

**Taiwan-Asia Semiconductor Corporation
and Subsidiaries**

(Former Name: Opto Tech Corporation)

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 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, 2024 and 2023, and 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 material accounting policy information (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 reviews.

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, 2024 and 2023, the combined total assets of these non-significant subsidiaries were NT\$3,601,848 thousand and NT\$2,236,136 thousand, respectively, representing 26.86% and 20.92%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$1,251,193 thousand and NT\$894,794 thousand, respectively, representing 25.29% and 43.06%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2024 and 2023, the amounts of the combined comprehensive income of these subsidiaries were NT\$(41,071) thousand and NT\$13,822 thousand, respectively, representing 32.90% and 7.98%, respectively, of the consolidated total comprehensive income. Also, as stated in Note 13 to the consolidated financial statements, as of March 31, 2024 and 2023, the investments accounted for using the equity method amounted to NT\$60,628 thousand and NT\$60,392 thousand, respectively. For the three months ended March 31, 2024 and 2023, the share of profit (loss) of the associates were NT\$(2,340) thousand and NT\$(2,989) thousand, respectively, of the Group's consolidated net income. For the three months ended March 31, 2024 and 2023, the share of other comprehensive income (loss) of the associates

were NT\$(3,468) thousand and NT\$(1,299) thousand, respectively, of the Group's consolidated comprehensive income, and these investment amounts as well as additional disclosures in Note 35 "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 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, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023, 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 9, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to 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, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 2,833,910	21	\$ 1,994,383	16	\$ 2,945,669	28
Financial assets at fair value through profit or loss - current (Notes 7 and 29)	110,264	1	92,273	1	71,904	1
Financial assets at amortized cost - current (Notes 9 and 31)	22,960	-	23,360	-	120,666	1
Contract assets - current (Note 23)	1,700	-	1,700	-	1,700	-
Notes receivable (Note 23)	2,152	-	1,171	-	2,604	-
Trade receivables (Notes 10 and 23)	1,054,465	8	1,177,915	9	734,146	7
Trade receivables from related parties (Notes 23 and 30)	32,184	-	23,976	-	22,896	-
Other receivables (Note 30)	17,538	-	14,417	-	16,538	-
Inventories (Note 11)	1,339,029	10	1,348,681	11	1,215,163	11
Other current assets (Note 30)	<u>116,899</u>	<u>1</u>	<u>126,634</u>	<u>1</u>	<u>69,087</u>	<u>1</u>
Total current assets	<u>5,531,101</u>	<u>41</u>	<u>4,804,510</u>	<u>38</u>	<u>5,200,373</u>	<u>49</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Notes 7 and 29)	20,000	-	20,000	-	109,096	1
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 29)	1,083,172	8	1,110,803	9	1,169,513	11
Investments accounted for using the equity method (Note 13)	60,628	1	63,987	1	60,392	1
Contract assets - non-current (Note 23)	2,619	-	2,619	-	2,619	-
Property, plant and equipment (Notes 14, 30 and 31)	5,567,335	42	5,384,198	43	2,471,523	23
Right-of-use assets (Note 15)	204,705	2	210,813	2	194,406	2
Investment properties (Note 16)	399,307	3	399,307	3	399,307	4
Intangible assets (Note 17)	31,950	-	35,378	-	15,417	-
Deferred tax assets (Notes 4 and 25)	59,869	-	57,912	1	31,045	-
Prepayment for equipment (Note 30)	422,107	3	371,620	3	1,001,665	9
Other non-current assets	<u>27,526</u>	<u>-</u>	<u>30,782</u>	<u>-</u>	<u>31,280</u>	<u>-</u>
Total non-current assets	<u>7,879,218</u>	<u>59</u>	<u>7,687,419</u>	<u>62</u>	<u>5,486,263</u>	<u>51</u>
TOTAL	<u><u>\$ 13,410,319</u></u>	<u><u>100</u></u>	<u><u>\$ 12,491,929</u></u>	<u><u>100</u></u>	<u><u>\$ 10,686,636</u></u>	<u><u>100</u></u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 18)	\$ 366,514	3	\$ 390,000	3	\$ 132,314	1
Contract liabilities - current (Note 23)	71,527	1	97,936	1	195,049	2
Trade payables	416,673	3	536,764	4	375,329	4
Trade payables to related parties (Note 30)	44,404	-	39,441	1	31,729	-
Other payables (Note 19)	761,898	6	817,715	7	511,086	5
Other payables to related parties (Note 30)	53,432	1	23,332	-	1,323	-
Current tax liabilities (Notes 4 and 25)	28,603	-	25,150	-	99,407	1
Provisions - current (Note 20)	7,389	-	2,651	-	4,062	-
Lease liabilities - current (Notes 15 and 30)	23,023	-	23,197	-	16,756	-
Current portion of long-term liabilities (Note 18)	50,404	-	25,695	-	-	-
Other current liabilities	<u>5,695</u>	<u>-</u>	<u>5,638</u>	<u>-</u>	<u>4,039</u>	<u>-</u>
Total current liabilities	<u>1,829,562</u>	<u>14</u>	<u>1,987,519</u>	<u>16</u>	<u>1,371,094</u>	<u>13</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 18 and 31)	2,788,168	21	1,669,961	13	398,217	4
Provisions - non-current (Note 20)	16,438	-	19,758	-	14,380	-
Deferred tax liabilities (Notes 4 and 25)	24,163	-	25,061	-	51,844	-
Lease liabilities - non-current (Notes 15 and 30)	190,268	1	195,967	2	185,256	2
Net defined benefit liability - non-current (Notes 4 and 21)	68,200	1	67,004	1	55,642	-
Deferred revenue - non-current (Note 27)	24,830	-	23,230	-	-	-
Other non-current liabilities	<u>5,316</u>	<u>-</u>	<u>5,309</u>	<u>-</u>	<u>1,586</u>	<u>-</u>
Total non-current liabilities	<u>3,117,383</u>	<u>23</u>	<u>2,006,290</u>	<u>16</u>	<u>706,925</u>	<u>6</u>
Total liabilities	<u>4,946,945</u>	<u>37</u>	<u>3,993,809</u>	<u>32</u>	<u>2,078,019</u>	<u>19</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Ordinary shares	<u>4,386,228</u>	<u>32</u>	<u>4,386,228</u>	<u>35</u>	<u>4,386,228</u>	<u>41</u>
Capital surplus	<u>1,504,446</u>	<u>11</u>	<u>1,475,787</u>	<u>12</u>	<u>1,433,379</u>	<u>13</u>
Retained earnings						
Legal reserve	916,235	7	916,235	7	872,379	8
Unappropriated earnings	<u>1,468,507</u>	<u>11</u>	<u>1,503,798</u>	<u>12</u>	<u>1,754,720</u>	<u>17</u>
Total retained earnings	<u>2,384,742</u>	<u>18</u>	<u>2,420,033</u>	<u>19</u>	<u>2,627,099</u>	<u>25</u>
Other equity	<u>(25,477)</u>	<u>-</u>	<u>61,632</u>	<u>1</u>	<u>186,081</u>	<u>2</u>
Treasury shares	<u>(23,172)</u>	<u>-</u>	<u>(23,172)</u>	<u>-</u>	<u>(24,170)</u>	<u>-</u>
Total equity attributable to owners of the Company	8,226,767	61	8,320,508	67	8,608,617	81
NON-CONTROLLING INTERESTS	<u>236,607</u>	<u>2</u>	<u>177,612</u>	<u>1</u>	<u>-</u>	<u>-</u>
Total equity	<u>8,463,374</u>	<u>63</u>	<u>8,498,120</u>	<u>68</u>	<u>8,608,617</u>	<u>81</u>
TOTAL	<u><u>\$ 13,410,319</u></u>	<u><u>100</u></u>	<u><u>\$ 12,491,929</u></u>	<u><u>100</u></u>	<u><u>\$ 10,686,636</u></u>	<u><u>100</u></u>

