corporation, a subsidiary of the Company, through a regular shareholders' meeting. The issuance of new shares by Champ-Asia to the Company as consideration for the assumption of the operation, resulted in an increase in the Company's shareholding to 99.90%. Ho Chung, a subsidiary of the Company, decreased its shareholding in Champ-Asia from 100% to 0.10%. The base date for the carve-out is August 30, 2024.

The division is as follows:

	August 30, 2024
Cash	\$ 75,309
Inventories	3,090
Prepayments	5,355
Property, plant and equipment	915,818
Intangible assets	<u>428</u>
	<u>\$ 1,000,000</u>

b. Investments in associates

	For the Year Ended December 31	
	2024	2023
Individual non-material associates		
New Smart Technology Co., Ltd.	<u>\$ 13,664</u>	<u>\$ 12,797</u>

### Aggregate information of associates that are not individually material

#### **For the Year Ended December 31** **2024 2023**

The Corporation's share of:

Profit (loss) from continuing operations for the year	\$ 1,775	\$ (704)
Total comprehensive income (loss) for the year	\$ 975	\$ 271

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

The share of profit and loss and other comprehensive gains and losses of subsidiaries and associates that adopted the equity method in 2024 and 2023 is recognized on the basis of the financial statements of each subsidiary and associates for the same period as verified by accountants.

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

## **13. PROPERTY, PLANT AND EQUIPMENT**

### **Assets Used by the Corporation**

	Buildings	Machinery and Equipment	Utility Facilities	Pollution Prevention Facilities	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment Under Installation	Total
<u>Cost</u>									
Balance at January 1, 2024	\$ 1,807,381	\$ 5,391,170	\$ 1,096,644	\$ 749,601	\$ 6,816	\$ 120,781	\$ 2,027,831	\$ 1,361,977	\$ 12,562,201
Additions	5,336	38,617	5,197	3,576	147	3,065	14,863	774,876	845,677
Disposals	-	(125,825)	-	-	-	(13,291)	(86)	(141,737)	(280,939)
Capitalized interest	-	-	-	-	-	-	-	11,249	11,249
Spillover	-	(162,960)	-	-	-	(901)	-	(762,662)	(926,523)
Reclassification	-	727,804	77,315	13,317	-	-	34,815	(874,396)	(21,145)
Balance at December 31, 2024	<u>\$ 1,812,717</u>	<u>\$ 5,868,806</u>	<u>\$ 1,179,156</u>	<u>\$ 766,494</u>	<u>\$ 6,963</u>	<u>\$ 109,654</u>	<u>\$ 2,077,423</u>	<u>\$ 369,307</u>	<u>\$ 12,190,520</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2024	\$ 1,205,818	\$ 4,574,139	\$ 961,758	\$ 636,820	\$ 5,086	\$ 86,193	\$ 1,731,817	\$ -	\$ 9,201,631
Disposals	-	(74,234)	-	-	-	(13,204)	(85)	-	(87,523)
Depreciation expense	52,983	383,195	31,333	14,328	961	17,356	56,867	-	557,023
Impairment loss	-	11,250	-	-	-	-	-	-	11,250
Spillover	-	(10,028)	-	-	-	(677)	-	-	(10,705)
Balance at December 31, 2024	<u>\$ 1,258,801</u>	<u>\$ 4,884,322</u>	<u>\$ 993,091</u>	<u>\$ 651,148</u>	<u>\$ 6,047</u>	<u>\$ 89,668</u>	<u>\$ 1,788,599</u>	<u>\$ -</u>	<u>\$ 9,671,676</u>
Carrying amounts at December 31, 2024	<u>\$ 553,916</u>	<u>\$ 984,484</u>	<u>\$ 186,065</u>	<u>\$ 115,346</u>	<u>\$ 916</u>	<u>\$ 19,986</u>	<u>\$ 288,824</u>	<u>\$ 369,307</u>	<u>\$ 2,518,844</u>
<u>Cost</u>									
Balance at January 1, 2023	\$ 1,803,509	\$ 5,356,159	\$ 1,038,359	\$ 740,243	\$ 6,582	\$ 95,838	\$ 1,973,770	\$ 467,407	\$ 11,481,867
Additions	1,582	12,446	2,070	8,760	234	3,524	6,477	1,265,611	1,300,704
Disposals	-	(223,264)	-	-	-	(111)	(94)	-	(223,469)
Capitalized interest	-	-	-	-	-	-	-	3,894	3,894
Reclassification	2,290	245,829	56,215	598	-	21,530	47,678	(374,935)	(795)
Balance at December 31, 2023	<u>\$ 1,807,381</u>	<u>\$ 5,391,170</u>	<u>\$ 1,096,644</u>	<u>\$ 749,601</u>	<u>\$ 6,816</u>	<u>\$ 120,781</u>	<u>\$ 2,027,831</u>	<u>\$ 1,361,977</u>	<u>\$ 12,562,201</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2023	\$ 1,153,440	\$ 4,500,311	\$ 942,029	\$ 624,056	\$ 4,212	\$ 71,416	\$ 1,678,213	\$ -	\$ 8,973,677
Disposals	-	(223,264)	-	-	-	(111)	(94)	-	(223,469)
Depreciation expense	52,378	297,092	19,729	12,764	874	14,888	53,698	-	451,423
Balance at December 31, 2023	<u>\$ 1,205,818</u>	<u>\$ 4,574,139</u>	<u>\$ 961,758</u>	<u>\$ 636,820</u>	<u>\$ 5,086</u>	<u>\$ 86,193</u>	<u>\$ 1,731,817</u>	<u>\$ -</u>	<u>\$ 9,201,631</u>
Carrying amounts at December 31, 2023	<u>\$ 601,563</u>	<u>\$ 817,031</u>	<u>\$ 134,886</u>	<u>\$ 112,781</u>	<u>\$ 1,730</u>	<u>\$ 34,588</u>	<u>\$ 296,014</u>	<u>\$ 1,361,977</u>	<u>\$ 3,360,570</u>

Some of the Corporation buildings were pledged to financial institutions as collaterals for obtaining long-term bank loans, please refer to Note 31.

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

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

#### 14. LEASE ARRANGEMENTS

##### a. Right-of-use assets

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Carrying amounts</u>		
Land	\$ 163,941	\$ 179,557
Transportation equipment	3,045	4,662
Office equipment	453	948
Other equipment	<u>119</u>	<u>357</u>
	<u>\$ 167,558</u>	<u>\$ 185,524</u>
	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Additions to right-of-use assets	<u>\$ 2,328</u>	<u>\$ 5,782</u>
Depreciation charge for right-of-use assets		
Land	\$ 15,616	\$ 15,617
Transportation equipment	2,146	2,502
Office equipment	495	494
Other equipment	<u>238</u>	<u>119</u>
	<u>\$ 18,495</u>	<u>\$ 18,732</u>

Except for the aforementioned addition and recognized depreciation, the Corporation did not have significant sublease or impairment of right-of-use assets in 2024 and 2023.

