

**Taiwan-Asia Semiconductor Corporation
and Subsidiaries**
(Former Name: Opto Tech Corporation)

**Consolidated Financial Statements for the
Three Months Ended March 31, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Taiwan-Asia Semiconductor Corporation (Former Name: Opto Tech Corporation) and its subsidiaries (collectively, the "Group") as of March 31, 2023 and 2022, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2023 and 2022, the combined total assets of these non-significant subsidiaries were NT\$2,236,136 thousand and NT\$1,990,491 thousand, respectively, representing 20.92% and 16.24%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$894,794 thousand and NT\$387,892 thousand, respectively, representing 43.06% and 16.18%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2023 and 2022, the amounts of the combined comprehensive income of these subsidiaries were NT\$13,822 thousand and NT\$9,076 thousand, respectively, representing 7.98% and 5.50%, respectively, of the consolidated total comprehensive income. Also, as stated in Note 13 to the consolidated financial statements, the investments accounted for using the equity method amounted to NT\$60,392 thousand and NT\$60,205 thousand as of March 31, 2023 and 2022, respectively. The share of profit (loss) of the associates were NT\$(2,989) thousand and NT\$(5,470) thousand of the Group's consolidated net income for the three months ended March 31, 2023 and 2022, respectively. The share of other comprehensive income (loss) of the associates were NT\$(1,299) thousand and NT\$(5,441) thousand

of the Group’s consolidated comprehensive income for the three months ended March 31, 2023 and 2022, and these investment amounts as well as additional disclosures in Note 34 “Information on Investees” were based on the investees’ unreviewed financial statements for the same reporting periods as those of the Group.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investees accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 5, 2023

Notice to Readers

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

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

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

(Former Name: Opto Tech Corporation)

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 2,945,669	28	\$ 3,014,578	29	\$ 4,053,285	33
Financial assets at fair value through profit or loss - current (Note 7)	71,904	1	65,175	1	624,099	5
Financial assets at amortized cost - current (Notes 9 and 30)	120,666	1	120,666	1	371,185	3
Notes receivable (Note 23)	2,604	-	1,642	-	6,438	-
Trade receivables (Notes 10 and 23)	738,465	7	789,924	7	1,172,798	10
Trade receivables from related parties (Notes 23 and 29)	22,896	-	16,433	-	42,579	-
Other receivables (Note 29)	16,538	-	15,131	-	10,572	-
Inventories (Note 11)	1,215,163	11	1,248,748	12	1,269,080	10
Other current assets (Note 29)	69,087	1	77,439	1	86,426	1
Total current assets	<u>5,202,992</u>	<u>49</u>	<u>5,349,736</u>	<u>51</u>	<u>7,636,462</u>	<u>62</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	109,096	1	109,096	1	112,528	1
Financial assets at fair value through other comprehensive income - non-current (Note 8)	1,169,513	11	1,069,816	10	1,065,958	9
Investments accounted for using the equity method (Note 13)	60,392	1	61,690	1	60,205	1
Property, plant and equipment (Notes 14 and 29)	2,471,523	23	2,661,914	25	2,606,823	21
Right-of-use assets (Note 15)	194,406	2	202,218	2	212,082	2
Investment properties (Note 16)	399,307	4	399,307	4	399,307	3
Intangible assets (Note 17)	15,417	-	19,009	-	16,134	-
Deferred tax assets (Notes 4 and 25)	31,045	-	24,400	-	39,030	-
Prepayment for equipment (Note 29)	1,001,665	9	621,506	6	69,523	1
Other non-current assets	31,280	-	36,115	-	41,827	-
Total non-current assets	<u>5,483,644</u>	<u>51</u>	<u>5,205,071</u>	<u>49</u>	<u>4,623,417</u>	<u>38</u>
TOTAL	<u>\$ 10,686,636</u>	<u>100</u>	<u>\$ 10,554,807</u>	<u>100</u>	<u>\$ 12,259,879</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 18)	\$ 132,314	1	\$ 137,196	1	\$ 342,153	3
Contract liabilities - current (Note 23)	195,049	2	213,295	2	69,119	1
Trade payables	375,329	4	432,446	4	606,499	5
Trade payables to related parties (Note 29)	31,729	-	36,162	-	66,107	-
Other payables (Notes 19 and 29)	512,409	5	587,892	6	655,045	5
Current tax liabilities (Notes 4 and 25)	99,407	1	98,351	1	219,095	2
Provisions - current (Note 20)	4,062	-	1,210	-	4,506	-
Lease liabilities - current (Notes 15 and 29)	16,756	-	17,195	-	18,663	-
Other current liabilities	4,039	-	5,007	-	5,426	-
Total current liabilities	<u>1,371,094</u>	<u>13</u>	<u>1,528,754</u>	<u>14</u>	<u>1,986,613</u>	<u>16</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 18)	398,217	4	195,695	2	-	-
Provisions - non-current (Note 20)	14,380	-	24,505	-	21,289	-
Deferred tax liabilities (Notes 4 and 25)	51,844	-	50,475	-	43,317	1
Lease liabilities - non-current (Notes 15 and 29)	185,256	2	189,330	2	195,474	2
Net defined benefit liability - non-current (Notes 4 and 21)	55,642	-	54,591	1	147,805	1
Other non-current liabilities	1,586	-	2,063	-	2,979	-
Total non-current liabilities	<u>706,925</u>	<u>6</u>	<u>516,659</u>	<u>5</u>	<u>410,864</u>	<u>4</u>
Total liabilities	<u>2,078,019</u>	<u>19</u>	<u>2,045,413</u>	<u>19</u>	<u>2,397,477</u>	<u>20</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Ordinary shares	4,386,228	41	4,386,228	42	4,386,228	36
Capital surplus	1,433,379	13	1,507,368	14	1,489,822	12
Retained earnings						
Legal reserve	872,379	8	872,379	8	786,944	6
Special reserve	-	-	-	-	2,423	-
Unappropriated earnings	1,754,720	17	1,684,760	16	2,777,193	23
Total retained earnings	<u>2,627,099</u>	<u>25</u>	<u>2,557,139</u>	<u>24</u>	<u>3,566,560</u>	<u>29</u>
Other equity	186,081	2	82,829	1	471,112	4
Treasury shares	(24,170)	-	(24,170)	-	(54,954)	(1)
Total equity attributable to owners of the Company	<u>8,608,617</u>	<u>81</u>	<u>8,509,394</u>	<u>81</u>	<u>9,858,768</u>	<u>80</u>
NON-CONTROLLING INTERESTS						
Total equity	<u>8,608,617</u>	<u>81</u>	<u>8,509,394</u>	<u>81</u>	<u>9,862,402</u>	<u>80</u>
TOTAL	<u>\$ 10,686,636</u>	<u>100</u>	<u>\$ 10,554,807</u>	<u>100</u>	<u>\$ 12,259,879</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 5, 2023)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 29)	\$ 831,888	100	\$ 1,282,285	100
OPERATING COSTS (Notes 11, 24 and 29)	<u>674,898</u>	<u>81</u>	<u>908,076</u>	<u>71</u>
GROSS PROFIT	<u>156,990</u>	<u>19</u>	<u>374,209</u>	<u>29</u>
OPERATING EXPENSES (Notes 10, 24 and 29)				
Selling and marketing expenses	26,403	3	25,721	2
General and administrative expenses	125,263	15	182,854	14
Research and development expenses	43,980	6	24,720	2
Expected credit loss (gain) on trade receivables	<u>(56)</u>	<u>-</u>	<u>1,297</u>	<u>-</u>
Total operating expenses	<u>195,590</u>	<u>24</u>	<u>234,592</u>	<u>18</u>
INCOME PROFIT (LOSS) FROM OPERATIONS	<u>(38,600)</u>	<u>(5)</u>	<u>139,617</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES (Notes 12, 24 and 29)				
Interest income	10,200	1	2,314	-
Other income	17,512	2	17,716	1
Other gains and losses	84,864	10	31,848	2
Finance costs	(2,876)	-	(2,595)	-
Share of profit or loss of associates and joint ventures accounted for using the equity method	<u>(2,989)</u>	<u>-</u>	<u>(5,470)</u>	<u>-</u>
Total non-operating income	<u>106,711</u>	<u>13</u>	<u>43,813</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	68,111	8	183,430	14
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 25)	<u>(1,849)</u>	<u>-</u>	<u>51,314</u>	<u>4</u>
NET PROFIT FOR THE PERIOD	<u>69,960</u>	<u>8</u>	<u>132,116</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	99,698	12	28,740	2
Share of the other comprehensive income of associates accounted for using the equity method	<u>1,694</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>101,392</u>	<u>12</u>	<u>28,740</u>	<u>2</u>