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

(With Deloitte & Touche review report dated May 9, 2024)

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)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 30)	\$ 957,340	100	\$ 831,888	100
OPERATING COSTS (Notes 11, 24 and 30)	<u>796,721</u>	<u>83</u>	<u>674,898</u>	<u>81</u>
GROSS PROFIT	<u>160,619</u>	<u>17</u>	<u>156,990</u>	<u>19</u>
OPERATING EXPENSES (Notes 10, 24 and 30)				
Selling and marketing expenses	24,427	3	26,403	3
General and administrative expenses	131,269	14	125,263	15
Research and development expenses	105,711	11	43,980	6
Expected credit loss (gain) on trade receivables	<u>3,001</u>	<u>-</u>	<u>(56)</u>	<u>-</u>
Total operating expenses	<u>264,408</u>	<u>28</u>	<u>195,590</u>	<u>24</u>
INCOME (LOSS) PROFIT FROM OPERATIONS	<u>(103,789)</u>	<u>(11)</u>	<u>(38,600)</u>	<u>(5)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 13, 24, 27 and 30)				
Interest income	7,400	1	10,200	1
Other income	10,716	1	17,512	2
Other gains and losses	62,814	6	84,864	10
Finance costs	(9,051)	(1)	(2,876)	-
Share of profit or loss of associates and joint ventures accounted for using the equity method	<u>(2,340)</u>	<u>-</u>	<u>(2,989)</u>	<u>-</u>
Total non-operating income	<u>69,539</u>	<u>7</u>	<u>106,711</u>	<u>13</u>
(LOSS) PROFIT BEFORE INCOME TAX	(34,250)	(4)	68,111	8
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 25)	<u>3,737</u>	<u>-</u>	<u>(1,849)</u>	<u>-</u>
NET (LOSS) PROFIT FOR THE PERIOD	<u>(37,987)</u>	<u>(4)</u>	<u>69,960</u>	<u>8</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)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME				
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	\$ (87,631)	(9)	\$ 99,698	12
Share of the other comprehensive income of associates accounted for using the equity method	(1,133)	-	1,694	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>1,892</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(86,872)</u>	<u>(9)</u>	<u>101,392</u>	<u>12</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	-	-	1,864	1
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	<u>5</u>	<u>-</u>	<u>(4)</u>	<u>-</u>
	<u>5</u>	<u>-</u>	<u>1,860</u>	<u>1</u>
Other comprehensive income for the period, net of income tax	<u>(86,867)</u>	<u>(9)</u>	<u>103,252</u>	<u>13</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ (124,854)</u>	<u>(13)</u>	<u>\$ 173,212</u>	<u>21</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ (35,571)	(4)	\$ 69,960	8
Non-controlling interests	<u>(2,416)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (37,987)</u>	<u>(4)</u>	<u>\$ 69,960</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ (122,438)	(13)	\$ 173,212	21
Non-controlling interests	<u>(2,416)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (124,854)</u>	<u>(13)</u>	<u>\$ 173,212</u>	<u>21</u>

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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)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
(LOSS) EARNINGS PER SHARE (Note 26)				
Basic	\$ (0.08)		\$ 0.16	
Diluted	\$ (0.08)		\$ 0.16	

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

(With Deloitte & Touche review report dated May 9, 2024)

(Concluded)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company (Note 22)												
							Other Equity						
	Ordinary Shares		Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Treasury Shares	Total	Non-controlling Interests	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Unappropriated Earnings	Total							
BALANCE, JANUARY 1, 2023	<u>438,623</u>	<u>\$ 4,386,228</u>	<u>\$ 1,507,368</u>	<u>\$ 872,379</u>	<u>\$ 1,684,760</u>	<u>\$ 2,557,139</u>	<u>\$ 2,256</u>	<u>\$ 80,573</u>	<u>\$ 82,829</u>	<u>\$ (24,170)</u>	<u>\$ 8,509,394</u>	<u>\$ -</u>	<u>\$ 8,509,394</u>
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	<u>438,623</u>	<u>\$ 4,386,228</u>	<u>\$ 1,433,379</u>	<u>\$ 872,379</u>	<u>\$ 1,754,720</u>	<u>\$ 2,627,099</u>	<u>\$ 4,116</u>	<u>\$ 181,965</u>	<u>\$ 186,081</u>	<u>\$ (24,170)</u>	<u>\$ 8,608,617</u>	<u>\$ -</u>	<u>\$ 8,608,617</u>
BALANCE, JANUARY 1, 2024	<u>438,623</u>	<u>\$ 4,386,228</u>	<u>\$ 1,475,787</u>	<u>\$ 916,235</u>	<u>\$ 1,503,798</u>	<u>\$ 2,420,033</u>	<u>\$ -</u>	<u>\$ 61,632</u>	<u>\$ 61,632</u>	<u>\$ (23,172)</u>	<u>\$ 8,320,508</u>	<u>\$ 177,612</u>	<u>\$ 8,498,120</u>
Other changes in capital surplus:													
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	70	-	38	38	-	-	-	-	108	-	108
Net loss for the three months ended March 31, 2024	-	-	-	-	(35,571)	(35,571)	-	-	-	-	(35,571)	(2,416)	(37,987)
Other comprehensive income for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	-	5	(86,872)	(86,867)	-	(86,867)	-	(86,867)
Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	(35,571)	(35,571)	5	(86,872)	(86,867)	-	(122,438)	(2,416)	(124,854)
Adjustments to share of change in equity of subsidiaries	-	-	28,589	-	-	-	-	-	-	-	28,589	61,411	90,000
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	242	242	-	(242)	(242)	-	-	-	-
BALANCE, MARCH 31, 2024	<u>438,623</u>	<u>\$ 4,386,228</u>	<u>\$ 1,504,446</u>	<u>\$ 916,235</u>	<u>\$ 1,468,507</u>	<u>\$ 2,384,742</u>	<u>\$ 5</u>	<u>\$ (25,482)</u>	<u>\$ (25,477)</u>	<u>\$ (23,172)</u>	<u>\$ 8,226,767</u>	<u>\$ 236,607</u>	<u>\$ 8,463,374</u>