##### b. Lease liabilities

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Carrying amounts</u>		
Current	<u>\$ 17,297</u>	<u>\$ 17,631</u>
Non-current	<u>\$ 158,904</u>	<u>\$ 176,066</u>

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Land	1.797%	1.797%
Transportation equipment	1.566%-5.654%	1.088%-5.654%
Office equipment	1.088%	1.088%-1.797%
Other equipment	5.590%	5.590%

c. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Expenses relating to short-term leases	<u>\$ 8,400</u>	<u>\$ 8,387</u>
Total cash outflow for leases	<u>\$ (29,010)</u>	<u>\$ (29,244)</u>

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

## 15. INVESTMENT PROPERTIES

	<b>Completed Investment Property</b>
<u>Cost</u>	
Balance at January 1, 2024 and December 31, 2024	<u>\$ 399,307</u>
<u>Cost</u>	
Balance at January 1, 2023 and December 31, 2023	<u>\$ 399,307</u>

On December 31, 2024 and 2023, the fair values of investment properties were \$679,403 thousand and \$604,834 thousand, respectively, which were based on the market evidence on the transaction price of similar properties and publicly announced present value.

## 16. INTANGIBLE ASSETS

	<b>Software</b>
<u>Cost</u>	
Balance at January 1, 2024	\$ 51,989
Additions	21,381
Disposals	(24,579)
Spillover	(3,080)
Reclassification	<u>41,002</u>
Balance at December 31, 2024	<u>\$ 86,713</u>

(Continued)

	<b>Software</b>
<u>Accumulated amortization</u>	
Balance at January 1, 2024	\$ 35,730
Amortization expense	27,230
Disposals	(24,579)
Spillover	<u>(2,652)</u>
Balance at December 31, 2024	<u>\$ 35,729</u>
Carrying amount at December 31, 2024	<u>\$ 50,984</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 47,189
Additions	12,657
Disposals	(13,207)
Reclassification	<u>5,350</u>
Balance at December 31, 2023	<u>\$ 51,989</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2023	\$ 29,279
Amortization expense	19,658
Disposals	<u>(13,207)</u>
Balance at December 31, 2023	<u>\$ 35,730</u>
Carrying amount at December 31, 2023	<u>\$ 16,259</u>
	(Concluded)
Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:	
Computer software	1-10 years

## 17. BORROWINGS

### a. Short-term borrowings

	<u>December 31</u>	
	<b>2024</b>	<b>2023</b>
<u>Unsecured borrowings</u>		
Bank loans	<u>\$ 1,136,178</u>	<u>\$ 390,000</u>

The range of weighted average effective interest rate on bank loans was 0.82%-2.53% and 1.80%-1.93% per annum as of December 31, 2024 and 2023, respectively.



b. Long-term borrowings

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Secured borrowings (Note 31)</u>		
Bank loans	\$ 1,000,000	\$ -
<u>Unsecured borrowings</u>		
Long-term borrowings	\$ 909,398	\$ 702,188
Current portion	(263,796)	-
Government grant discount	-	(3,990)
	<u>645,602</u>	<u>698,198</u>
	<u>\$ 1,645,602</u>	<u>\$ 698,198</u>

The bank loan was secured by a mortgage on the Corporation own building, please refer to Note 31.

The effective interest rate of long-term borrowings was 1.82%-2.20% and 1.20%-1.825% per annum as December 31, 2024 and 2023, respectively.

The loan project for the return to Taiwan for investment is based on the program “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan”, launched by the National Development Fund, Executive Yuan. The maturity dates are between July 15, 2030 and August 15, 2030, with all principal and interest being repaid in full ahead of schedule in August 2024. The interest rate ranges of bank borrowings as of December 31, 2023 was 1.20%-1.475%, respectively.

## 18. OTHER LIABILITIES

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Payable for salaries and bonus	\$ 157,323	\$ 132,400
Payable for employees’ compensation	-	66,435
Payable for remuneration of directors	-	17,153
Payable for equipment	54,022	122,442
Others	<u>237,466</u>	<u>194,981</u>
	<u>\$ 448,811</u>	<u>\$ 533,411</u>

## 19. PROVISIONS

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Current</u>		
Warranties	<u>\$ 779</u>	<u>\$ 544</u>
<u>Non-current</u>		
Warranties	<u>\$ 763</u>	<u>\$ 795</u>

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

## 20. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

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

### b. Defined benefit plans

The defined benefit plans adopted by the Corporation in accordance with the Labor Standards Act is operated by the government of the Republic of China ("ROC"). Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes amounts equivalent to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation will make up the difference in one or more instalments. The pension fund is entrusted to the Bureau of Labor Funds, Ministry of Labor (the "Bureau"), and the Corporation has no right to influence the investment management strategy.

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

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Present value of defined benefit obligation	\$ 260,067	\$ 306,068
Fair value of plan assets	<u>(241,143)</u>	<u>(239,064)</u>
Net defined benefit liability	<u>\$ 18,924</u>	<u>\$ 67,004</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability (Asset)</b>
Balance at January 1, 2023	<u>\$ 303,001</u>	<u>\$ (248,410)</u>	<u>\$ 54,591</u>
Service costs			
Current service cost	7,451	-	7,451
Past service cost	(65)	-	(65)
Net interest expense (income)	<u>3,888</u>	<u>(3,323)</u>	<u>565</u>
Recognized in profit or loss	<u>11,274</u>	<u>(3,323)</u>	<u>7,951</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability (Asset)</b>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (2,278)	\$ (2,278)
Actuarial loss - changes in demographic assumptions	32	-	32
Actuarial loss - changes in financial assumptions	2,792	-	2,792
Actuarial loss - experience adjustments	<u>6,251</u>	<u>441</u>	<u>6,692</u>
Recognized in other comprehensive income	<u>9,075</u>	<u>(1,837)</u>	<u>7,238</u>
Contributions from the employer	<u>-</u>	<u>(2,776)</u>	<u>(2,776)</u>
Benefits paid	<u>(17,282)</u>	<u>17,282</u>	<u>-</u>
Balance at December 31, 2023	<u>306,068</u>	<u>(239,064)</u>	<u>67,004</u>
Service costs			
Current service cost	6,655	-	6,655
Net interest expense (income)	<u>3,603</u>	<u>(2,906)</u>	<u>697</u>
Recognized in profit or loss	<u>10,258</u>	<u>(2,906)</u>	<u>7,352</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(21,729)	(21,729)
Actuarial loss - changes in demographic assumptions	1	-	1
Actuarial loss - changes in financial assumptions	(11,182)	-	(11,182)
Actuarial loss - experience adjustments	<u>(6,667)</u>	<u>-</u>	<u>(6,667)</u>
Recognized in other comprehensive income	<u>(17,848)</u>	<u>(21,729)</u>	<u>(39,577)</u>
Contributions from the employer	<u>-</u>	<u>(2,675)</u>	<u>(2,675)</u>
Benefits paid	<u>(38,411)</u>	<u>25,231</u>	<u>(13,180)</u>
Balance at December 31, 2024	<u>\$ 260,067</u>	<u>\$ (241,143)</u>	<u>\$ 18,924</u>
			(Concluded)

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

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

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

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Discount rate	1.65%	1.15%-1.25%
Expected rate of salary increase	3.00%	3.00%

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

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Discount rate		
0.250% increase	<u>\$ (6,550)</u>	<u>\$ (7,332)</u>
0.250% decrease	<u>\$ 6,786</u>	<u>\$ 7,601</u>
Expected rate of salary increase		
0.250% increase	<u>\$ (6,679)</u>	<u>\$ (7,451)</u>
0.250% decrease	<u>\$ 6,481</u>	<u>\$ 7,226</u>