(Continued)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ 1,864	1	\$ 3,999	1
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	(4)	-	29	-
	<u>1,860</u>	<u>1</u>	<u>4,028</u>	<u>1</u>
Other comprehensive income for the period, net of income tax	<u>103,252</u>	<u>13</u>	<u>32,768</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 173,212</u>	<u>21</u>	<u>\$ 164,884</u>	<u>13</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 69,960	8	\$ 132,116	10
Non-controlling interests	-	-	-	-
	<u>\$ 69,960</u>	<u>8</u>	<u>\$ 132,116</u>	<u>10</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 173,212	21	\$ 164,884	13
Non-controlling interests	-	-	-	-
	<u>\$ 173,212</u>	<u>21</u>	<u>\$ 164,884</u>	<u>13</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 0.16</u>		<u>\$ 0.30</u>	
Diluted	<u>\$ 0.16</u>		<u>\$ 0.30</u>	

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

(With Deloitte & Touche review report dated May 5, 2023)

(Concluded)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

Equity Attributable to Owners of the Company (Note 22)

	Ordinary Shares		Capital Surplus	Retained Earnings				Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity		Treasury Shares	Non-controlling Interests	Total Equity	
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total				
BALANCE, JANUARY 1, 2022	438,623	\$ 4,386,228	\$ 1,489,822	\$ 786,944	\$ 2,423	\$ 2,645,077	\$ 3,434,444	\$ 688	\$ 437,656	\$ 438,344	\$ (54,954)	\$ 9,693,884	\$ 3,634	\$ 9,697,518
Net profit for the three months ended March 31, 2022	-	-	-	-	-	132,116	132,116	-	-	-	-	132,116	-	132,116
Other comprehensive income for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	-	-	4,028	28,740	32,768	-	32,768	-	32,768
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	132,116	132,116	4,028	28,740	32,768	-	164,884	-	164,884
BALANCE, MARCH 31, 2022	438,623	\$ 4,386,228	\$ 1,489,822	\$ 786,944	\$ 2,423	\$ 2,777,193	\$ 3,566,560	\$ 4,716	\$ 466,396	\$ 471,112	\$ (54,954)	\$ 9,858,768	\$ 3,634	\$ 9,862,402
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	\$ -	\$ 8,509,394
Net profit for three months ended March 31, 2023	-	-	-	-	-	69,960	69,960	-	-	-	-	69,960	-	69,960
Other comprehensive income for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	-	1,860	101,392	103,252	-	103,252	-	103,252
Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	69,960	69,960	1,860	101,392	103,252	-	173,212	-	173,212
Adjustments to share of change in equity of subsidiaries	-	-	(73,989)	-	-	-	-	-	-	-	-	(73,989)	-	(73,989)
BALANCE, MARCH 31, 2023	438,623	\$ 4,386,228	\$ 1,433,379	\$ 872,379	\$ -	\$ 1,754,720	\$ 2,627,099	\$ 4,116	\$ 181,965	\$ 186,081	\$ (24,170)	\$ 8,608,617	\$ -	\$ 8,608,617

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

(With Deloitte & Touche review report dated May 5, 2023)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended	
	March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 68,111	\$ 183,430
Adjustments for:		
Depreciation expenses	111,727	100,353
Amortization expenses	5,594	4,212
Expected credit loss recognized (reserved gain) on trade receivables	(56)	1,297
Gain on fair value change of financial assets and liabilities at fair value through profit or loss	(6,729)	(6,873)
Interest expenses	2,872	2,575
Interest income	(10,200)	(2,314)
Dividend income	(15,967)	(13,926)
Share of loss of associates accounted for using the equity method	2,989	5,470
Gain on disposal of property, plant and equipment	(61)	(4,208)
Gain on disposal of investments	(91,110)	-
Gain on changes in lease term	-	(1)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through loss	-	97,235
Notes receivable	(962)	(1,555)
Trade receivables	17,101	96,789
Trade receivables from related parties	(6,463)	(27,564)
Other receivables	(223)	5,299
Inventories	11,710	913
Other current assets	1,798	17,598
Other non-current assets	744	(171)
Contract liabilities	(18,246)	(14,492)
Trade payables	(25,328)	(176,626)
Trade payables to related parties	(4,433)	5,608
Other payables	20,817	(110,684)
Provisions	(7,273)	(104)
Other current liabilities	3,362	(1,632)
Net defined benefit liabilities	<u>1,051</u>	<u>1,030</u>
Cash generated from operations	60,825	161,659
Interest received	9,016	2,470
Dividend received	15,967	13,926
Interest paid	(2,878)	(2,554)
Income tax paid	<u>(2,384)</u>	<u>(1,472)</u>
Net cash generated from operating activities	<u>80,546</u>	<u>174,029</u>

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended	
	March 31	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	\$ -	\$ (400)
Proceeds from recovery of financial assets at amortized cost on maturity	-	450,000
Net cash inflow on disposal of subsidiary	66,458	-
Payments for property, plant and equipment	(31,324)	(30,425)
Proceeds from disposal of property, plant and equipment	61	4,248
Decrease (increase) in refundable deposits	4,091	(10,312)
Payments for intangible assets	(1,202)	(6,306)
Payments for equipment decrease (increase)	<u>(380,159)</u>	<u>2,627</u>
Net cash generated from (used in) investing activities	<u>(342,075)</u>	<u>409,432</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(4,882)	8,106
Proceeds from long-term borrowings	202,522	-
Decrease in guarantee deposits	(477)	(1)
Payment of the principal portion of lease liabilities	<u>(4,513)</u>	<u>(4,935)</u>
Net cash generated from financing activities	<u>192,650</u>	<u>3,170</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(30)</u>	<u>(757)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(68,909)	585,874
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>3,014,578</u>	<u>3,467,411</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 2,945,669</u>	<u>\$ 4,053,285</u>

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

(With Deloitte & Touche review report dated May 5, 2023)

(Concluded)

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

(Former Name: Opto Tech Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

2. THE AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by the board of directors on May 5, 2023.

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

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

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

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of presentation

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

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

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

c. Basis of consolidation

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

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

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

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

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 12, Tables 4 and 5 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to the consolidated financial statements for the year ended December 31, 2022 for information on the material accounting judgments and key sources of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ -	\$ 172	\$ 176
Checking accounts and demand deposits	1,074,851	980,976	1,882,046
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	1,504,818	1,512,430	2,093,063
Repurchase agreements collateralized by bonds	<u>366,000</u>	<u>521,000</u>	<u>78,000</u>
	<u>\$ 2,945,669</u>	<u>\$ 3,014,578</u>	<u>\$ 4,053,285</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets - current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic listed shares	\$ 51,518	\$ 44,846	\$ 52,355
Mutual funds	<u>20,386</u>	<u>20,329</u>	<u>571,744</u>
	<u>\$ 71,904</u>	<u>\$ 65,175</u>	<u>\$ 624,099</u>
<u>Financial assets - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Unlisted shares	<u>\$ 109,096</u>	<u>\$ 109,096</u>	<u>\$ 112,528</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Non-current</u>			
Domestic investments			
Listed shares	\$ 397,695	\$ 279,063	\$ 279,433
Unlisted shares	84,474	84,474	241,382
Private-placement funds	<u>56,065</u>	<u>75,000</u>	<u>-</u>
	538,234	438,537	520,815
Foreign investments			
Unlisted shares	<u>631,279</u>	<u>631,279</u>	<u>545,143</u>
	<u>\$ 1,169,513</u>	<u>\$ 1,069,816</u>	<u>\$ 1,065,958</u>

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Time deposits with original maturity of more than 3 months	\$ 97,396	\$ 97,396	\$ 347,975
Restricted time deposit	<u>23,270</u>	<u>23,270</u>	<u>23,210</u>
	<u>\$ 120,666</u>	<u>\$ 120,666</u>	<u>\$ 371,185</u>

Information relating to credit risk of financial assets at amortized cost is provided in Note 30.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 754,442	\$ 805,957	\$ 1,182,330
Less: Allowance for impairment loss	<u>(15,977)</u>	<u>(16,033)</u>	<u>(9,532)</u>
	<u>\$ 738,465</u>	<u>\$ 789,924</u>	<u>\$ 1,172,798</u>

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

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates and the industry outlooks.