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

(With Deloitte & Touche review report dated May 9, 2024)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) profit before income tax	\$ (34,250)	\$ 68,111
Adjustments for:		
Depreciation expenses	133,982	111,727
Amortization expenses	5,352	5,594
Expected credit loss recognized (reserved gain) on trade receivables	3,001	(56)
Gain on fair value change of financial assets and liabilities at fair value through profit or loss	(17,991)	(6,729)
Interest expenses	9,051	2,872
Interest income	(7,400)	(10,200)
Dividend income	(8,376)	(15,967)
Share of loss of associates accounted for using the equity method	2,340	2,989
Gain on disposal of property, plant and equipment	-	(61)
Gain on disposal of investments	-	(91,110)
Changes in operating assets and liabilities		
Contract assets	-	2,883
Notes receivable	(981)	(962)
Trade receivables	120,449	14,218
Trade receivables from related parties	(8,208)	(6,463)
Other receivables	(1,760)	(223)
Inventories	9,652	11,710
Other current assets	9,794	1,798
Other non-current assets	2,676	744
Contract liabilities	(26,409)	(18,246)
Trade payables	(120,091)	(25,328)
Trade payables to related parties	4,963	(4,433)
Other payables	(56,475)	21,691
Other payables to related parties	30,100	(874)
Provisions	1,418	(7,273)
Other current liabilities	57	3,362
Net defined benefit liabilities	<u>1,196</u>	<u>1,051</u>
Cash generated from operations	52,090	60,825
Interest received	6,039	9,016
Dividend received	8,376	15,967
Interest paid	(11,362)	(2,878)
Income tax paid	<u>(1,307)</u>	<u>(2,384)</u>
Net cash generated from operating activities	<u>53,836</u>	<u>80,546</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)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (60,000)	\$ -
Proceeds from recovery of financial assets at amortized cost on maturity	400	-
Net cash inflow on disposal of subsidiary	-	66,458
Payments for property, plant and equipment	(557,944)	(31,324)
Proceeds from disposal of property, plant and equipment	-	61
Decrease in refundable deposits	956	4,091
Payments for intangible assets	(1,924)	(1,202)
Payments for equipment decrease (increase)	<u>201,164</u>	<u>(380,159)</u>
Net cash used in investing activities	<u>(417,348)</u>	<u>(342,075)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(23,486)	(4,882)
Proceeds from long-term borrowings	1,142,391	202,522
Increase (decrease) in guarantee deposits	7	(477)
Payment of the principal portion of lease liabilities	(5,873)	(4,513)
Changes in non-controlling interest	<u>90,000</u>	<u>-</u>
Net cash generated from financing activities	<u>1,203,039</u>	<u>192,650</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>-</u>	<u>(30)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	839,527	(68,909)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,994,383</u>	<u>3,014,578</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 2,833,910</u>	<u>\$ 2,945,669</u>

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

(With Deloitte & Touche review report dated May 9, 2024)

(Concluded)

TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

(Former Name: Opto Tech Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

2. THE APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 9, 2024.

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

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

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. The consolidated financial statements do not include all IFRS Accounting Standards disclosures required for the entire annual 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, 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 an 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 an 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 statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those 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, Table 4 for the detailed information on subsidiaries (including percentage of ownership and main businesses).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

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, 2023 for information on the material accounting judgments and key sources of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Checking accounts and demand deposits	\$ 1,021,007	\$ 1,065,365	\$ 1,074,851
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	1,537,903	829,018	1,504,818
Repurchase agreements collateralized by bonds	<u>275,000</u>	<u>100,000</u>	<u>366,000</u>
	<u>\$ 2,833,910</u>	<u>\$ 1,994,383</u>	<u>\$ 2,945,669</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets - current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic listed shares	\$ 89,620	\$ 71,696	\$ 51,518
Mutual funds	<u>20,644</u>	<u>20,577</u>	<u>20,386</u>
	<u>\$ 110,264</u>	<u>\$ 92,273</u>	<u>\$ 71,904</u>
<u>Financial assets - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Unlisted shares	\$ -	\$ -	\$ 109,096
The investment case of movie	<u>20,000</u>	<u>20,000</u>	<u>-</u>
	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 109,096</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Non-current</u>			
Domestic investments			
Listed shares	\$ 302,476	\$ 378,805	\$ 397,695
Unlisted shares	123,799	106,240	84,474
Private-placement funds	<u>166,026</u>	<u>125,425</u>	<u>56,065</u>
	592,301	610,470	538,234
Foreign investments			
Unlisted shares	<u>490,871</u>	<u>500,333</u>	<u>631,279</u>
	<u>\$ 1,083,172</u>	<u>\$ 1,110,803</u>	<u>\$ 1,169,513</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, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Time deposits with original maturity of more than 3 months	\$ -	\$ 400	\$ 97,396
Restricted time deposit	<u>22,960</u>	<u>22,960</u>	<u>23,270</u>
	<u>\$ 22,960</u>	<u>\$ 23,360</u>	<u>\$ 120,666</u>

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

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,076,200	\$ 1,196,649	\$ 750,123
Less: Allowance for impairment loss	<u>(21,735)</u>	<u>(18,734)</u>	<u>(15,977)</u>
	<u>\$ 1,054,465</u>	<u>\$ 1,177,915</u>	<u>\$ 734,146</u>

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

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

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

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

March 31, 2024

	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	0.07%	4.86%	12.00%	-	-	100.00%	
Gross carrying amount	\$ 992,466	\$ 47,098	\$ 20,303	\$ -	\$ -	\$ 16,333	\$ 1,076,200
Loss allowance (Lifetime ECLs)	(679)	(2,287)	(2,436)	-	-	(16,333)	(21,735)
Amortized cost	<u>\$ 991,787</u>	<u>\$ 44,811</u>	<u>\$ 17,867</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,054,465</u>

December 31, 2023

	Not Past Due	Past Due 1 to 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0.12%	0.30%	11.98%	25.57%	8.62%	100.00%	
Gross carrying amount	\$ 1,113,534	\$ 59,843	\$ 3,883	\$ 3,398	\$ 58	\$ 15,933	\$ 1,196,649
Loss allowance (Lifetime ECLs)	(1,281)	(181)	(465)	(869)	(5)	(15,933)	(18,734)
Amortized cost	<u>\$ 1,112,253</u>	<u>\$ 59,662</u>	<u>\$ 3,418</u>	<u>\$ 2,529</u>	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ 1,177,915</u>

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%	-	36.53%	
Gross carrying amount	\$ 707,090	\$ 4,407	\$ 2,482	\$ 2,114	\$ 59	\$ 33,971	\$ 750,123
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>\$ 21,560</u>	<u>\$ 734,146</u>

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

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 18,734	\$ 16,033
Add: Net remeasurement of loss allowance	3,001	-
Less: Net reversal of loss allowance	<u>-</u>	<u>(56)</u>
Balance at March 31	<u>\$ 21,735</u>	<u>\$ 15,977</u>

11. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Finished goods	\$ 218,806	\$ 210,792	\$ 214,961
Work in progress	429,236	422,796	271,299
Raw materials	<u>690,987</u>	<u>715,093</u>	<u>728,903</u>
	<u>\$ 1,339,029</u>	<u>\$ 1,348,681</u>	<u>\$ 1,215,163</u>

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

	For the Three Months Ended March 31	
	2024	2023
Cost of inventories sold	\$ 767,980	\$ 667,012
Loss on decline in market value	<u>28,741</u>	<u>7,886</u>
	<u>\$ 796,721</u>	<u>\$ 674,898</u>

12. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Ho Chung Investment Co., Ltd. ("Ho Chung Investment")	Investment business	100.00%	100.00%	100.00%	Note 1
The Company	Bright Investment International Ltd. ("Bright")	Holding company	-	-	100.00%	Notes 1 and 2
The Company	River Asset Co., Ltd. ("River Asset")	Investment business	100.00%	100.00%	100.00%	Note 1
The Company	Star Asia Vision Corporation ("Star Asia")	Manufacturing and selling of lighting equipment	77.38%	90.95%	100.00%	Notes 3 and 5
The Company	Wan Zun Guang Investment Co., Ltd. ("Wan Zun Guang")	Investment business	100.00%	100.00%	100.00%	Notes 1 and 4
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	91.98%	88.26%	100.00%	Notes 1 and 6
Ho Chung investment	United-Asia Semiconductor Corporation ("United-Asia")	Assembling and testing electronic parts	100.00%	100.00%	-	Notes 1 and 7
Ho Chung investment	Gan-Asia Semiconductor Corporation ("Gan-Asia")	Manufacturing electronic parts	100.00%	100.00%	-	Notes 1 and 8

Note 1: The Company is not a major subsidiary; for the three months ended March 31, 2024 and 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, Bright, on February 22, 2023. The effective date was set on June 12, 2023 and the liquidation process was completed.