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

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
The expected contributions to the plan for the one year	<u>\$ 2,841</u>	<u>\$ 2,888</u>
The average duration of the defined benefit obligation		
Managers	9 years	4 years
Regular employees	10 years	11 years

## 21. EQUITY

### a. Share capital - ordinary shares

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Number of shares authorized (in thousands)	<u>1,000,000</u>	<u>1,000,000</u>
Amount of shares authorized	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>438,623</u>	<u>438,623</u>
Amount of shares issued	<u>\$ 4,386,228</u>	<u>\$ 4,386,228</u>

b. Capital surplus

	December 31	
	2024	2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Arising from issuance of common share	\$ 1,336,850	\$ 1,336,850
Arising from treasury share transactions	90,735	90,735
<u>May be used to offset a deficit only (2)</u>		
Arising from changes in percentage of ownership interest in subsidiaries	152,551	47,024
Arising from changes in equity from investments in associates for using the equity method	<u>1,262</u>	<u>1,178</u>
	<u>\$ 1,581,398</u>	<u>\$ 1,475,787</u>

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

c. Retained earnings and dividend policy

Under the dividend policy in the Corporation's Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside 10% of the remaining profit as a legal reserve, setting aside amounts to a special reserve in accordance with the laws and regulations, and then allowing for other special reserves and a distribution of dividends to be recommended by the board of directors. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to "employees' compensation and remuneration of directors" in Note 23, (7).

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

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

The appropriations of 2023 and 2022 earnings are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Legal reserve	\$ 30,152	\$ 43,856
Cash dividends	\$ 219,311	\$ 438,623
Cash dividends per share (NT\$)	\$ 0.50	\$ 1.00

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

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

The appropriations of 2024 earnings will be recommended by the board of directors in 2025.

d. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares Transferred to Employees (In Thousands of Shares)</b>	<b>Shares Held by Subsidiaries (In Thousands of Shares)</b>	<b>Total (In Thousands of Shares)</b>
Number of shares at January 1, 2024 and December 31, 2024	<u>-</u>	<u>755</u>	<u>755</u>
Number of shares at January 1, 2023	41	755	796
Decrease during the period	<u>(41)</u>	<u>-</u>	<u>(41)</u>
Number of shares at December 31, 2023	<u>-</u>	<u>755</u>	<u>755</u>

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

<b>Name of Subsidiary</b>	<b>Number of Shares Held (In Thousands of Shares)</b>	<b>Carrying Amount</b>	<b>Market Price</b>
<u>December 31, 2024</u>			
Ho Chung Investment	755	\$ 23,172	\$ 22,297
<u>December 31, 2023</u>			
Ho Chung Investment	755	23,172	35,539

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

## 22. OPERATING REVENUE

	<b><u>For the Year Ended December 31</u></b>		
	<b>2024</b>	<b>2023</b>	
Revenue from contracts with customers	<u>\$ 3,506,981</u>	<u>\$ 3,224,871</u>	
a. Contract balances			
	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>January 1, 2023</b>
Notes receivable	\$ 3,892	\$ 1,171	\$ 1,642
Trade receivables (Note 10)	1,083,650	1,058,879	723,006
Trade receivables to related parties	<u>23,938</u>	<u>23,976</u>	<u>16,433</u>
	<u>\$ 1,111,480</u>	<u>\$ 1,084,026</u>	<u>\$ 741,081</u>
Contract liabilities			
Sale of goods	<u>\$ 1,637</u>	<u>\$ 2,260</u>	<u>\$ 2,396</u>

b. The detail of revenue from contracts with customers:

	<b>LED and Silicon Send or Chips Group</b>
<u>Year of 2024</u>	
Revenue from contracts with customers	<u>\$ 3,506,981</u>
<u>Year of 2023</u>	
Revenue from contracts with customers	<u>\$ 3,224,871</u>

## 23. NET PROFIT (LOSS)

### Net Profit (Loss)

#### a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Bank deposits	\$ 18,308	\$ 18,169
Resale bonds	1,237	2,291
Financial assets at amortized cost	4	476
Others	<u>4,133</u>	<u>18</u>
	<u>\$ 23,682</u>	<u>\$ 20,954</u>

#### b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Rental income	\$ 21,350	\$ 18,736
Dividend income	14,275	25,889
Others	<u>33,989</u>	<u>9,711</u>
	<u>\$ 69,614</u>	<u>\$ 54,336</u>

#### c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ (577)	\$ 65,583
Gain on disposal of investments	839	458
Gain on disposal of property, plant and equipment	12,098	1,581
Net foreign exchange gains (losses)	79,122	(16,652)
Gain on lease modification	382	-
Impairment losses	(11,250)	-
Others	<u>(7,304)</u>	<u>(412)</u>
	<u>\$ 73,310</u>	<u>\$ 50,558</u>

#### d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Interest on bank loans	\$ 46,252	\$ 12,290
Interest on finance leases	<u>2,704</u>	<u>2,846</u>
	48,956	15,136
Less: Amounts included in the cost of qualifying assets	<u>(11,249)</u>	<u>(3,894)</u>
	<u>\$ 37,707</u>	<u>\$ 11,242</u>



Information on the capitalization of interest is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Interest capitalized amount	<u>\$ 11,249</u>	<u>\$ 3,894</u>
Interest capitalized interest rate	0.76%-1.46%	1%-1.92%

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
An analysis of depreciation by function		
Operating costs	\$ 495,130	\$ 410,991
Operating expenses	<u>80,388</u>	<u>59,164</u>
	<u>\$ 575,518</u>	<u>\$ 470,155</u>
An analysis of amortization by function		
Operating costs	\$ 15,067	\$ 9,295
Operating expenses	<u>12,163</u>	<u>10,363</u>
	<u>\$ 27,230</u>	<u>\$ 19,658</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Wages and salaries	\$ 697,055	\$ 709,673
Labor and health insurance fees	63,743	63,632
Post-employment benefits		
Defined contribution plans	27,530	27,514
Defined benefit plans	7,352	7,951
Share-based payments		
Equity-settled	2,099	582
Other employee benefits	<u>15,929</u>	<u>15,962</u>
Total employee benefits expense	<u>\$ 813,708</u>	<u>\$ 825,314</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 505,257	\$ 498,597
Operating expenses	<u>308,451</u>	<u>326,717</u>
	<u>\$ 813,708</u>	<u>\$ 825,314</u>

g. Employees' compensation and remuneration of directors

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

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Employees' compensation	-	10.11%
Remuneration of directors	-	5.06%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
	<b>Cash</b>	<b>Cash</b>
Employees' compensation	\$ -	\$ 34,306
Remuneration of directors	-	17,153

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the ended 2023 and 2022.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors in 2024 and 2023 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 24. INCOME TAXES

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

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Current tax		
In respect of the current year	\$ 7,860	\$ 21,300
Income tax on unappropriated earnings	2,603	-
Adjustments for prior years	<u>(8,946)</u>	<u>(11,934)</u>
	1,517	9,366
Deferred tax		
In respect of the current year	<u>2,099</u>	<u>(28,812)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 3,616</u>	<u>\$ (19,446)</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Profit before tax (loss)	<u>\$ (506,471)</u>	<u>\$ 287,766</u>
Income tax expense calculated at the statutory rate	\$ (101,294)	\$ 57,553
Nondeductible expenses in determining taxable income	1,716	951
Tax-exempt income	96,696	(30,048)
Investment tax credits used in the current year	(2,603)	(11,689)
Unrecognized deductible temporary differences	5,819	(24,279)
Income tax on unappropriated earnings	2,603	-
Additional income tax under the Alternative Minimum Tax Act	9,625	-
Adjustments for prior years' tax	<u>(8,946)</u>	<u>(11,934)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 3,616</u>	<u>\$ (19,446)</u>