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

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

March 31, 2023

	Not Past Due	Past Due 1 to 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	-	-	58.54%	99.94%	-	32.41%	
Gross carrying amount	\$ 707,090	\$ 4,407	\$ 2,482	\$ 2,114	\$ 59	\$ 38,290	\$ 754,442
Loss allowance (Lifetime ECLs)	-	-	(1,453)	(2,113)	-	(12,411)	(15,977)
Amortized cost	<u>\$ 707,090</u>	<u>\$ 4,407</u>	<u>\$ 1,029</u>	<u>\$ 1</u>	<u>\$ 59</u>	<u>\$ 25,879</u>	<u>\$ 738,465</u>

December 31, 2022

	Not Past Due	Past Due 1 to 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0.48%	-	92.40%	16.65%	-	59.08%	
Gross carrying amount	\$ 753,717	\$ 1,505	\$ 3,015	\$ 18,215	\$ 18,304	\$ 11,201	\$ 805,957
Loss allowance (Lifetime ECLs)	<u>(3,596)</u>	<u>-</u>	<u>(2,786)</u>	<u>(3,033)</u>	<u>-</u>	<u>(6,618)</u>	<u>(16,033)</u>
Amortized cost	<u>\$ 750,121</u>	<u>\$ 1,505</u>	<u>\$ 229</u>	<u>\$ 15,182</u>	<u>\$ 18,304</u>	<u>\$ 4,583</u>	<u>\$ 789,924</u>

March 31, 2022

	Not Past Due	Past Due 1 to 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	-	-	19.77%	-	-	100.00%	
Gross carrying amount	\$ 1,149,655	\$ 18,846	\$ 5,356	\$ -	\$ -	\$ 8,473	\$ 1,182,330
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>(1,059)</u>	<u>-</u>	<u>-</u>	<u>(8,473)</u>	<u>(9,532)</u>
Amortized cost	<u>\$ 1,149,655</u>	<u>\$ 18,846</u>	<u>\$ 4,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,172,798</u>

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

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 16,033	\$ 8,235
Add: Net remeasurement of loss allowance	-	1,297
Less: Net reversal of loss allowance	<u>(56)</u>	<u>-</u>
Balance at March 31	<u>\$ 15,977</u>	<u>\$ 9,532</u>

11. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Finished goods	\$ 214,961	\$ 281,707	\$ 220,756
Work in progress	271,299	263,129	346,518
Raw materials	<u>728,903</u>	<u>703,912</u>	<u>701,806</u>
	<u>\$ 1,215,163</u>	<u>\$ 1,248,748</u>	<u>\$ 1,269,080</u>

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

	For the Three Months Ended March 31	
	2023	2022
Cost of inventories sold	\$ 667,012	\$ 902,355
Loss on decline in market value	<u>7,886</u>	<u>5,721</u>
	<u>\$ 674,898</u>	<u>\$ 908,076</u>

12. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	Ho Chung Investment Co., Ltd. ("Ho Chung Investment")	Investment business	100.00%	100.00%	100.00%	Note 1
The Company	CS Bright Corporation ("CSB")	Manufacturing and selling of LED and electronic products	-	-	99.87%	Notes 1 and 2
The Company	Bright Investment International Ltd. ("Bright")	Holding company	100.00%	100.00%	100.00%	Note 1
The Company	Everyung Investment Ltd. ("Everyung")	Holding company	-	50.00%	50.00%	Notes 1 and 3
The Company	River Asset Co., Ltd. ("River Asset")	Investment business	100.00%	100.00%	100.00%	Note 1
The Company	Opto Tech Corporation. ("Opto Tech")	Manufacturing and selling of lighting equipment	100.00%	100.00%	100.00%	Notes 1 and 4
The Company	Wan Zun Guang Investment Co., Ltd. ("Wan Zun Guang")	Investment business	100.00%	100.00%	100.00%	Notes 1 and 5
Bright	Everyung Investment Ltd. ("Everyung")	Holding company	-	50.00%	50.00%	Notes 1 and 3
Everyung	Opto Plus Technology Co., Ltd. ("Opto Plus")	Manufacturing and selling of LED and electronic products	-	100.00%	100.00%	Notes 1 and 3
Wan Zun Guang	ProAsia Semiconductor Corporation Ltd. ("ProAsia")	Development, manufacture and sales of silicon-based semiconductor power components and silicon carbide compound semiconductor power components	100.00%	100.00%	100.00%	Notes 1 and 6

Note 1: The Company is not a major subsidiary; for the three months ended March 31, 2023, except Ho Chung Investment Co., Ltd. has been reviewed, other company which is not a major subsidiary its financial statements have not been reviewed.

Note 2: The board of directors of the Company resolved the liquidation of foreign subsidiary, CS Bright Corporation (CSB), on September 10, 2020. The effective date was set on December 31, 2020, and the liquidation process was completed on September 19, 2022.

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

a. Consideration received

	Everyung Investment Ltd. and Its Subsidiaries
Cash and cash equivalents	<u>\$ 130,503</u>
Total consideration received	<u>\$ 130,503</u>

b. Analysis of assets and liabilities loss of control

	Everyung Investment Ltd. and Its Subsidiaries
Current assets	
Cash and cash equivalents	\$ 64,045
Trade receivables	34,414
Inventories	21,875
Other current assets	6,567
	(Continued)

	Everyung Investment Ltd. and Its Subsidiaries
Non-current assets	
Property, plant and equipment	\$ 115,013
Right-of-use assets	3,140
Current liabilities	
Accounts payable	(31,789)
Other accounts payable	(96,451)
Other current liabilities, others	<u>(4,330)</u>
Disposal of net assets	<u>\$ 112,484</u> (Concluded)

c. Gain on disposal of subsidiaries

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

d. Net cash inflow on disposals of subsidiaries

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

Note 4: The subsidiary - Opto System Technologies Inc. is a wholly-owned subsidiary established by the Company on September 16, 2021, and has been included in the consolidated financial statements since the date of acquisition. The first extraordinary shareholders' meeting approved the transfer of the relevant business of the Company's system business group. The base date for the spillover was January 28, 2022. Opto System Technologies Inc. changed its name to Opto Tech Corporation approved by the board of directors Opto Tech Corporation on March 30, 2022.

Note 5: The subsidiary - Wan Zun Guang Investment Co., Ltd. is a wholly-owned subsidiary established by the Company on January 19, 2022, and has been included in the consolidated financial statements since the date of acquisition.