Note 3: On July 21, 2023, the Company's subsidiary, Opto Tech Corporation, changed its name to Star Asia Vision Corporation. It has met the standards of major subsidiary since 2024, and the financial statements have been reviewed for the three months ended March 31, 2024.

Note 4: On August 15, 2023, Wan Zun Guang, a subsidiary of the Company, issued 47,000 thousand units of new shares with a par value of \$10 by cash injection, all of which were subscribed by the Company; on January 12, 2024, Wan Zun Guang issued another 80,001 thousand units of new shares with a par value of \$10 by cash injection, all of which were still subscribed by the Company.

Note 5: On July 24, 2023, Star Asia, a subsidiary of the Company, issued employee stock warrants totaling 2,000 thousand units, resulting in a decrease in the Company's percentage of ownership from 90.95%; on March 8, 2024, the Company conducted a stock release with a total of 3,000 thousand units to meet the needs of Star Asia's application for listing on the Taiwan Stock Exchange (TSE), resulting in a decrease in the Company's percentage of ownership from 90.95% to 77.38%.

Note 6: On July 21, 2023, ProAsia, a subsidiary of the Company, issued new shares of 10,000 thousand units with a par value of \$10 through a cash capital increase. The Company renounced the subscription of all the new shares, resulting in a decrease in its percentage of ownership from 100% to 87.5%. On August 25, 2023, the Company issued 35,000 thousand units with a par value of \$10 through a cash capital increase. The Company did not subscribe for all of the new shares in accordance with the percentage of ownership, which resulted in an increase in the percentage of ownership from 87.5% to 88.26%; on January 19, 2024, the Company issued 53,334 thousand units with a par value of \$10 through a cash capital increase, which resulted in an increase in the percentage of ownership from 88.26% to 91.98%.

Note 7: Ho Chung is a wholly owned subsidiary established by United-Asia Semiconductor Corporation, a subsidiary of Company, on September 8, 2023, and it has been included in the consolidated financial statements since the date of acquisition.

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

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	March 31, 2024	December 31, 2023	March 31, 2023
Individual non-material associates			
New Smart Technology Co., Ltd.	<u>\$ 60,628</u>	<u>\$ 63,987</u>	<u>\$ 60,392</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	Leasehold Improvements	Construction in Progress and Equipment Under Installation	Total
Cost										
Balance at January 1, 2024	\$ 1,807,381	\$ 5,521,880	\$ 1,097,210	\$ 749,601	\$ 11,585	\$ 126,842	\$ 2,036,794	\$ 27,847	\$ 3,321,058	\$ 14,700,198
Additions	-	1,146	1,516	1,986	135	3,359	3,705	-	546,097	557,944
Disposals	-	-	-	-	-	(28)	-	-	-	(28)
Capitalized interest	-	-	-	-	-	-	-	-	5,094	5,094
Reclassification	-	31,894	11,566	11,246	-	-	5,180	-	(311,913)	(252,027)
Balance at March 31, 2024	<u>\$ 1,807,381</u>	<u>\$ 5,554,920</u>	<u>\$ 1,110,292</u>	<u>\$ 762,833</u>	<u>\$ 11,720</u>	<u>\$ 130,173</u>	<u>\$ 2,045,679</u>	<u>\$ 27,847</u>	<u>\$ 3,560,336</u>	<u>\$ 15,011,181</u>
Accumulated depreciation and impairment										
Balance at January 1, 2024	\$ 1,205,818	\$ 4,674,617	\$ 962,086	\$ 636,820	\$ 9,260	\$ 88,617	\$ 1,736,272	\$ 2,510	\$ -	\$ 9,316,000
Disposals	-	-	-	-	-	(28)	-	-	-	(28)
Depreciation expense	13,113	84,191	6,489	3,294	297	5,217	13,985	1,288	-	127,874
Balance at March 31, 2024	<u>\$ 1,218,931</u>	<u>\$ 4,758,808</u>	<u>\$ 968,575</u>	<u>\$ 640,114</u>	<u>\$ 9,557</u>	<u>\$ 93,806</u>	<u>\$ 1,750,257</u>	<u>\$ 3,798</u>	<u>\$ -</u>	<u>\$ 9,443,846</u>
Carrying amounts at March 31, 2024	<u>\$ 588,450</u>	<u>\$ 796,112</u>	<u>\$ 141,717</u>	<u>\$ 122,719</u>	<u>\$ 2,163</u>	<u>\$ 36,367</u>	<u>\$ 295,422</u>	<u>\$ 24,049</u>	<u>\$ 3,560,336</u>	<u>\$ 5,567,335</u>
Carrying amounts at December 31, 2023 and January 1, 2024	<u>\$ 601,563</u>	<u>\$ 847,263</u>	<u>\$ 135,124</u>	<u>\$ 112,781</u>	<u>\$ 2,325</u>	<u>\$ 38,225</u>	<u>\$ 300,522</u>	<u>\$ 25,337</u>	<u>\$ 3,321,058</u>	<u>\$ 5,384,198</u>

(Continued)

	Buildings	Machinery and Equipment	Utility Facilities	Pollution Prevention Facilities	Transportation Equipment	Office Equipment	Other Equipment	Leasehold Improvements	Construction in Progress and Equipment Under Installation	Total
<u>Cost</u>										
Balance at January 1, 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>\$ -</u>	<u>\$ 480,434</u>	<u>\$ 11,645,236</u>
<u>Accumulated depreciation and impairment</u>										
Balance at January 1, 2023	\$ 1,316,354	\$ 4,705,209	\$ 942,299	\$ 624,057	\$ 9,439	\$ 78,640	\$ 1,682,306	\$ -	\$ -	\$ 9,358,304
Disposals	-	(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>\$ -</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>\$ -</u>	<u>\$ 480,434</u>	<u>\$ 2,471,523</u>

(Concluded)

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

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

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amounts</u>			
Land	\$ 175,654	\$ 179,557	\$ 191,270
Buildings	23,569	24,955	-
Transportation equipment	4,361	4,996	1,818
Office equipment	824	948	1,318
Other equipment	<u>297</u>	<u>357</u>	<u>-</u>
	<u>\$ 204,705</u>	<u>\$ 210,813</u>	<u>\$ 194,406</u>

	For the Three Months Ended March 31	
	2024	2023
Depreciation charge for right-of-use assets		
Land	\$ 3,903	\$ 3,912
Buildings	1,386	-
Transportation equipment	635	661
Office equipment	124	124
Other equipment	<u>60</u>	<u>-</u>
	<u>\$ 6,108</u>	<u>\$ 4,697</u>

The Group did not add any right-of-use assets during the three months ended March 31, 2024 and 2023.

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, 2024 and 2023.

b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amounts</u>			
Current	<u>\$ 23,023</u>	<u>\$ 23,197</u>	<u>\$ 16,756</u>
Non-current	<u>\$ 190,268</u>	<u>\$ 195,957</u>	<u>\$ 185,256</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Land	1.797%	1.797%	1.797%
Buildings	3.253%	3.253%	-
Transportation equipment	0.785%-5.654%	0.785%-5.654%	0.785%-1.797%
Office equipment	1.088%-1.797%	1.088%-1.797%	1.088%-1.797%
Other equipment	5.590%	5.590%	-

c. Other lease information

	For the Three Months Ended March 31	
	2024	2023
Expenses relating to short-term leases	<u>\$ 2,378</u>	<u>\$ 3,493</u>
Total cash outflow for leases	<u>\$ (9,154)</u>	<u>\$ (8,706)</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

Cost

Balance at January 1, 2024 and March 31, 2024	\$ <u>399,307</u>
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Cost

Balance at January 1, 2023 and March 31, 2023	\$ <u>399,307</u>
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On March 31, 2024 and 2023, the fair value of investment properties were \$679,403 thousand and \$410,640 thousand, which based on the market evidence on transaction price of similar property and publicly announced present value.