- b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Deferred tax</u>		
In respect of the current year		
Fair value changes of financial assets at FVTOCI	\$ 35,271	\$ 26,190
Remeasurement on defined benefit plans	<u>(7,915)</u>	<u>1,447</u>
Total income tax recognized in other comprehensive income	<u>\$ 27,356</u>	<u>\$ 27,637</u>

- c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Current tax liabilities		
Income tax payable	<u>\$ 7,422</u>	<u>\$ 17,646</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Inventory write-downs	\$ 3,619	\$ 4,923	\$ -	\$ 8,542
Provisions	268	40	-	308
Impairment losses	5,653	(349)	-	5,304
Valuation allowance	2,821	-	-	2,821
Defined benefit plans	3,566	935	(4,501)	-
Unrealized gain or losses on financial assets	-	-	11,055	11,055
Others	<u>6,874</u>	<u>(6,874)</u>	<u>-</u>	<u>-</u>
	22,801	(1,325)	6,554	28,030
Investment tax credits	<u>25,750</u>	<u>2,890</u>	<u>-</u>	<u>28,640</u>
	<u>\$ 48,551</u>	<u>\$ 1,565</u>	<u>\$ 6,554</u>	<u>\$ 56,670</u>

Deferred tax liabilities

Temporary differences				
Unrealized gain or losses on financial assets	\$ 24,216	\$ -	\$(24,216)	\$ -
Defined benefit plans	-	-	3,414	3,414
Others	<u>-</u>	<u>3,664</u>	<u>-</u>	<u>3,664</u>
	<u>\$ 24,216</u>	<u>\$ 3,664</u>	<u>\$(20,802)</u>	<u>\$ 7,078</u>

For the year ended December 31, 2023

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

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain or losses on financial assets	<u>\$ 50,406</u>	<u>\$ -</u>	<u>\$(26,190)</u>	<u>\$ 24,216</u> (Concluded)
e. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets				

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Deductible temporary differences	<u>\$ 179,214</u>	<u>\$ 142,763</u>

f. Income tax assessments

The Corporation's income tax returns through 2022 have been assessed by the tax authority.

## 25. EARNINGS (LOSS) PER SHARE

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

### Net (Loss) Profit for the Year

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Earnings (losses) used in the computation of basic and diluted earnings (losses) per share	<u>\$ (510,087)</u>	<u>\$ 307,212</u>

(Unit: NT\$ Per Share)

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Weighted average number of ordinary shares outstanding used in the computation of basic earnings (losses) per share (in thousands)	437,868	437,854
Effect to potentially dilutive ordinary shares		
Employees' compensation (in thousands)	<u>-</u>	<u>920</u>
Weighted average number of ordinary shares outstanding used in the computation of diluted earnings (losses) per share	<u>437,868</u>	<u>438,774</u>

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

## 26. SHARE-BASED PAYMENT ARRANGEMENTS

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

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

Transfer restriction is no transfer within two years.

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

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

For the year ended December 31, 2023

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

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

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Equity-settled	\$ <u>-</u>	\$ <u>582</u>

- b. Employee share option plans of subsidiaries

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

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

	<b>September 26, 2024</b>
Grant-date share price	\$15.04
Exercise price	\$16
Expected volatility	42.51%
Expected life (in years)	0.04 years
Risk-free interest rate	1.30%

In the year 2024, the company recognized a compensation cost of \$1,412 thousand due to the employee stock option plan of its subsidiary.

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

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

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

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

In the year 2024, the company recognized a compensation cost of \$687 thousand due to the employee stock option plan of its subsidiary.

## **27. GOVERNMENT GRANTS**

In August 2024, the company repaid in advance a government preferential interest rate loan of \$329,412 thousand with obtained through the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan. The fair value of the loan is estimated to be \$324,803 thousand based on the market interest rate of 1.2%-1.475% when the loan was taken out. The difference between the amount obtained and the fair value of the loan is in the amount of \$4,609 thousand as a government low-interest loan grant and recognized as unearned revenue. Since the advance repayment resulted in the forfeiture of the unearned portion of the government low-interest loan subsidy, this amount was considered not yet earned. Upon repayment, the company derecognized \$2,966 thousand of deferred income. The actual government low-interest loan subsidy of \$1,643 thousand, which was utilized during the loan period, will be recognized in profit or loss over the useful life of the related assets. The company recognized interest expenses of \$1,024 thousand for the period from January 1 to December 31, 2024, and \$619 thousand for the period from January 1 to December 31, 2023.

## 28. CAPITAL MANAGEMENT

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividends paid to shareholders or issue new shares to reduce debt. The Corporation monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity in the consolidated balance sheets plus net debt. As of December 31, 2024 and 2023, the gearing ratios were 19.54% and (0.10%), respectively.

## 29. FINANCIAL INSTRUMENTS

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

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

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

#### 1) Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares	\$ 137,313	\$ -	\$ -	\$ 137,313
Unlisted shares	-	-	466,530	466,530
Privately offered fund	-	-	241,553	241,553
	<u>\$ 137,313</u>	<u>\$ -</u>	<u>\$ 708,083</u>	<u>\$ 845,396</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	<u>\$ 20,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,577</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares	\$ 174,406	\$ -	\$ -	\$ 174,406
Unlisted shares	-	-	606,573	606,573
Privately offered fund	-	-	125,425	125,425
	<u>\$ 174,406</u>	<u>\$ -</u>	<u>\$ 731,998</u>	<u>\$ 906,404</u>

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



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

For the year ended December 31, 2024

	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>	
<b>Equity Instruments</b>	<b>Equity Instruments</b>	<b>Equity Instruments</b>	<b>Total</b>
Balance at January 1, 2024	\$ -	\$ 731,998	\$ 731,998
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	(107,321)	(107,321)
Purchases	-	105,000	105,000
Disposals	-	(21,594)	(21,594)
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 708,083</u>	<u>\$ 708,083</u>

For the year ended December 31, 2023

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

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

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

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

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

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

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

c. Categories of financial instruments

	December 31	
	2024	2023
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ -	\$ 20,577
Financial assets at amortized cost (1)	3,037,124	2,216,618
Financial assets at FVTOCI	845,396	906,404
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	4,152,752	2,089,042

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities are set out in Note 35.

Sensitivity analysis

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

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

	USD Impact		CNY Impact		JPY Impact	
	For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2024	2023	2024	2023	2024	2023
Profit or loss	\$ (11,361)	\$ (9,243)	\$ (57)	\$ (1,239)	\$ 2,343	\$ 652

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

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

b) Interest rate risk

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

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Fair value interest rate risk		
Financial assets	\$ 690,186	\$ 380,887
Financial liabilities	287,942	530,894
Cash flow interest rate risk		
Financial assets	550,945	738,465
Financial liabilities	2,949,954	772,644

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Corporation's pre-tax profit (loss) for the years ended December 31, 2024 and 2023 would decrease/increase by \$(23,990) thousand and \$(342) thousand, respectively.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased by \$206 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2024 and 2023 would have increased/decreased by \$8,454 thousand and \$9,064 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

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

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

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

### 3) Liquidity risk

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

The Corporation relies on bank borrowings are a significant source of liquidity. The Corporation had available unutilized short-term and long-term bank loan facilities set out in (b) below.