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

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	March 31, 2023	December 31, 2022	March 31, 2022
Individual non-material associates			
New Smart Technology Co., Ltd.	<u>\$ 60,392</u>	<u>\$ 61,690</u>	<u>\$ 60,205</u>

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

For the business activities, main business location, country information and the registration of the abovementioned affiliated enterprises, please refer to Table 4 “Information on investees”.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and Equipment	Utility Facilities	Pollution Prevention Facilities	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment Under Installation	Total
Cost									
Balance at January 1, 2023	\$ 2,058,076	\$ 5,603,979	\$ 1,038,925	\$ 740,243	\$ 12,112	\$ 106,473	\$ 1,978,821	\$ 481,589	\$ 12,020,218
Additions	-	287	-	5,800	838	511	-	23,888	31,324
Disposals	-	(8,271)	-	-	-	(15)	-	-	(8,286)
Capitalized interest	-	-	-	-	-	-	-	157	157
Proceeds from disposal of long-term investments at equity	(256,703)	(135,473)	-	-	(1,454)	(7,125)	-	-	(400,755)
Reclassification	-	22,652	-	598	-	-	1,150	(25,200)	(800)
Effect of foreign currency exchange differences	2,136	1,177	-	-	6	59	-	-	3,378
Balance at March 31, 2023	<u>\$ 1,803,509</u>	<u>\$ 5,484,351</u>	<u>\$ 1,038,925</u>	<u>\$ 746,641</u>	<u>\$ 11,502</u>	<u>\$ 99,903</u>	<u>\$ 1,979,971</u>	<u>\$ 480,434</u>	<u>\$ 11,645,236</u>
Accumulated depreciation and impairment									
Balance at January 1, 2023	\$ 1,316,354	\$ 4,705,209	\$ 942,299	\$ 624,057	\$ 9,439	\$ 78,640	\$ 1,682,306	\$ -	\$ 9,358,304
Disposals	-	(8,271)	-	-	-	(15)	-	-	(8,286)
Depreciation expense	13,827	69,431	4,380	2,932	261	3,471	12,728	-	107,030
Proceeds from disposal of long-term investments at equity	(165,044)	(114,176)	-	-	(513)	(6,009)	-	-	(285,742)
Effect of foreign currency exchange differences	1,363	990	-	-	3	51	-	-	2,407
Balance at March 31, 2023	<u>\$ 1,166,500</u>	<u>\$ 4,653,183</u>	<u>\$ 946,679</u>	<u>\$ 626,989</u>	<u>\$ 9,190</u>	<u>\$ 76,138</u>	<u>\$ 1,695,034</u>	<u>\$ -</u>	<u>\$ 9,173,713</u>
Carrying amounts at March 31, 2023	<u>\$ 637,009</u>	<u>\$ 831,168</u>	<u>\$ 92,246</u>	<u>\$ 119,652</u>	<u>\$ 2,312</u>	<u>\$ 23,765</u>	<u>\$ 284,937</u>	<u>\$ 480,434</u>	<u>\$ 2,471,523</u>
Carrying amounts at December 31, 2022 and January 1, 2023	<u>\$ 741,722</u>	<u>\$ 898,770</u>	<u>\$ 96,626</u>	<u>\$ 116,186</u>	<u>\$ 2,673</u>	<u>\$ 27,833</u>	<u>\$ 296,515</u>	<u>\$ 481,589</u>	<u>\$ 2,661,914</u>
Cost									
Balance at January 1, 2022	\$ 2,047,020	\$ 5,443,283	\$ 1,063,703	\$ 731,271	\$ 12,758	\$ 89,523	\$ 1,962,107	\$ 395,135	\$ 11,744,800
Additions	2,190	401	-	2,760	-	-	8,083	16,991	30,425
Disposals	-	(68,747)	-	-	(830)	(3,204)	-	-	(72,781)
Transferred from prepayments for equipment	-	-	-	-	-	-	-	2,627	2,627
Transferred from right-of-use assets	-	-	-	-	-	2,770	-	-	2,770
Reclassification	-	35,131	800	1,950	146	275	1,061	(39,363)	-
Effect of foreign currency exchange differences	9,355	6,122	-	-	52	378	-	-	15,907
Balance at March 31, 2022	<u>\$ 2,058,565</u>	<u>\$ 5,416,190</u>	<u>\$ 1,064,503</u>	<u>\$ 735,981</u>	<u>\$ 12,126</u>	<u>\$ 89,742</u>	<u>\$ 1,971,251</u>	<u>\$ 375,390</u>	<u>\$ 11,723,748</u>

(Continued)

	Buildings	Machinery and Equipment	Utility Facilities	Pollution Prevention Facilities	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment Under Installation	Total
Accumulated depreciation and impairment									
Balance at January 1, 2022	\$ 1,253,751	\$ 4,554,057	\$ 951,225	\$ 612,179	\$ 8,929	\$ 71,172	\$ 1,629,267	\$ -	\$ 9,080,580
Disposals	-	(68,707)	-	-	(830)	(3,204)	-	-	(72,741)
Depreciation expense	15,063	56,718	4,383	3,116	341	2,121	13,305	-	95,047
Transferred from right-of-use assets	-	-	-	-	-	2,770	-	-	2,770
Effect of foreign currency exchange differences	5,705	5,202	-	-	44	318	-	-	11,269
Balance at March 31, 2022	<u>\$ 1,274,519</u>	<u>\$ 4,547,270</u>	<u>\$ 955,608</u>	<u>\$ 615,295</u>	<u>\$ 8,484</u>	<u>\$ 73,177</u>	<u>\$ 1,642,572</u>	<u>\$ -</u>	<u>\$ 9,116,925</u>
Carrying amounts at March 31, 2022	<u>\$ 784,046</u>	<u>\$ 868,920</u>	<u>\$ 108,895</u>	<u>\$ 120,686</u>	<u>\$ 3,642</u>	<u>\$ 16,565</u>	<u>\$ 328,679</u>	<u>\$ 375,390</u>	<u>\$ 2,606,823</u>

(Concluded)

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

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amounts</u>			
Land	\$ 191,270	\$ 198,297	\$ 204,491
Buildings	-	-	1,738
Transportation equipment	1,818	2,479	4,041
Office equipment	<u>1,318</u>	<u>1,442</u>	<u>1,812</u>
	<u>\$ 194,406</u>	<u>\$ 202,218</u>	<u>\$ 212,082</u>
		For the Three Months Ended March 31	
		2023	2022
Additions to right-of-use assets		<u>\$ -</u>	<u>\$ 860</u>
Depreciation charge for right-of-use assets			
Land		\$ 3,912	\$ 3,829
Buildings		-	580
Transportation equipment		661	619
Office equipment		<u>124</u>	<u>278</u>
		<u>\$ 4,697</u>	<u>\$ 5,306</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2023 and 2022.

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amounts</u>			
Current	<u>\$ 16,756</u>	<u>\$ 17,195</u>	<u>\$ 18,663</u>
Non-current	<u>\$ 185,256</u>	<u>\$ 189,330</u>	<u>\$ 195,474</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Land	1.797%	1.797%	1.797%
Buildings	-	-	1.797%
Transportation equipment	0.785%-1.797%	0.785%-1.797%	0.785%-1.797%
Office equipment	1.088%-1.797%	1.088%-1.797%	1.088%-1.797%

c. Other lease information

	For the Three Months Ended March 31	
	2023	2022
Expenses relating to short-term leases	<u>\$ 3,493</u>	<u>\$ 1,416</u>
Total cash outflow for leases	<u>\$ (8,706)</u>	<u>\$ (7,318)</u>

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

16. INVESTMENT PROPERTIES

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

On March 31, 2023 and 2022, the fair value of investment properties were both \$410,640, which based on the market evidence on transaction price of similar property and publicly announced present value.