17. INTANGIBLE ASSETS

Software

Cost

Balance at January 1, 2024	\$ 74,236
Additions	<u>1,924</u>

Balance at March 31, 2024	\$ <u>76,160</u>
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Accumulated amortization

Balance at January 1, 2024	\$ 38,858
Amortization expense	<u>5,352</u>

Balance at March 31, 2024	\$ <u>44,210</u>
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Carrying amount at March 31, 2024	\$ <u>31,950</u>
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Cost

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>
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Accumulated amortization

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>
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Carrying amount at March 31, 2023	\$ <u>15,417</u>
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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, 2024	December 31, 2023	March 31, 2023
<u>Unsecured borrowings</u>			
Bank loans	<u>\$ 366,514</u>	<u>\$ 390,000</u>	<u>\$ 132,314</u>

The range of weighted average effective interest rate on bank loans was 0.53%-1.85%, 1.80%-1.93% and 0.56%-6.00% per annum as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

b. Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Secured borrowings (Note 31)</u>			
Bank loans	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Unsecured borrowings</u>			
Long-term borrowings	1,856,305	1,713,914	398,217
Current portion	(50,404)	(25,695)	-
Government grant discount	<u>(17,733)</u>	<u>(18,258)</u>	<u>-</u>
	<u>1,788,168</u>	<u>1,669,961</u>	<u>398,217</u>
	<u>\$ 2,788,168</u>	<u>\$ 1,669,961</u>	<u>\$ 398,217</u>

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

The effective interest rate of long-term borrowings was 1.120%-1.825%, 0.995%-1.825% and 0.995%-1.00% per annum as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

The loan project for the return to Taiwan for investment is based on the program “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan,” launched by the National Development Fund, Executive Yuan. The maturity dates are between September 15, 2029 and August 15, 2030, and the Company shall repay the principal and interest in an amortized manner on a monthly basis. The interest rate ranges of bank borrowings as of March 31, 2024 and December 31, 2023 was 1.120%-1.60% and 0.995%-1.475%, respectively.

19. OTHER LIABILITIES

	March 31, 2024	December 31, 2023	March 31, 2023
Payable for salaries and bonus	\$ 159,181	\$ 171,810	\$ 111,495
Payable for employees' compensation	82,477	78,161	93,807
Payable for remuneration of directors	29,225	25,772	34,407
Payables for equipment	151,132	286,683	108,477
Others	<u>339,883</u>	<u>255,289</u>	<u>162,900</u>
	<u>\$ 761,898</u>	<u>\$ 817,715</u>	<u>\$ 511,086</u>

20. PROVISIONS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Warranties	<u>\$ 7,389</u>	<u>\$ 2,651</u>	<u>\$ 4,062</u>
<u>Non-current</u>			
Warranties	<u>\$ 16,438</u>	<u>\$ 19,758</u>	<u>\$ 14,380</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, 2024 and 2023, the pension expenses of defined benefit plans were \$1,838 thousand and \$2,004 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2023 and 2022, respectively.

b. Defined contribution plan

The Company, Ho Chung Investment, River Asset, Star Asia, Wan Zun Guang, ProAsia, United-Asia and Gan-Asia adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

22. EQUITY

a. Share capital - ordinary shares

	March 31, 2024	December 31, 2023	March 31, 2023
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, 2024	December 31, 2023	March 31, 2023
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	\$ 1,336,850
Arising from treasury share transactions	90,735	90,735	90,621
<u>May only be used to offset a deficit (2)</u>			
Changes in percentage of ownership interests in subsidiaries	75,669	47,024	5,300
Share of changes in capital surplus of associates or joint ventures	<u>1,192</u>	<u>1,178</u>	<u>608</u>
	<u>\$ 1,504,446</u>	<u>\$ 1,475,787</u>	<u>\$ 1,433,379</u>

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

c. Retained earnings and dividend policy

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

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

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

The appropriations of 2023 and 2022 earnings are as follows:

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

On April 11, 2024 and May 5, 2023, the distribution of 2022 cash dividends was approved by the board of directors. The provisions of legal reserve and special reserve are subject to approval by the shareholders in their meeting to be held on June 20, 2023.

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

d. Treasury shares

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

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

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>March 31, 2024</u>			
Ho Chung Investment	755	\$ 23,172	\$ 29,616

(Continued)

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>December 31, 2023</u>			
Ho Chung Investment	755	\$ 23,172	\$ 35,539
<u>March 31, 2023</u>			
Ho Chung Investment	755	23,172	29,276 (Concluded)

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		
		2024	2023	
Revenue from contracts with customers				
Revenue from sale of goods		\$ 957,340	\$ 831,888	
a. Contract balances				
	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Notes receivable	\$ 2,152	\$ 1,171	\$ 2,604	\$ 1,642
Trade receivables (Note 10)	1,076,200	1,196,649	750,123	798,755
Trade receivables to related parties	<u>32,184</u>	<u>23,976</u>	<u>22,896</u>	<u>16,433</u>
	<u>\$ 1,110,536</u>	<u>\$ 1,221,796</u>	<u>\$ 775,623</u>	<u>\$ 816,830</u>
Contract assets - current				
Sale of goods	<u>\$ 1,700</u>	<u>\$ 1,700</u>	<u>\$ 1,700</u>	<u>\$ 2,883</u>
Contract assets - non-current				
Sale of goods	<u>\$ 2,619</u>	<u>\$ 2,619</u>	<u>\$ 2,619</u>	<u>\$ 4,319</u>
Contract liabilities - current				
Sale of goods	<u>\$ 71,527</u>	<u>\$ 97,936</u>	<u>\$ 195,049</u>	<u>\$ 213,295</u>

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

24. NET PROFIT

- a. Interest income

	For the Three Months Ended March 31	
	2024	2023
Bank deposits	\$ 6,859	\$ 9,075
Resale bonds	532	873
Financial assets at amortized cost	-	250
Others	<u>9</u>	<u>2</u>
	<u>\$ 7,400</u>	<u>\$ 10,200</u>

- b. Other income

	For the Three Months Ended March 31	
	2024	2023
Rental income	\$ 40	\$ 60
Dividend income	8,376	15,967
Others	<u>2,300</u>	<u>1,485</u>
	<u>\$ 10,716</u>	<u>\$ 17,512</u>

- c. Other gains and losses

	For the Three Months Ended March 31	
	2024	2023
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ 17,991	\$ 6,729
Gain on disposal of property, plant and equipment	-	61
Gain on disposal of investments	-	91,110
Net foreign exchange gains (losses)	44,967	(12,974)
Gain on changes in lease term	-	-
Others	<u>(144)</u>	<u>(62)</u>
	<u>\$ 62,814</u>	<u>\$ 84,864</u>

d. Finance costs

	For the Three Months Ended March 31	
	2024	2023
Interest on bank loans	\$ 13,242	\$ 2,329
Interest on finance leases	<u>903</u>	<u>700</u>
	14,145	3,029
Less: Amounts included in the cost of qualifying assets	<u>(5,094)</u>	<u>(157)</u>
	9,051	2,872
Other finance costs	<u>-</u>	<u>4</u>
	<u>\$ 9,051</u>	<u>\$ 2,876</u>