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

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

#### December 31, 2024

	<b>Less than 1 Year</b>	<b>1-2 Years</b>	<b>2-3 Years</b>	<b>3-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,101,935	\$ -	\$ -	\$ -	\$ -
Lease liabilities	19,648	19,002	18,224	35,291	98,265
Variable interest rate liabilities	1,686,550	426,790	449,416	458,282	-
Fixed interest rate liabilities	<u>97,634</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,905,767</u>	<u>\$ 445,792</u>	<u>\$ 467,640</u>	<u>\$ 493,573</u>	<u>\$ 98,265</u>

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

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 19,648</u>	<u>\$ 72,517</u>	<u>\$ 65,510</u>	<u>\$ 32,755</u>	<u>\$ -</u>	<u>\$ -</u>

## December 31, 2023

	<b>Less than 1 Year</b>	<b>1-2 Years</b>	<b>2-3 Years</b>	<b>3-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,000,843	\$ -	\$ -	\$ -	\$ -
Lease liabilities	20,334	19,623	18,977	35,871	115,911
Variable interest rate liabilities	81,104	37,245	75,410	524,750	106,565
Fixed interest rate liabilities	<u>320,179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,422,460</u>	<u>\$ 56,868</u>	<u>\$ 94,387</u>	<u>\$ 560,621</u>	<u>\$ 222,476</u>

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

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 20,334</u>	<u>\$ 74,471</u>	<u>\$ 70,054</u>	<u>\$ 45,857</u>	<u>\$ -</u>	<u>\$ -</u>

### b) Financing facilities

	<u>December 31</u>	
	<b>2024</b>	<b>2023</b>
Secured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 1,000,000	\$ -
Amount unused	<u>350,000</u>	<u>-</u>
	<u>1,350,000</u>	<u>-</u>
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	2,062,141	1,092,188
Amount unused	<u>2,101,534</u>	<u>6,847,288</u>
	<u>4,163,675</u>	<u>7,939,476</u>
	<u>\$ 5,513,675</u>	<u>\$ 7,939,476</u>

## 30. TRANSACTIONS WITH RELATED PARTIES

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

### a. Related parties and relationships:

<u>Name of Related Party</u>	<u>Relationship with the Corporation</u>
Star Asia Vision Corporation	Subsidiary
ProAsia Semiconductor Corporation Ltd.	Subsidiary
Champ-Asia Semiconductor Corporation	Subsidiary
United-Asia Semiconductor Corporation	Subsidiary
Nichia Corp.	Investor that has significant influence over the Corporation
Nichia Taiwan Corp.	Investor that has significant influence over the Corporation
New Smart Technology Co., Ltd.	Associate

b. Operating revenue

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
Subsidiaries	\$ 4,016	\$ -
Investors that have significant influence over the Corporation	<u>309,679</u>	<u>248,712</u>
	<u>\$ 313,695</u>	<u>\$ 248,712</u>

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

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
Subsidiaries	\$ 59	\$ -
Investors that have significant influence over the Corporation	66,568	26,237
Associate	<u>36,538</u>	<u>474</u>
	<u>\$ 103,165</u>	<u>\$ 26,711</u>

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

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

Line Item	Related Party Category/Name	December 31	
		2024	2023
Trade receivables from related parties	Subsidiaries	\$ 2,258	\$ -
	Investors that have significant influence over the Corporation	<u>21,680</u>	<u>23,976</u>
		23,938	23,976
Loss allowance	Investors that have significant influence over the Corporation	<u>(2)</u>	<u>-</u>
		<u>\$ 23,936</u>	<u>\$ 23,976</u>
Other receivables from related parties	Champ-Asia	\$ 81,035	\$ -
	Subsidiaries	32,750	3,518
	Associate	16	14
	Investors that have significant influence over the Corporation	<u>-</u>	<u>40</u>
		<u>\$ 113,801</u>	<u>\$ 3,572</u>

The outstanding trade receivables from related parties are unsecured. In the year 2024, an allowance for doubtful accounts of \$2 thousand was recognized for receivables from related parties. For the year 2023, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2024	2023
Trade payables to related parties	Subsidiaries	\$ 61	\$ -
	Investors that have significant influence over the Corporation	32,091	7,871
	Associate	<u>15,481</u>	<u>-</u>
		<u>\$ 47,633</u>	<u>\$ 7,871</u>
Other payables to related parties	Subsidiaries	\$ 4,358	\$ 3,000
	Associate	<u>24,840</u>	<u>23,332</u>
		<u>\$ 29,198</u>	<u>\$ 26,332</u>

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

f. Acquisition of property, plant and equipment

Related Party Name	For the Year Ended December 31	
	2024	2023
New Smart Technology Co., Ltd.	<u>\$ 198,575</u>	<u>\$ 360,924</u>

g. Disposal of property, plant, and equipment

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
Champ-Asia	\$ 141,737	\$ -
Subsidiaries	<u>97</u>	<u>-</u>
	<u>\$ 141,834</u>	<u>\$ -</u>

h. Prepayments

Line Item	Related Party Category/Name	December 31	
		2024	2023
Prepayment for equipment	New Smart Technology Co., Ltd.	<u>\$ 39,348</u>	<u>\$ 36,934</u>
Prepayments for purchases	Associate	<u>\$ 3,321</u>	<u>\$ -</u>
Other prepayments	Associate	<u>\$ 1,402</u>	<u>\$ -</u>



i. Loans to related parties

Line Item	Related Party Category/Name	December 31	
		2024	2023
Other receivables - related parties	Champ-Asia	\$ 300,000	\$ -
	ProAsia	<u>200,028</u>	<u>-</u>
		<u>\$ 500,028</u>	<u>\$ -</u>
		December 31	
Related Party Category/Name		2024	2023
<u>Interest revenue</u>			
Champ-Asia Semiconductor Corporation Subsidiaries		\$ 4,073	\$ -
		<u>28</u>	<u>-</u>
		<u>\$ 4,101</u>	<u>\$ -</u>

The Company provided related parties with unsecured loans at rates similar to market interest rate.

j. Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2024	2023
Rental revenue	Star Asia	\$ 8,446	\$ 8,700
	ProAsia	9,600	8,800
	Subsidiaries	2,869	-
	Associate	<u>161</u>	<u>161</u>
		<u>\$ 21,076</u>	<u>\$ 17,661</u>
Other revenue	Star Asia	\$ 9,888	\$ -
	ProAsia	6,977	-
	Champ-Asia	<u>1,779</u>	<u>-</u>
		<u>\$ 18,644</u>	<u>\$ -</u>

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

k. Compensation of key management personnel

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	\$ 51,771	\$ 74,141
Post-employment benefits	<u>6,519</u>	<u>6,386</u>
	<u>\$ 58,290</u>	<u>\$ 80,527</u>

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

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

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

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Demand deposits (included in financial assets at amortized cost - current)	\$ 22,810	\$ 22,810
Net property, plant and equipment	<u>545,903</u>	<u>-</u>
	<u>\$ 568,713</u>	<u>\$ 22,810</u>

### 32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- a. As of December 31, 2024 and 2023, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$0 thousand and \$8,204 thousand, respectively.
- b. Unrecognized commitments were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Acquisition of property, plant and equipment	<u>\$ 33,688</u>	<u>\$ 323,724</u>

- c. As of December 31, 2024 and 2023, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$46,810 thousand and \$34,810 thousand, respectively.