17. INTANGIBLE ASSETS

	Software
<u>Cost</u>	
Balance at January 1, 2023	\$ 49,786
Additions	1,202
Disposals	(14,095)
Reclassification	<u>800</u>
Balance at March 31, 2023	<u>\$ 37,693</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2023	\$ 30,777
Amortization expense	5,594
Disposals	<u>(14,095)</u>
Balance at March 31, 2023	<u>\$ 22,276</u>
Carrying amount at March 31, 2023	<u>\$ 15,417</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 31,902
Additions	6,306
Disposals	<u>(5,450)</u>
Balance at March 31, 2022	<u>\$ 32,758</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2022	\$ 17,862
Amortization expense	4,212
Disposals	<u>(5,450)</u>
Balance at March 31, 2022	<u>\$ 16,624</u>
Carrying amount at March 31, 2022	<u>\$ 16,134</u>

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

Computer software	1-10 years
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18. BORROWINGS

a. Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Unsecured borrowings</u>			
Bank loans	<u>\$ 132,314</u>	<u>\$ 137,196</u>	<u>\$ 342,153</u>

The range of weighted average effective interest rate on bank loans was 0.56%-6.00%, 0.63%-5.87% and 0.60%-5.00% per annum as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

b. Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Unsecured borrowings</u>			
Bank loans (1)	\$ 239,939	\$ 195,695	\$ -
Bank loans (2)	<u>158,278</u>	<u>-</u>	<u>-</u>
	<u>\$ 398,217</u>	<u>\$ 195,695</u>	<u>\$ -</u>

1) The long-term borrowings will mature on September 15, 2029. The range of effective interest rate on bank loans was 1.00% and 0.875% per annum as of March 31, 2023 and December 31, 2022, respectively.

2) The long-term borrowings will mature on February 15, 2030. The range of effective interest rate on bank loans was 0.995% per annum as of March 31, 2023.

19. OTHER LIABILITIES

	March 31, 2023	December 31, 2022	March 31, 2022
Payable for salaries and bonus	\$ 111,495	\$ 143,515	\$ 126,605
Payable for employees' compensation	93,807	129,474	225,799
Payable for remuneration of directors	34,407	29,096	75,717
Others	<u>272,700</u>	<u>285,807</u>	<u>226,924</u>
	<u>\$ 512,409</u>	<u>\$ 587,892</u>	<u>\$ 655,045</u>

20. PROVISIONS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Warranties	<u>\$ 4,062</u>	<u>\$ 1,210</u>	<u>\$ 4,506</u>
<u>Non-current</u>			
Warranties	<u>\$ 14,380</u>	<u>\$ 24,505</u>	<u>\$ 21,289</u>

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

21. RETIREMENT BENEFIT PLANS

a. Defined benefit plans

For the three months ended March 31, 2023 and 2022, the pension expenses of defined benefit plans were \$2,004 thousand and \$2,199 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2022 and 2021, respectively.

b. Defined contribution plan

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

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

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

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

22. EQUITY

a. Share capital - ordinary shares

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

b. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
May be used to offset a deficit, distributed, as cash dividends, or transferred to share capital (1)			
Arising from issuance of common share	\$ 1,336,850	\$ 1,336,850	\$ 1,335,892
Arising from treasury share transactions	90,621	90,621	74,225
			(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
<u>May only be used to offset a deficit (2)</u>			
Changes in percentage of ownership interests in subsidiaries	\$ 5,300	\$ 79,289	\$ 79,705
Share of changes in capital surplus of associates or joint ventures	<u>608</u>	<u>608</u>	<u>-</u>
	<u>\$ 1,433,379</u>	<u>\$ 1,507,368</u>	<u>\$ 1,489,822</u> (Concluded)

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

c. Retained earnings and dividend policy

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

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

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

The appropriations of 2022 and 2021 earnings are as follows:

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

On May 5, 2023 and May 12, 2022, the distribution of 2021 cash dividends was approved by the board of directors. The provisions of legal reserve and special reserve are pending for approval from the shareholders' in their meeting to be held on June 23, 2022.

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

d. Treasury shares

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

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

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>March 31, 2023</u>			
Ho Chung Investment	755	\$ 23,172	\$ 29,276
<u>December 31, 2022</u>			
Ho Chung Investment	755	23,172	25,466
<u>March 31, 2022</u>			
Ho Chung Investment	755	23,172	38,708

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

23. REVENUE

	For the Three Months Ended March 31	
	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 831,888</u>	<u>\$ 1,282,285</u>

a. Contract balances

	March 31, 2023	December 31, 2022	March 31, 2022	January 1, 2022
Notes receivable	\$ 2,604	\$ 1,642	\$ 6,438	\$ 4,883
Trade receivables (Note 10)	754,442	805,957	1,182,330	1,279,119
Trade receivables to related parties	<u>22,896</u>	<u>16,433</u>	<u>42,579</u>	<u>15,015</u>
	<u>\$ 779,942</u>	<u>\$ 824,032</u>	<u>\$ 1,231,347</u>	<u>\$ 1,299,017</u>
Contract liabilities				
Sale of goods	<u>\$ 195,049</u>	<u>\$ 213,295</u>	<u>\$ 69,119</u>	<u>\$ 83,611</u>

b. The credit risk management of contract assets and trade receivables is the same, refer to Note 35.

24. NET PROFIT

a. Interest income

	For the Three Months Ended March 31	
	2023	2022
Bank deposits	\$ 9,075	\$ 1,584
Resale bonds	873	90
Financial assets at amortized cost	250	639
Others	<u>2</u>	<u>1</u>
	<u>\$ 10,200</u>	<u>\$ 2,314</u>

b. Other income

	For the Three Months Ended March 31	
	2023	2022
Rental income	\$ 60	\$ 80
Dividend income	15,967	13,926
Others	<u>1,485</u>	<u>3,710</u>
	<u>\$ 17,512</u>	<u>\$ 17,716</u>

c. Other gains and losses

	For the Three Months Ended March 31	
	2023	2022
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ 6,729	\$ 6,873
Gain on disposal of property, plant and equipment	61	4,208
Gain on disposal of investments	91,110	-
Net foreign exchange gain (loss)	(12,974)	20,818
Gain on changes in lease term	-	1
Others	<u>(62)</u>	<u>(52)</u>
	<u>\$ 84,864</u>	<u>\$ 31,848</u>

d. Finance costs

	For the Three Months Ended March 31	
	2023	2022
Interest on bank loans	\$ 2,329	\$ 1,608
Interest on finance leases	<u>700</u>	<u>967</u>
	3,029	2,575
Less: Amounts included in the cost of qualifying assets	<u>(157)</u>	<u>-</u>
	2,872	2,575
Other finance costs	<u>4</u>	<u>20</u>
	<u>\$ 2,876</u>	<u>\$ 2,595</u>

Information on capitalized interest is as follows:

	For the Three Months Ended March 31	
	2023	2022
Capitalized interest amount	<u>\$ 157</u>	<u>\$ -</u>
Capitalization rate	0.36%-0.46%	-

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 97,100	\$ 86,040
Operating expenses	<u>14,627</u>	<u>14,313</u>
	<u>\$ 111,727</u>	<u>\$ 100,353</u>

(Continued)

	For the Three Months Ended March 31	
	2023	2022
An analysis of amortization by function		
Operating costs	\$ 2,591	\$ 1,599
Operating expenses	<u>3,003</u>	<u>2,613</u>
	<u>\$ 5,594</u>	<u>\$ 4,212</u>
		(Concluded)

f. Employee benefits expense

	For the Three Months Ended March 31	
	2023	2022
Wages and salaries	\$ 220,377	\$ 270,426
Labor and health insurance fees	17,103	20,703
Post-employment benefits		
Defined contribution plans	8,193	8,541
Defined benefit plans	2,004	2,199
Other employee benefits	<u>9,057</u>	<u>5,428</u>
Total employee benefits expense	<u>\$ 256,734</u>	<u>\$ 307,297</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 132,540	\$ 175,179
Operating expenses	<u>124,194</u>	<u>132,118</u>
	<u>\$ 256,734</u>	<u>\$ 307,297</u>

g. Employees' compensation and remuneration of directors

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

Accrual rate

	For the Three Months Ended March 31	
	2023	2022
Employees' compensation	10%	15%
Remuneration of directors	5%	5%

Amount

	For the Three Months Ended March 31	
	2023	2022
	Cash	Cash
Employees' compensation	\$ 7,486	\$ 33,952
Remuneration of directors	3,743	11,317

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

The appropriations of employees' compensation and remuneration of directors and supervisors for 2022 and 2021 that were resolved by the board of directors on February 22, 2023 and February 23, 2022, respectively, are as shown below:

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Employees' compensation	\$ 50,812	\$ 187,978
Remuneration of directors and supervisors	25,406	62,659

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the three months ended March 31, 2022 and 2021.