Information on capitalized interest is as follows:

	For the Three Months Ended March 31	
	2024	2023
Capitalized interest amount	<u>\$ 5,094</u>	<u>\$ 157</u>
Capitalization rate	0.37%-1.24%	0.36%-0.46%

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2024	2023
An analysis of depreciation by function		
Operating costs	\$ 117,627	\$ 97,100
Operating expenses	<u>16,355</u>	<u>14,627</u>
	<u>\$ 133,982</u>	<u>\$ 111,727</u>
An analysis of amortization by function		
Operating costs	\$ 1,686	\$ 2,591
Operating expenses	<u>3,666</u>	<u>3,003</u>
	<u>\$ 5,352</u>	<u>\$ 5,594</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2024	2023
Wages and salaries	\$ 253,991	\$ 220,377
Labor and health insurance fees	21,310	17,103
Post-employment benefits		
Defined contribution plans	9,723	8,193
Defined benefit plans	1,838	2,004
Other employee benefits	<u>4,441</u>	<u>9,057</u>
Total employee benefits expense	<u>\$ 291,303</u>	<u>\$ 256,734</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 142,627	\$ 132,540
Operating expenses	<u>148,676</u>	<u>124,194</u>
	<u>\$ 291,303</u>	<u>\$ 256,734</u>

g. Employees' compensation and remuneration of directors

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

Accrual rate

	For the Three Months Ended March 31	
	2024	2023
Employees' compensation	-	10%
Remuneration of directors	-	5%

Amount

	For the Three Months Ended March 31	
	2024	2023
Employees' compensation	\$ -	\$ 7,486
Remuneration of directors	-	3,743

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 2023 and 2022 that were resolved by the board of directors on February 27, 2024 and February 22, 2023, respectively, are as shown below:

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

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

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

25. INCOME TAXES

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

	<u>For the Three Months Ended March 31</u>	
	2024	2023
Current tax		
In respect of the current year	\$ 4,700	\$ 3,427
Deferred tax		
In respect of the current year	<u>(963)</u>	<u>(5,276)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 3,737</u>	<u>\$ (1,849)</u>

- b. Income tax assessments

The income tax returns of Ho Chung Investment through 2021 have been assessed by the tax authority.

The income tax returns of the Company, Star Asia, River Asset, Wan Zun Guang and ProAsia through 2022 have been assessed by the tax authority.

United-Asia and Gan-Asia are incorporated in fiscal year 2023 and therefore have no reported cases to be approved.

26. EARNINGS (LOSS) PER SHARE

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

Net Profit (Loss) for the Year

	For the Three Months Ended March 31	
	2024	2023
Earnings used in the computation of basic and diluted earnings (loss) per share	<u>\$ (35,571)</u>	<u>\$ 69,960</u>

(Unit: NT\$ Per Share)

	For the Three Months Ended March 31	
	2024	2023
Weighted average number of ordinary shares outstanding in computation of basic earnings per share (in thousand)	437,868	437,827
Effect of potentially dilutive ordinary shares employees' compensation (in thousand)	<u>-</u>	<u>971</u>
Weighted average number of ordinary shares outstanding in computation of diluted earnings per share (in thousand)	<u>437,868</u>	<u>438,798</u>

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

The Group's employee's compensation is potential common stock with a dilutive effect. However, since the potential common stock caused an anti-dilutive effect from January 1 to March 31, 2024, they were not included in the calculation of diluted earnings (loss) per share.

27. GOVERNMENT GRANTS

The Corporation and subsidiaries have obtained a government loan of \$1,440,752 thousand with preferential interest rates under the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan for capital expenditures on equipment purchases. The loan will be repaid in installments over a period of three to seven years. The fair value of the loan is estimated to be \$1,415,922 thousand based on the market interest rate of 0.75%-1.60% when the loan was taken out. The difference between the amount obtained and the fair value of the loan is in the amount of \$24,830 thousand as a government low-interest loan grant and recognized as unearned revenue.

The unearned revenue is reclassified to profit or loss over the useful life of the relevant assets. Interest expense recognized by the Corporation and subsidiaries for the three months ended March 31, 2024 is \$2,125 thousand.

If the Company fails to meet the key points of the above project during the loan period, and the National Development Fund terminates the government grant, then the Company will pay the original interest rate plus the annual interest rate.

28. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity in the consolidated balance sheets plus net debt. As of March 31, 2024, December 31, 2023 and March 31, 2023, the gearing ratios were 4.32%, 1.09% and (38.99%), respectively.

29. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 89,620	\$ -	\$ -	\$ 89,620
Unlisted shares	20,644	-	-	20,644
The investment case of movie	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
	<u>\$ 110,264</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 130,264</u>
Financial assets at FVTOCI				
Listed shares	\$ 302,476	\$ -	\$ -	\$ 302,476
Unlisted shares	-	-	614,670	614,670
Private-placement funds	<u>-</u>	<u>-</u>	<u>166,026</u>	<u>166,026</u>
	<u>\$ 302,476</u>	<u>\$ -</u>	<u>\$ 780,696</u>	<u>\$ 1,083,172</u>

December 31, 2023

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

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	20,386	-	-	20,386
	<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	-	-	56,065	56,065
	<u>\$ 397,695</u>	<u>\$ -</u>	<u>\$ 771,818</u>	<u>\$ 1,169,513</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, 2024

Equity Instruments	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2024	\$ 20,000	\$ 731,998	\$ 751,998
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	-	(11,302)	(11,302)
Purchases	-	60,000	60,000
Balance at March 31, 2024	<u>\$ 20,000</u>	<u>\$ 780,696</u>	<u>\$ 800,696</u>

For the three months ended March 31, 2023

Equity Instruments	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
	Equity Instruments	Equity Instruments	
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)	-	(18,935)	(18,935)
Balance at March 31, 2023	<u>\$ 109,096</u>	<u>\$ 771,818</u>	<u>\$ 880,914</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 present value of the expected return on the investment is calculated by discounting the cash flows using either the income approach or the cost approach.

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, 2024	Valuation Techniques	Significant Unobservable Inputs	Range (Average Weighted)	The Relationship Between Inputs and Fair Value
Non-derivative financial assets					
Unlisted shares	\$ 614,670	Market comparable companies	Price to earnings ratio multiple Enterprise value multiple P/B ratio	11.88-16.17 1.84-9.11 1.5-1.44	The higher the multiple, the higher the fair value The higher the multiple, the higher the fair value The higher the multiple, the higher the fair value
			Discount for lack of volatility	30%-35%	The higher the discount for lack of marketability, the lower the fair value
Private fund	166,026	Net asset value	Discount for lack of volatility	28.41%	The higher the discount for risk, the lower the fair value
The investment case of movie	20,000	Discounted cash flow method	Weighted average cost of capital	-	The higher the discount for risk, the lower the fair value

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

	Fair Value at 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 Enterprise value multiple Discount for lack of volatility	8.45-11.78 5.41-7.06 30%	The higher the multiple, the higher the fair value The higher the multiple, the higher the fair value The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	109,096	Net asset value	Discount for lack of volatility	19.25%	The higher the discount for lack of marketability, the lower the fair value
Private fund	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

c. Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	\$ 130,264	\$ 112,273	\$ 181,000
Financial assets at amortized cost (1)	3,984,271	3,257,240	3,869,394
Financial assets at FVTOCI	1,083,172	1,110,803	1,169,513
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	4,486,809	3,508,217	1,451,584

- 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, other payables to related parties, current portion of long-term liabilities, 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 34.