### 33. OTHER ITEMS

On February 15, 2023, the president of the ROC announced the amendments to the “Climate Change Response Act”, which added the provision of carbon fee collection. Subsequently, on August 29, 2024, the Ministry of Environment announced the “Regulations Governing the Collection of Carbon Fees”, “Regulations for Administration of Voluntary Reduction Plans” and “Designated Greenhouse Gas Reduction Goal for Entities Subject to Carbon Fees”. Additionally, the carbon fee collection rate will be announced on October 21, 2024, and take effect on January 1, 2025. Based on the emissions of the Corporation in 2023, the Corporation expects that it will be the entity subject to carbon fees. Therefore, relevant provisions will be recognized based on actual emissions in 2025 and the carbon fee will be paid in May 2026.

### 34. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

### 35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 40,231	32.735 (USD:NTD)	\$ 1,316,962
JPY	223,974	0.2079 (JPY:NTD)	46,564
CNY	1,576	4.453 (CNY:NTD)	7,018

Financial liabilities

Monetary items			
USD	5,509	32.835 (USD:NTD)	180,888
JPY	1,325,558	0.2119 (JPY:NTD)	280,886
CNY	283	4.503 (CNY:NTD)	1,274

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 34,694	30.655 (USD:NTD)	\$ 1,063,545
JPY	326,209	0.2152 (JPY:NTD)	70,200
CNY	28,796	4.302 (CNY:NTD)	123,880

Financial liabilities

Monetary items			
USD	4,529	30.755 (USD:NTD)	139,289
JPY	617,808	0.2192 (JPY:NTD)	135,424

The significant unrealized foreign exchange gains (losses) were as follows:

For the Year Ended December 31				
Foreign Currency	Exchange Rate	2024	Exchange Rate	2023
		Net Foreign Exchange Gain (Loss)		Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	<u>\$ 79,122</u>	1 (NTD:NTD)	<u>\$ (16,652)</u>

### 36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

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

b. Information on investees: Table 6.

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: None.
- 2) Any of significant transactions with investee companies in mainland China, either directly or indirectly through a company in third area, and their prices, payment terms, and unrealized gains or losses: None.
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
  - c) The amount of property transactions and the amount of the resultant gains or losses
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
  - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 7.

TABLE 1

TAIWAN-ASIA SEMICONDUCTOR CORPORATION

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limits (Note 4)	Note
													Item	Value			
0	Taiwan-Asia Semiconductor Corporation	Champ-Asia Semiconductor Corporation	Other receivables - related parties	Y	\$ 300,000	\$ 300,000	\$ 300,000	2.5677	b	\$ -	Purchase equipment	\$ -	-	\$ -	\$ 752,625	\$ 3,010,500	-
		ProAsia Semiconductor Corporation	Other receivables - related parties	Y	200,000	200,000	200,000	2.5677	b	-	Purchase equipment, construction of a cleanroom	-	-	-	752,625	3,010,500	-

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

Note 2: Funding nature:

- a. Business associate clients marked a.
- b. Clients needing short-term loans marked b.

Note 3: Limit on loans granted to a single party, which has the needs of short-term financing with the Company should not exceed 10% of the Company’s latest net asset value. Besides, limit on loans granted to a single party, which has business relationship with the subsidiaries should not exceed total amount that the two sides trade in the recent one year period.

Note 4: Total amount of loans of the Company should not exceed 40% of the net value of the Company’s latest net asset value.

TABLE 2

TAIWAN-ASIA SEMICONDUCTOR CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)

No. (Note)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Taiwan-Asia Semiconductor Corporation	ProAsia Semiconductor Corporation Star Asia Vision Corporation	Subsidiary Subsidiary	\$ 1,505,250 1,505,250	\$ 1,400,000 5,341	\$ 1,400,000 -	\$ 1,375,000 -	\$ - -	18.60 -	\$ 3,763,125 3,763,125	Y Y	N N	N N

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

**TABLE 3**

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION**

**MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024			
				Shares	Carrying Amount	Percentage of Ownership	Fair Value
Taiwan-Asia Semiconductor Corporation	<u>Shares</u>						
	AXT, Inc. (Note 3)	-	Financial assets at FVTPL - non-current	124,100	\$ -	-	\$ -
	Top Increasing Technology Co., Ltd.	-	Financial assets at FVTPL - non-current	10,000,000	-	16.67	-
	Nichia Corp.	The Company is the parent company of Nichia Taiwan Corp.	Financial assets at FVTOCI - non-current	10,000	323,977	0.45	323,977
	Viking Tech Corporation.	-	Financial assets at FVTOCI - non-current	2,873,994	124,013	2.45	124,013
	Giga Epitaxy Technology Corp.	-	Financial assets at FVTOCI - non-current	4,950,491	24,342	15.00	24,342
	Shin-Etsu Opto Electronic Co., Ltd.	-	Financial assets at FVTOCI - non-current	2,000,000	118,211	10.00	118,211
	Fubon Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	250,000	13,300	-	13,300
	<u>Private fund</u>						
	Wisdom Capital Limited Partnership	-	Financial assets at FVTOCI - non-current	-	241,553	-	241,553
Ho Chung Investment Co., Ltd.	<u>Shares</u>						
	Taiwan-Asia Semiconductor Corporation	Parent company	Financial assets at FVTPL - current	754,543	22,297	0.17	22,297
	Shangya Technology (Note 4)	-	Financial assets at FVTOCI - non-current	6,800,000	116,054	15.35	116,054
River Asset Co., Ltd.	<u>Shares</u>						
	Leadtrend Tech. Corp.	-	Financial assets at FVTPL - current	887,481	59,639	1.47	59,639

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

Note 2: The information on investment in subsidiaries, please refer to Table 6.

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

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



**TABLE 4**

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)	
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total
Taiwan-Asia Semiconductor Corporation	Nichia Corp.	The Company is the parent company of Nichia Taiwan Corp.	Sales	\$ 309,679	8.83	Collect receivables in 45 days after acceptance	\$ -	-	\$ 21,678	1.98

**TABLE 5**

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover Ratio	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Taiwan-Asia Semiconductor Corporation	Champ-Asia Semiconductor Corporation ProAsia Semiconductor Corporation	Subsidiary Subsidiary	\$ 381,152 234,280	Note 1 Note 2	\$ -	-	\$ -	\$ -
					-	-	-	-

Note 1: The receivables included intercompany loan \$300,000 thousand , goods \$117 thousand and equipment \$81,035 thousand.

Note 2: The receivables included intercompany loan \$200,000 thousand, interest receivable \$28 thousand , goods \$1,676 thousand and equipment \$32,576 thousand.