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

h. Gains or losses on foreign currency exchange

	For the Three Months Ended March 31	
	2023	2022
	Foreign exchange gains	\$ 8,543
Foreign exchange losses	<u>(21,517)</u>	<u>(13,288)</u>
	<u>\$ (12,974)</u>	<u>\$ 20,818</u>

25. INCOME TAXES

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

	For the Three Months Ended March 31	
	2023	2022
Current tax		
In respect of the current year	\$ 3,427	\$ 33,856
Deferred tax		
In respect of the current year	<u>(5,276)</u>	<u>17,458</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ (1,849)</u>	<u>\$ 51,314</u>

- b. Income tax assessments

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

The 2021 income tax returns of Opto Tech have not been assessed by the tax authorities as of March 31, 2023.

The income tax returns of Wan Zun Guang and ProAsia have not been assessed by the tax authorities because both of them were established in 2021 as of March 31, 2023.

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

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

26. EARNINGS PER SHARE

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

Net Profit for the Year

	For the Three Months Ended March 31	
	2023	2022
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 69,960</u>	<u>\$ 132,116</u>

(Unit: NT\$ Per Share)

	For the Three Months Ended March 31	
	2023	2022
Weighted average number of ordinary shares outstanding in computation of basic earnings per share (in thousand)	437,827	436,563
Effect of potentially dilutive ordinary shares employees' compensation (in thousand)	<u>971</u>	<u>2,720</u>
Weighted average number of ordinary shares outstanding in computation of diluted earnings per share (in thousand)	<u>438,798</u>	<u>439,283</u>

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

27. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity in the consolidated balance sheets plus net debt. As of March 31, 2023, December 31, 2022 and March 31, 2022, the gearing ratios were (38.99%), (46.02%) and (60.33%), respectively.

28. FINANCIAL INSTRUMENTS

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

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

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 51,518	\$ -	\$ -	\$ 51,518
Unlisted shares	-	-	109,096	109,096
Mutual funds	<u>20,386</u>	<u>-</u>	<u>-</u>	<u>20,386</u>
	<u>\$ 71,904</u>	<u>\$ -</u>	<u>\$ 109,096</u>	<u>\$ 181,000</u>
Financial assets at FVTOCI				
Listed shares	\$ 397,695	\$ -	\$ -	\$ 397,695
Unlisted shares	-	-	715,753	715,753
Private-placement funds	<u>-</u>	<u>-</u>	<u>56,065</u>	<u>56,065</u>
	<u>\$ 397,695</u>	<u>\$ -</u>	<u>\$ 771,818</u>	<u>\$ 1,169,513</u>

December 31, 2022

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

March 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 52,355	\$ -	\$ -	\$ 52,355
Unlisted shares	-	-	112,528	112,528
Mutual funds	<u>571,744</u>	<u>-</u>	<u>-</u>	<u>571,744</u>
	<u>\$ 624,099</u>	<u>\$ -</u>	<u>\$ 112,528</u>	<u>\$ 736,627</u>
Financial assets at FVTOCI				
Listed shares	\$ 279,433	\$ -	\$ -	\$ 279,433
Unlisted shares	<u>-</u>	<u>-</u>	<u>786,525</u>	<u>786,525</u>
	<u>\$ 279,433</u>	<u>\$ -</u>	<u>\$ 786,525</u>	<u>\$ 1,065,958</u>

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

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

For the three months ended March 31, 2023

Equity Instruments	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2023	\$ 109,096	\$ 790,753	\$ 899,849
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	<u>-</u>	<u>(18,935)</u>	<u>(18,935)</u>
Balance at March 31, 2023	<u>\$ 109,096</u>	<u>\$ 771,818</u>	<u>\$ 880,914</u>

For the three months ended March 31, 2022

Equity Instruments	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1 and March 31, 2022	<u>\$ 112,528</u>	<u>\$ 786,525</u>	<u>\$ 899,053</u>

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

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

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

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

	Fair Value at March 31, 2023	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Non-derivative financial assets					
Unlisted shares	\$ 715,753	Market comparable companies	Price to earnings ratio multiple	8.45-11.78	The higher the multiple, the higher the fair value
			Enterprise value multiple	5.41-7.06	The higher the multiple, the higher the fair value
			Discount for lack of volatility	30.00%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	109,096	Net asset value	Discount for lack of volatility	19.25%	The higher the discount for lack of marketability, the lower the fair value
Private fund	56,065	Net asset value	Discount for lack of volatility	27.86%	The higher the discount for lack of marketability, the lower the fair value

	Fair Value at December 31, 2022	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Non-derivative financial assets					
Unlisted shares	\$ 715,753	Market comparable companies	Price to earnings ratio multiple	8.45-11.78	The higher the multiple, the higher the fair value
			Enterprise value multiple	5.41-7.06	The higher the multiple, the higher the fair value
			Discount for lack of volatility	30.00%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	109,096	Net asset value	Discount for lack of volatility	19.25%	The higher the discount for lack of marketability, the lower the fair value
Private fund	75,000	Discounted cash flow method	Risk discount rate	8.00%	The higher the discount for risk, the lower the fair value

	Fair Value at March 31, 2022	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Non-derivative financial assets					
Unlisted shares	\$ 786,525	Market comparable companies	Price to earnings ratio multiple	3.05	The higher the multiple, the higher the fair value
			Price to earnings ratio multiple	11.72-18.90	The higher the multiple, the higher the fair value
			Enterprise value multiple	13.22-15.71	The higher the multiple, the higher the fair value
			Discount for lack of volatility	30%-35%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	112,528	Net asset value	Discount for lack of volatility	19.25%	The higher the discount for lack of marketability, the lower the fair value

c. Categories of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	\$ 181,000	\$ 174,271	\$ 736,627
Financial assets at amortized cost (1)	3,869,394	3,985,021	5,684,901
Financial assets at FVTOCI	1,169,513	1,069,816	1,065,958

Financial liabilities

Financial liabilities at amortized cost (2)	1,451,584	1,391,454	1,672,783
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- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, trade receivables, trade receivables to related parties, other receivables and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, trade payables, trade payables to related parties other payables, long-term borrowings and guarantee deposits received.

d. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 33.

Sensitivity analysis

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

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

	USD Impact	
	For the Three Months Ended March 31	
	2023	2022
Profit or loss	\$ (7,659)	\$ (5,820)

	CNY Impact	
	For the Three Months Ended March 31	
	2023	2022
Profit or loss	\$ 1,259	\$ (637)

	JPY Impact	
	For the Three Months Ended March 31	
	2023	2022
Profit or loss	\$ (892)	\$ (255)

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

b) Interest rate risk

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

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
Financial assets	\$ 1,991,484	\$ 2,154,096	\$ 2,542,248
Financial liabilities	394,278	359,574	572,968
Cash flow interest rate risk			
Financial assets	1,074,851	980,976	1,882,046
Financial liabilities	400,874	199,194	10,349

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2023 and 2022 would increase/decrease by \$1,685 thousand and \$4,679 thousand, respectively.

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

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax profit for the three months ended March 31, 2023 and 2022 would have increased/decreased by \$1,606 thousand and \$1,649 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 three months ended March 31, 2023 and 2022 would have increased/decreased by \$11,695 thousand and \$10,660 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

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

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

3) Liquidity risk

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

The Group relies on bank borrowings are a significant source of liquidity. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group had available unutilized short-term and long-term bank loan facilities set out in (2) below.