Sensitivity analysis

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

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

	USD Impact	
	For the Three Months Ended	
	March 31	
	2024	2023
Profit or loss	\$ (12,454)	\$ (7,659)
	CNY Impact	
	For the Three Months Ended	
	March 31	
	2024	2023
Profit or loss	\$ (1,045)	\$ 1,259

	JPY Impact	
	For the Three Months Ended	
	March 31	
	2024	2023
Profit or loss	\$ (879)	\$ (892)

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, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
Financial assets	\$ 1,835,863	\$ 952,378	\$ 1,991,484
Financial liabilities	297,821	558,210	394,278
Cash flow interest rate risk			
Financial assets	1,021,007	1,065,365	1,074,851
Financial liabilities	3,157,767	1,784,840	400,874

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 (loss) for the three months ended March 31, 2024 and 2023 would have increased/decreased by \$(5,342) thousand and \$1,685 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, 2024 and 2023 would have increased/decreased by \$1,303 thousand and \$1,606 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, 2024 and 2023 would have increased/decreased by \$10,832 thousand and \$11,695 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

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

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

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

3) Liquidity risk

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

The Group relies on bank borrowings are a significant source of liquidity. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group had available unutilized short-term and long-term bank loan facilities set out in (b) below.

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

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

March 31, 2024

	Less than 1 Year	1-2 Years	2-3 Years	3-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,276,407	\$ -	\$ -	\$ -	\$ -
Lease liabilities	26,330	25,441	24,935	43,049	111,499
Variable interest rate liabilities	455,813	543,377	730,000	1,305,099	262,341
Fixed interest rate liabilities	<u>66,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,825,158</u>	<u>\$ 568,818</u>	<u>\$ 754,935</u>	<u>\$ 1,348,148</u>	<u>\$ 373,840</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 26,330</u>	<u>\$ 93,425</u>	<u>\$ 68,918</u>	<u>\$ 42,581</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2023

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

Additional information about the maturity analysis for lease liabilities:

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

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>

b) Financing facilities

	March 31, 2024	December 31, 2023	March 31, 2023
Secured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	\$ <u>1,000,000</u>	\$ <u>-</u>	\$ <u>-</u>
Unsecured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	\$ 2,222,819	\$ 2,103,914	\$ 530,531
Amount unused	<u>10,926,140</u>	<u>7,388,829</u>	<u>3,839,369</u>
	<u>\$ 13,148,959</u>	<u>\$ 9,492,743</u>	<u>\$ 4,369,900</u>

30. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and relationships:

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

b. Operating revenue

Related Party Category/Name	For the Three Months Ended March 31	
	2024	2023
Nichia Corp.	\$ <u>97,469</u>	\$ <u>70,318</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	
	2024	2023
Investors that have significant influence over the Group	\$ 28,825	\$ 19,961
Associate	<u>3,738</u>	<u>-</u>
	<u>\$ 32,563</u>	<u>\$ 19,961</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, 2024	December 31, 2023	March 31, 2023
Trade receivables to related parties	Investors that have significant influence over the Group	<u>\$ 32,184</u>	<u>\$ 23,976</u>	<u>\$ 22,896</u>
Other trade receivables to related parties	Associate	\$ 14	\$ 14	\$ 42
	Investors that have significant influence over the Group	<u>-</u>	<u>40</u>	<u>-</u>
		<u>\$ 14</u>	<u>\$ 54</u>	<u>\$ 42</u>

The outstanding trade receivables from related parties are unsecured. For the three months ended March 31, 2024 and 2023, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Trade payables to related parties	Investors that have significant influence over the Group	\$ 40,510	\$ 39,441	\$ 31,729
	Associate	<u>3,894</u>	<u>-</u>	<u>-</u>
		<u>\$ 44,404</u>	<u>\$ 39,441</u>	<u>\$ 31,729</u>
Other payables to related parties	Investors that have significant influence over the Group	\$ -	\$ 23,332	\$ 63
	Associate	<u>53,432</u>	<u>-</u>	<u>1,260</u>
		<u>\$ 53,432</u>	<u>\$ 23,332</u>	<u>\$ 1,323</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	
	2024	2023
Associate	<u>\$ 40,760</u>	<u>\$ 2,177</u>

g. Prepayments

Line Item	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Prepayments rental	Investors that have significant influence over the Group	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 500</u>
Prepayment for equipment	Associate - New Smart Technology Co., Ltd.	<u>\$ 75,671</u>	<u>\$ 37,935</u>	<u>\$ 287,110</u>

h. Lease arrangements

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2024	2023
Rental expenses	Investors that have significant influence over the Group	<u>\$ -</u>	<u>\$ 1,500</u>
Interest expenses	Investors that have significant influence over the Group	<u>\$ 197</u>	<u>\$ -</u>

Line Item	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Lease liabilities	Investors that have significant influence over the Group	<u>\$ 23,850</u>	<u>\$ 25,153</u>	<u>\$ -</u>

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

i. Other

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2024	2023
Rental revenue	Associate	<u>\$ 40</u>	<u>\$ 40</u>

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

j. Compensation of key management personnel

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits	\$ 17,774	\$ 18,568
Post-employment benefits	<u>1,692</u>	<u>1,596</u>
	<u>\$ 19,466</u>	<u>\$ 20,164</u>

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

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	March 31, 2024	December 31, 2023	March 31, 2023
Demand deposits (included in financial assets at amortized cost - current)	\$ 22,960	\$ 22,960	\$ 23,270
Carrying amount of property, plant and equipment	<u>579,537</u>	<u>-</u>	<u>-</u>
	<u>\$ 602,497</u>	<u>\$ 22,960</u>	<u>\$ 23,270</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group as of March 31, 2024 were as follows:

- a. As of March 31, 2024, December 31, 2023 and March 31, 2023, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$10,900 thousand, \$24,181 thousand and \$15,349 thousand, respectively.

- b. Unrecognized commitments were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Acquisition of property, plant and equipment	<u>\$ 770,970</u>	<u>\$ 828,487</u>	<u>\$ 1,651,728</u>

- c. As of March 31, 2024, December 31, 2023 and March 31, 2023, the guarantees provided by the Company through banks amounted to approximately \$61,894 thousand, \$61,544 thousand and \$53,801 thousand, respectively.

- d. On February 15, 2023, the president of the Republic of China announced amendments to the Climate Change Response Act and added provisions for the collection of carbon fees. Subsequently, the Ministry of Environment formulated a draft carbon fee charging method in accordance with the aforementioned regulations on December 29, 2023. According to the draft "Regulations of Carbon Fee Collection", starting in 2024, companies belonging to the power generation industry and large-scale

operators in the manufacturing industry, with total annual greenhouse gas emissions generated by direct emissions and indirect emissions that occur through the use of purchased electricity exceeding 25,000 metric tons of carbon dioxide equivalent (tCO₂e), shall pay carbon fees if their plants are the emission sources subject to inventory, registration and inspection as announced by the Ministry of Environment. However, the main sub-laws on carbon fees and other regulations are not yet clear, and the merged company is still unable to reasonably estimate the impact of carbon fees. However, based on the emissions of the merged company in 2023, it is expected that the aforementioned threshold will be reached before the end of 2024 and the carbon fee will need to be paid.