TABLE 6

TAIWAN-ASIA SEMICONDUCTOR CORPORATION

INFORMATION ON INVESTEEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2024	December 31, 2023	Shares	%	Carrying Amount			
Taiwan-Asia Semiconductor Corporation	Ho Chung Investment Co., Ltd.	Taiwan	Investment business	\$ 400,000	\$ 400,000	40,000,000	100.00	\$ 215,226	\$ (24,973)	\$ (12,108)	(Note 1)
	River Asset Co., Ltd.	Taiwan	Investment business	400,000	400,000	40,000,000	100.00	333,468	(22,966)	(22,966)	(Note 1)
	Star Asia Vision Corporation	Taiwan	Manufacture and sales of lighting equipment	164,360	201,000	16,436,000	74.37	250,048	78,696	61,420	(Note 1)
	New Smart Technology Co., Ltd.	Taiwan	Automatic control equipment engineering business	14,000	14,000	1,000,000	4.55	13,664	60,420	1,775	(Note 1)
	Wan Zun Guang Investment Co., Ltd.	Taiwan	Investment business	2,020,010	1,220,000	202,001,000	100.00	1,548,857	(416,760)	(416,760)	(Note 1)
	Champ-Asia Semiconductor Corporation	Taiwan	Manufacturing of electronic parts	1,000,000	-	100,000,000	99.90	895,103	(106,295)	(101,003)	(Note 1)
River Asset Investment Co., Ltd.	New Smart Technology Co., Ltd.	Taiwan	Automatic control equipment engineering business	56,000	56,000	4,000,000	18.18	54,654	60,420	7,092	(Note 1)
	Intelligence AnAsia Technology Corp.	Taiwan	Investment business	10,500	-	1,050,000	30.00	8,328	(7,241)	(2,172)	(Note 1)
Wan Zun Guang Investment Co., Ltd.	ProAsia Semiconductor Corporation	Taiwan	Development, manufacture and sales of silicon-based semiconductor power components and silicon carbide compound semiconductor power components	1,972,510	1,015,000	154,834,000	86.82	1,542,037	(459,196)	(416,493)	(Note 1)
Ho Chung Investment Co., Ltd.	United-Asia Semiconductor Corporation	Taiwan	Assembling and testing of electronic parts	101,000	1,000	10,100,000	100.00	90,453	(10,533)	(10,533)	(Note 1)
	Champ-Asia Semiconductor Corporation	Taiwan	Manufacturing of electronic parts	1,000	1,000	100,000	0.10	897	(106,295)	(5,292)	(Note 1)

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

**TABLE 7****TAIWAN-ASIA SEMICONDUCTOR CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2024**

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

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

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

# TAIWAN-ASIA SEMICONDUCTOR CORPORATION

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**STATEMENT 1****TAIWAN-ASIA SEMICONDUCTOR CORPORATION****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

<b>Item</b>	<b>Description</b>	<b>Amount</b>
Cash on hand		\$ 35
Cash in banks		
Checking accounts		14,378
Demand deposits		401,937
Foreign currency deposits	JPY115,552 thousand	24,023
	US\$3,364 thousand	110,110
	CNY109 thousand	486
	EUR1 thousand	11
		<u>550,945</u>
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits		62,000
	US\$13,300 thousand	435,376
Repurchase agreements collateralized by bonds		<u>170,000</u>
		<u>667,376</u>
		<u>\$ 1,218,356</u>

Note: The above exchange rates are JPY1=0.2079, US\$1=32.735, CNY1=4.453, EUR1=33.94.

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION****STATEMENT OF TRADE RECEIVABLES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

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<b>Client Name</b>	<b>Amount</b>
Trade receivables (included related party)	
A Company	\$ 247,798
B Company	168,752
C Company	142,114
D Company	104,956
E Company	91,185
F Company	72,834
Others (Note)	<u>279,949</u>
	1,107,588
Less: Allowance for impairment loss	<u>(16,895)</u>
	<u><u>\$ 1,090,693</u></u>

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

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION****STATEMENT OF INVENTORY****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Amount</b>	
	<b>Cost</b>	<b>Net Realizable Value</b>
Finished goods	\$ 251,998	\$ 339,791
Work in progress	501,726	839,506
Raw materials	<u>845,898</u>	<u>848,917</u>
	1,599,622	<u>\$ 2,028,214</u>
Less: Allowance for inventory valuation losses	<u>(155,044)</u>	
	<u>\$ 1,444,578</u>	



TAIWAN-ASIA SEMICONDUCTOR CORPORATION

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)

Name	Balance, January 1, 2024		Additions		Decrease		Unrealized Gain (Loss) on Fair Value Change of FVTPL (Note 1)	Balance, December 31, 2024		Collateral	Note
	Shares/Units	Fair Value	Shares/Units	Amount	Shares/Units	Amount		Shares/Units	Fair Value		
Viking Tech Corporation	2,874	\$ 160,656	-	\$ -	-	\$ -	\$ (36,643)	2,874	\$ 124,013	None	
Nichia Corp.	10	500,333	-	-	-	-	(176,356)	10	323,977	None	
Giga Epitaxy Technology Corp.	4,950	-	-	-	-	-	24,342	4,950	24,342	None	
Shin-Etsu Opto Electronic Co., Ltd.	2,000	106,240	-	-	-	-	11,971	2,000	118,211	None	
Fubon Financial Holding Co., Ltd.	250	13,750	-	-	-	-	(450)	250	13,300	None	
Wisdom Capital Limited Partnership	-	<u>125,425</u>	-	<u>105,000</u>	-	<u>21,594</u>	<u>32,722</u>	-	<u>241,553</u>	None	Notes 2 and 3
		<u>\$ 906,404</u>		<u>\$ 105,000</u>		<u>\$ 21,594</u>	<u>\$ (144,414)</u>		<u>\$ 845,396</u>		

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

Note 2: Changes in increase investment cost.

Note 3: The decrease is due to the recovery of investment costs.

TAIWAN-ASIA SEMICONDUCTOR CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investees	Balance, January 1, 2024			Additions in Investment		Decrease in Investment		Investment Income (Loss) (Note 1)	Capital Surplus	Retained Earnings	Unrealized Loss (Gain) FVOCI	Disposal of Investments in Equity Instruments Designated as at FVTOCI	Cash Dividends	Accumulate Translating Adjustment	Deferred Credits	Balance, December 31, 2024			
	Shares	Percentage of Ownership (%)	Amount	Acquired Shares	Amount	Shares	Amount									Percentage of Ownership		Amount	Note
																Shares	(%)		
Unlisted shares																			
Ho Chung Investment Co., Ltd.	40,000	100.00	\$ 320,848	-	\$ -	-	\$ -	\$ (12,108)	\$ 5,581	\$ (1)	\$ (88,346)	\$ -	\$ (10,748)	\$ -	\$ -	40,000	100.00	\$ 215,226	Note 1
River Asset Investment Co., Ltd.	40,000	100.00	359,261	-	-	-	-	(22,966)	336	244	(3,206)	(213)	-	12	-	40,000	100.00	333,468	Note 1
Star Asia Vision Corporation	20,100	90.95	284,477	-	-	(3,664)	(119,520)	61,420	64,761	-	-	-	(41,090)	-	-	16,436	74.37	250,048	Notes 1 and 2
Wan Zun Guang Investment Co., Ltd.	122,000	100.00	1,129,641	80,001	800,010	-	-	(416,760)	37,378	(1,412)	-	-	-	-	-	202,001	100.00	1,548,857	Notes 1 and 3
Champ-Asia Semiconductor Corporation	-	-	-	100,000	1,000,000	-	-	(101,003)	(2,529)	(1,374)	-	-	-	-	9	100,000	99.90	895,103	Notes 1 and 4
New Smart Technology Co., Ltd.	1,000	4.55	12,797	-	-	-	-	1,775	84	61	(802)	(53)	(200)	2	-	1,000	4.55	13,664	Note 1
			\$ 2,107,024		\$ 1,800,010		\$ (119,520)	\$ (489,642)	\$ 105,611	\$ (2,482)	\$ (92,354)	\$ (266)	\$ (52,038)	\$ 14	\$ 9			\$ 3,256,366	

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

Note 2: The decrease in this year is due to the disposal of subsidiaries.