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

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

March 31, 2023

	Less than 1 Year	1-2 Years	2-3 Years	3-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 919,467	\$ -	\$ -	\$ -	\$ -
Lease liabilities	29,007	28,273	27,689	49,691	129,145
Variable interest rate liabilities	400,874	-	-	-	-
Fixed interest rate liabilities	<u>130,473</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,479,821</u>	<u>\$ 28,273</u>	<u>\$ 27,689</u>	<u>\$ 49,691</u>	<u>\$ 129,145</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 29,007</u>	<u>\$ 105,653</u>	<u>\$ 73,461</u>	<u>\$ 55,684</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

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

Additional information about the maturity analysis for lease liabilities:

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

March 31, 2022

	Less than 1 Year	1-2 Years	2-3 Years	3-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,327,651	\$ -	\$ -	\$ -	\$ -
Lease liabilities	22,043	18,900	18,214	35,513	146,144
Variable interest rate liabilities	10,349	-	-	-	-
Fixed interest rate liabilities	<u>332,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,692,197</u>	<u>\$ 18,900</u>	<u>\$ 18,214</u>	<u>\$ 35,513</u>	<u>\$ 146,144</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 22,043</u>	<u>\$ 72,627</u>	<u>\$ 77,358</u>	<u>\$ 68,786</u>	<u>\$ -</u>	<u>\$ -</u>

b) Financing facilities

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	\$ 530,531	\$ 332,891	\$ 536,972
Amount unused	<u>3,839,369</u>	<u>4,154,029</u>	<u>2,508,178</u>
	<u>\$ 4,369,900</u>	<u>\$ 4,486,920</u>	<u>\$ 3,045,150</u>

29. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and relationships:

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

b. Operating revenue

Related Party Category/Name	<u>For the Three Months Ended March 31</u>	
	2023	2022
Investor that has significant influence over the Group	<u>\$ 70,318</u>	<u>\$ 88,945</u>

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

c. Purchases of goods

Related Party Category/Name	For the Three Months Ended March 31	
	2023	2022
Investors that have significant influence over the Group	<u>\$ 19,961</u>	<u>\$ 37,671</u>

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

d. Receivables from related parties

Line Item	Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Trade receivables to related parties	Investors that have significant influence over the Group	<u>\$ 22,896</u>	<u>\$ 16,433</u>	<u>\$ 42,579</u>
Other trade receivables to related parties	Associate	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ -</u>

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

e. Payables to related parties

Line Item	Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Trade payables to related parties	Investors that have significant influence over the Group	<u>\$ 31,729</u>	<u>\$ 36,162</u>	<u>\$ 66,107</u>
Other payables to related parties	Investors that have significant influence over the Group	\$ 63	\$ -	\$ 542
	Associate	<u>1,260</u>	<u>-</u>	<u>560</u>
		<u>\$ 1,323</u>	<u>\$ -</u>	<u>\$ 1,102</u>

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

f. Acquisition of property, plant and equipment

Related Party Category/Name	For the Three Months Ended March 31	
	2023	2022
Associate	<u>\$ 2,177</u>	<u>\$ 6,463</u>

g. Prepayments

Line Item	Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Prepayments rental	Investors that have significant influence over the Group	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ -</u>
Prepayment for equipment	Associate - New Smart Technology Co., Ltd.	<u>\$ 287,110</u>	<u>\$ 175,672</u>	<u>\$ 28,200</u>

h. Lease arrangements

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2023	2022
Rental expenses	Investors that have significant influence over the Group	<u>\$ 1,500</u>	<u>\$ 600</u>
Interest expenses	Investors that have significant influence over the Group	<u>\$ -</u>	<u>\$ 9</u>

Line Item	Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Lease liabilities	Investors that have significant influence over the Group	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,589</u>

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

i. Other

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2023	2022
Rental revenue	Associate	<u>\$ 40</u>	<u>\$ 60</u>
Donation expense	TASC Health Care & Charity Foundation	<u>\$ -</u>	<u>\$ 35,000</u>

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

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

j. Compensation of key management personnel

	For the Three Months Ended March 31	
	2023	2022
Short-term employee benefits	\$ 18,568	\$ 34,482
Post-employment benefits	<u>1,596</u>	<u>1,178</u>
	<u>\$ 20,164</u>	<u>\$ 35,660</u>

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	March 31, 2023	December 31, 2022	March 31, 2022
Demand deposits (included in financial assets at amortized cost - current)	<u>\$ 23,270</u>	<u>\$ 23,270</u>	<u>\$ 23,210</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- a. As of March 31, 2023, December 31, 2022 and March 31, 2022, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$15,349 thousand, \$23,661 thousand and \$45,827 thousand, respectively.
- b. Unrecognized commitments were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Acquisition of property, plant and equipment	<u>\$ 1,651,728</u>	<u>\$ 1,021,014</u>	<u>\$ 115,726</u>

- c. As of March 31, 2023, December 31, 2022 and March 31, 2022, the guarantees provided by the Company through banks amounted to approximately \$53,801 thousand, \$54,629 thousand and \$139,932 thousand, respectively.

32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- a. As of May 5, 2023, in response to the adjustment of the procurement strategy for silicon-based gallium nitride power devices, the board of directors of the Group resolved to purchase related equipment amounting to \$197,000 thousand.

- b. In order to meet the long-term development and capacity expansion needs of the Group, the Group plans to apply for industrial land leasing in the Taichung Science Park, with a land area of approximately 40,565.5 square meters and a monthly rent of approximately \$950 thousand, for the construction of self-use factory buildings.
- c. The Group plans to sign a mid-term credit of \$2,800,000 thousand and \$1,700,000 thousand with Taiwan Cooperative Bank and Bank of Taiwan, respectively, for the purchase of machinery and equipment, as well as for mid-term operating capital needs.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

March 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 51,184	30.4 (USD:NTD)	\$ 1,555,994
JPY	409,164	0.2268 (JPY:NTD)	92,798
CNY	29,112	4.406 (CNY:NTD)	128,267
<u>Financial liabilities</u>			
Monetary items			
USD	25,906	30.5 (USD:NTD)	790,133
JPY	15,395	0.2308 (JPY:NTD)	3,553
CNY	57,033	4.456 (CNY:NTD)	254,139

December 31, 2022

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

March 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 34,575	28.575 (USD:NTD)	\$ 987,981
JPY	477,750	0.2333 (JPY:NTD)	111,459
CNY	14,219	4.4810 (CNY:NTD)	63,715
USD	335	6.3526 (USD:CNY)	9,589
JPY	5,697	0.0522 (JPY:CNY)	1,340
<u>Financial liabilities</u>			
Monetary items			
USD	14,452	28.675 (USD:NTD)	414,411
JPY	367,896	0.2373 (JPY:NTD)	87,302
USD	40	6.3526 (USD:CNY)	1,145

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

For the Three Months Ended March 31				
2023			2022	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	\$ (10,608)	1 (NTD:NTD)	\$ 21,132
CNY	4.44 (CNY:NTD)	<u>(2,366)</u>	4.41 (CNY:NTD)	<u>(314)</u>
		<u>\$ (12,974)</u>		<u>\$ 20,818</u>

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others: Table 1.
- 2) Endorsements/guarantees provided: Table 2.
- 3) Marketable securities held (excluding investments in subsidiaries and associates): Table 3.
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.

- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - 9) Trading in derivative instruments: None.
 - 10) Intercompany relationships and significant intercompany transactions: None.
- b. Information on investees (excluding investees in mainland China): Table 4.
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 5.
 - 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 6.