33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- a. The Company passed the resolution of the board of directors on April 11, 2024, and planned to split the relevant operations (including assets, liabilities and operations) of the Company's "8-inch GaN product business group" in accordance with Article 35 of the Enterprise Mergers and Acquisitions Act. It will be assumed by the existing subsidiary, Gan-Asia Semiconductor Corporation, with 100% shareholding in order to implement professional division of labor and improve the Company's overall operating performance and market competitiveness in accordance with efficiency planning.
- b. On April 11, 2024, the Company's board of directors passed a resolution to loan NT\$300,000 to Gan-Asia Semiconductor Corporation for purchase of machinery and equipment, construction of clean rooms and operational turnover.
- c. In order to meet future operational needs, the Company's subsidiary, ProAsia Semiconductor Corporation Ltd., passed the resolution of the board of directors on April 11, 2024, to participate in the bidding of the technology factory building in Hsinchu Science Park of "Resonac HD Taiwan Co., Ltd.," to expand its production capacity.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

March 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 46,372	31.915 (USD:NTD)	\$ 1,479,962
JPY	548,783	0.209 (JPY:NTD)	114,696
CNY	23,871	4.379 (CNY:NTD)	104,531
<u>Financial liabilities</u>			
Monetary items			
USD	7,315	32.065 (USD:NTD)	234,555
JPY	125,256	0.214 (JPY:NTD)	26,805

December 31, 2023

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

Financial liabilities

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

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

Financial liabilities

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

For the Three Months Ended March 31

Foreign Currency	Exchange Rate	2024	Exchange Rate	2023
		Net Foreign Exchange Gains (Losses)		Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	\$ 44,967	1 (NTD:NTD)	\$ (10,608)
CNY	4.37 (CNY:NTD)	<u>-</u>	4.44 (CNY:NTD)	<u>(2,366)</u>
		<u>\$ 44,967</u>		<u>\$ (12,974)</u>

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others: Table 1.
- 2) Endorsements/guarantees provided: Table 2.
- 3) Marketable securities held (excluding investments in subsidiaries and associates): Table 3.
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: 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: None.
- 2) Any of significant transactions with investee companies in mainland China, either directly or indirectly through a company in third area, and their prices, payment terms, and unrealized gains or losses: None.
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

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

36. OPERATING SEGMENT INFORMATION

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

- a. Segment revenues and results:

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

	LED and Silicon Send or Chips Group	Displays and Lighting Group	Packaging Business Group	Other Segment	Consolidated
<u>For the three months ended March 31, 2024</u>					
Revenue from external customers	<u>\$ 757,410</u>	<u>\$ 199,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 957,340</u>
Segment income	<u>\$ (43,287)</u>	<u>\$ 27,721</u>	<u>\$ -</u>	<u>\$ (18,684)</u>	<u>\$ (34,250)</u>
<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>

The segment revenue reported above is generated from transactions with external customers. There were no inter-segment sales from January 1 to March 31, 2024 and 2023.

- 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.

TABLE 1

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

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limits (Note 4)	Note
													Item	Value			
0	Taiwan-Asia Semiconductor Corporation	ProAsia Semiconductor Corporation	Other receivables - related parties	Y	\$ 500,000	\$ 500,000	\$ -	-	b	\$ -	Purchase equipment	\$ -	-	\$ -	\$ 822,676	\$ 3,290,706	-

- 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 (\$8,226,767 thousand × 10% = \$822,676 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 (\$8,226,767 thousand × 40% = \$3,290,706 thousand).
- Note 5: The above transactions have been eliminated in the preparation of the consolidated financial statements.

TABLE 2

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

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(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 (Note)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Taiwan-Asia Semiconductor Corporation	ProAsia Semiconductor Corporation Star Asia Vision Corporation	Subsidiary Subsidiary	\$ 1,645,353 1,645,353	\$ 1,400,000 5,341	\$ 1,400,000 -	\$ 1,091,340 -	\$ - -	17.02 -	\$ 4,113,383 4,113,383	Y Y	N N	N N	- -

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

a.

$\$8,226,767 \text{ thousand} \times 50\% = \$4,113,383 \text{ thousand}.$

b.

$\$8,226,767 \text{ thousand} \times 20\% = \$1,645,353 \text{ thousand}.$

TABLE 3

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

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)
MARCH 31, 2024
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2024			
				Shares	Carrying Amount	Percentage of Ownership	Fair Value
Taiwan-Asia Semiconductor Corporation	<u>Shares</u>						
	AXT, Inc. (Note 3)	-	Financial assets at FVTPL - non-current	124,100	\$ -	-	\$ -
	Top Increasing Technology Co., Ltd.	-	Financial assets at FVTPL - non-current	10,000,000	-	16.67	-
	Nichia Corp.	The Company is the parent company of Nichia Taiwan Corp.	Financial assets at FVTOCI - non-current	10,000	490,871	0.45	490,871
	Viking Tech Corporation.	-	Financial assets at FVTOCI - non-current	2,873,994	142,119	2.45	142,119
	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	123,799	10.00	123,799
	Fubon Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	250,000	13,700	-	13,700
	<u>Mutual funds</u>						
	Jih Sun Money Market fund	-	Financial assets at FVTPL - current	1,348,881	20,644	-	20,644
Ho Chung Investment Co., Ltd.	<u>Private fund</u>						
	Wisdom Capital Limited Partnership	-	Financial assets at FVTOCI - non-current	-	166,026	-	166,026
	<u>Shares</u>						
	Taiwan-Asia Semiconductor Corporation	Parent company	Financial assets at FVTPL - current	754,543	29,616	0.17	29,616
	Shangya Technology Co., Ltd.	-	Financial assets at FVTOCI - non-current	6,800,000	146,657	15.35	146,657
River Asset Co., Ltd.	<u>Shares</u>						
	Leadtrend Tech. Corp.	-	Financial assets at FVTPL - current	870,096	89,620	1.48	89,620

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

Note 2: The information on investment in subsidiaries, please refer to Table 4.

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

TABLE 4

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

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2024			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				March 31, 2024	December 31, 2023	Shares	%	Carrying Amount			
Taiwan-Asia Semiconductor Corporation	Ho Chung Investment Co., Ltd.	Taiwan	Investment business	\$ 400,000	\$ 400,000	40,000,000	100.00	\$ 263,289	\$ (5,739)	\$ 184	(Note 1)
	River Asset Co., Ltd.	Taiwan	Investment business	400,000	400,000	40,000,000	100.00	373,973	15,525	15,525	
	Star Asia Vision Corporation	Taiwan	Manufacture and sales of lighting equipment	171,000	201,000	17,100,000	77.38	257,606	20,127	17,331	(Note 1)
	New Smart Technology Co., Ltd.	Taiwan	Automatic control equipment engineering business	14,000	14,000	1,000,000	4.55	12,125	17,762	(468)	(Note 1)
	Wan Zun Guang Investment Co., Ltd.	Taiwan	Investment business	2,020,010	1,220,000	202,001,000	100.00	1,856,793	(55,648)	(55,648)	(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	48,503	17,762	(1,872)	(Note 1)
Wan Zun Guang Investment Co., Ltd.	ProAsia Semiconductor Corporation	Taiwan	Development, manufacture and sales of silicon-based semiconductor power components and silicon carbide compound semiconductor power components	1,548,340	1,015,000	154,834,000	91.98	1,849,953	(60,614)	(55,402)	(Note 1)
Ho Chung Investment Co., Ltd.	United-Asia Semiconductor Corporation	Taiwan	Assembling and testing of electronic parts	1,000	1,000	100,000	100.00	940	(45)	(45)	(Note 1)
	Gan-Asia Semiconductor Corporation	Taiwan	Manufacturing of electronic parts	1,000	1,000	100,000	100.00	940	(45)	(45)	(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 percentage of ownership.

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

TABLE 5**TAIWAN-ASIA SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**
(Former Name: Opto Tech Corporation)**INFORMATION OF MAJOR SHAREHOLDERS**
MARCH 31, 2024

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

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

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