Note 3: The increase in this year is the cash capital increase of the subsidiary.

Note 4: The increase this year is due to the company's asset-based capital increase.

## TAIWAN-ASIA SEMICONDUCTOR CORPORATION

## STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Type	Balance, End of Year	Contract Period	Range of Interest Rates (%)	Loan Commitments	Collateral	Note
Unsecured borrowings						
TFC Bank	\$ 150,000	2024/11/11-2025/02/07	2.01	\$ 250,000	None	
Taishin International Bank	310,000	2024/11/07-2025/02/04	2.17	400,000	None	
Mega Bank	164,159	2024/11/26-2025/03/26	2.18-2.53	328,350	None	
Cathay United Bank	140,761	2024/12/10-2025/03/21	0.82-2.08	197,010	None	
First Bank	50,000	2024/12/12-2025/03/13	2.28	300,000	None	
Land Bank of Taiwan	96,651	2024/10/15-2025/03/17	0.96-2.23	300,000	None	
Bank of Taiwan	24,607	2024/12/24-2025/06/22	2.25	250,000	None	
Far Eastern International Bank	<u>200,000</u>	2024/11/07-2025/02/04	2.00	<u>300,000</u>	None	
	<u>\$ 1,136,178</u>			<u>\$ 2,325,360</u>		

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION****STATEMENT OF TRADE PAYABLES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

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<b>Client Name</b>	<b>Amount</b>
Trade payables (included related party)	
A Company	\$ 130,145
B Company	71,782
C Company	32,890
Other (Note)	<u>389,109</u>
	<u>\$ 623,926</u>

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

TAIWAN-ASIA SEMICONDUCTOR CORPORATION

STATEMENT OF LONG-TERM BORROWINGS  
DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)

Type	Balance, End of Year	Contract Period	Range of Interest Rates (%)	Loan Commitments	Collateral	Note
Long-term borrowings						
Secured borrowings						
Chang Hwa Bank	\$ 1,000,000	2024/01/09-2029/01/09	1.825	\$ 1,350,000	Yes	
Unsecured borrowings						
E.sun Bank	259,398	2023/08/07-2029/12/30	1.82	500,000	None	
First Bank	300,000	2023/10/06-2028/09/21	1.95	300,000	None	
CTBC Bank	350,000	2024/12/03-2025/03/04	2.20	350,000	None	
Less: Current portion	(263,796)			-		
	645,602			1,150,000		
	\$ 1,645,602			\$ 2,500,000		

**TAIWAN-ASIA SEMICONDUCTOR CORPORATION****STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Quantities</b>	<b>Amount</b>
Sale of goods		
Transmitting components	6,551,884,199	\$ 733,430
Sensor components	18,439,264,111	2,445,808
Other	2,917	<u>327,743</u>
Total operating revenue		<u>\$ 3,506,981</u>

## TAIWAN-ASIA SEMICONDUCTOR CORPORATION

**STATEMENT OF OPERATING COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials	
Raw materials, beginning of year	\$ 691,283
Purchases in the period	1,614,223
Raw materials, end of year (including inventories in transit)	(845,898)
Transferred to expenses and others	(457,782)
Spillover	(3,090)
Raw materials scrap	(1,469)
Sale raw materials cost	<u>(3,449)</u>
Raw materials used	993,818
Direct labor	270,912
Manufacturing expenses	<u>1,826,444</u>
Manufacturing costs	3,091,174
Work in process, beginning of year	368,454
Purchases in the period	215
Transferred to expenses and others	4,839
Work in process, end of year	(501,726)
Work in process scrap	(1,035)
Sale work in process cost	<u>(195,061)</u>
Cost of finished goods	2,766,860
Finished goods, beginning of year	227,337
Finished goods purchased in the period	59
Finished goods, end of year	(251,998)
Transferred to expenses and others	(43,327)
Scrapping of finished goods	<u>(102)</u>
Cost of goods excluded other adjustment	2,698,829
Sale raw materials cost	3,449
Sale work in process cost	195,061
Conversion costs	29,877
Inventories impairment	75,131
Revenues from sale of scraps	<u>(112)</u>
Total operating costs	<u>\$ 3,002,235</u>

## TAIWAN-ASIA SEMICONDUCTOR CORPORATION

STATEMENT OF OPERATING EXPENSES  
 FOR THE YEAR ENDED DECEMBER 31, 2024  
 (In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll expense	\$ 19,235	\$ 179,314	\$ 65,667	\$ 264,216
Import and export fees	9,526	513	8	10,047
Research expenses	-	-	53,229	53,229
Water, electricity and gas	-	28,326	10,734	39,060
Advertisement cost	5,158	190	-	5,348
Labor expense	65	37,044	15,195	52,304
Depreciation expense	901	53,208	26,279	80,388
Insurance cost	5,393	16,019	6,559	27,971
Others (Note)	<u>17,623</u>	<u>76,666</u>	<u>22,497</u>	<u>116,786</u>
	<u>\$ 57,901</u>	<u>\$ 391,280</u>	<u>\$ 200,168</u>	649,349
Expected credit loss reversed on trade receivables				<u>1,134</u>
				<u>\$ 650,483</u>

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



## TAIWAN-ASIA SEMICONDUCTOR CORPORATION

STATEMENT OF EMPLOYEE BENEFITS AND DEPRECIATION  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31					
	2024			2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salaries	\$ 432,772	\$ 262,143	\$ 694,915	\$ 427,928	\$ 264,592	\$ 692,520
Labor and health insurance	44,294	19,449	63,743	42,971	20,661	63,632
Post-employment benefits	18,047	16,835	34,882	18,289	17,176	35,465
Share-based payments	26	2,073	2,099	-	582	582
Remuneration of directors	-	3,285	3,285	-	19,108	19,108
Others	10,118	4,666	14,784	9,409	4,598	14,007
	<u>\$ 505,257</u>	<u>\$ 308,451</u>	<u>\$ 813,708</u>	<u>\$ 498,597</u>	<u>\$ 326,717</u>	<u>\$ 825,314</u>
Depreciation	<u>\$ 495,130</u>	<u>\$ 80,388</u>	<u>\$ 575,518</u>	<u>\$ 410,991</u>	<u>\$ 59,164</u>	<u>\$ 470,155</u>
Amortization expenses	<u>\$ 15,067</u>	<u>\$ 12,163</u>	<u>\$ 27,230</u>	<u>\$ 9,295</u>	<u>\$ 10,363</u>	<u>\$ 19,658</u>

Note 1: As of December 31, 2024 and 2023, the Corporation had 825 and 853 employees, respectively. Among them 5 and 4 directors did not serve concurrently as employees in 2024 and 2023, respectively.

Note 2: The average amount of employee benefits was \$988 thousand and the prior year's average amount of employee benefit was \$950 thousand.

Note 3: The average amount of employee salaries was \$850 thousand and the prior year's average amount of employee salaries was \$816 thousand. The average adjustment of employee salaries was 4.17%.

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

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