35. OPERATING SEGMENT INFORMATION

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

a. Segment revenues and results:

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

	LED and Silicon Send or Chips Group	Displays and Lighting Group	Packaging Business Group	Other Segment	Consolidated
<u>For the three months ended March 31, 2023</u>					
Revenue from external customers	<u>\$ 626,952</u>	<u>\$ 183,236</u>	<u>\$ 21,700</u>	<u>\$ -</u>	<u>\$ 831,888</u>
Segment income	<u>\$ (40,729)</u>	<u>\$ 25,248</u>	<u>\$ 84,909</u>	<u>\$ (1,317)</u>	<u>\$ 68,111</u>
<u>For the three months ended March 31, 2022</u>					
Revenue from external customers	<u>\$ 1,011,768</u>	<u>\$ 194,718</u>	<u>\$ 75,799</u>	<u>\$ -</u>	<u>\$ 1,282,285</u>
Segment income	<u>\$ 134,996</u>	<u>\$ 20,144</u>	<u>\$ (3,309)</u>	<u>\$ 31,599</u>	<u>\$ 183,430</u>

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

b. Total segment assets and liabilities

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

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

(Former Name: Opto Tech Corporation)

**FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limits (Note 4)	Note
													Item	Value			
0	Taiwan-Asia Semiconductor Corporation	ProAsia Semiconductor Corporation	Other receivables - related parties	Y	\$ 500,000	\$ 500,000	\$ -	-	b	\$ -	Purchase equipment	\$ -	-	\$ -	\$ 860,861	\$ 3,443,446	-

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

Note 2: Funding nature:

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

Note 3: Limit on loans granted to a single party, which has the needs of short-term financing with the Company should not exceed 10% of the Company's latest net asset value (\$8,608,617 thousand \times 10% = \$860,861 thousand). Besides, limit on loans granted to a single party, which has business relationship with the subsidiaries should not exceed total amount that the two sides trade in the recent six-month period.

Note 4: Total amount of loans of the Company should not exceed 40% of the net value of the Company's latest net asset value (\$8,608,617 thousand \times 40% = \$3,443,446 thousand).

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

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

(Former Name: Opto Tech Corporation)

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Taiwan-Asia Semiconductor Corporation	ProAsia Semiconductor Corporation Opto Tech Corporation	Subsidiary Subsidiary	\$ 1,721,723 1,721,723	\$ 1,400,000 11,982	\$ 1,400,000 5,341	\$ 398,217 -	\$ - -	16.26 0.06	\$ 4,304,308 4,304,308	Y Y	N N	N N	- -

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

- $\$8,608,617 \text{ thousand} \times 50\% = \$4,304,308 \text{ thousand.}$
- $\$8,608,617 \text{ thousand} \times 20\% = \$1,721,723 \text{ thousand.}$

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

(Former Name: Opto Tech Corporation)

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)

MARCH 31, 2023

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023			
				Shares	Carrying Amount	Percentage of Ownership	Fair Value
Taiwan-Asia Semiconductor Corporation	<u>Shares</u>						
	AXT, Inc. (Note 3)	-	Financial assets at FVTPL - non-current	124,100	\$ -	-	\$ -
	Lu Zhu Development Co., Ltd.	-	Financial assets at FVTPL - non-current	13,808,725	109,096	6.38	109,096
	Top Increasing Technology Co., Ltd.	-	Financial assets at FVTPL - non-current	10,000,000	-	16.67	-
	Nichia Corp.	The Company is the parent company of Nichia Taiwan Corp.	Financial assets at FVTOCI - non-current	10,000	631,279	0.45	631,279
	Viking Tech Corporation.	-	Financial assets at FVTOCI - non-current	2,873,994	200,606	2.45	200,606
	Giga Epitaxy Technology Corp.	-	Financial assets at FVTOCI - non-current	4,950,491	-	15.00	-
	Shin-Etsu Opto Electronic Co., Ltd.	-	Financial assets at FVTOCI - non-current	2,000,000	84,474	10.00	84,474
	Fubon Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	250,000	14,775	0.00	14,775
		<u>Mutual funds</u>					
	Jih Sun Money Market fund	-	Financial assets at FVTPL - current	1,348,881	20,386	-	20,386
	<u>Private fund</u>						
	Wisdom Capital Limited Partnership	-	Financial assets at FVTOCI - non-current	-	56,065	-	56,065
Ho Chung Investment Co., Ltd.	<u>Shares</u>						
	Taiwan-Asia Semiconductor Corporation	Parent company	Financial assets at FVTPL - current	754,543	29,276	0.17	29,276
	Singbao International Co., Ltd.	-	Financial assets at FVTOCI - non-current	6,800,000	182,314	15.35	182,314
River Asset Co., Ltd.	<u>Shares</u>						
	Leadtrend Tech. Corp.	-	Financial assets at FVTPL - current	884,557	51,518	1.48	51,518

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

Note 2: The information on investment in subsidiaries, please refer to Tables 4 and 5.

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

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

INFORMATION ON INVESTEEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2023			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				March 31, 2023	December 31, 2022	Shares	%	Carrying Amount			
Taiwan-Asia Semiconductor Corporation	Ho Chung Investment Co., Ltd.	Taiwan	Investment business	\$ 400,000	\$ 258,348	40,000,000	100.00	\$ 297,072	\$ 3,990	\$ 179	
	Bright Investment International Ltd.	British Virgin Islands	Investment business	171,332	171,332	5,100,000	100.00	72,088	85,866	85,866	(Note 1)
	Everyung Investment Ltd.	Samoa	Investment business	-	42,343	-	-	-	(1,913)	(957)	(Note 1)
	River Asset Co., Ltd.	Taiwan	Investment business	400,000	400,000	40,000,000	100.00	346,502	4,555	4,555	(Note 1)
	Opto Tech Corporation	Taiwan	Manufacture and sales of lighting equipment	201,000	201,000	20,100,000	100.00	277,662	18,130	18,130	(Note 1)
	New Smart Technology Co., Ltd.	Taiwan	Automatic control equipment engineering business	14,000	14,000	1,000,000	4.55	12,078	(4,508)	(598)	(Note 1)
	Wan Zun Guang Investment Co., Ltd.	Taiwan	Investment business	750,000	750,000	75,000,000	100.00	700,656	(13,085)	(13,085)	(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	48,314	(4,508)	(2,391)	(Note 1)
Bright Investment International Ltd.	Everyung Investment Ltd.	Samoa	Investment business	-	168,421	-	-	-	(1,913)	(956)	(Note 1)
Wan Zun Guang Investment Co., Ltd.	ProAsia Semiconductor Corporation	Taiwan	Development, manufacture and sales of silicon-based semiconductor power components and silicon carbide compound semiconductor power components	700,000	700,000	70,000,000	100.00	690,971	(13,049)	(13,049)	(Note 1)

Note 1: The calculation is based on the financial statements of the investee company that have not been reviewed by an accountant during the same period and the Company's shareholding ratio.

Note 2: The amount was eliminated upon consolidation, excluding New Smart Technology Co., Ltd.

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

(Former Name: Opto Tech Corporation)

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(In Thousands of New Taiwan Dollars)

Investee Company in Mainland China	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 2)	Carrying Amount as of March 31, 2023	Accumulated Repatriation of Investment Income as of March 31, 2023	Note
					Outward	Inward							
Opto Plus Technology Co., Ltd.	Manufacture and sales of LED and electronic products	\$ 317,341	b	\$ 317,341	\$ -	\$ 130,503	\$ -	\$ (1,913)	-	\$ (1,913)	\$ -	\$ -	-

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$-	\$317,849	\$5,165,170

Note 1: Three investing methods:

- a. Direct investment in mainland China.
- b. Investment made in mainland China through company in third area.
- c. Other methods.

Note 2: The calculation is based on the financial statements of the investee company that have not been reviewed by an accountant during the same period and the Company's shareholding ratio.

Note 3: The amount was eliminated upon consolidation.

Note 4: The Group and Bright originally indirectly held Opto Plus Technology Co., Ltd. through Everyung, the Group and Bright have completed disposal of the subsidiary Everyung on January 31, 2023; therefore, it also lost the control of Opto Plus Technology Co., Ltd.

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
(Former Name: Opto Tech Corporation)**INFORMATION OF MAJOR SHAREHOLDERS**
MARCH 31, 2023

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

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

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual 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 Syst.